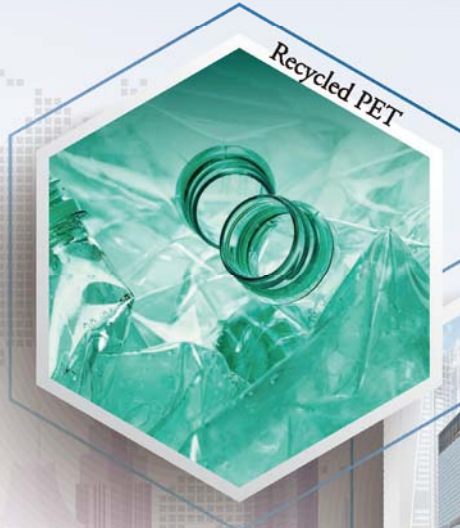




FAR EASTERN NEW CENTURY

Handbook for 2020 Annual Shareholders' Meeting

飛躍再創遠東
 足跡佳新時代
 A New Far Eastern Beyond



Ipark
 台北遠東 通訊園區
 Taipei Far Eastern Telecom Park



GCSA World Class Best Practice



Global Views Monthly CSR Award Winner



TCSA Platinum



Corporate Governance TOP 5%

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The meeting handbook, including meeting notice, agenda, and proposed resolutions, for the upcoming 2020 annual general shareholders' meeting is available at <http://investor.fenc.com/report.aspx?lang=en&id=81> on 29 May 2020.

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

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Far Eastern New Century Corporation(FENC)

2020 Annual General Shareholders' Meeting (Translation)

Date: Tuesday, 30 June 2020

Time: 9:00 a.m. Taipei time

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

Meeting Agenda

Call the meeting to order

Chairperson takes chair

Chairperson remarks

Reporting items:

1. 2019 business operations
2. 2019 financial statements
3. The Audit Committee's review report of 2019 business operations and financial statements
4. 2019 employees' compensation and Directors' remuneration
5. Information of the corporate bonds issued in 2019
6. Amendments of "Best Practice Principles of Ethical Corporate Management for Far Eastern New Century Corporation"

Approval items:

1. To accept 2019 business report and financial statements
2. To approve the proposal for distribution of 2019 profits

Proposed resolutions:

1. To approve the revisions of the "Articles of Incorporation of Far Eastern New Century Corporation"
2. To approve amending the company bylaw of "Meeting Rules of Stockholders for Far Eastern New Century Corporation"

Extemporary 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 2019 business operations

The 2019 business report is attached as Attachment I.

2. To report 2019 financial statements

The 2019 independent auditors' reports and financial statements by Deloitte & Touche are attached as Attachment II. (The 2019 financial report can be downloaded at <http://mops.twse.com.tw>)

3. To report the Audit Committee's review report of 2019 business operations and financial statements

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

4. To report 2019 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 20 May 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 15 Oct 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. 2019 Directors' remuneration and employees' compensation were calculated as NT\$204,277,440 and NT\$371,473,805, respectively. The aforesaid items will be paid in cash.
- iii. The 23rd term Board of Directors approved 2019 employees' compensation and Directors' remuneration in the 8th Board meeting.

5. To report the information of the corporate bonds issued in 2019

Two corporate bonds were issued in year 2019. Pursuant to Article 246 of Company Act, the information about the issuance of such corporate bonds is disclosed as Attachment IV.

6. To report the amendments of “Best Practice Principles of Ethical Corporate Management for Far Eastern New Century Corporation”

In accordance with the Letter No. Taiwan-Stock-Governance-1080008378 of the Taiwan Stock Exchange on 23 May 2019, the 23rd term Board of Directors approved the amendments in the 8th meeting on 24 March 2020, and the overview table for “Best Practice Principles of Ethical Corporate Management” Before and After amendments is attached as Attachment V.

Approval items

1. To accept 2019 business report and financial statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of 2019 business report and financial statements.

Explanatory Notes:

- i. FENC's 2019 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. Shih Jing-Bin and Mr. Kuo Cheng-Hung of Deloitte & Touche, and have been examined by and determined to be correct and accurate by the Audit Committee of FENC. We thereby submit this report.
- ii. The 2019 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 2019 profits

The Board of Directors proposes and recommends that each shareholder vote FOR the distribution of 2019 profits.

Explanatory Notes:

- i. Cash dividends to common shareholders: NT\$8,029,312,841. (NT\$ 1.5/share)
- ii. This profit distribution will be distributed first from the earnings available for distribution in 2019 and then from the unappropriated earnings between 1998 and 2018 when there is a shortfall; furthermore, if there is still a deficit, the unappropriated earnings prior to the end of 1997 will be employed.
- iii. 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.

iv. Please refer to the following table for the 2019 profit allocation proposal

(Unit: NT\$)

1. Net income of 2019	10,732,669,354
2. Legal reserve	1,073,266,935
3. Adjustments due to changes in investees' equity in equity-method investments	56,155,618
4. Effect of retrospective application and retrospective restatement	331,351,910
5. Adjustments due to changes in other comprehensive income	823,074,561
6. Special reserve	1,839,195,662
7. Reversal of special reserve	28,591,024
8. Unappropriated earnings of previous years	6,069,973,449
Earnings available for distribution as of 31 December 2019	14,466,649,499
(1-2+3-4+5-6+7+8)	
Distribution item:	
1. Shareholders' dividend (NT\$ 1.5/share in cash)	8,029,312,841
Total distribution	8,029,312,841
Unappropriated earnings	6,437,336,658

v. Please approve the aforesaid proposal for the distribution of 2019 profits.

Proposed resolutions

1. To approve the revisions of the “Articles of Incorporation of Far Eastern New Century Corporation”

The Board of Directors proposes and recommends that each shareholder vote FOR the amendments of the Articles of Incorporation.

Explanatory Notes:

- i. In accordance with the MoEA Letter No. 10802432410 issued by the Ministry of Economic Affairs on 9 January 2020, which is to state the base of legal reserve classification, it is proposed to amend Article 27 of “Articles of Incorporation of Far Eastern New Century Corporation” and it will be applied for the proposal for distribution of 2020 profits.
- ii. The overview table for the “Articles of Incorporation of Far Eastern New Century Corporation” Before and After amendments is as follows.

Section	Proposed Changes	Current Articles
Article 27	<p>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 <u>“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”</u> 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.</p> <p>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.</p>	<p>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 <u>which</u> 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.</p> <p>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.</p>

Section	Proposed Changes	Current Articles
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. <u>Sixty-eighth amendment on June 30, 2020</u>	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. <u>Sixty-seventh amendment on June 29, 2018</u>

- iii. Please approve the proposal for the amendments to the “Articles of Incorporation of Far Eastern New Century Corporation”.

2. To approve amending the company bylaw of “Meeting Rules of Stockholders for Far Eastern New Century Corporation”

The Board of Directors proposes and recommends that each shareholder vote FOR the amendments of Meeting Rules of Stockholders.

Explanatory Notes:

- i. In accordance with the Company’s practice and the reference of “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” on the Taiwan Stock Exchange, it is proposed to amend Article 10, 11 & 13 of “Meeting Rules of Stockholders for Far Eastern New Century Corporation” accordingly.
- ii. The overview table for the “Meeting Rules of Stockholders for Far Eastern New Century Corporation” Before and After amendments is as follows.

Section	Proposed Changes	Current Articles
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 <u>appointed by the chairperson</u> . The person responsible for vote overseeing shall be of the stockholder status.	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 <u>appointed by the chairperson with the consent of the stockholders (or proxies)</u> . The person responsible for vote overseeing shall be of the stockholder status.
Article 11	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.	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. <u>The proposal for a resolution shall be deemed approved if no objection expressed by stockholders casting their votes via electronic casting, and if the chairperson inquires and receives no objection from stockholders in attendance in person. The validity of such approval has the same effect as if the resolution has been put to vote.</u>

Section	Proposed Changes	Current Articles
	<p><u>All proposals</u> shall be put to vote and may be put to vote one after the other by its sequence, or may be put to vote together and numbers of votes for each proposal are counted separately. Whichever way of the voting procedures shall be decided by the chairperson</p> <p>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.</p>	<p><u>Should objection of a proposal be expressed</u>, such proposal shall be put to vote. All proposals may be put to vote one after the other by its sequence, or may be put to vote together and numbers of votes for each proposal are counted separately. Whichever way of the voting procedures shall be decided by the chairperson</p> <p>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.</p>
Article 13	<p><u>If encountering force majeure during the meeting, the chairperson may suspend the meeting and will announce the time to resume the meeting.</u></p>	<p><u>The meeting shall be adjourned if encountering an air-raid alarm during the meeting. The meeting shall resume one hour after the alarm is lifted.</u></p>

- iii. Please approve the proposal for the amendments to “Meeting Rules of Stockholders for Far Eastern New Century Corporation”.

Extemporary motion

Meeting adjourned

Attachment I

2019 Business Report

I. Preface

The era of the New Economy in which phenomenal growth in AI, IoT, big data, and 5G has been galvanized by a variety of trends, including Industry 4.0, digital revolution, environmental sustainability, protectionism, the transparency and traceability of supply chains and energy transitioning, has revealed Far Eastern New Century Corporation (FENC) as poised to add a new chapter of remarkable performance to its 70-years of sustainable prosperity. By proactively undertaking transformational initiatives, we will overcome constantly-evolving challenges, while adhering to our overarching principles of sincerity, diligence, thrift, prudence and innovation.

The world economy entered 2020 with precarious prospects and mounting challenges on the heels of a tumultuous year punctuated by trade wars, the resurgence of protectionism, geopolitical skirmishes, growth deceleration in the world's four major economies—the US, EU, China and Japan - and a seeming worldwide exhaustion of economic impetus. The COVID - 19 pandemic has wrought havoc across the world. In the face of these unprecedented challenges, governments have attempted to contain the viral spread with border closures, but the resultant restrictions on human movement and transportation of goods have paralyzed economic activities from supply to consumption globally. The spillover effects of this pandemic not only threaten to derail the world economy, but have also put countries' abilities to respond under the microscope. In March 2020, the world suffered a further blow when oil prices took a historic nosedive. Saudi-led OPEC and Russia found it difficult to reach a new deal and the Middle East's complicated geopolitical conditions and an epidemic-triggered decrease in demand combined to cause the tumble in oil prices, which in turn brought about some of the toughest obstacles to business survival in recent decades. Politically, the United States' trade dispute with China escalated into full-blown tensions on various fronts ranging from trading and finance to technology and human rights, which has jeopardized the stability of global supply chain. Massive protests against the government's proposed amendment of extraditions laws in Hong Kong have drawn worldwide attention while Japan and Korea were embroiled in legal battles over the issue of forced labor during WWII, ratcheting up tensions in East Asia for several months. Developments during the lead-up to the US presidential elections in late-2020 and the results afterwards are expected to send ripples throughout the world. Financially, Brexit and Germany's flat-lining economy have weighed down Europe's recovery, while China, one of the world's economic powerhouses, is mired in economic woes due to the coronavirus outbreak that erupted amidst the trade war with the US. Its economic growth continues to decline as exports plunged, consumption slowed and debts have ballooned and financial risks skyrocketed. However, this trade-triggered crisis is also projected to add fuel to China's economic transformation focusing on high-tech industries and the digital economy and ushering in further deregulation of capital markets for foreign investors and substantial financial reforms. The world's leading economies are at least on the same page with regard to monetary policies. The US Federal Reserve has preemptively lowered interest rates to sustain the economy. The EU central bank is once again implementing quantitative easing policies. Japan intends to keep interest rates in the negative territory. RTAs (regional trade agreements) dictate trading activities of the global market and CPTPP and RCEP have initiated negotiations for zero-tariffs among regional members, exposing international market participants to uncertainties. As the world economy starts to lose steam, Taiwan's growth has also slowed. Facing threats from international trade conflicts and East Asia's ongoing FTA-based integration,

exporters can expect challenges, but, despite rising tensions across the strait, antagonism in domestic politics, policy uncertainty and the continuing brain drain, there are still a raft of reasons to be optimistic about Taiwan's economic outlook. Internally, it has launched industrial upgrading across the board. In terms of management of external factors, it has managed to minimize the Covid-19 epidemic's threat to public health, cushioning the economic impact, while recording massive inflows of capital from overseas and a resultant increase in investment amid the benefits from trade diversification efforts. Business opportunities abound as its development of industrial innovation accelerates. Environmentally, on the environmental protection front, climate change and resource depletion have underscored the urgency of continuing energy transition and the importance of sustainable development. This intensive pursuit of an environmental agenda is bound to rapidly enhance the maturity of the green energy industry.

FENC, as an enterprise headquartered in Taiwan but with a global footprint, aligns its strategic direction with the latest global trends. As one challenge after another arises in this hyper-connected world, we are constantly on the lookout for signs that foretell significant changes in the business environment and calibrate our positioning in the marketplace accordingly in order to reshape our corporate vision and mission. We will establish a solid foothold and stake a substantial claim in the new economy to demonstrate FENC's ever-increasing value for years to come.

II. Operating Results

Founded in Taiwan in 1949 as Far Eastern Knitting Factory Co. Ltd, after developing into diversified businesses for decades, it was renamed Far Eastern New Century Corporation in 2009. FENC, with a record-high consolidated revenue in 2019, thrives in the Production, Property and Investments Businesses. With diversification across different industries, optimized property development and forward looking investment strategies, the Company's management continued to deliver increases in both return on assets and return on equity. Solid performances were seen across business segments in 2019, the consolidated revenue reached NT\$250.1 billion, a growth of 9% from the previous year due to the increased capacity of the Production Business, and net income of NT\$16.435 billion. The net income attributable to shareholders of the Company is NT\$10.733 billion, translating into a basic EPS of NT\$2.15 based on the IFRS rule. The 23rd term Board of Directors in the 8th meeting proposed a cash dividend of NT\$1.50 per share.

Production Business: Go Integrated, Go Global, Go Green

1. Maintaining competitiveness with vertical integration and leading the industry with best practices

A vertically-integrated network of petrochemical, polyester and textile operations management at its headquarters is the greatest competitive edge of the Company's Production Business. Our streamlined system from raw material procurement to production, processing and sale has delivered a synergy that secures our leading position in the global market. Upstream, we retain a strategic control of petrochemical feedstock supply; midstream, we are the global leader in quality PET resin; downstream, our textile operations have helped us build strategic partnerships with world-class brands. We are the world's second largest supplier of recycled PET (rPET), third largest in PET resin, Asia' leader in PET sheet, world's number one in both eco-friendly polyester filament and hygiene fiber, the world's third largest in nonwoven fiber and Asia-Pacific's largest producer of Nylon 6,6 filament for apparel usages. These exemplary performances have put us in the ranks of the world's top five polyester manufacturers.

2. Establishing a global presence and developing a solid foothold in countries of business operations

As the Company deepens roots in Taiwan, it has also branched out to China, Southeast Asia, Japan, Vietnam, and the United States to build a network of production and sales facilities around the world. This synergy of global operations accentuates its competitiveness in agile adaptation and swift crisis-responsiveness. The implementation of RTAs has accelerated the relocation of supply chains, we have been able to make timely adjustments, fending off the threats in this wave of regional economic integration while capitalizing on the opportunities. APG Polytech was set up in the State of West Virginia in 2018 as our first PET production site in the United States to gain advantages in raw material and energy costs and directly supply the American domestic market without trade barriers. In collaboration with two other multinationals, we built the largest integrated PTA-PET facility in the Americas. To add value to APG Polytech's products and thereby raise the Company's competitiveness in the US market to an even higher level, in 2019 we acquired Phoenix Technologies International, LLC, a recycled PET producer located in Ohio. The multi-phase expansion of our vertically-integrated production site in Vietnam over the years has helped us to secure a tariff advantage in international trade. With the completion of Phase I, a capacity of 400,000 tons has been added to PET production and a knitting, dyeing and finishing plant is now up and running. Phase II expansion is also underway to increase production of polyester filament and staple fibers. In addition, to secure its involvement in the circular economy, the Company has also expanded the second line of its recycled PET plant at the existing location in Japan and plans to set up another production site in a further location.

3. Standing out from the competition with an environmental commitment paving the way to a successful global green economy

The Company is a leading pioneer in green polyester and textile technology whose dedication to research and development of innovative manufacturing processes for recycled products dates back more than 30 years. Not only have we been broadening the scope of applications for green materials and scaling up production, but we have also managed to establish an international green network of recycled PET production with a total capacity ranking at the top of the industry and operations extending from Taiwan to Japan, the United States, the Philippines and Vietnam. Our green products are all certified to rigorous standards and well-received by international brand owners. Our customers are served with TopGreen® Recycling Solutions. As an example, we have partnered with Adidas and Parley for the Oceans, an environmental NGO, in a joint project as Adidas' exclusive supplier of ocean-recycled materials to turn ocean waste PET bottles into eco-friendly yarn. In addition, we successfully developed FENC® TOPGREEN® Membrane, the world's first waterproof breathable polyester membrane made from recycled material, which was awarded Top 10 at ISPO Textrends 2020. FENC has the honor of serving as one of the role models in the industry to help build a global green economy.

4. Staying innovative with continuous commitment to R&D and maximizing brand value with lucrative intellectual property

FENC has a top-notch R&D team of more than 200 people devoted to high-end innovation and the improvement or development of polyester materials, fiber& textile, new materials and biotech & energy. We aspire to build the most powerful R&D capability in the industry here in Asia. This team in Taiwan can also access the resources and expertise of the Company's

American R&D center in the State of Ohio and the two can collaborate on innovative projects. This has worked seamlessly with the management of the Company's Production Business and developed many upscale products and technologies, which have translated into billions of NT dollars in additional revenue. We have received numerous honors, including two Top Ten awards, two awards of Selection, and a Sporting Innovation Award at ISPO Textrends 2020(Munich), the world's largest sports exhibition, with FENC®DynaFeed®, the world's first smart clothing that we developed jointly with NMES Group AB. In 2019 we contributed to sustainable development by introducing Asia's first bio-based gas barrier PEF bottles for carbonated soft drinks and beers and APR-certified (the US Association of Plastic Recyclers) polyester shrinkage film. The Company has a valuable portfolio of 794 approved patents.

5. CSR model enterprise thriving on sustainability

The Company has an impressive track record in CSR, recognized around the world. We earned many great honors in 2019 Global Corporate Sustainability Awards (GCSA) and Taiwan Corporate Sustainability Awards (TCSA), standing out as GCSA's only World Class winner for Outstanding Practices in the category of Best Practice Award and collecting seven TCSA titles, including Taiwan Top 50 Corporate Sustainability Awards, Corporate Sustainability Report Platinum Awards, English Report Gold Awards, People Development Awards, Climate Leadership Awards, Growth through Innovation Awards and Circular Economy Leadership Awards. We were also recognized in 2019 by Taiwan's CommonWealth Magazine for Excellence in Corporate Social Responsibility and won consecutively Grand Prize in the Traditional Industrial Group and for the first time Model Award for Environmental Friendliness with our project of sustainable production in the Global Views Monthly's CSR Annual Survey. In addition, FENC is included in the FTSE4Good Emerging Index, TWSE Corporate Governance 100 Index, and Taiwan Sustainability Index, selected as an "A-Level" constituent of the MSCI ESG Leaders Indexes, and ranked in the top 5% of the listed companies in the Corporate Governance Evaluation conducted by Taiwan Stock Exchange. These recognitions qualify FENC as a role model for corporate Taiwan.

Investment Business: Broadening Investment Portfolio for Robust Profit Growth

In order to effectively mitigate market volatility risks and secure stable profits, FENC has built a diversified investment portfolio that ranges from cement production, department store retail chains, telecommunications, financial and banking services, land and sea transport to construction. Our invested businesses are listed companies with an outstanding record of reliable stewardship of investors' capital, including Far EastOne Telecommunications Corporation Limited (FET), Asia Cement Corporation (ACC), Far Eastern Department Stores Limited (FEDS), Oriental Union Chemical Corporation (OUCC), and Far Eastern International Bank (FEIB). They not only generated significant revenues and earnings in 2019, but are also pursuing growth with forward-looking and innovative strategies. FET has aggressively tapped into the new economy with a focus on 5G digital solutions, having secured optimal 5G bandwidth. It plans to build the most comprehensive 5G coverage in the country with a combination of low, medium and high bands, so as to successfully launch AR/VR, 4K/8K ultra-high-definition audiovisual streaming services. It is also committed to utilizing its strong capabilities in big data, AI and IoT as the core competencies essential for corporate transformation and industrial upgrading. ACC's significant growth in earnings thanks to its remarkable performance in China has been recognized as FENC's record-high investment income. It has undertaken great efforts to transform into an environmentally friendly company. FEDS intends to advance its dominance in the sector of department stores by engaging intensely in smart retail with the latest technology. Its innovative operations are certain to fortify

its iconic stature in Taiwan's retail industry. Taipei's Xinyi A13 is an intelligent shopping mall that connects consumers to fashion and the Chubei New Century Shopping Mall is scheduled to open next year. Our invested companies are managed by teams who demonstrate both innovation and vision while seeking to grow their businesses, and thereby capture the best market opportunities and deliver maximal profits for the company.

Property Business: Developing Properties with Flexible Strategies to Maximize Value

To actualize and increase the return on land resources, the Company has been active in real estate development, rental and sale, and property management. Our signature projects are located in premium areas of Greater Taipei, including Taipei Far Eastern Telecom Park (Tpark)—a hub for ICT and intelligent technology industries in Banqiao, Taipei Far Eastern Plaza—office buildings in downtown Taipei, and Mega Tower—the tallest skyscraper in New Taipei City that houses one of FENC's shopping malls, Mega City. These have boosted local economic prosperity and raised the land values in nearby areas. Tpark's first-completed office building, TPKA, is now fully rented and occupied. The second one, TPKC—FET's cloud computing center, won a Platinum Award in Excellent Intelligent Green Building Design Class in the 2019 TIBA Awards (the 3rd Taiwan Intelligent Green Building and System Product Awards). The third one, TPKD, is Google's innovative Engineering Hub, which is anticipated to bolster New Taipei City's economy, bring prosperity to local communities, create employment opportunities, foster an overall industrial upgrade and raise Taiwan's visibility in the world. A building permit has been issued for the construction of the fourth building, TPKE, which is scheduled for completion in 2022 followed by transfer to the tenant. The premium residential project located in Tpark has a gross floor area of more than 7,000 pings (23,140 m²) for sale and is expected to generate a significant income. In addition to the project in Banqiao, we have also applied to Taoyuan City government for land rezoning of our old textile plant in Neili to fit into the city's urban renewal program. It will be converted into a branch of the Far Eastern Memorial Hospital in Taoyuan City and become a locus for the biochemical and pharmaceutical industries and join the artistic architecture on the campus of Yuan Ze University and Far Eastern International Convention Center as one of the new landmarks in northern Taiwan. The management of Far Eastern Resources Development Corporation is committed to maximizing the value of our assets and invigorating the local economy with our development projects. We believe that the appreciation in land value will continue to yield nutrients essential to the growth of FENC's operations across the board.

III. Business Goals and Prospects

The Company proceeds with a strategic vision on a path of solid growth, thrives on the trends of the world economy and trade development by harnessing advanced technologies. We continue to stride towards the goal of sustainable development by drawing on our strengths in innovative thinking, superior know-how and excellent management.

A. Seeking the Leap through Expansion, Optimization, and Diversification

The Company has been implementing a comprehensive set of transformational strategies, including global deployment of production bases, product optimization, and collaboration with world-class brands to achieve our own leap. In recent years, FENC's Production Business includes Taiwan, China, Vietnam, the United States, Japan, and Southeast Asia. This continuous global expansion has enabled the Company not only to increase profits with increased capacities but also to mitigate risks associated with any particular geographic location. As for product development, in addition to optimizing our products in general, we have

been increasing the proportion of distinctive products in the product mix to burnish our brand image as a high-tech green enterprise. In terms of customer risk management, while remaining dedicated to consistent reinforcement of our existing core customer base, we have also been proactive and persistent in initiating cooperation with partners that command global brand recognition so as to minimize the risks stemming from a homogenous customer base. The aforementioned strategic moves have been undertaken to put the Company on the map with an integrated network of production and sale around the world.

B. Overcoming Challenges with Holistic Risk Management

In the face of a global crisis, the Company has activated a highly-efficient mechanism for risk management that responds timely and comprehensively. In anticipation of the global economic chaos triggered by the coronavirus pandemic, we immediately set up an emergency response taskforce within the organization to stress-test our business operations. On the side of supply chain management, we can obtain real-time information on supplies to keep adequate amounts of feedstock and merchandize in inventory. We also adjust our capacities in a timely manner according to market demand and coordinate the supply chains in different geographic locations so that our customers do not need to worry about any disruption in supply. A steady and reliable delivery of our products adds to our competitive strengths. On the financial side, the Company controls its cash flow effectively and possesses sufficient funds to exempt us from any cash flow risk. Finally, on the side of receivables management, we monitor our customers' status of operation and credit ratings very closely to ensure a secure and reliable collection of payments. Despite the capricious nature of today's business climate, the Company's management remains responsive and resourceful under enormous pressure. FENC's robust system of holistic risk management guarantees that the Company will ride out the economic storm stronger than ever.

C. Driving Innovation with Advanced Digital Technologies

The Company has set up a team in charge of intellectualization to unlock business opportunities through digital transformation and set aside a budget of NT\$1 billion to make our Production Business more intelligent. We have formulated strategies for AI application in production operations in combination with mobile communication, big data, cloud computing, IoT and blockchain. We have decided to implement AI and Industry 4.0 on production sites. We will build AI-based active energy management systems (EMS) in our petrochemical plants, introduce smart electricity management systems and intelligent quality control systems to polyester plants, and install EMS and robotic process automation (RPA) in textile plants. The administration at FENC headquarters has adopted a series of measures to speed up the transition to intelligent management, which include implementing AI programs, building an integrated big-data platform, operating OCR (optical character recognition) with the support of big data and filing export custom declarations with RPA.

D. Maintaining our Lead in the Green Economy with Increased Production of Eco-friendly Products

The Company set up a strategic green material unit to help the green economy grow. We aim to go green in sourcing of raw materials, product design and manufacturing processes. We also strive to move up on the global green value chain through collaboration with international customers. The tangible results of our effort include the world's first FENC® TOPGREEN® Bio3-PET HTY (a third-generation biomass feedstock High Tenacity Yarn), specialty chemicals from

recycled PET, textile chemical recycling technology, etc. By 2023, FENC plans to have the world's largest rPET capacity and highest number of certifications for food packaging applications. We also plan to raise the proportion of recycled products to more than 30% of the PET capacity by 2025 and are seeking actively to set up production sites in various locations around the world to bring up the total capacity and solidify our leadership position in the market.

E. Achieving Sustained Growth through Managerial Excellence

The Company takes the development of a new generation of management talent and brain trust that coordinates its strategic expansion around the world very seriously. Great minds are brought together as a team from Taiwan and overseas to create managerial synergy that sustains excellence in business competitiveness. Their attention is focused on various facets of our operations, including financial planning, risk management, R&D, legal compliance, environmental protection, information integration, mobility management, cost control, energy efficiency, employment safety and health, etc. With a corporate culture conducive to innovation, we survive the vagaries of the business climate with exceptional nimbleness to adapt and thrive in the face of impending challenges. For example, we have implemented a project in accordance with the Task Force on Climate-Related Financial Disclosures(TCFD) guidance and rolled out a program of loss prevention across various production sites. Our professional management team takes an accurate pulse of the economy and adapts the Company's operations accordingly to achieve growth in diverse ways.

F. Creating Commercial Successes with Customized Technology & Solutions

To realize the Company's vision for sustained growth, the R&D team is keen on pursuing promising technologies and versatile applications, such as eco-friendly materials, highly-functional materials, and smart textiles, etc. In order to further draw on the integrated research capabilities and core specialties in the textile business unit, in 2019, IDM (Innovation Direct to Market), a new platform consisting of seven technology platforms for green products solutions, was set up to work alongside COLAB (a product design center) to develop top-of-the-line products and turn them into great commercial successes, with the support of our customized technological platform under collaborative projects with various brand clients and so vastly speed up the commercialization of these new consumer focused product solutions. The Company also plans to cooperate with the FE Group's academic institutes on development of new technologies in the future. It will also seek cooperation in research on bio-based polyester, eco-friendly materials, high-end functional fibers, and footwear materials with Taiwan's Industrial Technology Research Institute, Taiwan Textile Research Institute, and Footwear & Recreation Technology Research Institute.

G. Advancing Social Well-being through Charitable Causes

The Company has endeavored for more than half a century to serve the public interest in three major areas—education, healthcare and charity. This work is carried out by three schools, two medical institutes, and three foundations respectively. In the field of education, FENC upholds the conviction that quality education is the most valuable legacy for future generations. Yuan Ze University shoulders the responsibility of cultivating talent for the country, upgrading itself with digital innovation and aligning its teaching practices with global standards in expectation of joining the ranks of world-class universities. At the forefront of healthcare, the Far Eastern Memorial Hospital continues to excel with innovative medical technology; our medical professionals' remarkable contribution and performance have been recognized with the

National Quality Awards and National Innovation Awards. In pursuits of philanthropy, the Far Eastern Memorial Foundation sponsors a wide range of arts and cultural events; the Far Eastern Medical Foundation provides generous grants for medical research and healthcare assistance; the Y. Z. Hsu Science and Technology Memorial Foundation hosts annually the Y. Z. Hsu Science Awards, honors outstanding performances in three categories, namely Y. Z. Hsu Science Chair Professor, Y. Z. Hsu Science Paper Award, and Y. Z. Hsu Technology Invention Award, and fosters domestic scientific research and development. It promotes and incentivizes domestic innovation in various fields, including nanotechnology, ICT, optoelectronics, biotechnology & pharmacology, green technology, and newly additional artificial intelligence in 2019. Three foundations also play an instrumental role in Taiwan's progress on various fronts, ranging from the economy, architecture, arts, education, and culture to culinary service, making society more benevolent and beautiful. In addition, FENC hosts an annual marathon in Taiwan to spark enthusiasm for fitness among the public. In 2019, the Company launched a charity campaign called "Celebrate 70 Years of Love, Far Eastern Happy Go." In celebration of FENC's 70 years of establishment in Taiwan, we have planned a series of events to further public interests in seven categories, ranging from arts and culture, environmental protection, education, healthy lifestyle, social engagement, community care, and commitment to consumer welfare, and actualize our belief that FENC works "Together for a Promising Future" with everyone in society.

As with its achievements over the past seven decades, FENC will continue to rise above competitors with differentiating and innovative strategies. The Company will keep up its proven success in the Production Business with renewed core competencies and expand the market presence of its investments across different industries with renewed ambition and vision. In the era of the new economy, we will leverage the latest technologies and groundbreaking discoveries to quickly expand in to new markets and business territories. We will secure sustainable growth with upgraded business models and herald "A New Far Eastern Beyond 70."

Chairman



President



Chief Accountant



Attachment II

2019 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, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

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, 2019. 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, 2019 are as follows:

Fair Value Evaluation of Investment Property

As of December 31, 2019, the total of the Group's investment property was NT\$127,633,553 thousand, which represented 22.16% of the consolidated total assets. In 2019, the gain on change in fair value of investment property was NT\$1,882,995 thousand, which represented 9.84% of the consolidated income before income tax. The items mentioned above are considered significant to the consolidated financial statements as a whole. The Group's investment properties are measured using the fair value model.

The fair value evaluation involved significant accounting estimation and judgment. As a result, the fair value evaluation of investment property is considered to be a key audit matter.

For the accounting policies, significant accounting judgment, evaluation, and assumptions on the main source of uncertainty related to investment property, refer to Notes 4 (k) and 5 (c) 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 valuer engaged by the management and discussed with the management the valuer's work scope and process of engagement acceptance; we evaluated the risk of possible impairment of the valuer's independence and determined that the valuer's work scope was free from limiting factors.
2. We assessed the reasonableness of the valuer's assumptions and methods used in the valuation.
3. We audited items from management's supporting documentation, including data which was used in the valuation process by the valuer.

Evaluation of Impairment Loss on Property, Plant and Equipment and Right-of-use Assets and Intangible Assets (Including Goodwill) and the Incremental Costs of Obtaining a Contract in Telecommunications Department

The Group's telecommunications segment operates in a highly competitive market with rapid change in the sector. Economic trends, market competition, and technological development influence the management's evaluation of and judgment on the expected economic benefits and recoverable amounts of the cash-generating units to which the assets belong, which in turn are used for the evaluation of such assets' impairment. Thus, the evaluation of impairment of property, plant and equipment and right-of-use assets and intangible assets (including goodwill) and the incremental costs of obtaining a contract in the telecommunications department is considered as a key audit matter.

For the estimates and judgments related to property, plant and equipment and right-of-use assets and intangible assets as well as the incremental costs of obtaining a contract, refer to Notes 4 (l and o) and 5 (a and b) to the consolidated financial statements. For other related disclosures, refer to Notes 15, 16, 18 and 19 to the consolidated financial statements.

For the evaluation of impairment loss related to property, plant and equipment and right-of-use assets and intangible assets (including goodwill) as well as the incremental costs of obtaining a contract in the telecommunications department, we performed the corresponding audit procedures as follows:

1. We obtained an understanding of the Group's asset impairment evaluation processes and the design and implementation of the related controls.
2. We obtained the Group's asset impairment evaluation reports for each cash-generating unit.
3. We evaluated the reasonableness of the Group's identification of the assets which were considered impaired and the assumptions and sensitivity analysis used in the asset impairment assessments, including the appropriateness of the classification of the cash-generating units, cash flow forecasts and discount rates used.

Recognition of Revenue Derived from Mobile Telecommunications Service

The mobile telecommunications service revenue is the main revenue source of the Group's telecommunications segment. The calculation of mobile telecommunications service revenue relies

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

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

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

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

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

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

In addition, we evaluated manual journal entries posted to revenue accounts, by testing samples of entries with specific risk, and compared details of these journal entries with the relevant underlying documentation to evaluate the reasonableness and accuracy of these selected entries.

Other Matter

We have also audited the parent company only financial statements of the Company for the years ended December 31, 2019 and 2018 on which we have issued unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ching-Pin Shih and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2020

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, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 38,924,588	7	\$ 35,342,560	6
Financial assets at fair value through profit or loss - current	5,053,716	1	6,075,604	1
Financial assets at fair value through other comprehensive income - current	80,853	-	75,346	-
Financial assets at amortized cost - current	1,792,168	-	2,090,355	-
Financial assets for hedging - current	-	-	1,868	-
Contact assets - current	6,398,973	1	5,828,641	1
Notes and accounts receivable, net	26,932,881	5	29,347,392	5
Other receivables	4,209,711	1	2,507,639	1
Current tax assets	34,616	-	25,338	-
Inventories	27,117,492	5	34,072,652	6
Prepayments	1,957,909	-	5,082,995	1
Other financial assets - current	3,079,224	-	5,746,927	1
Refundable deposits - current	105,305	-	65,377	-
Other current assets	<u>3,352,947</u>	<u>1</u>	<u>2,926,177</u>	<u>1</u>
Total current assets	<u>119,040,383</u>	<u>21</u>	<u>129,188,871</u>	<u>23</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current	2,076,085	-	2,014,802	1
Financial assets at amortized cost - non-current	519,921	-	431,290	-
Financial assets for hedging - non-current	-	-	65,356	-
Investments accounted for using the equity method	71,266,263	13	66,378,437	12
Contract assets - non-current	2,333,037	-	1,535,757	-
Property, plant and equipment	163,017,162	28	164,557,019	29
Right-of-use assets	18,692,472	3	-	-
Investment properties	127,633,553	22	124,816,527	22
Concessions	38,069,295	7	41,136,801	7
Goodwill	12,290,228	2	11,862,742	2
Other intangible assets	4,926,629	1	4,997,476	1
Deferred tax assets	3,117,532	1	3,318,140	1
Prepayments for equipment	2,150,572	-	1,406,581	-
Refundable deposits - non-current	1,478,369	-	1,130,010	-
Long-term other receivables	100,125	-	524,861	-
Incremental costs of obtaining a contract - non-current	3,398,107	1	1,802,163	-
Net defined benefit assets - non-current	487,009	-	52,927	-
Other financial assets - non-current	3,882,293	1	2,718,063	1
Long-term prepayments for lease	-	-	7,247,623	1
Other non-current assets	<u>1,600,664</u>	<u>-</u>	<u>403,974</u>	<u>-</u>
Total non-current assets	<u>457,039,316</u>	<u>79</u>	<u>436,400,549</u>	<u>77</u>
TOTAL	<u>\$ 576,079,699</u>	<u>100</u>	<u>\$ 565,589,420</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 35,429,586	6	\$ 47,833,445	8
Short-term bills payable	8,125,603	1	6,717,712	1
Financial liabilities at fair value through profit or loss - current	1,861	-	6,848	-
Contract liabilities - current	4,535,792	1	4,647,210	1
Notes and accounts payable	17,704,125	3	16,805,506	3
Notes and accounts payable to related parties	336,261	-	365,517	-
Payables to suppliers of machinery and equipment	2,518,210	-	7,534,766	1
Lease liabilities - current	3,187,540	1	-	-
Other payables	14,844,133	3	16,752,125	3
Current tax liabilities	1,693,953	-	3,615,154	1
Provisions - current	250,396	-	293,364	-
Guarantee deposits received - current	233,022	-	230,984	-
Current portion of long-term liabilities	23,071,439	4	20,640,059	4
Other current liabilities	<u>2,988,273</u>	<u>1</u>	<u>3,437,413</u>	<u>1</u>
Total current liabilities	<u>114,920,194</u>	<u>20</u>	<u>128,880,103</u>	<u>23</u>
NON-CURRENT LIABILITIES				
Financial liabilities for hedging - non-current	31,087	-	-	-
Contract liabilities - non-current	210,600	-	208,272	-
Lease liabilities - non-current	7,376,771	1	-	-
Bonds payable	83,398,393	15	78,903,315	14
Long-term borrowings	78,289,832	14	68,719,309	12
Provisions - non-current	961,398	-	911,333	-
Deferred tax liabilities	17,761,929	3	17,552,448	3
Net defined benefit liabilities - non-current	959,416	-	1,868,362	1
Guarantee deposits received - non-current	635,451	-	555,712	-
Deferred credit-gains on related-party transactions	122,526	-	123,081	-
Other non-current liabilities	<u>90,919</u>	<u>-</u>	<u>138,048</u>	<u>-</u>
Total non-current liabilities	<u>189,838,322</u>	<u>33</u>	<u>168,979,880</u>	<u>30</u>
Total liabilities	<u>304,758,516</u>	<u>53</u>	<u>297,859,983</u>	<u>53</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Common stock	<u>53,528,751</u>	<u>9</u>	<u>53,528,751</u>	<u>9</u>
Capital surplus	<u>3,270,355</u>	<u>1</u>	<u>2,908,631</u>	<u>1</u>
Retained earnings				
Legal reserve	17,955,250	3	16,752,421	3
Special reserve	115,505,874	20	114,443,170	20
Unappropriated earnings	<u>17,376,404</u>	<u>3</u>	<u>17,996,558</u>	<u>3</u>
Total retained earnings	<u>150,837,528</u>	<u>26</u>	<u>149,192,149</u>	<u>26</u>
Other equity	<u>(3,089,283)</u>	<u>(1)</u>	<u>(2,069,331)</u>	<u>-</u>
Treasury shares	<u>(25,063)</u>	<u>-</u>	<u>(25,063)</u>	<u>-</u>
Total equity attributable to owners of the Company	<u>204,522,288</u>	<u>35</u>	<u>203,535,137</u>	<u>36</u>
NON-CONTROLLING INTERESTS				
Total equity	<u>271,321,183</u>	<u>47</u>	<u>267,729,437</u>	<u>47</u>
TOTAL	<u>\$ 576,079,699</u>	<u>100</u>	<u>\$ 565,589,420</u>	<u>100</u>

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE				
Net sales	\$181,946,076	73	\$159,436,994	70
Telecommunications service revenue	47,518,690	19	50,580,903	22
Gain on disposal of investments, net	31,400	-	-	-
Construction revenue	6,868,908	3	6,358,851	3
Other operating revenue	<u>13,781,516</u>	<u>5</u>	<u>12,285,185</u>	<u>5</u>
Total operating revenue	<u>250,146,590</u>	<u>100</u>	<u>228,661,933</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold	168,419,192	67	146,690,946	64
Cost of telecommunications services	24,651,774	10	26,148,722	12
Loss on disposal of investments, net	-	-	16,319	-
Construction costs	6,608,826	3	6,135,849	3
Other operating costs	<u>5,716,868</u>	<u>2</u>	<u>5,269,985</u>	<u>2</u>
Total operating costs	<u>205,396,660</u>	<u>82</u>	<u>184,261,821</u>	<u>81</u>
GROSS PROFIT	<u>44,749,930</u>	<u>18</u>	<u>44,400,112</u>	<u>19</u>
REALIZED CONSTRUCTION INCOME	<u>555</u>	<u>-</u>	<u>556</u>	<u>-</u>
OPERATING EXPENSES				
Selling and marketing	18,810,722	8	16,793,326	7
General and administrative	10,809,934	4	11,778,207	5
Research and development	1,061,969	-	836,704	1
Expected credit loss	<u>304,866</u>	<u>-</u>	<u>208,489</u>	<u>-</u>
Total operating expenses	<u>30,987,491</u>	<u>12</u>	<u>29,616,726</u>	<u>13</u>
OPERATING INCOME	<u>13,762,994</u>	<u>6</u>	<u>14,783,942</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Share of the profit or loss of associates	6,464,485	2	6,224,158	3
Interest income	354,718	-	301,957	-
Other income - other	1,235,713	-	1,428,288	-
(Loss) gain on disposal of investment properties	(262)	-	12,619	-
Gain on modification of lease	1,101	-	-	-
Exchange gain, net	127,790	-	566,309	-
Gain (loss) on financial assets (liabilities) at fair value through profit or loss, net	386,597	-	(247,749)	-

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

	2019		2018	
	Amount	%	Amount	%
Gain on change in fair value of investment properties	1,882,995	1	646,390	-
Interest expense	(3,220,315)	(1)	(2,689,232)	(1)
Other expenses	(879,055)	-	(959,360)	-
(Loss) gain on disposal of property, plant and equipment	(816,751)	-	1,547,167	1
Loss on disposal of concessions	(1,467)	-	-	-
Gain (loss) on disposal of intangible assets	1,465	-	(4,774)	-
Net loss on derecognition of financial assets at amortized cost	(2,800)	-	-	-
Impairment loss	<u>(166,953)</u>	<u>-</u>	<u>(554,585)</u>	<u>-</u>
Total non-operating income and expenses	<u>5,367,261</u>	<u>2</u>	<u>6,271,188</u>	<u>3</u>
INCOME BEFORE INCOME TAX	19,130,255	8	21,055,130	9
INCOME TAX EXPENSE	<u>(2,695,092)</u>	<u>(1)</u>	<u>(2,663,528)</u>	<u>(1)</u>
NET INCOME	<u>16,435,163</u>	<u>7</u>	<u>18,391,602</u>	<u>8</u>
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	831,265	-	328,504	-
Gain on property revaluation	337,927	-	-	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	70,739	-	34,423	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	1,855,646	1	1,049,676	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(169,991)</u>	<u>-</u>	<u>71,214</u>	<u>-</u>
	<u>2,925,586</u>	<u>1</u>	<u>1,483,817</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(2,536,536)	(1)	(625,668)	-
(Loss) Gain on hedging instruments	(96,443)	-	29,812	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>(747,976)</u>	<u>-</u>	<u>17,908</u>	<u>-</u>

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

	2019		2018	
	Amount	%	Amount	%
	<u>(3,380,955)</u>	<u>(1)</u>	<u>(577,948)</u>	<u>-</u>
Other comprehensive income (loss), net of income tax	<u>(455,369)</u>	<u>-</u>	<u>905,869</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 15,979,794</u>	<u>7</u>	<u>\$ 19,297,471</u>	<u>8</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 10,732,669	5	\$ 12,028,294	5
Non-controlling interests	<u>5,702,494</u>	<u>2</u>	<u>6,363,308</u>	<u>3</u>
	<u>\$ 16,435,163</u>	<u>7</u>	<u>\$ 18,391,602</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 10,546,569	5	\$ 12,883,387	5
Non-controlling interests	<u>5,433,225</u>	<u>2</u>	<u>6,414,084</u>	<u>3</u>
	<u>\$ 15,979,794</u>	<u>7</u>	<u>\$ 19,297,471</u>	<u>8</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)				
Basic	<u>\$ 2.15</u>		<u>\$ 2.41</u>	
Diluted	<u>\$ 2.14</u>		<u>\$ 2.40</u>	

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars; Except Dividends Per Share)

	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		Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Cash Flow Hedges	Gain on Hedging Instruments	Unrealized Revaluation Increments	Treasury Shares			
BALANCE AT JANUARY 1, 2018	\$ 53,528,751	\$ 2,859,569	\$ 15,945,807	\$ 112,928,355	\$ 12,819,238	\$ (3,077,371)	\$ (1,357,319)	\$ -	\$ 35,642	\$ -	\$ 702,778	\$ (25,063)	\$ 194,360,387	\$ 61,178,706	\$ 255,539,093
Effect of retrospective application and retrospective restatement	-	-	-	-	3,067,233	-	1,357,319	(1,725,866)	(35,642)	35,642	-	-	2,698,686	3,926,063	6,624,749
BALANCE AT JANUARY 1, 2018, AS RESTATED	53,528,751	2,859,569	15,945,807	112,928,355	15,886,471	(3,077,371)	-	(1,725,866)	-	35,642	702,778	(25,063)	197,059,073	65,104,769	262,163,842
Appropriation of the 2017 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	806,614	-	(806,614)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,520,493	(1,520,493)	-	-	-	-	-	-	-	-	-	-
Cash dividends - NT\$1.2 per share	-	-	-	-	(6,423,450)	-	-	-	-	-	-	-	(6,423,450)	-	(6,423,450)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,760,337)	(7,760,337)
Net income for the year ended December 31, 2018	-	-	-	-	12,028,294	-	-	-	-	-	-	-	12,028,294	6,363,308	18,391,602
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	418,985	(512,530)	-	938,400	-	10,238	-	-	855,093	50,776	905,869
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	12,447,279	(512,530)	-	938,400	-	10,238	-	-	12,883,387	6,414,084	19,297,471
Change in associates accounted for using the equity method	-	48,127	-	-	(2,541)	-	-	-	-	-	-	-	45,586	33	45,619
Partial acquisition (disposal) of interests in subsidiaries	-	-	-	-	(17,440)	-	-	-	-	-	-	-	(17,440)	(153,820)	(171,260)
Change in ownership interest of subsidiaries	-	-	-	-	(12,954)	-	-	-	-	-	-	-	(12,954)	12,556	(398)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	577,375	577,375
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	935	-	-	-	-	-	-	-	-	-	-	935	-	935
Associate disposed the investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(1,559,378)	-	-	1,559,378	-	-	-	-	-	-	-
Cash capital reduction by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(360)	(360)
Reversal of special reserve	-	-	-	(5,678)	5,678	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2018	53,528,751	2,908,631	16,752,421	114,443,170	17,996,558	(3,589,901)	-	771,912	-	45,880	702,778	(25,063)	203,535,137	64,194,300	267,729,437
Effect of retrospective application and retrospective restatement	-	-	-	-	(331,352)	-	-	-	-	-	-	-	(331,352)	(94,653)	(426,005)
BALANCE AT JANUARY 1, 2019, AS RESTATED	53,528,751	2,908,631	16,752,421	114,443,170	17,665,206	(3,589,901)	-	771,912	-	45,880	702,778	(25,063)	203,203,785	64,099,647	267,303,432
Appropriation of the 2018 earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	1,202,829	-	(1,202,829)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,088,579	(1,088,579)	-	-	-	-	-	-	-	-	-	-
Cash dividends - NT\$1.8 per share	-	-	-	-	(9,635,175)	-	-	-	-	-	-	-	(9,635,175)	-	(9,635,175)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,758,030)	(7,758,030)
Net income for the year ended December 31, 2019	-	-	-	-	10,732,669	-	-	-	-	-	-	-	10,732,669	5,702,494	16,435,163
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	823,075	(2,955,805)	-	1,678,830	-	(34,180)	301,980	-	(186,100)	(269,269)	(455,369)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	11,555,744	(2,955,805)	-	1,678,830	-	(34,180)	301,980	-	10,546,569	5,433,225	15,979,794
Change in associates accounted for using the equity method	-	14,084	-	6	45,095	-	-	-	-	-	-	-	59,185	409	59,594
Disposal of investments accounted for using the equity method	-	(212)	-	-	528	-	-	(244)	-	-	-	-	72	-	72
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,276)	(11,276)
Change in ownership interest of subsidiaries	-	346,449	-	-	-	-	-	-	-	-	-	-	346,449	3,088,551	3,435,000
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	1,783,277	1,783,277
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	1,403	-	-	-	-	-	-	-	-	-	-	1,403	-	1,403
Associate disposed the investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	10,533	-	-	(10,533)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(25,881)	25,881	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	163,092	163,092
BALANCE AT DECEMBER 31, 2019	\$ 53,528,751	\$ 3,270,355	\$ 17,955,250	\$ 115,505,874	\$ 17,376,404	\$ (6,545,706)	\$ -	\$ 2,439,965	\$ -	\$ 11,700	\$ 1,004,758	\$ (25,063)	\$ 204,522,288	\$ 66,798,895	\$ 271,321,183

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 19,130,255	\$ 21,055,130
Adjustments for:		
Expected credit loss	304,866	208,489
Depreciation	21,689,323	16,283,336
Amortization	4,372,487	4,820,588
Interest expense	3,220,315	2,689,232
Net loss on disposal of financial assets at amortized cost	2,800	-
Interest income	(354,718)	(301,957)
Dividend income	(70,241)	(44,694)
Share of the profit of associates	(6,464,485)	(6,224,158)
Loss (gain) on disposal of property, plant and equipment	816,751	(1,547,167)
Loss (gain) on disposal of investment properties	262	(12,619)
(Gain) loss on disposal of intangible assets	(1,465)	4,774
Loss on disposal of concessions	1,467	-
Gain on disposal of investments	(39,053)	-
Impairment loss	166,953	554,585
(Reversal) write-down of inventories	(57,622)	634,862
Realized gain on the transactions with associates	(555)	(556)
Gain on change in fair value of investment properties	(1,882,995)	(646,390)
Gain on modifications of lease	(1,101)	-
Loss on disposal of subsidiaries	773	-
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	1,021,888	(1,619,878)
Financial instruments for hedging	1,868	(168)
Contract assets	(1,367,612)	528,662
Notes and accounts receivable	2,347,777	(4,128,134)
Other receivables	(127,491)	(53,510)
Inventories	6,889,155	(8,338,426)
Prepayments	2,538,599	(1,646,548)
Other current assets	(407,029)	(1,238,302)
Incremental cost of obtaining a contract	(1,595,944)	(235,973)
Financial liabilities at fair value through profit or loss	(4,987)	(6,139)
Contract liabilities	(158,586)	(146,239)
Notes and accounts payable	638,431	(2,377,897)
Notes and accounts payable to related parties	(29,256)	25,799
Other payables	(2,630,602)	2,287,719
Provisions	7,097	8,611
Other current liabilities	(416,220)	930,803
Net defined benefit assets and liabilities	(511,763)	(408,121)
Cash generated from operations	47,029,342	21,055,714
Interest received	362,404	271,495
Dividends received	4,204,534	2,993,151
Interest paid	(3,281,446)	(2,585,514)
Income tax paid	(4,365,548)	(2,934,173)
		(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Net cash generated from operating activities	<u>43,949,286</u>	<u>18,800,673</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in prepayments for investments	(100,000)	-
Decrease (increase) in financial assets at amortized cost	189,356	(477,492)
Acquisition of financial assets at fair value through other comprehensive income	(5,207)	(536,697)
Cash received by reduction of capital of financial assets at fair value through other comprehensive income	-	61,500
Acquisition of investments accounted for using the equity method	(1,855,556)	(277,332)
Proceeds from the disposal of investments accounted for using the equity method	162,010	-
Acquisition of property, plant, equipment and prepayments for equipment	(24,629,959)	(24,539,384)
Proceeds from the disposal of property, plant and equipment	106,912	3,085,355
Increase in refundable deposits	(386,900)	(303,104)
(Increase) decrease in other receivables	(2,591,284)	2,770,350
Acquisition of intangible assets	(897,241)	(2,117,155)
Proceeds on the disposal of intangible assets	9,282	72
Acquisition of investment properties	(12,441)	(17,204)
Proceeds from the disposal of investment properties	1,440,000	199,227
Increase in prepayments for leases	-	(713,405)
Acquisition of right-of-use assets	(927,705)	-
Increase in concessions	(107,419)	(113,684)
Proceeds from disposal of concessions	375	-
Decrease (increase) in other financial assets	1,477,887	(1,084,657)
Net cash outflow on acquisition of subsidiaries	(436,659)	-
Net cash outflow on disposal of subsidiaries	(39,803)	-
(Increase) decrease in other non-current assets	<u>(1,089,954)</u>	<u>103,905</u>
Net cash used in investing activities	<u>(29,694,306)</u>	<u>(23,959,705)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(12,403,859)	16,888,858
Increase (decrease) in short-term bills payables	1,409,000	(926,000)
Proceeds from issue of bonds	25,100,000	25,000,000
Repayments of bonds payables	(17,800,000)	(13,500,000)
Proceeds from long-term borrowings	300,343,176	202,493,083
Repayments of long-term borrowings	(291,083,741)	(200,696,643)
Repayment of the principal portion of lease liability	(3,852,159)	-
Increase (decrease) in guarantee deposits received	80,600	(11,469)
Increase (decrease) in other non-current liabilities	131	(15,604)
Cash dividends paid	(9,633,772)	(6,422,726)

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Cash capital increase by subsidiaries	5,218,277	577,375
Cash capital reduction by subsidiaries	-	(360)
Partial acquisition of interests in subsidiaries from non-controlling interests	-	(171,658)
Dividends paid to non-controlling interests	<u>(7,758,030)</u>	<u>(7,760,337)</u>
Net cash (used in) generated from financing activities	<u>(10,380,377)</u>	<u>15,454,519</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>(292,575)</u>	<u>(417,150)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,582,028	9,878,337
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>35,342,560</u>	<u>25,464,223</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 38,924,588</u>	<u>\$ 35,342,560</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, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. 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, 2019 are as follows:

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

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

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

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

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

Evaluation of Impairment Loss on Property, Plant and Equipment and Right-of-use Assets and Intangible Assets (Including Goodwill) and the Incremental Costs of Obtaining a Contract from the Company's Subsidiaries' Equity-Method Investee

The Company's subsidiaries' equity-method investee, Far EasTone Telecommunications Corporation ("Far EasTone"), is a material component.

Economic trends, market competition, and technological development influence the operations of the Far EasTone and management's evaluation of and judgment on the expected economic benefits and recoverable amounts of the cash-generating units to which the assets belong, which in turn is used for the evaluation of such assets' impairment. As a result, the evaluation of impairment loss of property, plant and equipment and right-of-use assets and intangible assets (including goodwill) and the incremental costs of obtaining a contract from the Company's subsidiaries' equity-method investee is considered as a key audit matter.

For the evaluation of impairment loss related to property, plant and equipment and right-of-use assets and intangible assets as well as the incremental costs of obtaining a contract from the Company's subsidiaries' equity-method investee, our corresponding audit procedures were as follows:

1. We obtained an understanding of the asset impairment evaluation processes and the design and implementation of the related controls.
2. We obtained the asset impairment evaluation reports for each cash-generating unit.
3. We evaluated the reasonableness of the identification of the assets which were considered impaired and the assumptions and sensitivity analysis used in the asset impairment assessments, including the appropriateness of the classification of the cash-generating units, cash flow forecasts and the discount rates used.

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

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

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

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

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

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

In addition, we evaluated manual journal entries posted to revenue accounts, by sample testing of entries with specific risk, and compared details of these journal entries with the relevant underlying documentation to evaluate the reasonableness and accuracy of these selected entries.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ching-Pin Shih and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2020

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, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 20,592,925	6	\$ 16,250,323	6
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 26)	7,703	-	-	-
Financial assets at amortized cost - current (Notes 4 and 8)	-	-	700,000	1
Notes and accounts receivable, net (Notes 4, 9 and 26)	5,323,584	2	7,003,949	2
Other receivables (Note 26)	306,089	-	334,852	-
Current tax assets	18,193	-	5,978	-
Inventories (Notes 4 and 10)	5,170,448	2	6,672,500	2
Prepayments	78,100	-	64,024	-
Refundable deposits - current	18,044	-	18,463	-
Other current assets	308,802	-	373,003	-
Total current assets	31,823,888	10	31,423,092	10
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4, 11 and 27)	268,034,222	82	259,259,165	82
Property, plant and equipment (Notes 4, 12 and 27)	25,325,644	8	24,507,928	8
Right-of-use assets (Notes 4 and 13)	890,813	-	-	-
Investment properties (Notes 4, 5, 14 and 27)	978,404	-	1,515,753	-
Other intangible assets (Notes 4 and 15)	18,948	-	17,087	-
Deferred tax assets (Notes 4 and 22)	48,070	-	75,842	-
Prepayments for equipment (Note 12)	143,402	-	59,851	-
Refundable deposits - non-current (Note 26)	93,874	-	75,720	-
Net defined benefit assets - non-current (Note 18)	417,428	-	-	-
Other financial assets - non-current (Note 27)	1,300,373	-	38,000	-
Other non-current assets	46,537	-	57,716	-
Total non-current assets	297,297,715	90	285,607,062	90
TOTAL	\$ 329,121,603	100	\$ 317,030,154	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 2,400,415	1	\$ 2,743,834	1
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 26)	-	-	6,832	-
Contract liabilities - current (Note 20)	144,678	-	99,447	-
Notes and accounts payable	1,307,574	1	1,616,507	1
Notes and accounts payable to related parties (Note 26)	1,286,190	-	1,492,186	-
Payables to suppliers of machinery and equipment	967	-	305,866	-
Lease liabilities - current (Note 4 and 13)	230,906	-	-	-
Other payables	4,124,706	1	4,186,374	1
Current portion of long-term liabilities (Notes 16 and 17)	13,695,421	4	12,095,836	4
Other current liabilities	816,369	-	792,789	-
Total current liabilities	24,007,226	7	23,339,671	7
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4 and 13)	668,299	-	-	-
Bonds payable (Note 17)	44,741,032	14	44,443,342	14
Long-term borrowings (Notes 16 and 26)	52,752,032	16	42,773,582	14
Deferred tax liabilities (Notes 4 and 22)	2,381,837	1	2,214,224	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	-	-	673,497	-
Guarantee deposits received- non-current	1,623	-	2,515	-
Deferred credit-gains on related-party transactions (Note 26)	47,266	-	48,186	-
Total non-current liabilities	100,592,089	31	90,155,346	29
Total liabilities	124,599,315	38	113,495,017	36
EQUITY (Note 18)				
Share capital				
Common stock	53,528,751	16	53,528,751	17
Capital surplus	3,270,355	1	2,908,631	1
Retained earnings				
Legal reserve	17,955,250	5	16,752,421	5
Special reserve	115,505,874	36	114,443,170	36
Unappropriated earnings	17,376,404	5	17,996,558	6
Total retained earnings	150,837,528	46	149,192,149	47
Other equity	(3,089,283)	(1)	(2,069,331)	(1)
Treasury shares	(25,063)	-	(25,063)	-
Total equity	204,522,288	62	203,535,137	64
TOTAL	\$ 329,121,603	100	\$ 317,030,154	100

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE				
Net sales	\$46,477,960	100	\$54,040,105	100
Other operating revenue	<u>-</u>	<u>-</u>	<u>23,696</u>	<u>-</u>
Total operating revenue	<u>46,477,960</u>	<u>100</u>	<u>54,063,801</u>	<u>100</u>
OPERATING COSTS				
Cost of goods sold	41,524,817	89	48,837,045	90
Other operating costs	<u>-</u>	<u>-</u>	<u>29,703</u>	<u>-</u>
Total operating costs	<u>41,524,817</u>	<u>89</u>	<u>48,866,748</u>	<u>90</u>
GROSS PROFIT	<u>4,953,143</u>	<u>11</u>	<u>5,197,053</u>	<u>10</u>
OPERATING EXPENSES				
Selling and marketing	2,634,540	6	2,738,685	5
General and administrative	1,326,964	3	1,384,860	2
Research and development	859,202	2	813,551	2
Reversal of expected credit loss	<u>(4,639)</u>	<u>-</u>	<u>(306)</u>	<u>-</u>
Total operating expenses	<u>4,816,067</u>	<u>11</u>	<u>4,936,790</u>	<u>9</u>
PROFIT FROM OPERATIONS	<u>137,076</u>	<u>-</u>	<u>260,263</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Share of the profit or loss of subsidiaries and associates	11,434,524	25	13,154,244	24
Interest income	22,394	-	29,366	-
Other income	325,767	1	288,739	1
Gain on disposal of property, plant and equipment	40,448	-	22,259	-
Gain on disposal of investment properties	-	-	12,619	-
Gain on disposal of investments	85	-	85	-
Exchange gain, net	12,241	-	351,635	1
Gain (loss) on financial assets (liabilities) at fair value through profit or loss	24,749	-	(155,529)	-
Gain on change in fair value of investment properties	8,535	-	107,359	-
Interest expense	(988,839)	(2)	(910,495)	(2)
Other expenses	(259,136)	(1)	(281,418)	(1)
Impairment loss	<u>(13,818)</u>	<u>-</u>	<u>(160,550)</u>	<u>-</u>
Total non-operating income and expenses	<u>10,606,950</u>	<u>23</u>	<u>12,458,314</u>	<u>23</u>

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$10,744,026	23	\$12,718,577	24
INCOME TAX EXPENSE (Notes 4, 5 and 21)	<u>(11,357)</u>	<u>-</u>	<u>(690,283)</u>	<u>(1)</u>
NET INCOME	<u>10,732,669</u>	<u>23</u>	<u>12,028,294</u>	<u>23</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	828,568	2	295,140	1
Gains on property revaluations	331,557	1	-	-
Share of other comprehensive loss of subsidiaries and associates	1,721,330	4	992,493	2
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(168,335)</u>	<u>(1)</u>	<u>69,752</u>	<u>-</u>
	<u>2,713,120</u>	<u>6</u>	<u>1,357,385</u>	<u>3</u>
Share of other comprehensive loss of subsidiaries and associates	<u>(2,899,220)</u>	<u>(6)</u>	<u>(502,292)</u>	<u>(1)</u>
Total other comprehensive income (loss)	<u>(186,100)</u>	<u>-</u>	<u>855,093</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME	<u>\$10,546,569</u>	<u>23</u>	<u>\$12,883,387</u>	<u>25</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 22)				
Basic	<u>\$ 2.15</u>		<u>\$ 2.41</u>	
Diluted	<u>\$ 2.14</u>		<u>\$ 2.40</u>	

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars; Except Dividend Per Share)

	Common Stock	Capital Surplus	Retained Earnings			Other Equity							Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Cash Flow Hedge	Gain on Hedging Instruments	Unrealized Property Revaluation Increments	Treasury Shares	
BALANCE AT JANUARY 1, 2018	\$ 53,528,751	\$ 2,859,569	\$ 15,945,807	\$112,928,355	\$ 12,819,238	\$ (3,077,371)	\$ (1,357,319)	\$ -	\$ 35,642	\$ -	\$ 702,778	\$ (25,063)	\$194,360,387
Effect of retrospective application and retrospective restatement	-	-	-	-	3,067,233	-	1,357,319	(1,725,866)	(35,642)	35,642	-	-	2,698,686
BALANCE AT JANUARY 1, 2018 AS RESTATED	53,528,751	2,859,569	15,945,807	112,928,355	15,886,471	(3,077,371)	-	(1,725,866)	-	35,642	702,778	(25,063)	197,059,073
Appropriation of the 2017 earnings													
Legal reserve	-	-	806,614	-	(806,614)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,520,493	(1,520,493)	-	-	-	-	-	-	-	-
Cash dividends - NT\$1.2 per share	-	-	-	-	(6,423,450)	-	-	-	-	-	-	-	(6,423,450)
Net income for the year ended December 31, 2018	-	-	-	-	12,028,294	-	-	-	-	-	-	-	12,028,294
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	418,985	(512,530)	-	938,400	-	10,238	-	-	855,093
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	12,447,279	(512,530)	-	938,400	-	10,238	-	-	12,883,387
Change in associates accounted for using the equity method	-	48,127	-	-	(32,935)	-	-	-	-	-	-	-	15,192
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	935	-	-	-	-	-	-	-	-	-	-	935
Associate disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(1,559,378)	-	-	1,559,378	-	-	-	-	-
Reversal of special reserve	-	-	-	(5,678)	5,678	-	-	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2018	53,528,751	2,908,631	16,752,421	114,443,170	17,996,558	(3,589,901)	-	771,912	-	45,880	702,778	(25,063)	203,535,137
Effect of retrospective application and retrospective restatement	-	-	-	-	(331,352)	-	-	-	-	-	-	-	(331,352)
BALANCE AT JANUARY 1, 2019, AS RESTATED	53,528,751	2,908,631	16,752,421	114,443,170	17,665,206	(3,589,901)	-	771,912	-	45,880	702,778	(25,063)	203,203,785
Appropriation of the 2018 earnings													
Legal reserve	-	-	1,202,829	-	(1,202,829)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,088,579	(1,088,579)	-	-	-	-	-	-	-	-
Cash dividends - NT\$1.8 per share	-	-	-	-	(9,635,175)	-	-	-	-	-	-	-	(9,635,175)
Net income for the year ended December 31, 2019	-	-	-	-	10,732,669	-	-	-	-	-	-	-	10,732,669
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	823,075	(2,955,805)	-	1,678,830	-	(34,180)	301,980	-	(186,100)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	11,555,744	(2,955,805)	-	1,678,830	-	(34,180)	301,980	-	10,546,569
Change in associates accounted for using the equity method	-	360,321	-	6	39,964	-	-	5,415	-	-	-	-	405,706
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	1,403	-	-	-	-	-	-	-	-	-	-	1,403
Associate disposed the investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	16,192	-	-	(16,192)	-	-	-	-	-
Reversal of special reserve	-	-	-	(25,881)	25,881	-	-	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2019	\$ 53,528,751	\$ 3,270,355	\$ 17,955,250	\$115,505,874	\$ 17,376,404	\$ (6,545,706)	\$ -	\$ 2,439,965	\$ -	\$ 11,700	\$ 1,004,758	\$ (25,063)	\$204,522,288

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 10,744,026	\$ 12,718,577
Adjustments for:		
Reversal of expected credit loss	(4,639)	(306)
Depreciation	2,444,494	1,973,976
Amortization	9,358	10,553
Interest expense	988,839	910,495
Interest income	(22,394)	(29,366)
Share of the profit of subsidiaries and associates	(11,434,524)	(13,154,244)
Gain on disposal of property, plant and equipment	(40,448)	(22,259)
Gain on disposal of investment properties	-	(12,619)
Gain on disposal of investments	(85)	(85)
Impairment loss	13,818	160,550
Reversal of inventories	(106,178)	(100,378)
Gain on change in fair value of investment properties	(8,535)	(107,359)
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(7,703)	21,211
Notes and accounts receivable	1,685,004	93,094
Other receivables	(76,287)	(60,500)
Inventories	1,608,230	(437,368)
Prepayments	(14,679)	73,150
Other current assets	64,201	(100,167)
Contract liabilities	45,231	(282,667)
Notes and accounts payable	(308,933)	(467,166)
Notes and accounts payable to related parties	(205,996)	421,960
Other payables	(64,417)	456,606
Financial liabilities at fair value through profit or loss	(6,832)	1,937
Other current liabilities	23,580	(18,586)
Net defined benefit liabilities - non-current	(262,357)	(325,770)
Cash generated from operations	5,062,774	1,723,269
Interest received	22,444	29,316
Dividends received	10,015,403	8,247,267
Interest paid	(1,011,388)	(809,727)
Income tax received	3,478	5,640
	<u>14,092,711</u>	<u>9,195,765</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (Increase) in financial assets at amortized cost	700,000	(700,000)
Acquisition of investments accounted for using the equity method	(8,452,235)	(14,885,430)
Acquisition of property, plant, equipment and prepayments for equipment	(2,583,491)	(2,055,292)
Proceeds from disposal of property, plant and equipment	65,322	32,777
(Increase) Decrease in refundable deposits	(17,735)	2,712
Decrease (Increase) in other receivables	105,000	(105,000)

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Acquisition of intangible assets	(11,219)	(7,213)
Acquisition of investment properties	(1,456)	-
Proceeds from disposal of investment properties	-	19,227
(Increase) Decrease in other financial assets	(1,262,373)	3,174
Decrease in other non-current assets	<u>17,915</u>	<u>206,700</u>
Net cash used in investing activities	<u>(11,440,272)</u>	<u>(17,488,345)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(343,419)	643,156
Proceeds from issue of bonds	14,000,000	17,000,000
Repayments of bonds payable	(10,600,000)	(5,500,000)
Proceeds from long-term borrowings	245,578,252	147,370,768
Repayments of long-term borrowings	(237,077,229)	(138,307,023)
Repayment of the principal portion of lease liabilities	(231,374)	-
Decrease (increase) in guarantee deposits received	(892)	20
Dividends paid	<u>(9,635,175)</u>	<u>(6,423,661)</u>
Net cash generated from financing activities	<u>1,690,163</u>	<u>14,783,260</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,342,602	6,490,680
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>16,250,323</u>	<u>9,759,643</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 20,592,925</u>	<u>\$ 16,250,323</u>

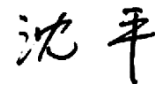
(Concluded)

Attachment III

The Audit Committee's Review Report

To the 2020 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 2019 which had been audited by Deloitte & Touche, and found them in order.



The Convener of the Audit Committee: Bing Shen

12 May 2020

Attachment IV

Information of the Corporate Bonds Issued in Year 2019

Offering Type	Domestic unsecured bonds (1 st of Year 2019)	Domestic unsecured bonds (2 nd of Year 2019)
Total Amount	NT\$ 8.0 billion	NT\$ 6.0 billion
Maturity	5 years	5 years
Coupon rate	0.93% p.a.	0.79 % 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.	These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.
Guarantor	None	None
Approval authority	Agency	Taipei Exchange (TPEX)
	Date	18 April 2019
	Letter No.	Securities-TPEX-Bond -10800032841
Use of proceeds	To payback short-term borrowings or current portion of long-term liabilities and improve the financial structure	To payback short-term borrowings or current portion of long-term liabilities and improve the financial structure
Remark	To be issued at par value on 29 April 2019	To be issued at par value on 8 August 2019

Attachment V

Amendments of “Best Practice Principles of Ethical Corporate Management for Far Eastern New Century Corporation”

Section	Proposed Changes	Current Articles
Article 6	<p>(Prevention procedures and rules)</p> <p>In accordance with the Principles, the Company shall <u>refer to prevailing domestic and foreign standards or guidelines in establishing procedures and rules including operational procedures, guidelines and training</u>, to prevent Company Professionals from conducting business without prudence and integrity; meanwhile, specifically identify what Company Professionals must pay attention to while conducting business.</p>	<p>(Prevention procedures and rules)</p> <p>In accordance with the Principles, the Company shall establish procedures and <u>rules</u> to prevent Company Professionals from conducting business without prudence and integrity; meanwhile, specifically identify what Company Professionals must pay attention to while conducting business.</p>
Article 7	<p>(Commitment and execution)</p> <p><u>The Company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require in the terms of employment that employees comply with such policy.</u></p> <p>The policy of ethical corporate management with sincerity and integrity shall be disclosed explicitly in the website and annual reports of the Company. Board of Directors and the <u>senior</u> management shall have strong and rigorous commitment to the execution of such policy, and enforce the policy to the internal management and external commercial activities.</p> <p><u>The Company shall compile documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain aforesaid information properly.</u></p>	<p>(Commitment and execution)</p> <p>The policy of ethical corporate management with sincerity and integrity shall be disclosed explicitly in the website and annual reports of the Company. Board of Directors and the management shall have strong and rigorous commitment to the execution of such policy, and enforce the policy to the internal management and external commercial activities.</p>
Article 9	<p>(Ethical commercial activities <u>and prohibition against acts of unfair competition</u>)</p> <p>The Company shall act with integrity and fairness when engaging in a commercial activity with counterparty in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</p>	<p>(Ethical commercial activities)</p> <p>The Company shall act with integrity and fairness when engaging in a commercial activity with counterparty in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</p>

Section	Proposed Changes	Current Articles
	<p>Prior to engaging in a commercial transaction, the Company shall take into consideration the legitimacy and legality of the counterparty such as agents, vendors, customers, and other entities, and their Misconduct record, if any. The Company shall avoid engaging in business with counterparty with any record of Misconducts. When entering into material contracts with counterparties, the Company shall include provisions in such contracts demanding the compliance of ethical corporate management policy. And such contracts shall also include clauses to terminate or cancel the contracts at any time by the Company, if Misconducts are performed, or suspected of being performed, by the counterparties.</p>	<p>Prior to engaging in a commercial transaction, the Company shall take into consideration the legitimacy and legality of the counterparty such as agents, vendors, customers, and other entities, and their Misconduct record, if any. The Company shall avoid engaging in business with counterparty with any record of Misconducts. When entering into material contracts with counterparties, the Company shall include provisions in such contracts demanding the compliance of ethical corporate management policy. And such contracts shall also include clauses to terminate or cancel the contracts at any time by the Company, if Misconducts are performed, or suspected of being performed, by the counterparties.</p>
<p>Article 15</p>	<p>(Organization and responsibility)</p> <p>Company Professionals shall exercise the due care of good administrators to urge the Company to prevent Misconducts, review the results of the preventive procedures at any time, and continually make adjustments so as to ensure thorough implementation of the ethical corporate management policies.</p> <p>To fulfill the best practices of the ethical corporate management, <u>the Chief Corporate Governance Officer under the Board of Directors and Human Resources Department of the Company</u> is dedicated to be in charge of establishing and enforcing the ethical corporate management policies and prevention procedures, and shall report to the Board of Directors <u>on a regular basis (at least once a year)</u>.</p>	<p>(Organization and responsibility)</p> <p>Company Professionals shall exercise the due care of good administrators to urge the Company to prevent Misconducts, review the results of the preventive procedures at any time, and continually make adjustments so as to ensure thorough implementation of the ethical corporate management policies.</p> <p>To fulfill the best practices of the ethical corporate management, Human Resources Department of the Company is dedicated to be in charge of establishing and enforcing the ethical corporate management policies and prevention procedures, and shall report to the Board of Directors <u>if there is any material misconduct</u>.</p>
<p>Article 20</p>	<p>(Blow-the-whistle, discipline <u>and appeal system</u>)</p> <p>For any violation of the Principles being found, Company Professionals shall proactively report to the Audit Committee, <u>the department heads, head of internal audit, the Chief Corporate Governance Officer</u>, Human Resources Department, and other appropriate authorized managers. The Company shall strictly preserve the identity of the whistle-blower and the content of the report.</p> <p>The Company tolerates no violation. Any of the Company Professionals obtains, or intends to obtain, improper Benefits for oneself or others at the cost of the Company by using one's position and authority shall be dismissed, and</p>	<p>(Blow-the-whistle and discipline)</p> <p>For any violation of the Principles being found, Company Professionals shall proactively report to the Audit Committee, the management, head of internal audit, Human Resources Department, and other appropriate authorized managers. The Company shall strictly preserve the identity of the whistle-blower and the content of the report.</p> <p>The Company tolerates no violation. Any of the Company Professionals obtains, or intends to obtain, improper Benefits for oneself or others at the cost of the Company by using one's position and authority shall be dismissed, and</p>

Section	Proposed Changes	Current Articles
	<p>unconditionally indemnify the Company for all losses, if occurred.</p> <p>Any of the Company Professionals found to be in violation of the Principles shall be disciplined in accordance with the reward and disciplinary rules of the Company. Those who as a result of violation are dismissed by the Company will no longer be employed again by the Company or its affiliates. <u>Where necessary, a case shall be reported to the competent authority or referred to the judicial authority.</u></p> <p><u>The Procedures for Ethical Management and Guidelines for Conduct</u> is established in the Company <u>to guide Company Professionals how to conduct business.</u></p>	<p>unconditionally indemnify the Company for all losses, if occurred.</p> <p>Any of the Company Professionals found to be in violation of the Principles shall be disciplined in accordance with the reward and disciplinary rules of the Company. Those who as a result of violation are dismissed by the Company will no longer be employed again by the Company or its affiliates.</p> <p><u>The whistle-blowing and disciplinary method of violating ethical conduct and ethical management</u> is established in the Company. <u>Any of Company Professionals being accused to violate the Principles may appeal for remedy via the system.</u></p>

Attachment VI

Current Shareholding of Directors

The list of the 23rd term of Board of Directors of Far Eastern New Century Corporation

Book closure date: 1 May 2020

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		
		Raymond Hsu		
		Shaw Y. Wang		
	Far Eastern Department Stores Ltd.	Richard Yang	19,964,370	0.37%
		Tonia Katherine Hsu		
	U-Ming Marine Transport Corporation	Kwan-Tao Li	31,181,470	0.58%
		Alice Hsu		
Yue Ding Investment Co., Ltd.	Champion Lee	24,763,781	0.47%	
Independent Director	Bing Shen	-	-	-
	Johnsee Lee	-	-	-
	Raymond R. M. Tai	-	-	-
The combined shareholding of all Directors			1,439,935,404	26.90%
The minimum required combined shareholding of all Directors by law			85,646,004	1.60%

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

Attachment VII

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

Not applicable.

General information

I. Articles of Incorporation of Far Eastern New Century Corporation

Chapter 1 General Provisions

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

Article 2 The Company's businesses are as follows :

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

33. F113070 Wholesale of telecom instruments
34. F213060 Retail sale of telecom instruments
35. CC01080 Electronic part and component manufacturing
36. CF01011 Medical materials and equipment manufacturing
37. F108031 Wholesale of drugs and medical goods
38. F208031 Retail sale of medical equipments
39. C803990 Other Petroleum and Charcoal Manufacturing
40. F112020 Wholesale of Coal and Products
41. ZZ99999 Except where permits are required, to run operations not forbidden or limited by laws and regulations

- Article 3 The Company may provide guarantees for third parties in accordance with the Company bylaw of "Procedures for Endorsements and Guarantees".
- Article 4 Where the Company invests in other companies and becomes a shareholder with limited liability; its total investment may exceed 40% of its paid-up capital as stipulated under Article 13 of the Company Act, subject to approval of the Board of Directors.
- Article 5 The Company is incorporated in Taipei, the Republic of China; the Board of Directors may by resolution approve the establishment of domestic and international branches where it deems necessary.

Chapter 2 Share Capital

- Article 6 The Company's total capital shall be Sixty Billion New Taiwan Dollar (NT\$60,000,000,000) divided into 6,000,000,000 shares of NT\$10 each. The Board of Directors is authorized to issue the un-issued shares in separate trenches.
- Out of the above total capital amount, One Hundred Million New Taiwan Dollar (NT\$100,000,000) shall be divided into 10,000,000 shares of NT\$10 each, to be issued as warrants for employees to subscribe.
- Article 7 Shares issued by the Company are not required to be evidenced by share certificates, provided that they shall be recorded at the Securities Central Depository Enterprises.
- The Company can issue special stock.
- In the event of the Company merging with another company, matters relating to the merger need not be approved by way of a resolution of the special shareholders meeting.
- Article 8 Matters relating to the Company's shares shall be dealt with according to the provisions of "Regulations Governing Handling of Stock Affairs by Public Companies" and the relevant laws and regulations.
- Article 9 Registration of share transfer shall be closed within 60 days prior to General Shareholders' Meeting, or with 30 days prior to Extraordinary Shareholders' Meeting or within 5 days prior to the record date on which Company distributes the dividends or bonuses.

Chapter 3 Shareholders' Meeting

- Article 10 The Shareholders' Meetings shall be General or Extraordinary Shareholders' Meetings:
- General Shareholders' Meeting shall be held once a year within 6 months of the end of the Company's financial year.
- Extraordinary Shareholders' Meeting shall be convened in accordance with the relevant laws, rules and regulations of the Republic of China.
- Article 11 Notices of General Shareholders' Meeting shall be in writing and delivered to the shareholders along with a public notice 30 days before the General Shareholders' Meeting and 15 days before the Extraordinary Shareholders' Meeting. The said notices shall specify the date, place and reasons for calling the shareholders' meeting.

- 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 Ownership Ratios at Public Companies".
- 3 Independent Directors shall be elected from the list of persons with legal capacity.
- Directors shall be elected by adopting candidate nomination system in accordance with the Article 192-1 of Company Act. A shareholder shall elect from the nominees listed in the roster of candidates. The election of Independent and non-Independent Directors should be held together. Moreover, in order to ensure the election of at least two Independent Directors of each election, the Independent and non-Independent Directors elected should 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 which 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

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

The latest amendment on June 25, 2013

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.

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.

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. With respect to extemporary motions, amendments of the original proposals, and substitute proposals raised in the stockholders' meeting, those who vote via electronic casting shall be considered as abstain.

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 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.

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 extemporary 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 extemporary 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 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 with the consent of the stockholders (or proxies). The person responsible for vote overseeing shall be of the stockholder status.

Article 11 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.

The proposal for a resolution shall be deemed approved if no objection expressed by stockholders casting their votes via electronic casting, and if the chairperson inquires and receives no objection from stockholders in attendance in person. The validity of such approval has the same effect as if the resolution has been put to vote.

Should objection of a proposal be expressed, such proposal shall be put to vote. All proposals may be put to vote one after the other by its sequence, or may be put to vote together and numbers of votes for each proposal are counted separately. Whichever way of the voting procedures shall be decided by the chairperson.

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.

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

Article 13 The meeting shall be adjourned if encountering an air-raid alarm during the meeting. The meeting shall resume one hour after the alarm is lifted.

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

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

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

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



FAR EASTERN NEW CENTURY

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