

# Notice of Annual General Shareholders' Meeting of Far Eastern New Century Corporation

**Date:** Thursday, 28 June 2012  
**Time:** 9:00 a.m. Taipei time  
**Place:** Auditorium in the Taipei Hero House  
No. 20, Changsha Street, Section 1, Taipei, Taiwan

**Purpose:**

1. To accept 2011 business report and financial statements
2. To approve proposed resolutions and election of Directors, Independent Directors, and Supervisors

**Proposed resolutions:**

1. To accept 2011 business report and financial statements
2. To approve the proposal for distribution of 2011 profits
3. To approve the capitalization of 2011 stock dividends
4. To approve amending the company bylaw of "Procedures for Acquisition and Disposal of Assets of Far Eastern New Century Corporation"
5. To approve amending the company bylaw of "Meeting Rules of Stockholders for Far Eastern New Century Corporation"
6. To elect eleven Directors (including Independent Directors) and three Supervisors
7. To approve the release of the relevant Directors from the non-competition restriction under the Article 209 of the Company Law

**Attachments:**

- I. 2011 business report
- II. Independent auditors' audit report by Deloitte & Touche
- III. Supervisors' report
- IV. 2011 financial statements
- V. Overview of "Code of Ethics for Far Eastern New Century Corporation"
- VI. Overview of "Best Practice Principles of Ethical Corporate Management for Far Eastern New Century Corporation"
- VII. Information about the corporate bonds issued in year 2011
- VIII. 2011 profit allocation proposal
- IX. Overview of "Procedures for Acquisition and Disposal of Assets of Far Eastern New Century Corporation" amendments
- X. Overview of "Meeting Rules of Stockholders for Far Eastern New Century Corporation" amendments
- XI. Nominated candidates of Independent Directors
- XII. Current shareholding of Directors and Supervisors

XIII. Information about the bonus of employees and compensation of Directors and Supervisors

**General Information**

- I. Articles of Incorporation of Far Eastern New Century Corporation; also available for viewing on the internet at <http://www.fenc.com/upload/ir/us201107190002.pdf>
- II. Meeting rules of stockholders for Far Eastern New Century Corporation; also available for viewing on the internet at <http://www.fenc.com/upload/ir/us201105180001.pdf>
- III. Election procedures of Directors and Supervisors for Far Eastern New Century Corporation.
- IV. The full English-version audited report on 2011 financial statements, translated and prepared by the independent auditor Deloitte & Touche is available for viewing on the internet at <http://www.fenc.com/en/ir/index.aspx?c=28>
- V. The notice, agenda, and the handbook for the upcoming 2012 annual general shareholders' meeting will be available for viewing on the internet at <http://www.fenc.com/en/ir/index.aspx?c=66> on or about 28 May 2011

If you do not have access to the internet and would like to obtain a hard copy of the meeting notice, the meeting agenda, and 2011 financial report, please write to:

Attention: IR team, 2012 AGM agenda  
Far Eastern New Century Corporation  
34FI, No. 207, Tun-Hwa South Road, Section 2  
Taipei 106, Taiwan

Or, you may also request for a hardcopy of the meeting notice, the meeting agenda, and 2011 financial report by contacting the following:

Joe Pai + 886-2-2737-8725; [joepai@fenc.com](mailto:joepai@fenc.com)  
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**Far Eastern New Century Corporation**

**Meeting Agenda  
for  
Annual General Shareholders' Meeting  
of  
Far Eastern New Century Corporation**

- 1. Call the meeting to order**
- 2. Chairperson takes chair**
- 3. Chairperson remarks**
- 4. To report:**
  - a. 2011 business operations
  - b. 2011 financial statements
  - c. Supervisors' review report of 2011 business operations and financial statements
  - d. The contents and enactment of "Code of Ethics for Far Eastern New Century Corporation" and "Principles of Ethical Corporate Management for Far Eastern New Century Corporation"
  - e. Information of the corporate bonds issued in 2011
- 5. To discuss and approve proposed resolutions and to elect Directors and Supervisors**
  - a. To accept 2011 business report and financial statements
  - b. To approve the proposal for distribution of 2011 profits
  - c. To approve the capitalization of 2010 stock dividends
  - d. To approve amending the company bylaw of "Procedures for Acquisition and Disposal of Assets of Far Eastern New Century Corporation"
  - e. To approve amending the company bylaw of "Meeting Rules of Stockholders for Far Eastern New Century Corporation"
  - f. To elect eleven Directors (including Independent Directors) and three Supervisors
  - g. To approve the release of the relevant Directors from the non-competition restriction under the Article 209 of the Company Law
- 6. Extemporary motion**
- 7. Meeting adjourned**

## Reporting Items

**1. To report 2011 business operations.**

The 2011 business report is attached as Attachment I.

**2. To report 2011 financial statements**

The 2011 financial statements and independent auditors' audit report by Deloitte & Touche are attached as Attachments II and IV.

**3. To report Supervisors' review of 2011 business operations and financial statements**

The Supervisors' review report is attached as Attachment III.

**4. To report The contents and enactment of "Code of Ethics for Far Eastern New Century Corporation" and "Principles of Ethical Corporate Management for Far Eastern New Century Corporation"**

The "Code of Ethics for Far Eastern New Century Corporation" and "Principles of Ethical Corporate Management for Far Eastern New Century Corporation" are attached as Attachments V and VI.

**5. To report the information of the corporate bonds issued in 2011**

The information of the corporate bonds issued in 2011 is attached as Attachment VII.

# Proposed resolutions and Elections of Directors and Supervisors

## 1. To accept 2011 business report and financial statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of 2011 business report and financial statements.

Explanatory Notes:

- i. FENC's 2011 business report and financial statements, including balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, have been audited by independent auditors, Mr. Shih Ching-Pin and Mr. Huang Shu-Chieh of Deloitte & Touche, and have been examined by and determined to be correct and accurate by Supervisors of FENC. We thereby submit this report.
- ii. The 2011 business report, independent auditors' audit report, Supervisors' report, and the aforesaid financial statements are attached as Attachments I, II, III, and IV.
- iii. Please accept the aforesaid business report and financial statements

## 2. To approve the proposal for distribution of 2011 profits

The Board of Directors proposes and recommends that each shareholder vote FOR the distribution of 2011 profits.

Explanatory Notes:

- i. Cash dividends to common share holders: Totaling NT\$8,325,269,509. Each common share holder will be entitled to receive a cash dividend of NT\$1.7 per share.
- ii. Stock dividends to common share holders: Totaling NT\$1,469,165,210. Each common share holder will be entitled to receive a stock dividend of 30 common shares for each 1,000 common shares held by such shareholder.
- iii. After being approved at the Annual General Shareholders' Meeting, the cash and stock dividends to common share holders will be distributed on a record date to be determined by the Board of Directors.
- iv. Should FENC subsequently repurchase its common shares or issue new common shares according to Article 28-2 of the ROC Securities and Exchange Law and other relevant regulations, the total number of common shares outstanding may change, and the ultimate cash and stock 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 and stock to be distributed to each common share based on the total amount of profits resolved to be distributed, the amount of earnings resolved to be capitalized, and the number of actual common shares outstanding on the record date for distribution.
- v. The 2011 profit allocation proposal is attached as Attachment VIII.
- vi. Please approve the aforesaid proposal for the distribution of 2011 profits.

### **3. To approve the capitalization of 2011 stock dividends**

The Board of Directors proposes and recommends that each shareholder vote FOR the capitalization of 2011 stock dividends.

Explanatory Notes:

- i. For the purpose of improving the financial and capital structure, it is proposed that FENC's paid-in capital be increased by capitalizing the stock dividends to common share holders of NT\$1,469,165,210.
- ii. A total number of 146,916,521 common shares, at par value of NT\$10 each share, shall be issued for such capital increase. Each common share holder will be entitled to receive a stock dividend of 30 common shares for each 1,000 common shares held by such shareholder.
- iii. After being approved at the Annual General Shareholders' Meeting and accepted by the regulatory authority in charge, the new shares will be distributed on a record date to be determined by the Board of Directors.
- iv. Should FENC subsequently repurchase its common shares or issue new common shares according to Article 28-2 of the ROC Securities and Exchange Law and other relevant regulations, the total number of common shares outstanding may change, and the ultimate numbers of stock 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 numbers of stock to be distributed to each common share based on the total amount of profits resolved to be distributed, the amount of earnings resolved to be capitalized, and the number of actual common shares outstanding on the record date for distribution.
- v. In accordance with Article 240 of the Company Law, if the stock dividends include any fractional shares which are less than one full share, the distribution will be made in the form of cash rounded to the nearest dollar amount calculated at par value. Such fractional shares will be purchased by the Employee Stock Ownership Trust (ESOT) of FENC.
- vi. The shareholders' rights and obligations of the new shares are the same as those of the existing shares.
- vii. The present total authorized capital of FENC is NT\$ 60,000,000,000, divided into 6,000,000,000 shares of NT\$10 each. Until the end of 2011, the total paid-in capital amounted to NT\$48,972,173,580, divided into 4,897,217,358 shares of NT\$10 each. The un-issued capital was NT\$11,027,826,420, divided into 1,102,782,642 shares of NT\$10 each.
- viii. After the capitalization of 2011 stock dividends, the total number of issued common shares will be 5,044,133,879 shares, at par value of NT\$10 each share. The paid-in capital will amount to NT\$50,441,338,790.
- ix. Please approve the proposal for the capitalization of 2011 stock dividends.

### **4. To approve amending the company bylaw of "Procedures for Acquisition and Disposal**

**of Assets of Far Eastern New Century Corporation”**

The Board of Directors proposes and recommends that each shareholder vote FOR the amendments of the company bylaw.

Explanatory Notes:

- i. Pursuant to the letter issued by Financial Supervisory Commission (Letter No. FSC Fa-Tse 1010004588), it is proposed that Article 6, Article 7, Article 8, Article 9, Article 11, Article 12, Article 14, and Article 16 of the company bylaw of “Procedures for Acquisition and Disposal of Assets of Far Eastern New Century Corporation” be amended, and it is also proposed that Article 9-1 be added.
- ii. The overview table of “Procedures for Acquisition and Disposal of Assets of Far Eastern New Century Corporation” Before and After amendments is attached as Attachment IX.
- iii. Please approve the proposal for the amendments of the aforesaid bylaw.

**5. 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 the company bylaw.

Explanatory Notes:

- i. According to the Proviso of Paragraph 1 of Article 177-1 of ROC Company Law, the Financial Supervisory Commission (FSC) issued a letter (Letter No. Zhen-Jio-Tze 1010005306) on 20 February 2012, enforcing listed companies that have 1) authorized capital of NT\$10 billion or more and 2) 10,000 or more shareholders at the shareholder list on previous record date to adopt electronic voting as one of alternative ways to cast votes by shareholders in the Shareholders’ Meeting.
- ii. Pursuant to the aforesaid letter issued by FSC, it is proposed that Article 2 and Article 11 of the company bylaw of “Meeting Rules of Stockholders for Far Eastern New Century Corporation” be amended.
- iii. The overview table of “Meeting Rules of Stockholders for Far Eastern New Century Corporation” Before and After amendments is attached as Attachment X.
- iv. Please approve the proposal for the amendments of the aforesaid bylaw.

**6. To elect eleven Directors and three Supervisors**

The Board of Directors proposes and recommends that each shareholder vote FOR the re-election of eleven Directors and three Supervisors.

Explanatory Notes:

- i. The twentieth Directors and twenty-thirteenth Supervisors were elected and appointed at the 2009 Annual General Shareholders’ Meeting, serving a term of three years. The tenure of all Directors and Supervisors will expire. The Board of Directors resolved that eleven

- Directors and three Supervisors be elected at this Annual General Shareholders' Meeting.
- ii. Out of the eleven Directors to be elected, three shall be Independent Directors, and candidates of them shall be nominated by the candidate nomination system, pursuant to the Article 14-2 of Securities and Exchange Act. The Board of Directors or any shareholder with 1% shareholding or more may nominate candidates of Independent Directors. The period for candidate nomination of Independent Directors to be elected in this coming Shareholder's Meeting is from 25 April 2012 to 4 May 2012. During this period, the Board of Directors has received nomination of three candidates from shareholder Asia Cement Corporation Limited. The Board has resolved all three candidates met requirements and qualifications of Independent Directors in the Board meeting dated as 16 May 2012. The names, educational background, current positions, and past working experiences of three candidates are attached as Attachment XI, or please refer to the Supplemental Information to the Shareholder's Handbook for Nominated Candidates of Directors and Independent Directors.
  - iii. According to Article 16 and Article 17 of the Far Eastern New Century Corporation Articles of Incorporation, each Director and Supervisor will serve a three year term beginning from the date being elected and appointed at the Annual General Shareholders' Meeting until the election and qualification of their successors.

**7. To approve the release of the relevant Directors from the non-competition restriction under the Company Law**

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

Explanatory Notes:

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



# **Attachment I**

## **2011 Business report**

### **Business environment**

Macro business environment could be considered by many as unprecedented in year 2011. Participants in this market were overloaded with information such as political uncertainties, over indebtedness of certain European countries, increasing money supplies by collective efforts of western governments, and, ironically, over-tightening monetary policy enforced by China. Such events affected not only mentality and confidence, but also the real business activities. As a global player, Far Eastern New Century (FENC, the Company) was inevitably affected by the aforesaid macro factors.

Monetary policy adopted by the Beijing government in 2011 should be the first factor to be mentioned. The Peoples' Bank of China (PBOC) raised the Required Reserve Ratio by 12 times in less than nine months, up from 16.5% all the way to 21.5%, in order to fight against a phantom inflationary expectation. Reluctantly, private enterprises based in China had increasing difficulties to finance their working capital at a reasonable cost, and some of them even have to source capital from "shadow banks" at a cost of 40-50% per year. As a result, trading activities with China counterparties were paralyzed. PBOC began to lower rate at end of 2011. However, the change at monetary policy arrived too late, and the GDP growth in China has already entered into an extended slowdown period.

Over indebtedness of certain countries in the Euro zone affected the business prospect of the company in year 2012. Few had confidence that the intensive and coordinated rescue efforts can successfully prevent over-indebted countries from insolvency. To compound the issue, reduction at the government deficits and borrowings inevitably has an adverse impact on consumer spending. A recession to some extent at the Euro economy in 2012 seems to be a consensus now in the market.

Economic chaos, compounded by political uncertainties in North Africa and an unfortunate natural disaster in Japan, led to increasing volatility at prices of major commodities. Cotton price, after reaching a record high of US\$2/lb, collapsed to only 85 cents per pound. Crude oil prices were also highly volatile. All made the company difficult to manage the inventory level and control the raw material costs.

### **Operating results**

FENC and its subsidiaries received several honors and awards in 2011. The Asia Magazine (or Yazhou Zhoukan) awarded the Company "The Best 1000 Chinese Company in 2011", and FENC is the only company based in Taiwan to receive this award. FENC was also awarded by the CommonWealth Magazine the "Year 2011 Taiwan's Most Admired Company", an honorable recognition from the Taiwanese local society.

In addition to the non-financial achievements, FENC managed to deliver a financial results, relatively stable compared to its peers, in year 2011, and most of expansion projects of the Company were executed on schedule, despite the fact that macro economic situation was challenging. On the consolidated basis, the revenue reached NT\$235.7 billion. On the parent-alone basis, the revenue arrived at NT\$61.6 billion, rising by 15% YoY, mainly thanks to the capacity additions achieved by the Polyester Department in 2011. The net income experienced a minor dip to NT\$11.1 billion, translating into an earnings per share of NT\$2.26. The Board of Directors has resolved to pay dividends of NT\$2.0 per share – NT\$1.7/share in cash and NT\$0.3/share in stocks, representing a total payout ratio of 88.5%. The Board also recommends each shareholder to vote FOR the dividend payout proposal in the Annual Shareholders' Meeting.

Several specific strategic moves were also made by the Company in 2011 to pursue further growth, while fulfill the mission of the Company, and those moves are recapped below:

***Company re-organization – promoting professional managers to achieve disciplined growth***

Since its inception, the Company has been prospering from a small cotton mill into a multi-billion market cap company with diversified investments in past 62 years. To accomplish continual aggregate growth of the entire Far Eastern Group, and to re-enforce the mission and its original entrepreneur passion of the Company, the Board of Directors resolved to re-organize the Company in July 2011. Four Business Department – Petrochemical, Polyester, Textile, and Administrative, were established. Each Business Department now is led by a President, and every President is an experienced professional manager, instead of the owners' family member, selected by the Board.

***Petrochemical Department – Continual expansion to enhance economies of scale***

Oriental Petrochemical (Shanghai) and Oriental Petrochemical (Taiwan) comprise the Petrochemical Department, which currently manages factories with a total capacity of 1.7 million tons of PTA, a major raw material for the production of polyester products. Capacity expansion is necessary to be cost competitive in this commodity business; therefore, the Petrochemical Department plans to go for green-field projects in both Taiwan and China. A new PTA factory, located at Guanyin, Taiwan with an annual capacity of 1.5 million tons, is on the drawing board. A joint-venture was formed with Sinopec Yizheng to build another green-field PTA factory in Yangzhou, Jiansu Province, and the designed capacity is 2 million tons per year. New lines in Taiwan and China are slated for commercial operation in 2013 and 2014, separately. The total PTA capacity of the Company will arrive more than 5 million tons per year, making FENC one of the top producers in the world.

***Polyester Department – Top scale worldwide with diversified applications***

FENC is one of the largest polyester producers in the world, with a capacity of 2 million tons per year. Applications of its polyester products are very much diversified; moreover, currently non-apparel and recycled/recyclable applications are priority products that the Company is promoting and expanding. FENC now is the largest worldwide supplier of amorphous PET sheets and staple fibers used for non-apparel purposes, such as thermal bonding, non-woven, insulation, and upholstery. As the awareness of conserving the environment is proliferating, the demand for

recycled/recyclable polyester products is rising at an accelerating rate. In order to fulfill the increasing demand from international beverage producers such as Coca Cola, food-grade recycled PET (*r*-PET) resin is a product that the Company is adding capacity most aggressively. Heat-shrinkage PET film is the other environmentally friendly products with, in our opinion, great growth potential, as it is used to replace toxic, un-recyclable PVC films.

With respect to the filament yarn products, FENC has been making efforts to differentiate its products. Functional filament yarn to regulate body temperature is our best selling product in past one year. In winter 2011, FENC successfully launched its proprietary TopHeat™ fibers. The company is planning to launch another new fiber in the coming summer, TopCool™, which we believe will be a leading product in the market to re-shape the fiber industry.

***Textile Department – differentiated products targeting at high-end niche market***

Textile Department mainly produces fabrics, targeting at top-notch international brand names. Trendy design for fabrics used for apparel purposes is only a must nowadays. Functionality is the key to differentiate our products. FENC is able to produce special fabrics, which are light-weighted, more stretchable, can release more moisture, and endure repeated washing and wearing than conventional ones. FENC can also produce fabrics by using post-consumed PET bottles. Dry-fit and recycled fabrics made by the Company were selected by Nike to use in the FIFA World Cup™ for two consecutive years. Fabrics produced by the Company used for industrial purposes are mainly the materials for tire cords and conveyor belts. The Company now is already in the process of receiving quality endorsements for the world top-ten tire makers for its tire cord products. In addition to the rubber-dipped conveyor belts, FENC also diversify into conveyor belts coated with other thermal elastomers. Four more production lines for conveyor belt fabrics are slated for commercial operation in 2013, and then, FENC will be the largest producer of such product in China.

***Subsidiaries – Taking advantage of the further deregulation of cross-strait relations***

FENC controls interests of a diversified portfolio, including several major industries. Telecommunication, Retail, and property businesses are the most important ones in this portfolio, and the combined market cap and the combined contribution to the net income of the Company is more than 70% and 80%, respectively, in year 2011. Moreover, FENC received a net cash dividend of NT\$8.6 billion from these subsidiaries, allowing the parent company to pay shareholders a handsome dividend.

Far EasTone Telecom remains as the most important subsidiary owned by the Company, comprising 50% of the total affiliate earnings in 2011. Revenue and profit derived from data transfer has become the growth driver of the telecom business. Far EasTone foresaw this trend and launched multiple applications ahead of its peers, making itself the number one player in this market in terms of market share of data revenue. Moreover, Far EasTone formed a joint venture with the largest telecom company in China, China Mobile, in year 2009, when Taiwanese authority decided to deregulate the investment restrictions of Taiwanese companies across the Taiwan Strait. Only in two years, FETone has already uploaded more than 400 Apps on the network of China Mobile, allowing customers in China to download. One of its applications, iSmart Market, has

accumulated more than 2.3 million downloads. Besides, O music, eBook Town, eComic, etc. are also well-accepted by Chinese customers, making the data revenue of FETone grow by more than 48% in year 2011, from NT\$2.7 million to NT\$4.0 million.

The retail business expanded into large-scale shopping mall in both Taiwan and China, accelerating the growth of the market share. The grand openings of Mega City in Banciao, New Taipei City and the Top City in Taichung City at end of 2011 presented the citizen a new style of shopping combined with entertainment, making the revenue of the retail business experience a high double-digit growth. The Big City in Hsinchu was opened in January 2012, and the new business model, in combination with the introduction of international luxury brands in this mega mall, can further raise the growth rate of the retail business territory.

Monetizing the idled lands has been the priority objective of the Company for years, and it has begun to contribute to the net income of the Company in year 2011. The disposal of Residential I project – California Dream at the T park (Taipei Far Eastern Telecom Park) project of Banciao generated a total net profit of more than NT\$4 billion. The first phase of commercial area in T park was also completed and began commercial operation in February 2012. Several international telecommunication related organizations, such as the research headquarters of Ericsson, have resided in the park. Some local famous companies, such as E Sun Bank and Wang Steak Restaurant Chain also moved in, improving the quality of living, working, and entertaining for people live or work in the neighborhood. The value of the remaining land holdings, in our opinion, should have been raised after the completion of the phase I development.

### **Plans and prospects**

On the solid foundation built-up by the Company in past six decades, FENC believes only innovation can re-invent and re-gain the growth momentum in the future. Guided by the mission of the Company and disciplined management, the growth target will focus on the followings:

#### ***New organizational structure and establishing succession plans***

Precise execution of the Company's strategy is the key to success, and precise execution relies on the right person at the right place. As mentioned above, the Company has been re-organized into four major Business Departments, and each department is led by a professional President. The next step is to establish a succession plan of the top managers, in order to rejuvenate the whole management team phase by phase to achieve the strategic objective of the Company.

#### ***Continual expansion at capacity to sustain growth***

Several expansion projects are on the drawing board or already have been in the process of construction:

**Petrochemical Department:** Oriental Petrochemical (Taiwan) plans to build a new PTA factory with an annual capacity of 1.5 million tons. This expansion project is on the drawing board and conducting feasibility study. The expansion of PTA capacity in China will be accelerated by the Company. Oriental Petrochemical (Shanghai) had formed a joint-venture with Sinopec Yizheng

Chemical and Fibers to build a green-field PTA factory with a capacity of 2 million tons per year at Yangzhou, Jiangsu Province, China. The construction of this project is started and slated for completion by the end of 2014. Provided all expansion plans can be completed on schedule, FENC will make itself become one of the top producers in the global PTA business.

**Polyester Department:** The expansions of *r*-PET (recycled PET resins), amorphous PET sheet, and heat-shrinkage PET film are under construction. A single PET production line, with a capacity of 700,000 tons/year, is planned at the Yangzhou site in Jiangsu Province, China, provided relevant licenses can be granted. This is the largest single PET production line in the world, with the most advanced production technology. The completion of this new production line will double the PET capacity of the company in China, and the production cost will be much competitive for its mass scale relative to peers.

**Textile Department:** The phase II expansion of industrial yarns and fabrics used for conveyor belts and tire cords are under construction at the Suzhou site, China. Dyeing and finishing capacity is also being expanded at the same location. Capacities for apparels are already expanded at the Vietnam site, and a new site at Suchien, Jiangsu Province was established and commercial operation was commenced in 3Q11.

#### ***Sustainability management creates entry barrier***

In light of the worsening problems of global climate change, and the increasing awareness of environmental conservation, FENC has committed to the innovation and promotion of green products. At the R&D center of the Company, a new team dedicated to the environmentally-friendly materials was established in 2010. A special committee dedicated to the bio-based energy and bio-based materials was formed in 2011. The key purpose of these teams is to create and promote recycled PET resins and bio-based PET resins to meet the demand from our major customers; meanwhile, carry out the social responsibility of the Company. In 2011, FENC was awarded by Ministry of Economic Affairs (MoEA) of the “The Most Environmentally Friendly Company”. Products recognized by MoEA and allow the Company to be awarded include: 1) FEPOL<sup>®</sup>, a bio-degradable material used for packaging purpose for food and beverage; 2) Pro-Green<sup>™</sup>, a kind of recycled PET resins for food packaging purpose, and 3) recycled polyester fibers. FENC successfully turns the waste into resources, reduces the consumption of petroleum and the emission of green-house gas, and in the meantime, creates a niche market in which FENC is unrivaled by peers.

#### ***R&D effort constitutes the foundation for sustainability management***

Innovation and R&D efforts differentiate FENC from its peers in the competitive polyester industry. The R&D center comprises of five teams – polyester, high-molecule polymers, green products, optoelectronics, and bio-medical products. An R&D team is also established in Shanghai, in order to incorporate the talents based in China. A new R&D team is considered to be set up in Yangzhou, Jiangsu Province to strengthen the R&D ability of the Company.

### **Corporate social responsibilities**

In addition to the recycled/recyclable, bio-based, and bio-degradable products that FENC is dedicatedly promoting, the Company believes it has to contribute to the welfare of the society and common good. In this aspect, FENC has established several non-profit Foundations and sponsored programs dedicated to the promotion of medical, educational, cultural, and scientific activities. Far Eastern Memorial Hospital (the Hospital) has gained a well known reputation for its medical treatment of cardiovascular diseases while being the largest medical center in New Taipei City with 1,100 beds. The construction of the Phase II expansion of the Hospital is underway, and will open a new wing with additional 400 beds by the end of 2013. The Hospital has received the “National Quality Award” from the Executive Yuan for several consecutive years.

Moreover, Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation has been sponsoring the “Y. Z. Hsu Scientific Award”, encouraging research activities on nanotechnology, optoelectronics, and biotechnology in Taiwan. Believing that education is the most important way to cultivate talents for the society, Far Eastern Group has established and continually sponsored the Yuan Zi University and Oriental Technology Institute. Far Eastern Memorial Foundation, dedicated to supporting art and cultural activities, has sponsored “Far Eastern Architectural Award” in past one decade, which is recognized as the leading award in the architecture industry.

We sincerely thank the continual supports from our shareholders and dedicated efforts of our employees. The management team is determined to persevere with the company’s great tradition, its founding spirit “Sincerity, Diligence, Thrift, Prudence” and “Innovation”, to deliver excellence as it always does. Meanwhile, the management is also inspired by the new mission of the Company: “Having innovative thinking, superior technology, and excellent managerial skills, we aim to lead the polyester industry and maximize the value of our holdings in estates and equities, and that shall bring happiness and prosperity to the community where we ourselves belong.” We believe we can and we will request ourselves to aim higher and to deliver better results, making sure our shareholders will be better rewarded in the coming years.

## Attachment II

### Independent auditors' report

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

We have audited the accompanying balance sheets of Far Eastern New Century Corporation (the "Company") (formerly Far Eastern Textile Ltd.) as of December 31, 2011 and 2010 and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. However, we did not audit the financial statements of certain investees as of and for the years ended December 31, 2011 and 2010. The direct and indirect stock investments in these companies were all accounted for by the equity method. The carrying values of these investments, included in the accompanying balance sheets, were 1.30% (NT\$2,363,491 thousand) and 1.31% (NT\$2,116,579 thousand) of the Company's total assets as of December 31, 2011 and 2010, respectively. As shown in the accompanying statements of income, the Company's equity in net gain of NT\$244,939 thousand and gain of NT\$255,710 thousand of the foregoing investees were 2.06% and 1.97%, respectively, of the Company's income before income tax in 2011 and 2010, respectively. The financial statements of these investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts pertaining to the above investments, is based solely on the reports of the other auditors.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the Company's financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Far Eastern New Century Corporation as of December 31, 2011 and 2010 and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As disclosed in Note 3 to the financial statements, starting on January 1, 2011, the Company changed its method of calculating depreciation expenses from the fixed-percentage-of-declining-balance method to straight-line method and service lives from 7 to 15 years to 15 years. This accounting change resulted in increases of NT\$215,835 thousand in net income and NT\$0.044 in after income tax basic earnings per share in 2011.

Note 23 (h) to the financial statements describes a case related to the Department of Commerce's nullification of Pacific Liu Tung Investment Corporation's (PLT, an equity-method investee of the Company) registration of a capital increase and relevant registrations. The impact of this case on Far Eastern New Century Corporation's controlling interest and several recapitalizations done by the Company and its subsidiaries, which are PLT's investors, will depend on the final judgment of the court.

According to Note 24(a) of the financial statement, on February 13, 2012, Taipei District Court of Taiwan assigned Chen-Rong Chuan, Wang-Gong and Jian-Min Qiu as the temporary receivers of PLT. Far Eastern Department Stores (FEDS), an equity-method investee of the Company, along with a number of other interested parties, have appealed against the ruling made by Taipei District Court of Taiwan. On February 29, 2012, the Department of Commerce had accomplished the registration of the aforesaid temporary receivers of PLT.

We have also audited the consolidated financial statements of Far Eastern New Century Corporation and subsidiaries for the years ended December 31, 2011 and 2010 (not presented herewith) and have expressed a modified unqualified opinion thereon in our report dated March 29, 2012 on the basis of our audits and the reports of the other auditors.

March 29, 2012

#### Notice to Readers

*The accompanying financial statements are intended only to present the financial position, results of operations 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 accepted and applied in the Republic of China.*

*For the convenience of readers, the 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 auditors' report and financial statements shall prevail.*



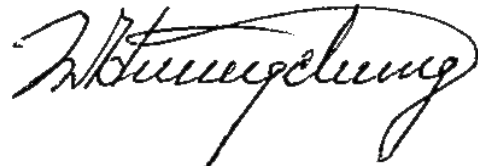
## Attachment III

### Supervisors' report

To the 2012 General Shareholders' Meeting of Far Eastern New Century Corporation,

In accordance with Article 219 of the Company Law, we have examined the Business Report, the Resolution for Allocation of Surplus Profit, and Financial Statements submitted by the Board of Directors for the year ending 2011 which had been audited by Deloitte & Touche, and found them in order.


T. H. Chang



Ching-Ing Hou



Alice Hsu



29 March 2012

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

**BALANCE SHEETS**  
**DECEMBER 31, 2011 AND 2010**  
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2011		2010		LIABILITIES AND STOCKHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash (Note 4)	\$ 2,444,308	2	\$ 8,192,747	5	Short-term bank loans (Notes 13 and 22)	\$ 5,472,199	3	\$ 4,451,842	3
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	48,308	-	17,416	-	Financial liabilities at fair value through profit or loss - current (Notes 2, 5 and 14)	4,708	-	4,461	-
Notes receivable (Note 2)	302,778	-	702,541	1	Notes payable	2,338	-	3,005	-
Accounts receivable - less allowance for bad debts of \$55,619 thousand in 2011 and \$100,099 thousand in 2010 (Note 2)	9,776,610	6	6,972,796	4	Accounts payable	3,967,737	2	3,777,023	2
Notes and accounts receivable from affiliates (Note 21)	470,140	-	321,825	-	Accounts payable to affiliates (Note 21)	1,108,388	1	1,290,014	1
Other receivables	216,389	-	200,796	-	Accrued expenses (Note 21)	3,344,427	2	3,162,837	2
Other receivables from affiliates (Note 21)	135,676	-	291,486	-	Receipts in advance	364,251	-	299,679	-
Inventories, net (Notes 2 and 6)	7,597,423	4	5,640,168	4	Current portion of long-term liabilities (Notes 2, 14 and 22)	1,878,631	1	3,260,000	2
Prepaid expenses (Note 21)	373,997	-	271,983	-	Other current liabilities (Note 21)	702,340	-	630,045	-
Deferred income taxes assets - current (Notes 2 and 17)	-	-	45,829	-	Total current liabilities	16,845,019	9	16,878,906	10
Restricted assets - noncurrent (Note 22)	34,381	-	-	-					
Other current assets	404,662	-	284,023	-	<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION</b>				
Total current assets	21,804,672	12	22,941,610	14	Bonds payable (Notes 2, 14 and 22)	21,344,014	12	17,201,351	11
					Long-term debts (Notes 14 and 22)	28,450,000	15	26,709,283	16
<b>FUNDS AND INVESTMENTS (Notes 2, 7, 8, 9 and 22)</b>					Total long-term liabilities	49,794,014	27	43,910,634	27
Available-for-sale financial assets - noncurrent	737,481	-	919,563	1					
Financial assets carried at cost - noncurrent	53,667	-	53,667	-	<b>RESERVE FOR LAND VALUE INCREMENT TAX (Note 10)</b>	1,519,896	1	1,018,899	1
Investment accounted for by the equity method	138,817,863	77	121,888,313	75					
Total funds and investments	139,609,011	77	122,861,543	76	<b>OTHER LIABILITIES</b>				
					Accrued pension liabilities (Notes 2 and 20)	994,021	1	1,038,860	1
<b>PROPERTIES (Notes 2,10, 18, 21 and 22)</b>					Deferred income tax liability - noncurrent (Note 2 and 17)	457,960	-	-	-
Cost					Deferred income (Note 2, 9 and 21)	55,886	-	55,503	-
Land	1,428,688	1	1,428,688	1	Guarantee deposits received	615	-	615	-
Buildings and equipment	6,174,103	3	5,904,996	4	Total other liabilities	1,508,482	1	1,094,978	1
Machinery and equipment	42,621,822	23	40,867,130	25					
Furniture and miscellaneous equipment	2,756,634	2	2,625,260	1	<b>Total liabilities</b>	69,667,411	38	62,903,417	39
Total cost	52,981,247	29	50,826,074	31					
Revaluation increment	5,074,773	3	3,016,483	2	<b>STOCKHOLDERS' EQUITY</b>				
Total cost and revaluation increment	58,056,020	32	53,842,557	33	Capital stock - NT\$10.00 par value				
Less: Accumulated depreciation	43,243,644	24	42,039,316	26	Authorized - 6,000,000 thousand shares; issued and outstanding - 4,897,217 thousand shares in 2011 and 4,754,580 thousand shares in 2010	48,972,173	27	47,545,799	30
Accumulated impairment losses	159,253	-	159,730	-	Capital surplus				
	14,653,123	8	11,643,511	7	Premium on capital stock	932,814	1	932,814	-
Constructions in progress	3,866,778	2	2,560,702	2	Equity in capital surplus reported by investees	9,421,242	5	9,287,645	6
Prepayments for equipment	505,097	1	218,769	-	Others	7,672	-	7,672	-
Net properties	19,024,998	11	14,422,982	9	Total capital surplus	10,361,728	6	10,228,131	6
					Retained earnings				
<b>INTANGIBLE ASSETS</b>					Legal reserve	10,710,699	6	9,413,371	6
Other intangible assets (Notes 2 and 18)	21,965	-	23,439	-	Special reserve	3,152,529	2	3,034,766	2
					Unappropriated earnings	13,709,450	7	14,842,096	9
<b>OTHER ASSETS</b>					Total retained earnings	27,572,678	15	27,290,233	17
Nonoperating properties, net (Notes 2, 10, 11 and 22)	230,300	-	513,381	1	Other stockholders' equity				
Deferred income taxes assets - noncurrent (Notes 2 and 17)	-	-	220,619	-	Unrealized gain on financial instruments	2,716,548	1	5,370,206	3
Farmland (Note 12)	276,661	-	276,661	-	Cumulative translation adjustments	2,915,415	2	(492,626)	-
Miscellaneous (Notes 2, 18 and 21)	250,467	-	191,793	-	Unrealized revaluation increment	19,167,218	11	8,705,127	5
Total other assets	757,428	-	1,202,454	1	Unrecognized loss on pension cost	(130,034)	-	(98,259)	-
					Treasury stock - 713 thousand shares	(25,063)	-	-	-
<b>TOTAL</b>	<b>\$ 181,218,074</b>	<b>100</b>	<b>\$ 161,452,028</b>	<b>100</b>	Total other stockholders' equity	24,644,084	14	13,484,448	8
					Net stockholders' equity	111,550,663	62	98,548,611	61
					<b>TOTAL</b>	<b>\$ 181,218,074</b>	<b>100</b>	<b>\$ 161,452,028</b>	<b>100</b>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated March 29, 2012)

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

**STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2011		2010	
	Amount	%	Amount	%
<b>REVENUES</b>				
Sales (Notes 2 and 21)	\$ 62,251,658	101	\$ 54,402,076	101
Less: Sales returns and allowances	<u>710,427</u>	<u>1</u>	<u>666,542</u>	<u>1</u>
Net sales	61,541,231	100	53,735,534	100
Processing service income	<u>15,714</u>	<u>-</u>	<u>23,345</u>	<u>-</u>
Total revenues	<u>61,556,945</u>	<u>100</u>	<u>53,758,879</u>	<u>100</u>
<b>COST OF REVENUES</b>				
Cost of sales (Notes 3, 6, 18 and 21)	56,368,998	91	47,739,251	89
Cost of processing services	<u>13,881</u>	<u>-</u>	<u>20,433</u>	<u>-</u>
Total costs of revenues	<u>56,382,879</u>	<u>91</u>	<u>47,759,684</u>	<u>89</u>
GROSS PROFIT	<u>5,174,066</u>	<u>9</u>	<u>5,999,195</u>	<u>11</u>
<b>OPERATING EXPENSES (Notes 3, 18 and 21)</b>				
Selling expenses	2,749,466	5	3,300,566	6
General and administrative expenses	1,323,447	2	1,335,263	3
Research and development expenses	<u>653,897</u>	<u>1</u>	<u>588,513</u>	<u>1</u>
Total operating expenses	<u>4,726,810</u>	<u>8</u>	<u>5,224,342</u>	<u>10</u>
OPERATING INCOME	<u>447,256</u>	<u>1</u>	<u>774,853</u>	<u>1</u>
<b>NONOPERATING INCOME AND GAINS</b>				
Interest income	12,345	-	6,665	-
Investment income recognized under equity method (Notes 2 and 9)	12,239,808	20	13,347,228	25
Dividend income	19,142	-	7,394	-
Gain on disposal of properties, net	3,963	-	16,007	-
Gain on sale of investments, net (Note 9)	-	-	2,926	-
Rental revenue (Note 21)	11,380	-	10,373	-
Valuation gain on financial assets, net (Notes 2 and 5)	32,516	-	113,291	-
Valuation gain on financial liabilities, net (Notes 2 and 5)	35,081	-	19,190	-
Miscellaneous gain (Note 21)	<u>195,347</u>	<u>-</u>	<u>252,213</u>	<u>1</u>
Total nonoperating income and gains	<u>12,549,582</u>	<u>20</u>	<u>13,775,287</u>	<u>26</u>
<b>NONOPERATING EXPENSES AND LOSSES</b>				

(Continued)

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

**STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<b>2011</b>		<b>2010</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Interest expense (Notes 10 and 21)	645,270	1	589,506	1
Loss on disposal of investment	383	-	-	-
Exchange loss, net (Note 2)	34,523	-	415,683	1
Impairment loss on assets (Note 2)	269,133	1	263,190	-
Miscellaneous expenses (Notes 11 and 21)	<u>185,927</u>	<u>-</u>	<u>272,561</u>	<u>1</u>
Total nonoperating expenses and losses	<u>1,135,236</u>	<u>2</u>	<u>1,540,940</u>	<u>3</u>
INCOME BEFORE INCOME TAX	11,861,602	19	13,009,200	24
INCOME TAX EXPENSE (Notes 2 and 17)	<u>774,106</u>	<u>1</u>	<u>159,030</u>	<u>-</u>
NET INCOME	<u>\$ 11,087,496</u>	<u>18</u>	<u>\$ 12,850,170</u>	<u>24</u>
	<b>2011</b>		<b>2010</b>	
	<b>Before Income Tax</b>	<b>After Income Tax</b>	<b>Before Income Tax</b>	<b>After Income Tax</b>
EARNINGS PER SHARE (Notes 3 and 19)				
Basic	<u>\$ 2.42</u>	<u>\$ 2.26</u>	<u>\$ 2.66</u>	<u>\$ 2.62</u>
Diluted	<u>\$ 2.41</u>	<u>\$ 2.26</u>	<u>\$ 2.65</u>	<u>\$ 2.61</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated March 29, 2012)

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock Issued and Outstanding (Note 15)		Capital Surplus (Notes 2 and 15)	Retained Earnings (Notes 2, 15 and 17)				Other Equity					
	Shares in Thousands	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Valuation Gain (Loss) on Financial Instruments (Note 2)	Cumulative Translation Adjustments (Note 2)	Unrealized Revaluation Increment on Properties (Note 2 and 10)	Net Loss not Recognized as Pension Cost	Treasury Stock (Notes 2 and 16)	Net Stockholders' Equity
							Total						
BALANCE, JANUARY 1, 2010	4,661,353	\$ 46,613,529	\$ 10,181,403	\$ 8,602,110	\$ 3,034,766	\$ 9,672,105	\$ 21,308,981	\$ 3,276,309	\$ 2,490,010	\$ 8,721,219	\$ (80,263)	\$ -	\$ 92,511,188
Appropriation of the 2009 earnings													
Legal reserve	-	-	-	811,261	-	(811,261)	-	-	-	-	-	-	-
Stock dividends - NT\$0.2 per share	93,227	932,270	-	-	-	(932,270)	(932,270)	-	-	-	-	-	-
Cash dividends - NT\$1.3 per share	-	-	-	-	-	(6,059,759)	(6,059,759)	-	-	-	-	-	(6,059,759)
	4,754,580	47,545,799	10,181,403	9,413,371	3,034,766	1,868,815	14,316,952	3,276,309	2,490,010	8,721,219	(80,263)	-	86,451,429
Net income in 2010	-	-	-	-	-	12,850,170	12,850,170	-	-	-	-	-	12,850,170
Adjustments due to changes in investees' equity in long-term investments	-	-	46,728	-	-	123,111	123,111	1,895,558	(1,214,252)	(16,092)	(17,996)	-	817,057
Translation adjustments on foreign-currency equity-method investments	-	-	-	-	-	-	-	-	(1,768,381)	-	-	-	(1,768,381)
Change in unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-	-	-	198,365	-	-	-	-	198,365
Adjustments on stockholders' equity due to the sale of long-term equity investments	-	-	-	-	-	-	-	(26)	(3)	-	-	-	(29)
BALANCE, DECEMBER 31, 2010	4,754,580	47,545,799	10,228,131	9,413,371	3,034,766	14,842,096	27,290,233	5,370,206	(492,626)	8,705,127	(98,259)	-	98,548,611
Appropriation of the 2010 earnings													
Legal reserve	-	-	-	1,297,328	-	(1,297,328)	-	-	-	-	-	-	-
Stock dividends - NT\$0.3 per share	142,637	1,426,374	-	-	-	(1,426,374)	(1,426,374)	-	-	-	-	-	-
Cash dividends - NT\$2.0 per share	-	-	-	-	-	(9,509,160)	(9,509,160)	-	-	-	-	-	(9,509,160)
	4,897,217	48,972,173	10,228,131	10,710,699	3,034,766	2,609,234	16,354,699	5,370,206	(492,626)	8,705,127	(98,259)	-	89,039,451
Net income in 2011	-	-	-	-	-	11,087,496	11,087,496	-	-	-	-	-	11,087,496
Adjustments due to changes in investees' equity in long-term investments	-	-	133,607	-	117,763	12,720	130,483	(2,471,548)	2,697,436	8,905,010	(31,775)	-	9,363,213
Translation adjustments on foreign-currency equity-method investments	-	-	-	-	-	-	-	-	710,603	-	-	-	710,603
Change in unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-	-	-	(182,082)	-	-	-	-	(182,082)
Adjustment on stockholder's due to exchangeable bond	-	-	(10)	-	-	-	-	(28)	2	-	-	-	(36)
Company's share held by subsidiaries - treasury stock (713 thousand shares)	-	-	-	-	-	-	-	-	-	-	-	(25,063)	(25,063)
Revaluation incremental value of land	-	-	-	-	-	-	-	-	-	1,557,081	-	-	1,557,081
BALANCE, DECEMBER 31, 2011	4,897,217	\$ 48,972,173	\$ 10,361,728	\$ 10,710,699	\$ 3,152,529	\$ 13,709,450	\$ 27,572,678	\$ 2,716,548	\$ 2,915,415	\$ 19,167,218	\$ (130,034)	\$ (25,063)	\$ 111,550,663

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated March 29, 2012)

**FAR EASTERN NEW CENTURY CORPORATION**  
**(Formerly Far Eastern Textile Ltd.)**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(In Thousands of New Taiwan Dollars)**

	<b>2011</b>	<b>2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 11,087,496	\$ 12,850,170
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,271,767	1,691,479
Amortization	61,386	49,054
(Reversal of provision) provision for losses on inventories	239,781	(91,512)
Amortization on discount of exchangeable bonds	36,586	52,459
Gain on exchange of exchangeable bond	(219)	-
Loss on redemption of exchangeable bonds	-	29,501
Investment net income recognized under the equity method	(12,239,808)	(13,347,228)
Cash dividends received from equity-method investments	8,607,428	6,312,125
Reversal of allowance for bad debts	(44,480)	-
Accrued pension liabilities	(44,839)	(11,532)
Gain on disposal of properties, net	(3,963)	(16,007)
Impairment loss on assets	269,133	263,190
Loss (gain) on sale of investments, net	383	(2,926)
Deferred income tax	724,408	188,463
Net changes in operating assets and liabilities		
Financial assets held for trading	(30,892)	35,812
Financial liabilities held for trading	263	12,959
Notes receivable	399,763	(221,857)
Accounts receivable	(2,759,334)	(961,001)
Notes receivable and accounts receivable from affiliates	(148,315)	(94,719)
Other receivables	50,829	59,756
Other receivables from affiliates	155,810	(64,008)
Inventories	(2,197,036)	(1,112,132)
Prepaid expenses	(102,014)	359,541
Other current assets	(120,639)	(60,745)
Notes payable	(667)	1,134
Accounts payable	190,714	1,226,617
Accounts payable to affiliates	(181,626)	586,835
Accrued expenses	181,590	584,696
Receipts in advance	64,572	29,103
Other current liabilities	<u>67,404</u>	<u>31,010</u>
Net cash provided by operating activities	<u>5,535,481</u>	<u>8,380,237</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds of sale of investments accounted for by equity method	-	28,387
Acquisition of investments accounted for by equity method	(3,314,964)	(3,535,727)
Acquisition of properties	(3,797,894)	(2,827,279)
Proceeds of the disposal of properties	5,301	24,290
Increase in other intangible assets	(5,082)	(24,003)
Increase in restricted assets	(34,381)	-
Decrease in refundable deposits	4,789	-

(Continued)

**FAR EASTERN NEW CENTURY CORPORATION**  
**(Formerly Far Eastern Textile Ltd.)**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(In Thousands of New Taiwan Dollars)**

	<b>2011</b>	<b>2010</b>
Increase in other assets	<u>(118,603)</u>	<u>(48,104)</u>
Net cash used in investing activities	<u>(7,260,834)</u>	<u>(6,382,436)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term bank loans	1,020,357	1,029,381
Payments of cash dividends	(9,509,160)	(6,059,723)
Increase (decrease) in long-term liabilities	1,740,717	(2,111,057)
Cash received from issuing of bonds	<u>2,725,000</u>	<u>7,407,800</u>
Net cash (used in) provided by financing activities	<u>(4,023,086)</u>	<u>266,401</u>
<b>NET INCREASE IN CASH</b>	<b>(5,748,439)</b>	<b>2,264,202</b>
<b>CASH, BEGINNING OF YEAR</b>	<u><b>8,192,747</b></u>	<u><b>5,928,545</b></u>
<b>CASH, END OF YEAR</b>	<u><u><b>\$ 2,444,308</b></u></u>	<u><u><b>\$ 8,192,747</b></u></u>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Interest paid	\$ 653,500	\$ 484,261
Deduct: Capitalized interest	<u>43,921</u>	<u>22,750</u>
Interest paid (excluding capitalized interest)	<u>\$ 609,579</u>	<u>\$ 461,511</u>
Income tax paid	<u>\$ 34,494</u>	<u>\$ 632</u>
<b>CASH PAID FOR ACQUISITION OF PROPERTIES</b>		
Increase in properties	\$ 2,210,381	\$ 1,219,965
Add:		
Payables for acquisition of properties, beginning of year	84	383
Advances to suppliers of machine and equipment, end of year	505,097	218,769
Constructions in progress, end of year	3,866,778	2,560,702
Deduct:		
Advances to suppliers of machine and equipment, beginning of year	(218,769)	(165,639)
Constructions in progress, beginning of year	(2,560,702)	(1,006,817)
Payables for acquisition of properties, end of year	<u>(4,975)</u>	<u>(84)</u>
Cash paid for acquisition of properties	<u>\$ 3,797,894</u>	<u>\$ 2,827,279</u>
<b>NONCASH FINANCING ACTIVITIES</b>		
Current portion of long-term liabilities	<u>\$ 1,878,631</u>	<u>\$ 3,260,000</u>
Total incremental value of land revaluation	\$ 2,058,078	\$ -
Deduct: Reserve for land value increment tax	<u>(500,997)</u>	<u>-</u>
Unrealized revaluation increment	<u>\$ 1,557,081</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated March 29, 2012)

(Concluded)

# Attachment V

## Code of Ethics for Far Eastern New Century Corporation

### **Article 1 (Purpose of establishment)**

The purpose of the Code of Ethics (hereinafter referred to as the "Guidelines") is to provide Directors, Supervisors, managers, and all other employees of Far Eastern New Century Corporation (hereinafter referred to as the "Company") with guidelines to comply with the ethical standards of the Company, and make such standards better understood by the affiliated persons of the Company.

### **Article 2 (Application scope)**

The Guidelines enacted is applied to Directors, Supervisors, managers, and all other employees (hereinafter collectively referred to as "All Employees") of the Company.

### **Article 3 (Principle of prudent and ethical management)**

With respect to behaviors in the corporate management, the Company and All Employees shall abide by the following guidelines with prudence and integrity.

### **Article 4 (Prevention of conflicts of interests)**

All Employees shall act in an objective and efficient manner when exercising duties on behalf of the Company, preventing oneself, a spouse, direct family members, or extended family relatives from obtaining inappropriate benefit as a result of one's position and authority in the Company.

Should the Company provide loans, endorsements and guarantees to the companies owned or associated with persons mentioned in the preceding paragraph, or sell/purchase material assets, sell/purchase goods and services to/from companies owned or associated with persons mentioned in the preceding paragraph, the individuals involved shall proactively report to the Company and explain if conflicts of interests occur, and shall act abiding by the Guidelines and other rules of the Company, in order to prevent conflicts of interests.

### **Article 5 (Prohibition of inappropriate personal benefit)**

All Employees are prohibited from wrong-doings listed in the followings:

1. Obtain inappropriate personal benefit at the cost of the assets and information of the Company or when one exercises his/her duties on behalf of the Company;
2. Compete with the Company within the scope of the Company business;
3. Any act or behavior in violation of the Guidelines and other relevant rules of the Company.

All Employees who act as a capacity of sales of the Company (hereinafter referred to as "Sales") shall comply with the following rules:

1. Sales shall refrain from receiving and/or giving monetary payments with customers except in their capacity as employees of the Company, and shall refrain from conducting trades, dealings, and transactions consigned by outside entities.
2. Should direct family members of Sales own or operate a business within the similar or relevant scope of the business department that the involved Sales serve, such Sales must receive official written permission from



the President of the Company or the Vice President of the aforesaid business department prior to all price nominations made by the Sales to the entities or companies involved.

3. Sales shall refrain from selling products to entities or companies served or owned by former employees of the Company, and investing in such entities or companies by all means. If necessary, Sales must receive official written permission from the President of the Company or the Vice President of the business department that involved Sales serve prior to any business activity being conducted, with the only exception that the former employees have left the Company for two years or more.
4. Except social activities perceived by the public as normal and ethically acceptable, Sales shall avoid any sorts of interactions, or appearance of interactions, with customers of the Company.

#### **Article 6 (Preservation of confidentiality)**

1. Unless authorized by the Company or required by laws to disclose, All Employees have obligations to safeguard confidential information, which, once released or used by outside entities, can cause damage to the Company and customers of the Company. The aforesaid confidential information includes, but not limited to, proprietary technology related information, non-technology related information, and data of vendors and customers.
2. All Employees shall abide by the "Agreement to Safeguard the Confidential Information" signed with the Company and other relevant letters, agreements, and contracts.
3. All Employees are entrusted by the Company to protect the confidential information or other relevant business information. All written documents and accounting books are not allowed to be disclosed without the prior permission from the authorized management.
4. Sales are expected to be sophisticated in professional knowledge, pay attention to the changes and revisions of laws and regulations governing their business activities, and strictly safeguard the business confidential information of the Company.

#### **Article 7 (Fair transactions and treatments)**

1. With integrity and reasonable principle, All Employees shall treat customers, vendors, competitors, and employees of the Company in a fair manner. It is improper and, therefore, prohibited to obtain benefit by a) manipulating, concealing, and misusing the information which possessed by any individual acting in the capacity of employees of the Company; b) declaring fraudulent information about material events; c) any other transaction methods perceived as or appeared to be ethically unfair.
2. When offering or receiving entertainments and gifts, All Employees shall comply with the "Rules of Human Resources Management" and "Travel Policy" of the Company.

#### **Article 8 (Proper safeguard and use of the Company's assets)**

All Employees shall safeguard the assets of the Company, and ensure aforesaid assets be used for the Company business in an efficiently and legitimate manner, for the purpose of preventing theft, negligence, and waste.

All Employees are prohibited from misusing the funds of the Company; and shall not waste and obliterate any sorts of assets belong to the Company.

All Employees are expected to bear thrift in mind. Non recurring payments or payments not being prepared in the budget of the Company will be paid only after the permission is granted by the authorized management.

Otherwise, the Company may reject such payments.

**Article 9 (Compliance with laws and regulations)**

All Employees shall comply with Securities and Exchange Act and other rules, regulations, and laws.

**Article 10 (To blow the whistle)**

At least once per year, the Company shall organize educational program to promote and reinforce the Guidelines to All Employees.

All Employees who discover any violation or appearance of violation of the Guidelines, laws, and regulations shall proactively report to Supervisors, Managers, Head of Internal Audit Department, or other properly authorized management, meanwhile provide sufficient information or evidences to make subsequent investigation and rectification possible.

All information and evidences being reported shall be kept confidential, and investigated by an independent third entity, in order to protect the whistle-blower.

**Article 11 (Discipline and remedy)**

All Employees violating the Guidelines shall be disciplined by the Company pursuant to relevant laws, regulations, or internal rules of the Company.

The Company tolerates no violation. Any of All Employees obtains, or intends to obtain, improper benefit for oneself and others at the cost of the Company by using one's position or authority shall be dismissed, and shall unconditionally indemnify the Company for all losses occurred.

An appeal system is established in the Company. Any of All Employees being accused to violate the Guidelines may appeal for remedy via the system.

**Article 12 (Disclosure)**

The Guidelines, and the amendments of the Guidelines after promulgation, shall be disclosed on the website, annual reports, and the prospectus of the Company, and on the Market Observation Post System operated by the Taiwan Stock Exchange.

**Article 13 (Implementation)**

After receiving the approval from the Board of Directors, the Guidelines will be implemented, and a copy of the Guideline will be submitted to each Supervisor and the contents will be reported to the Annual General Shareholders' Meeting. The amendments of the Guidelines follow the same procedure.

\*In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.

## **Attachment VI**

# **Best Practice Principles of Ethical Corporate Management for Far Eastern New Century Corporation**

### **Article 1 (Purpose of establishment, entities and scope of implementation)**

The purpose of the Best Practice Principles of Professional Corporate Management (hereinafter referred to as the "Principles") is to cultivate an enterprise culture for Far Eastern New Century Corporation (hereinafter referred to as the "Company") to sustain the development of the Company and ensure all businesses conducted with sincerity and integrity.

The Principles shall be abided by Directors, Supervisors, managers, other employees, and other entities with actual ability to control the Company (hereinafter referred to as the "Actual Controllers"). The aforementioned individuals and entities hereinafter are referred collectively to as the "Company Professionals".

The Principles shall be applied to subsidiaries, charity foundations which have accumulatively received, directly or indirectly from the Company, 50% of their total funds or more, and institutions, juridical entities, enterprises, and organizations that the Company may control effectively.

### **Article 2 (Prohibition against business conduct without prudence and integrity)**

Company Professionals are prohibited from, directly or indirectly, offering, promising to offer, requesting, or receiving improper benefits of any sort when conducting business with counterparties. Obtaining or sustaining benefits by conducting business without sincerity and integrity, in any illegal way, or in breach of fiduciary duty (hereinafter referred to as "Misconducts") is also prohibited.

The counterparties mentioned in the preceding paragraph includes public servants, political campaign candidates, political parties and members and employees of political parties, and all other state-owned or private-owned enterprises or organizations and their directors, supervisors, managers, employees, Actual Controllers, and other interested persons/entities.

### **Article 3 (Definitions and scopes of benefits)**

Benefits mentioned in the Principles are referred to as anything worth of a value, including but not limited to monetary payments, endowments, commissions, job positions, services, preferential treatments, kickbacks and so forth in any name or any mean. Those are perceived as normal social activity, occurs occasionally, and have no impact or have no concern to impact specific legal rights and obligations may be excluded.

### **Article 4 (Compliance with laws and regulations)**

The first premise of conducting business with sincerity and integrity is that the Company shall comply with the Company Law, Securities and Exchange Act, Business Accounting Act, Political Donation Act, Anti-corruption Statue, Government Procurement Law, Act on Recusal of Public Servants Due to Conflicts of Interest, regulations governing security listings and all other business activities.

### **Article 5 (Policy)**

With the managerial philosophy of anti-corruption, transparency, and responsibility, the policy of the Company is to ensure all business being conducted with sincerity and integrity. The Company shall also build a reliable mechanism for corporate governance, risk control, and risk management, in hopes of creating a business environment for sustainable development.

**Article 6 (Prevention procedures and rules)**

In accordance with the Principles, the Company shall establish procedures and rules to prevent Company Professionals from conducting business without prudence and integrity; meanwhile, specifically identify what Company Professionals must pay attention to while conducting business.

**Article 7 (Scope of prevention procedures and rules)**

The prevention procedures and rules established by the Company shall include, but not limited to, the following measures against Misconducts:

1. Offering and receiving bribery;
2. Making illegal political donations;
3. Making improper charity donations or improperly sponsoring charity;
4. Offering or receiving gifts, hospitality, or other improper benefits which are perceived as unacceptable in accordance with normal ethical standards.

**Article 8 (Commitment and execution)**

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.

**Article 9 (Ethical commercial activities)**

The Company shall act with integrity and fairness when engaging in a commercial activity with counterparty.

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.

**Article 10 (Prohibition against offering and receiving bribery)**

When conducting business, Company Professionals shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits, including bribery, kickbacks, commissions, grease payments, or offer or accept improper Benefits in any way and any name to or from clients, agents, contractors, suppliers, public servants, or other interested parties, unless the laws of the territories where the companies operate permit so.

**Article 11 (Prohibition against illegal political donations)**

When directly or indirectly providing a donation to political parties or organizations or individuals participating in political activities, Company Professionals shall comply with the Political Donations Act and internal relevant procedures of the Company, and shall not make such donations in exchange for commercial gains or business advantages.

**Article 12 (Prohibition against improper charity donations and sponsorship)**

When making or offering charity donations and sponsorship, Company Professionals shall comply with relevant laws, regulations, and internal procedures of the Company, and shall not surreptitiously engage in bribery.

**Article 13 (Prohibition against improper gifts, hospitality, or other improper Benefits)**

Company Professionals are prohibited from, directly or indirectly, requesting from those who have been conducting commercial transactions with the Company and those who seeks for opportunities to conducting transactions with the Company any gifts, preferential treatments, or other improper Benefits, including abnormal and super luxury banquet or other hospitality in any other means which are irrelevant to business activities and common social practices.

Company Professionals are prohibited from receiving gifts or kickbacks from any vendor and agent. A gift perceived as necessary in accordance with local practices and common good manner and the value of such gift is less than NT\$2,000 shall be excluded. Souvenirs and promotion products with a printed logo by the relevant counterparties shall also be excluded. Cash and other sorts of gifts shall be rejected in a delicate and polite way, after explaining the compliance rules of the Company. When delicate rejection fails, the gift received shall be turn into Human Resources Department to make proper arrangement.

Unless reporting to the authorized manager of the business group by writing, Company Professionals shall not accept prizes and gifts from their business related counterparties when the Company holds festivals and celebrating activities.

During the business trip, Company Professionals are prohibited from accepting hospitality in any sort during the trip from vendors, agents, and clients without the permission of the Company.

During the business trip, the travelling Company Professionals are prohibited from accepting feast or hospitality which may be perceived as improper or may make the involved Company Professionals breach their duties. During the business trip, the travelling Company Professionals are expected to realize their behavior represents the image of the Company; therefore, shall act in a particularly prudent manner at all times. Wrongdoings and whatever can indemnify the reputation of the Company will result in rigorous discipline of the involved Company Professionals.

Company Professionals shall not borrow money from, enter payable lease or non-payable lease arrangements, or arrange borrowing/lending in any kind and any name with vendors, agents, and clients.

**Article 14 (Organization and responsibility)**

The Board of Directors of the Company 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.

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 on a regular basis.

**Article 15 (Compliance with laws and regulations)**

Company Professionals shall comply with laws, regulations, and the prevention procedures of the Company when conducting business.

Company Professionals shall abide by all articles, rules, bylaws, operation procedures of the Company, and follow the orders from authorized superior management.

**Article 16 (Prevention of conflicts of interests)**

The Company shall promulgate policies for preventing conflicts of interests and offer appropriate means for Company Professionals to proactively explain if their interests would potentially conflict with those of the Company.

Directors of the Company shall exercise a high degree of self-discipline. A director may present his/her opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company; neither shall a director vote on such proposal as a proxy of another director in such circumstances. The directors shall practice self-discipline and must not support one another in improper manner.

Company Professionals shall not take advantage of their positions in the Company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.

**Article 17 (Accounting and internal control)**

For business activities which may be more likely than normal to be involved in Misconducts, the Company shall establish an effective accounting system and an internal control system, not have off-the-book accounts or keep secret accounts, and shall review the systems regularly so as to ensure that the design and enforcement of the systems are showing results.

Internal auditors of the Company shall periodically examine the results of compliance with the foregoing, and prepare audit reports submitted to the Board of Directors.

**Article 18 (operational procedures and guidelines of behaviors)**

The Company shall establish operational procedures and guidelines of behaviors in accordance with Article 6 hereof. The procedures and guidelines should at least contain the following matters:

1. Standards for determining if improper Benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard amounts for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interests, and how such conflicts be reported and handled.

5. Rules for preserving confidentiality of trade secrets and business sensitive information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with vendors, clients, and business transaction counterparties suspected of Misconducts.
7. Operational procedures for violations of the Principles.
8. Disciplinary measures on offenders.

**Article 19 (Educational training and performance evaluating system)**

At least once per year, the Company shall offer Company Professionals training programs to promote and reinforce the Principles.

The Company shall periodically organize training programs for Company Professionals, so that business departments shall be able to make the commitment, policy, prevention procedures of the Company to implement the Principles, and consequences of violating the Principles be informed and fully understood by their transaction counterparties.

The management of the Company shall at all times evaluate the educational proficiencies, behaviors, capabilities, compliance with the Principles, and working performance of subordinates, and the evaluation records shall be incorporated into the annual performance appraisal system.

**Article 20 (Blow-the-whistle and discipline)**

For any violation of the Principles being found, Company Professionals shall proactively report to Supervisors, 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.

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 unconditionally indemnify the Company for all losses, if occurred.

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.

An appeal system is established in the Company. Any of Company Professionals being accused to violate the Principles may appeal for remedy via the system.

**Article 21 (Disclosure)**

The Principles and the enforcement shall be disclosed on the website, annual reports, and prospectuses of the Company.

**Article 22 (Review and amendments of the Principles)**

The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management, and Company Professionals to make recommendations so as to review and improve the Principles and achieve better results from implementing the Principles.

**Article 23 (Implementation)**

After receiving the approval from the Board of Directors, the Principles will be implemented, and a copy of the Principles will be submitted to each Supervisor and the contents will be reported to the Annual General Shareholders' Meeting. The amendments of the Guidelines follow the same procedure.

\*In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.



## Attachment VII

### Information about the corporate bonds issued in year 2011

The company issued three corporate bonds in year 2011. Pursuant to the Article 246 of Company Law, the information about the issuance of such corporate bonds is disclosed below:

#### **Domestic unsecured bonds – 1st of Year 2011 – Far Eastern New Century Corporation**

Five-year domestic unsecured bonds issued at par value on 27 May 2011. The total face value of the bonds is NT\$3,800,000,000. These bonds are repayable in 50% of the face value, respectively, at the end of the fourth and fifth years, with a coupon rate of 1.50% and the interest is calculated and paid annually. The proceeds of the bond are used to payback short-term borrowings and improve the financial structure. The issue of the bonds was approved by the Financial Supervisory Commission on 16 May 2011 (Approval Letter No. FSC-1000022178).

#### **Domestic unsecured bonds – 2nd of Year 2011 – Far Eastern New Century Corporation**

Five-year domestic unsecured bonds issued at par value on 29 September 2010. The total face value of the bonds is NT\$2,200,000,000. These bonds are repayable in 50% of the face value, respectively, at the end of the fourth and fifth years, with a coupon rate of 1.55% and the interest is calculated and paid annually. The proceeds of the bond are used to payback short-term borrowings and improve the financial structure. The issue of the bonds was approved by the Financial Supervisory Commission on 19 September 2011 (Approval Letter No. FSC- 1000045060).

#### **Domestic unsecured bonds – 3rd of Year 2011 – Far Eastern New Century Corporation**

Five-year domestic unsecured bonds issued at par value on 2 February 2012. The total face value of the bonds is NT\$6,000,000,000. These bonds are repayable in 50% of the face value, respectively, at the end of the fourth and fifth years, with a coupon rate of 1.36% and the interest is calculated and paid annually. The proceeds of the bond are used to payback short-term borrowings and improve the financial structure. The issue of the bonds was approved by the Financial Supervisory Commission on 6 January 2012 (Approval Letter No. FSC- 1000064565).

\*In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.

## Attachment VIII

### Far Eastern New Century Corporation Profit Allocation Proposal

Unit: NT dollar

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<b>Net income of 2011</b>	<b>11,087,495,739</b>
Less:	
10% legal reserve	1,110,021,366
Plus:	
Unappropriated retained earnings of previous years	2,609,235,752
Unappropriated retained earnings booked by equity method from affiliates	12,717,918
<b>Earnings available for distribution as of 31 December 2009</b>	<b>12,599,428,043</b>
<b>Distribution items:</b>	
Cash dividends to common share holders (NT\$1.7 per share)	8,325,269,509
Stock dividends to common share holders (NT\$0.3 per share at par value, i.e., 30 shares for each 1,000 shares owned)	1,469,165,210
<b>Total distribution</b>	<b>9,794,434,719</b>
<b>Unappropriated earnings</b>	<b>2,804,993,324</b>

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Note:

Year 2011 profits are distributed according to the Article 26 and Article 27 of the Far Eastern New Century Corporation Articles of Incorporation. Bonus of employees and compensation for Directors and Supervisors are booked as company expenses and excluded from the net income.

## Attachment IX

### Overview of “Procedures for Acquisition and Disposal of Assets of Far Eastern New Century Corporation” amendments

Section	Current Articles	Proposed Changes	Reasons
Article 6	<p>Acquisition or Disposition of Securities</p> <p>1) Evaluation process</p> <p>a) For investments in securities, the Finance Department or other relevant units shall undertake the relevant financial analysis and projection of potential returns as well as evaluation of potential investment risks in relation to the said investment.</p> <p>b) Investments by the Company in securities traded on centralized exchange markets or over the counter markets shall be decided by the responsible unit in accordance with the prevailing market conditions; investments by the Company in securities not traded on centralized exchange markets or over the counter markets shall require the latest audited or reviewed financial reports of the target company as reference for the evaluation of transaction price, taking into consideration the net asset value per share, profitability and future potential, etc.</p> <p>2) Experts' opinions</p> <p>a) The Company acquiring or disposing of securities shall <u>first</u> obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is twenty per cent (20%) of the Company's paid-in capital or NT\$300 million or more, the Company shall also engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted price of securities that have an active market, or where otherwise provided by regulations of the Executive Yuan's Financial Supervisory Commission (FSC).</p>	<p>Acquisition or Disposition of Securities</p> <p>1) Evaluation process</p> <p>a) For investments in securities, the Finance Department or other relevant units shall undertake the relevant financial analysis and projection of potential returns as well as evaluation of potential investment risks in relation to the said investment.</p> <p>b) Investments by the Company in securities traded on centralized exchange markets or over the counter markets shall be decided by the responsible unit in accordance with the prevailing market conditions; investments by the Company in securities not traded on centralized exchange markets or over the counter markets shall require the latest audited or reviewed financial reports of the target company as reference for the evaluation of transaction price, taking into consideration the net asset value per share, profitability and future potential, etc.</p> <p>2) Experts' opinions</p> <p>a) The Company acquiring or disposing of securities shall, <u>prior to the date of the transaction occurred</u>, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is twenty per cent (20%) of the Company's paid-in capital or NT\$300 million or more, the Company shall, <u>prior to the date of the transaction occurred</u>, also engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. <u>Should the aforesaid accountant needs to refer to experts' opinions, Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF) shall be abided by.</u> This requirement does not apply, however, to publicly quoted price of securities that have an active market, or where otherwise provided by regulations of the Executive Yuan's Financial</p>	<p>Pursuant to the Article 10 of Regulations Governing Acquisition and Disposition of Assets by Public Companies (the Guidelines) by the ROC Financial Supervisory Commission (FSC), the timing to obtain the financial statements and accountants' opinions has to be clearly stated.</p>

	<p>b) Where assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace valuation reports or accountants' opinions.</p> <p>3) Process in determining authorized investment limit and responsible units Prior to the Company acquiring or disposing securities, the Finance Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. Where the urgency of the matter does not permit prior approval, the General Manager (or any person so authorized by the General Manager) shall have the authority to approve/disapprove investments which amount is below NT\$ 10 million; the Chairman (or any person so authorized by the Chairman) shall have the authority to approve/disapprove investments which amount is in excess of NT\$ 10 million. In any case, the said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.</p>	<p>Supervisory Commission (FSC).</p> <p>b) Where assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace valuation reports or accountants' opinions.</p> <p>3) Process in determining authorized investment limit and responsible units Prior to the Company acquiring or disposing securities, the Finance Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. Where the urgency of the matter does not permit prior approval, the General Manager (or any person so authorized by the General Manager) shall have the authority to approve/disapprove investments which amount is below NT\$ 10 million; the Chairman (or any person so authorized by the Chairman) shall have the authority to approve/disapprove investments which amount is in excess of NT\$ 10 million. In any case, the said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.</p>	
Article 7	<p>Acquisition or disposition of real estate or other fixed assets</p> <p>1) Evaluation process</p> <p>a) For investments in real estate and fixed assets, the Accounting Department or other relevant units shall undertake the projection of potential returns as well as evaluation of potential investment risks in relation to the said investment based on the current operation and financial conditions and future development plan.</p> <p>b) The proposed acquisition or disposition of real estate shall require analysis reports taking reference to their current published value, appraised values and transactions prices for neighboring real properties, etc., along with suggested transaction conditions and prices.</p> <p>c) The proposed acquisition or disposition of other fixed assets shall be carried out by way of any of the following: price inquiry; price comparison; negotiated prices or tender.</p> <p>2) Valuation reports for real property or other fixed</p>	<p>Acquisition or disposition of real estate or other fixed assets</p> <p>1) Evaluation process</p> <p>a) For investments in real estate and fixed assets, the Accounting Department or other relevant units shall undertake the projection of potential returns as well as evaluation of potential investment risks in relation to the said investment based on the current operation and financial conditions and future development plan.</p> <p>b) The proposed acquisition or disposition of real estate shall require analysis reports taking reference to their current published value, appraised values and transactions prices for neighboring real properties, etc., along with suggested transaction conditions and prices.</p> <p>c) The proposed acquisition or disposition of other fixed assets shall be carried out by way of any of the following: price inquiry; price comparison; negotiated prices or tender.</p> <p>2) Valuation reports for real property or other fixed</p>	

	<p>assets.</p> <p>In the case of real property or other fixed assets acquired or disposed by the Company other than as a result of transactions with the government, entrusted construction on the Company's own property, entrusted construction on land leased by the Company, or acquisition or disposition of equipments and facilities for business operation purposes, where their transaction value is the amount equivalent to twenty per cent (20%) of the Company's paid-in capital or NT\$ 300 million or above, the Company shall <u>firstly</u> require professional appraiser to furnish their valuation report (which report shall specify the matters set out in Appendix 1 herein); furthermore, the following provisions shall be complied with:</p> <p>a) Where due to special circumstances, it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>b) Where the transaction amount is NT\$ 1 billion or more, two (2) or more professional appraiser shall be engaged to provide their appraisals.</p> <p>c) Where the appraisal prices from professional appraiser come under one of the following, accountants shall be engaged to handle the matter pursuant to the provisions of Auditing Standards No. 20 promulgated by ARDF; furthermore the said accountants shall be required to provide their opinions in respect of the reasons for such discrepancy and the fairness of the transaction price:</p> <p>i) The appraisal results differ from the transaction amount by twenty per cent (20%) or greater;</p> <p>ii) The difference between the appraisal result provided by two or more professional appraisers and the transaction price is ten per cent (10%) or greater.</p>	<p>assets.</p> <p>In the case of real property or other fixed assets acquired or disposed by the Company other than as a result of transactions with the government, entrusted construction on the Company's own property, entrusted construction on land leased by the Company, or acquisition or disposition of equipments and facilities for business operation purposes, where their transaction value is the amount equivalent to twenty per cent (20%) of the Company's paid-in capital or NT\$ 300 million or above, the Company shall, <u>prior to the date of the transaction occurred</u>, require professional appraiser to furnish their valuation report (which report shall specify the matters set out in Appendix 1 herein); furthermore, the following provisions shall be complied with:</p> <p>a) Where due to special circumstances, it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>b) Where the transaction amount is NT\$ 1 billion or more, two (2) or more professional appraiser shall be engaged to provide their appraisals.</p> <p>c) Where the appraisal prices from professional appraiser come under one of the following, accountants shall be engaged to handle the matter pursuant to the provisions of Auditing Standards No. 20 promulgated by ARDF; furthermore the said accountants shall be required to provide their opinions in respect of the reasons for such discrepancy and the fairness of the transaction price:</p> <p>i) The appraisal results differ from the transaction amount by twenty per cent (20%) or greater;</p> <p>ii) The difference between the appraisal result provided by two or more professional appraisers and the transaction price is ten per cent (10%) or greater.</p>	<p>Pursuant to the Article 9 of the Guidelines, the timing to obtain the appraisal reports or experts' opinions has to be clearly stated.</p>
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	<p>d) <u>Pre-contract appraisal</u> shall not be dated beyond three (3) months prior to the date of the contract; however where an appropriate value published during the same period but not exceeding six (6) months, the original professional appraiser may issue its opinion in respect of the said value.</p> <p>e) Where real property or other fixed assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace appraisal reports or accountants' opinions.</p> <p>3) Process in determining authorized investment limit and responsible units Prior to the Company acquiring or disposing real property or other fixed assets, the Accounting Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. Where the urgency of the matter does not permit prior approval, the General Manager (or any person so authorized by the General Manager) shall have the authority to approve/disapprove investments which amount is below NT\$ 10 million; the Chairman (or any person so authorized by the Chairman) shall have the authority to approve/disapprove investments which amount is in excess of NT\$ 10 million. In any case, the said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.</p>	<p><u>When the appraisal prices of acquired assets are higher than the transaction price, or the appraisal prices of assets being disposed are lower than the transaction price, the said accountants' opinions can be exempted.</u></p> <p>d) <u>Report made by the professional appraiser</u> shall not be dated beyond three (3) months prior to the date of the contract; however where an appropriate value published during the same period but not exceeding six (6) months, the original professional appraiser may issue its opinion in respect of the said value.</p> <p>e) Where real property or other fixed assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace appraisal reports or accountants' opinions.</p> <p>3) Process in determining authorized investment limit and responsible units Prior to the Company acquiring or disposing real property or other fixed assets, the Accounting Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. Where the urgency of the matter does not permit prior approval, the General Manager (or any person so authorized by the General Manager) shall have the authority to approve/disapprove investments which amount is below NT\$ 10 million; the Chairman (or any person so authorized by the Chairman) shall have the authority to approve/disapprove investments which amount is in excess of NT\$ 10 million. In any case, the said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.</p>	<p>Under such circumstances, the Company shall be benefited; therefore, it is unnecessary to seek for accountants' opinions. Pursuant to the Article 9 of the Guidelines, the additional paragraph is added.</p>
Article 8	<p><u>Acquisition of Real Property from Related Parties</u></p> <p>1) Where the Company <u>acquires real property from related parties by way of sale or exchange, without prejudice to the applicability of the aforesaid articles in respect of real property, the Company shall pursuant to the provisions of this Article undertake the relevant resolution and appraisal of the fairness of transaction conditions, etc.</u> In deciding whether the other party to the transaction is a related party, in addition to the forms as provided by law, the Company shall also consider</p>	<p><u>Transactions of Real Property with Related Parties</u></p> <p>1) Where the Company <u>acquires or disposes real property from or to related parties, without prejudice to the applicability of the aforesaid articles in respect of real property, the Company shall pursuant to the provisions of this Article undertake the relevant resolution and appraisal of the fairness of transaction conditions, etc., and shall pursuant to the provisions of this Article obtain appraisal reports made by professional appraisers or accountants' opinions when the</u></p>	<p>Pursuant to the Article 13 of the Guidelines, experts' opinions are required when the dollar amount of the transaction exceeds 10% of the total assets of the</p>

	<p>the substantive relationship.</p> <p>2) Evaluation and Procedures The Company shall, <u>if it acquires real property from related parties</u>, submit the Board of Directors for approval and Supervisors for recognition the following information <u>prior to proceeding with the transaction</u>:</p> <p>a) Purpose of acquiring the said real property, its necessity and projected benefits;</p> <p>b) Reasons for transacting with related parties;</p> <p>c) Information relating to the appraisal of the fairness of the proposed transaction conditions pursuant to items 3) a) and d) herein;</p> <p>d) Date and price of acquisition by the related party, party to the transaction and relationship between the said party and the Company and related party;</p> <p>e) Forecast of monthly cash income within one (1) year from the date of the contract; furthermore evaluation shall be conducted in respect of the necessity of the transaction and the fairness of the use of fund; and</p> <p>f) Restrictions on this transaction and other key contractual issues.</p>	<p><u>transaction amount is ten per cent (10%) of the total assets of the Company or more</u>. In deciding whether the other party to the transaction is a related party, in addition to the forms as provided by law, the Company shall also consider the substantive relationship.</p> <p>2) Evaluation and Procedures The Company shall, <u>if it acquires or disposes real property from or to related parties, or if it acquires or disposes other assets except real property from or to related parties and the said transaction amount is twenty per cent (20%) of the paid-in capital of the Company, or ten per cent (10%) of the total assets of the Company, or NT\$300 million or more</u>, submit the Board of Directors for approval and Supervisors for recognition the following information <u>prior to the signing of the transaction contract and making payments</u>:</p> <p>a) Purpose of <u>acquiring or disposing the said assets</u>, its necessity and projected benefits;</p> <p>b) Reasons for transacting with related parties;</p> <p>c) Information relating to the appraisal of the fairness of the proposed transaction conditions pursuant to items 3) a) and d) herein, <u>when acquiring real property from related parties</u>;</p> <p>d) Date and price of acquisition by the related party, party to the transaction and relationship between the said party and the Company and related party;</p> <p>e) Forecast of monthly cash income within one (1) year from the date of the contract; furthermore evaluation shall be conducted in respect of the necessity of the transaction and the fairness of the use of fund; and</p> <p>f) <u>Pursuant to the paragraph 1 of this Article, the appraisal reports made by the professional appraisers or accountants' opinions</u>.</p> <p>g) Restrictions on this transaction and other key contractual issues. <u>Where the position of Independent Director has been created, when a matter is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the</u></p>	<p>Company.</p> <p>Pursuant to the Article 14 of the Guidelines, the relevant information shall be submitted the Board for approval and Supervisors for recognition, when 1) the Company disposes real property to related parties, regardless of the dollar amount of the transaction; 2) transactions with related parties of material assets besides real properties. Or, the Company may not enter into a transaction contract and make any payment.</p>
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	<p>3) Evaluation of the Fairness of Transaction Costs</p> <p>a) In the case of the Company obtaining real property from related parties, it shall evaluate the fairness of the transaction costs in the following manner:</p> <p>i) Addition to the related party's transaction price the necessary interest on funding and the costs to be borne by the purchaser. "Necessary interest on funding" shall be calculated by the weighted average interest rate over the period during which the asset is purchased on the amount of money borrowed by the Company in its purchase of the said asset, subject to it being not higher than the maximum interest rate charged by non-financial institutions as published by the Ministry of Finance.</p> <p>ii) In the case of related party having previously pledged the subject matter with financial institutions, the total appraised value for the subject matter by the said financial institution for the purposes of the extension of the loan shall be used, subject to the total cumulative amount of loans by the said financial institution not being lesser than seventy per cent (70%) of the appraised value of such subject matter and that the loan period was for a period of one (1) year or more. The aforesaid shall not apply where the said financial institution and the party to the transaction are themselves related parties.</p> <p>b) Where both the land and the buildings on it are purchased <i>in toto</i>, the transaction costs for both the land and the buildings shall be separately evaluated using either of the abovementioned methods.</p> <p>c) In the case of the Company acquiring real property from related parties, in addition to the appraisal of the costs of the said real property in the manner provided above, the Company shall furthermore engage accountants to review and</p>	<p><u>Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board meeting.</u></p> <p>3) Evaluation of the Fairness of Transaction Costs</p> <p>a) In the case of the Company obtaining real property from related parties, it shall evaluate the fairness of the transaction costs in the following manner:</p> <p>i) Addition to the related party's transaction price the necessary interest on funding and the costs to be borne by the purchaser. "Necessary interest on funding" shall be calculated by the weighted average interest rate over the period during which the asset is purchased on the amount of money borrowed by the Company in its purchase of the said asset, subject to it being not higher than the maximum interest rate charged by non-financial institutions as published by the Ministry of Finance.</p> <p>ii) In the case of related party having previously pledged the subject matter with financial institutions, the total appraised value for the subject matter by the said financial institution for the purposes of the extension of the loan shall be used, subject to the total cumulative amount of loans by the said financial institution not being lesser than seventy per cent (70%) of the appraised value of such subject matter and that the loan period was for a period of one (1) year or more. The aforesaid shall not apply where the said financial institution and the party to the transaction are themselves related parties.</p> <p>b) Where both the land and the buildings on it are purchased <i>in toto</i>, the transaction costs for both the land and the buildings shall be separately evaluated using either of the abovementioned methods.</p> <p>c) In the case of the Company acquiring real property from related parties, in addition to the appraisal of the costs of the said real property in the manner provided above, the Company shall furthermore engage accountants to review and</p>	
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	<p>provide their opinions in respect of the same.</p> <p>d) Under any one of the following circumstances in which the Company acquires real estate from related parties, it needs only undertake items 1) and 2) herein; the evaluation of fairness of transaction cost as provided for in items a), b) and c) hereunder shall not apply:</p> <p>i) The related party having obtained the real property by way of inheritance or gift;</p> <p>ii) The time lapse between the related party's contract for acquisition of the real property and this transaction exceeds five (5) years; or</p> <p>iii) The Company obtaining the real property by way of joint-development contract entered with the related party.</p> <p>e) Where the evaluated results pursuant to items a) and b) hereinabove are lower than the transaction price, the Company shall follow items f) and g) hereunder; however, under one of the following situations, with the objective evidence, professional appraisal for the real estate and the accountants' opinion of the fairness of the transaction being provided, the aforesaid shall not apply:</p> <p>i) The related party having undertaken construction on undeveloped land or rental land, may offer evidence in respect of its conformity to one the following conditions:</p> <p>A. The undeveloped land being valued in the methods provided hereinabove, and the buildings being valued by adding reasonable development profits to their construction costs, and the total amount exceeding the actual transaction price. "Reasonable development profits" herein shall comprise of the average gross profit margin of the related party's construction department within the last three (3) years, or the latest gross profit margin for the construction industry published by the Ministry of Finance, whichever is the lower;</p> <p>B. Successful transactions by non-related</p>	<p>provide their opinions in respect of the same.</p> <p>d) Under any one of the following circumstances in which the Company acquires real estate from related parties, it needs only undertake items 1) and 2) herein; the evaluation of fairness of transaction cost as provided for in items a), b) and c) hereunder shall not apply:</p> <p>i) The related party having obtained the real property by way of inheritance or gift;</p> <p>ii) The time lapse between the related party's contract for acquisition of the real property and this transaction exceeds five (5) years; or</p> <p>iii) The Company obtaining the real property by way of joint-development contract entered with the related party.</p> <p>e) Where the evaluated results pursuant to items a) and b) hereinabove are lower than the transaction price, the Company shall follow items f) and g) hereunder; however, under one of the following situations, with the objective evidence, professional appraisal for the real estate and the accountants' opinion of the fairness of the transaction being provided, the aforesaid shall not apply:</p> <p>i) The related party having undertaken construction on undeveloped land or rental land, may offer evidence in respect of its conformity to one the following conditions:</p> <p>A. The undeveloped land being valued in the methods provided hereinabove, and the buildings being valued by adding reasonable development profits to their construction costs, and the total amount exceeding the actual transaction price. "Reasonable development profits" herein shall comprise of the average gross profit margin of the related party's construction department within the last three (3) years, or the latest gross profit margin for the construction industry published by the Ministry of Finance, whichever is the lower;</p> <p>B. Successful transactions by non-related</p>	
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	<p>parties involving other floors of the same subject matter or of the neighboring areas within the past one (1) year, with comparable areas, and their transaction conditions being comparable to those of transactions with evaluations of acceptable price difference between floor levels or areas in accordance with the practice for sale and purchase of real property.</p> <p>C. Successful rental cases by non-related parties involving other floors of the subject matter within the past one (1) year and with non-related parties, their conditions being comparable to those of rental agreements in which there are estimates of acceptable difference between floor levels in accordance with the practice for rental of real property.</p> <p>ii) The Company providing evidence that the transaction conditions of its purchase of real property from related party are comparable with those successful cases within the neighboring areas within the past one (1) year and between non-related parties and with approximately similar space. "Successful cases within the neighboring areas" shall in principle include those in the same or adjacent street and within a radius of five hundred (500) meters of the subject matter or where their published current values are approximately similar. "Approximately similar space" shall in principle include the spaces of those transacted cases between non-related parties that are not less than fifty per cent (50%) of that of the subject matter.</p> <p>f) Where the appraisal results pursuant to the preceding items are all lower than the transaction price, the Company shall undertake the following:</p> <p>i) With respect to the difference between the transaction price for the real property and the evaluated costs, set aside special profit/loss reserve, in compliance with Article 41(1) of the Securities and Exchange Law, which shall not be distributed or allocated in the form of stock dividends. Where investors of the Company that adopt the equity accounting in respect of</p>	<p>parties involving other floors of the same subject matter or of the neighboring areas within the past one (1) year, with comparable areas, and their transaction conditions being comparable to those of transactions with evaluations of acceptable price difference between floor levels or areas in accordance with the practice for sale and purchase of real property.</p> <p>C. Successful rental cases by non-related parties involving other floors of the subject matter within the past one (1) year and with non-related parties, their conditions being comparable to those of rental agreements in which there are estimates of acceptable difference between floor levels in accordance with the practice for rental of real property.</p> <p>ii) The Company providing evidence that the transaction conditions of its purchase of real property from related party are comparable with those successful cases within the neighboring areas within the past one (1) year and between non-related parties and with approximately similar space. "Successful cases within the neighboring areas" shall in principle include those in the same or adjacent street and within a radius of five hundred (500) meters of the subject matter or where their published current values are approximately similar. "Approximately similar space" shall in principle include the spaces of those transacted cases between non-related parties that are not less than fifty per cent (50%) of that of the subject matter.</p> <p>f) Where the appraisal results pursuant to the preceding items are all lower than the transaction price, the Company shall undertake the following:</p> <p>i) With respect to the difference between the transaction price for the real property and the evaluated costs, set aside special profit/loss reserve, in compliance with Article 41(1) of the Securities and Exchange Law, which shall not be distributed or allocated in the form of stock dividends. Where investors of the Company that adopt the equity accounting in respect of</p>	
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	<p>their investments in the Company are public companies, the investor shall set aside special profit/loss reserve for the amount according to their respective shareholding;</p> <p>ii) The Supervisors shall undertake measures in compliance with Article 218 of the Company Law;</p> <p>iii) The shareholders' meeting shall be informed of measures under items i) and ii) hereinabove, with details of the transaction to be disclosed in the Company's annual report or prospectus.</p> <p>g) Where the Company has set aside a special reserves under preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or the they have been disposed of, or adequate compensation had been made, or status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.</p> <p>h) When the Company obtains real property from a related party, it shall also comply with the provisions of the preceding paragraph (f) and (g) if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	<p>their investments in the Company are public companies, the investor shall set aside special profit/loss reserve for the amount according to their respective shareholding;</p> <p>ii) The Supervisors shall undertake measures in compliance with Article 218 of the Company Law;</p> <p>iii) The shareholders' meeting shall be informed of measures under items i) and ii) hereinabove, with details of the transaction to be disclosed in the Company's annual report or prospectus.</p> <p>g) Where the Company has set aside a special reserves under preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or the they have been disposed of, or adequate compensation had been made, or status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.</p> <p>h) When the Company obtains real property from a related party, it shall also comply with the provisions of the preceding paragraph (f) and (g) if there is other evidence indicating that the acquisition was not an arm's length transaction.</p> <p><u>4) Process in determining authorized investment limit and responsible units</u>  <u>Prior to the Company acquiring or disposing machineries for operational purposes from or to its subsidiaries, the Accounting Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. When the dollar amount of the said transactions is below NT\$300 million; the Chairman shall have the authority to approve/disapprove the said transactions. In any case, the said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.</u></p>	<p>Pursuant to the Article 14 of the Guidelines.</p>
<p>Article 9</p>	<p>Acquisition of Club Membership or Intangible Assets</p> <p>1) Evaluation and Process</p>	<p>Acquisition of Club Membership or Intangible Assets</p> <p>1) Evaluation and Process</p>	

	<p>a) Acquisition or disposition of club memberships shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration fair market price, and compiled into analysis report. Where the transaction is NT\$3 million or below, the said analysis report shall be submitted to the General Manager for approval before submitting to the Board of Directors at the immediate following meeting for review. Where the transaction is above NT\$3 million, the approval of the Board of Directors shall be required before proceeding with the same.</p> <p>b) Acquisition or disposition of intangible assets shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration expert's valuation report or fair market price, and compiled into analysis reports for approval by the Board of Directors before proceeding with the same.</p> <p>2) Expert's Valuation Report on Club Membership or Intangible Assets</p> <p>a) Expert's valuation report shall be required in the case of acquisition or disposition of intangible assets.</p> <p>b) Where the transaction amount for acquisition or disposition of club membership or intangible assets exceeds twenty per cent (20%) of the Company's paid-in capital or NT\$300 million, accountants shall be engaged to provide an opinion with respect to the fairness of the transaction price; the said accountants shall undertake the same in conformity with Auditing Standards No. 20 promulgated by the ARDF.</p> <p>c) Where the club membership or intangible assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace valuation reports or accountants' opinions.</p> <p>3) Implementation The Company may only proceed with the acquisition or disposition of club membership or intangible assets after the Accounting Department</p>	<p>a) Acquisition or disposition of club memberships shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration fair market price, and compiled into analysis report. Where the transaction is NT\$3 million or below, the said analysis report shall be submitted to the General Manager for approval before submitting to the Board of Directors at the immediate following meeting for review. Where the transaction is above NT\$3 million, the approval of the Board of Directors shall be required before proceeding with the same.</p> <p>b) Acquisition or disposition of intangible assets shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration expert's valuation report or fair market price, and compiled into analysis reports for approval by the Board of Directors before proceeding with the same.</p> <p>2) Expert's Valuation Report on Club Membership or Intangible Assets</p> <p>a) Expert's valuation report shall be required in the case of acquisition or disposition of intangible assets.</p> <p>b) Where the transaction amount for acquisition or disposition of club membership or intangible assets exceeds twenty per cent (20%) of the Company's paid-in capital or NT\$300 million, accountants shall be engaged, <u>prior to the date of occurrence</u>, to provide an opinion with respect to the fairness of the transaction price; the said accountants shall undertake the same in conformity with Auditing Standards No. 20 promulgated by the ARDF.</p> <p>c) Where the club membership or intangible assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace valuation reports or accountants' opinions.</p> <p>3) Implementation The Company may only proceed with the acquisition or disposition of club membership or intangible assets after the Accounting Department</p>	<p>Pursuant to the Article 10 of the Guidelines, the timing of obtaining the accountants' opinion has to be clearly stated.</p>
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	has submitted its application for approval in accordance with item 1) hereunder.	has submitted its application for approval in accordance with item 1) hereunder.	
Article 9-1		<p>The calculation of the dollar amount of the transactions referred to in the paragraph 1 of Article 6, Article 7, and Article 8, and transactions referred to in the Article 9 shall be done in accordance with Article 12, paragraph 1-(f) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a accountant' opinion has been obtained need not be counted toward the dollar amount of transactions.</p> <p>The calculation of the dollar amount of the transactions referred to in the paragraph 2 of Article 8 be made in accordance with Article 12, paragraph 1-(f) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the Supervisors need not be counted toward the dollar amount of transactions.</p>	Pursuant to the Article 11-1, Article 13, and Article 14 of the Guidelines, clearly define that the calculation of dollar amount of transactions has to be on accumulated basis.
Article 11	<p>Mergers, Demergers, Acquisitions or Transfer of Shareholding</p> <p>1) Evaluation and Process</p> <p>a) The Company shall, prior to the Board of Directors' meeting to approve propose mergers, demergers, acquisitions or transfer of shareholding by way of its resolution, require the Accounting Department to seek opinions from accountants, lawyers or securities underwriters in respect of the share swap ratio, acquisition price or distribution of cash to shareholders or the propriety for other assets, the said opinions to be forwarded to the Board of Directors for their discussion.</p> <p>b) Public companies involved in the merger, demerger or acquisition shall, prior to their respective shareholders' meeting, compile public documents addressed to their shareholders, which documents shall set out the key contractual terms of the said merger, demerger or acquisition as well as relevant issues including experts' opinions abovementioned as reference, forwarded to their</p>	<p>Mergers, Demergers, Acquisitions or Transfer of Shareholding</p> <p>1) Evaluation and Process</p> <p>a) The Company shall, prior to the Board of Directors' meeting to approve propose mergers, demergers, acquisitions or transfer of shareholding by way of its resolution, require the Accounting Department to seek opinions from accountants, lawyers or securities underwriters in respect of the share swap ratio, acquisition price or distribution of cash to shareholders or the propriety for other assets, the said opinions to be forwarded to the Board of Directors for their discussion.</p> <p>b) Public companies involved in the merger, demerger or acquisition shall, prior to their respective shareholders' meeting, compile public documents addressed to their shareholders, which documents shall set out the key contractual terms of the said merger, demerger or acquisition as well as relevant issues including experts' opinions abovementioned as reference, forwarded to their</p>	

	<p>shareholders along with the notices of shareholders' meeting to vote for or against the said merger, demerger or acquisition. Without prejudice to the aforesaid, it shall not apply where pursuant to other laws and regulations, shareholders' resolutions are not required in respect of mergers, demergers or mergers.</p> <p>c) Where there is insufficient quorum, votes or other legal restrictions for convening shareholders' meetings of any of the companies involved in the merger, demerger or acquisition, such that the shareholders' meeting or resolutions cannot be convened or passed or where the proposal has been voted against, the said companies shall immediately publicly disclose the occurrence, reasons, subsequent measures and projected dates for shareholders' meetings.</p> <p>2) Other Issues of Note</p> <p>a) Dates of Board of Directors' meeting and shareholders' meeting:</p> <p>A company participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for five (5) years for reference:</p> <p>1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p>	<p>shareholders along with the notices of shareholders' meeting to vote for or against the said merger, demerger or acquisition. Without prejudice to the aforesaid, it shall not apply where pursuant to other laws and regulations, shareholders' resolutions are not required in respect of mergers, demergers or mergers.</p> <p>c) Where there is insufficient quorum, votes or other legal restrictions for convening shareholders' meetings of any of the companies involved in the merger, demerger or acquisition, such that the shareholders' meeting or resolutions cannot be convened or passed or where the proposal has been voted against, the said companies shall immediately publicly disclose the occurrence, reasons, subsequent measures and projected dates for shareholders' meetings.</p> <p>2) Other Issues of Note</p> <p>a) Dates of Board of Directors' meeting and shareholders' meeting:</p> <p>A company participating in a merger, demerger, or acquisition shall convene a Board of Directors meeting and shareholders' meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall prepare a full written record of the following information and retain it for five (5) years for reference:</p> <p>1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p>	
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	<p>2. Date of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.</p> <p>3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, <u>within two (2) days</u> of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out at preceding paragraph "basic identification data for personnel" and "Date of material events" to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the later is required to abide by the previous provisions.</p> <p>b) Undertaking to maintain confidentiality prior to public disclosure: All persons involved in or aware of the proposals relating to the merger, demerger or acquisition of their companies or transfer of shareholding shall furnish in writing their undertaking to maintain confidentiality, and shall not, prior to the information being publicly disclosed, not disclose the contents of the said proposal, or on their own names or in the names of other persons, trade in the shares and other securities of an equity nature, of all the companies involved in the said merger, demerger, acquisition or transfer of shareholding.</p> <p>c) Principles regarding determination of and amendment to share-swap ratio or acquisition price: Except under the following circumstances, which circumstances shall be also stipulated in the</p>	<p>2. Date of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.</p> <p>3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, the Company shall, <u>within two (2) days commencing immediately from the date of</u> passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out at preceding paragraph "basic identification data for personnel" and "Date of material events" to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Company shall sign an agreement with such company whereby the later is required to abide by the previous provisions.</p> <p>b) Undertaking to maintain confidentiality prior to public disclosure: All persons involved in or aware of the proposals relating to the merger, demerger or acquisition of their companies or transfer of shareholding shall furnish in writing their undertaking to maintain confidentiality, and shall not, prior to the information being publicly disclosed, not disclose the contents of the said proposal, or on their own names or in the names of other persons, trade in the shares and other securities of an equity nature, of all the companies involved in the said merger, demerger, acquisition or transfer of shareholding.</p> <p>c) Principles regarding determination of and amendment to share-swap ratio or acquisition price: Except under the following circumstances, which circumstances shall be also stipulated in the</p>	<p>Pursuant to the Article 24 of the Guidelines, specifying the date in a more clearly way.</p>
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	<p>contracts for merger, demerger, acquisition or shareholding transfer for the purposes of variations to the terms therein, the Company shall not change the share swap ratio or acquisition price:</p> <p>i) Increase in share capital by way of new issues; issuance of convertible bonds; distribution of stock dividends without consideration; issuance of corporate bonds attached with warrants; issuance of special shares attached with warrants; issuance of warrants or other securities of equity nature;</p> <p>ii) Disposal of the Company's major assets such that the Company's finances and businesses will be affected;</p> <p>iii) Occurrence of major disasters and major transformation in technology such that the shareholders' equity or the price of its stock will be affected;</p> <p>iv) Adjustments by any of the companies involved in the said merger, demerger, acquisition or shareholding transfer resulting from treasury stock in accordance with law;</p> <p>v) Changes in the corporate entity or number of companies involved in the said merger, demerger, acquisition or shareholding transfer; and</p> <p>vi) Other terms stipulated in the contracts as being variable, and which have already been publicly disclosed.</p> <p>d) Items to be stipulated in the contracts: Other than in conformity with Article 317-1 of the Company Law and Article 22 of Corporate Merger and Acquisition Act, the contracts for merger, demerger, acquisition or shareholding transfer shall stipulate the following items:</p> <p>i) Measures for breach of contract;</p> <p>ii) Principles for handling shares or securities of an equity nature that have been issued by extinguished companies as a result of merger or companies prior to their demerger or shares</p>	<p>contracts for merger, demerger, acquisition or shareholding transfer for the purposes of variations to the terms therein, the Company shall not change the share swap ratio or acquisition price:</p> <p>i) Increase in share capital by way of new issues; issuance of convertible bonds; distribution of stock dividends without consideration; issuance of corporate bonds attached with warrants; issuance of special shares attached with warrants; issuance of warrants or other securities of equity nature;</p> <p>ii) Disposal of the Company's major assets such that the Company's finances and businesses will be affected;</p> <p>iii) Occurrence of major disasters and major transformation in technology such that the shareholders' equity or the price of its stock will be affected;</p> <p>iv) Adjustments by any of the companies involved in the said merger, demerger, acquisition or shareholding transfer resulting from treasury stock in accordance with law;</p> <p>v) Changes in the corporate entity or number of companies involved in the said merger, demerger, acquisition or shareholding transfer; and</p> <p>vi) Other terms stipulated in the contracts as being variable, and which have already been publicly disclosed.</p> <p>d) Items to be stipulated in the contracts: Other than in conformity with Article 317-1 of the Company Law and Article 22 of Corporate Merger and Acquisition Act, the contracts for merger, demerger, acquisition or shareholding transfer shall stipulate the following items:</p> <p>i) Measures for breach of contract;</p> <p>ii) Principles for handling shares or securities of an equity nature that have been issued by extinguished companies as a result of merger or companies prior to their demerger or shares</p>	
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	<p>that have been acquired following a buyback program;</p> <p>iii) The principles for handling treasury stock by the companies involved and the quantity associated therewith in accordance with law subsequent to the record date on which the share-swap ratio is set;</p> <p>iv) Measures to be taken where there are changes in the corporate entity or number of companies involved;</p> <p>v) Projected progress of implementation of proposal and projected completion date;</p> <p>vi) Where the proposal could not be completed in time, the relevant measures to be taken such as the date of shareholders' meeting to be convened in accordance with law.</p> <p>e) Where, following the public disclosure of information relating to the merger, demerger, acquisition or shareholding transfer, any of the companies involved proposes to undergo merger, demerger, acquisition or shareholding transfer with other companies, the completed processes or legal proceeding relating to the original merger, demerger, acquisition or shareholding transfer shall be re-instituted by all of the companies involved (re-acted upon), except where there is a reduction in the number of companies involved, and the shareholders' meeting had resolved and authorized the Board of Directors to undertake variations, in which case the companies involved shall not be required to convene another shareholders' meeting for new resolutions.</p> <p>f) Where the companies involved in the merger, demerger, acquisition or shareholding transfer are not public companies, the Company shall execute contracts with the same, and shall furthermore be in compliance with items a), b) and e) herein.</p>	<p>that have been acquired following a buyback program;</p> <p>iii) The principles for handling treasury stock by the companies involved and the quantity associated therewith in accordance with law subsequent to the record date on which the share-swap ratio is set;</p> <p>iv) Measures to be taken where there are changes in the corporate entity or number of companies involved;</p> <p>v) Projected progress of implementation of proposal and projected completion date;</p> <p>vi) Where the proposal could not be completed in time, the relevant measures to be taken such as the date of shareholders' meeting to be convened in accordance with law.</p> <p>e) Where, following the public disclosure of information relating to the merger, demerger, acquisition or shareholding transfer, any of the companies involved proposes to undergo merger, demerger, acquisition or shareholding transfer with other companies, the completed processes or legal proceeding relating to the original merger, demerger, acquisition or shareholding transfer shall be re-instituted by all of the companies involved (re-acted upon), except where there is a reduction in the number of companies involved, and the shareholders' meeting had resolved and authorized the Board of Directors to undertake variations, in which case the companies involved shall not be required to convene another shareholders' meeting for new resolutions.</p> <p>f) Where the companies involved in the merger, demerger, acquisition or shareholding transfer are not public companies, the Company shall execute contracts with the same, and shall furthermore be in compliance with items a), b) and e) herein.</p>	
Article 12	<p>Procedure for Public Disclosure of Information</p> <p>1) Items to be publicly disclosed and standard for public disclosure and report</p> <p>a) <u>Real property obtained from related parties;</u></p>	<p>Procedure for Public Disclosure of Information</p> <p>1) Items to be publicly disclosed and standard for public disclosure and report</p> <p>a) <u>Acquisition or disposal of real property from or</u></p>	<p>Pursuant to the Article 30 of the Guidelines, the procedure for public announcements</p>

	<p><u>b) Undertaking investments in the Mainland:</u></p> <p><u>c) Undertaking merger, demerger, merger or shareholding transfer;</u></p> <p><u>d) Loss in derivative trade in an amount exceeding the limits for all trades or individual trade as stipulated in Article 10 1) f);</u></p> <p><u>e) Transactions relating to assets other than those stipulated hereinabove, where their transaction amounts reach twenty per cent (20%) of the Company's paid-in capital or equal or greater than NT\$300 million, with the following exceptions:</u></p> <p>i) Sale and purchase of government bonds;</p> <p>ii) Sale and purchase of bonds with call or put options;</p> <p>iii) The assets so acquired or disposed are equipments for business purposes and in which the counterparties are not related parties, and that the transaction amount less than NT\$500 million;</p> <p>iv) Real property obtained by way of entrusted construction on own land, division of property or profits deriving from sale of property following joint-development, where the projected amount to be invested in the transaction less than NT\$500 million;</p> <p><u>f) The calculation of transaction amount for e) above as follows:</u></p> <p>i) Each single transaction amount;</p> <p>ii) Cumulative amount for transactions with the</p>	<p><u>to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements;</u></p> <p><u>b) Undertaking merger, demerger, merger or shareholding transfer;</u></p> <p><u>c) Loss in derivative trade in an amount exceeding the limits for all trades or individual trade as stipulated in Article 10 1) f);</u></p> <p><u>d) Transactions relating to assets other than those stipulated hereinabove, or undertaking investments in Mainland, where their transaction amounts reach twenty per cent (20%) of the Company's paid-in capital or equal or greater than NT\$300 million, with the following exceptions:</u></p> <p>i) Sale and purchase of government bonds;</p> <p>ii) Sale and purchase of bonds with call or put options;</p> <p>iii) The assets so acquired or disposed are equipments for business purposes and in which the counterparties are not related parties, and that the transaction amount less than NT\$500 million;</p> <p>iv) Real property obtained by way of entrusted construction on own land, <u>engaging others to construct on rented land</u>, division of property or profits deriving from sale of property following joint-development, where the projected amount to be invested in the transaction less than NT\$500 million;</p> <p><u>e) The calculation of transaction amount for d) above as follows:</u></p> <p>i) Each single transaction amount;</p> <p>ii) Cumulative amount for transactions with the</p>	<p>of transactions with related parties is revised.</p> <p>Public announcement of investing in the Mainland will follow the same procedure as other asset acquisition or disposition.</p> <p>When the projected amount to engage others to construct on rented land is less than NT\$500 million, public disclosure may be exempted.</p>
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	<p>same counterparty within one (1) year or acquisition or disposal of subject matters of similar nature;</p> <p>iii) Cumulative amount for acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of real property under the same development project within one (1) year;</p> <p>iv) Cumulative amount for acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of the same securities within one (1) year.</p> <p>2) Time Limit for Public Announcement and Reports Public announcement and submission of report in respect of acquisition or disposition of assets by the Company under items <u>a) to e) above</u> shall be undertaken within two (2) days of <u>the event</u>.</p> <p>3) Procedure for Public Announcement</p> <p>a) The Company shall undertake public announcement and report at the web-site appointed by the FSC;</p> <p>b) The Company shall on a monthly basis, and before the 10th day of each month, enter at the information and reporting web-site appointed by the FSC, all derivative trades undertaken for the preceding month by the Company and its non-public subsidiaries;</p> <p>c) Where there are errors and omissions for which corrections are required in the Company's public announcement and reports in conformity with regulations, the Company shall cause all of the items to be re-published;</p>	<p>same counterparty within one (1) year or acquisition or disposal of subject matters of similar nature;</p> <p>iii) Cumulative amount for acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of real property under the same development project within one (1) year;</p> <p>iv) Cumulative amount for acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of the same securities within one (1) year.</p> <p><u>f) "Within one (1) year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</u></p> <p>2) Time Limit for Public Announcement and Reports Public announcement and submission of report in respect of acquisition or disposition of assets by the Company under items <u>a) to d) above</u> shall be undertaken within two (2) days of <u>the occurrence of the event</u>.</p> <p>3) Procedure for Public Announcement</p> <p>a) The Company shall undertake public announcement and report at the web-site appointed by the FSC;</p> <p>b) The Company shall on a monthly basis, and before the 10th day of each month, enter at the information and reporting web-site appointed by the FSC, all derivative trades undertaken for the preceding month by the Company and its non-public subsidiaries;</p> <p>c) Where there are errors and omissions for which corrections are required in the Company's public announcement and reports in conformity with regulations, the Company shall cause all of the items to be re-published;</p>	
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<p>d) Where any of the following events has occurred following the Company's public announcement and reports in respect of its transactions pursuant to regulations, the Company shall <u>within two (2) days of the said events</u> undertake public announcement and report in respect of the relevant information at the web-site appointed by FSC:</p> <p>i) Amendment, termination or cancellation of the contracts relating to the original transaction;</p> <p>ii) Failure of merger, demerger, acquisition or shareholding transfer to be completed at the prescribed dates.</p> <p>4) Format of Pubic Announcement</p> <p>a) For the sale and purchase by the Company of securities in local or international centralized exchanges or over-the-counter markets, the matters to be announced and the format for public announcement shall be as those in Appendix 2;</p> <p>b) For real property obtained by way of entrusted construction on own land, division of property or profits deriving from sale of property following joint-development, the matters to be announced and the format for public announcement shall be as those in Appendix 3;</p> <p>c) For acquisition or disposal of real property and other fixed assets and acquisition of real property from related parties, the format for public announcement shall be as those in Appendix 4;</p> <p>d) For sale and purchase of securities, club memberships and intangible assets not conducted through centralized exchanges or the over the counter markets, the format for public announcement shall be as those in Appendix 5;</p> <p>e) For investments in the Mainland, the format for public announcement shall be as those in Appendix 6;</p>	<p>d) Where any of the following events has occurred following the Company's public announcement and reports in respect of its transactions pursuant to regulations, the Company shall <u>within two (2) days, commencing immediately from the date of the occurrence of the said events,</u> undertake public announcement and report in respect of the relevant information at the web-site appointed by FSC:</p> <p>i) Amendment, termination or cancellation of the contracts relating to the original transaction;</p> <p>ii) Failure of merger, demerger, acquisition or shareholding transfer to be completed at the prescribed dates.</p> <p><u>iii) Change to the originally publicly announced and reported information.</u></p> <p>4) Format of Pubic Announcement</p> <p>a) For the sale and purchase by the Company of securities in local or international centralized exchanges or over-the-counter markets, the matters to be announced and the format for public announcement shall be as those in Appendix 2;</p> <p>b) For real property obtained by way of entrusted construction on own land, division of property or profits deriving from sale of property following joint-development, the matters to be announced and the format for public announcement shall be as those in Appendix 3;</p> <p>c) For acquisition or disposal of real property and other fixed assets and acquisition of real property from related parties, the format for public announcement shall be as those in Appendix 4;</p> <p>d) For sale and purchase of securities, club memberships and intangible assets not conducted through centralized exchanges or the over the counter markets, the format for public announcement shall be as those in Appendix 5;</p> <p>e) For investments in the Mainland, the format for public announcement shall be as those in Appendix 6;</p>	<p>Pursuant to the Article 31 of the Guidelines, additional paragraph is added.</p>
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	<p>f) For derivative trades, public announcement shall be undertaken within two (2) days of their trades, and the format for the said public announcement shall be as those in Appendix 7(1);</p> <p>g) For derivative trades, public announcement shall also be undertaken before the 10th day of each month, and the format for the said public announcement shall be as those in Appendix 7(2);</p> <p>h) For merger, demerger, acquisition or shareholding transfer, the format for public announcement shall be as that in Appendix 8.</p>	<p>f) For derivative trades, public announcement shall be undertaken within two (2) days of their trades, and the format for the said public announcement shall be as those in Appendix 7(1);</p> <p>g) For derivative trades, public announcement shall also be undertaken before the 10th day of each month, and the format for the said public announcement shall be as those in Appendix 7(2);</p> <p>h) For merger, demerger, acquisition or shareholding transfer, the format for public announcement shall be as that in Appendix 8.</p>	
Article 14	<p>Subsidiaries of the Company shall comply with the following:</p> <p>1) The subsidiaries shall also <u>formulate</u> their respective "Procedures for Acquisition or Disposition of Assets" in accordance with the provisions of "Regulations Governing Acquisition and Disposition of Assets by Public Companies", after the approval of their respective Board of Directors and shareholders' meeting, a copy of the said procedures shall be submitted to the accounting department of the Company and the subsidiary shall be listed and summarized by the accounting department of the Company to the Company's Board of Directors for approval. The aforesaid shall also apply to amendments to the said procedures.</p> <p>2) The Board of Directors of the respective subsidiaries shall formulate the limits in respect of the said subsidiaries' acquisition of real property that are not for business use or the aggregate amount of securities or individual securities it may invest.</p> <p>3) Where the subsidiaries are not local public companies, the Company shall undertake the public announcement and report in respect of the said subsidiaries' acquisition or disposal of assets, where the same are required to be disclosed pursuant to the provisions of "Regulations Governing Acquisition or Disposition of Assets by Public Companies".</p> <p>4) For public announcement and reports of</p>	<p>Subsidiaries of the Company shall comply with the following:</p> <p>1) The subsidiaries shall also <u>formulate and implement</u> their respective "Procedures for Acquisition or Disposition of Assets" in accordance with the provisions of "Regulations Governing Acquisition and Disposition of Assets by Public Companies", after the approval of their respective Board of Directors and shareholders' meeting, a copy of the said procedures shall be submitted to the accounting department of the Company and the subsidiary shall be listed and summarized by the accounting department of the Company to the Company's Board of Directors for approval. The aforesaid shall also apply to amendments to the said procedures.</p> <p>2) The Board of Directors of the respective subsidiaries shall formulate the limits in respect of the said subsidiaries' acquisition of real property that are not for business use or the aggregate amount of securities or individual securities it may invest.</p> <p>3) Where the subsidiaries are not local public companies, the Company shall undertake the public announcement and report in respect of the said subsidiaries' acquisition or disposal of assets, where the same are required to be disclosed pursuant to the provisions of "Regulations Governing Acquisition or Disposition of Assets by Public Companies".</p> <p>4) For public announcement and reports of</p>	<p>Pursuant to the Article 33 of the Guidelines, wordings are revised.</p>

	<p>subsidiaries, "twenty per cent (20%) of the companies' paid-in capital" shall mean the paid-in capital of the Company.</p> <p>5) The subsidiaries shall examine if their respective "Procedures for Acquisition or Disposition of Assets" is in conformity with the "Regulations Governing Acquisition and Disposition of Assets by Public Companies", and shall examine if their acquisitions and dispositions of assets follows the said procedures. The auditing department of the Company shall review the examination reports of subsidiaries.</p>	<p>subsidiaries, "twenty per cent (20%) of the companies' paid-in capital, <u>or ten per cent (10%) of the total assets</u>" shall mean the paid-in capital and <u>the total assets</u> of the Company.</p> <p>5) The subsidiaries shall examine if their respective "Procedures for Acquisition or Disposition of Assets" is in conformity with the "Regulations Governing Acquisition and Disposition of Assets by Public Companies", and shall examine if their acquisitions and dispositions of assets follows the said procedures. The auditing department of the Company shall review the examination reports of subsidiaries.</p>	
Article 16	<p>Following the approval by the Board of Directors of these Procedures, the same shall be forwarded to the respective Supervisors and shall furthermore be submitted for approval at the shareholders' meeting. The same procedure shall apply in the case of amendments. The Directors' dissents recorded in the meeting minutes or written statements shall also be forwarded by the Company to the Supervisors.</p>	<p>Following the approval by the Board of Directors of these Procedures, the same shall be forwarded to the respective Supervisors and shall furthermore be submitted for approval at the shareholders' meeting. The same procedure shall apply in the case of amendments. The Directors' dissents recorded in the meeting minutes or written statements shall also be forwarded by the Company to the Supervisors.</p> <p><u>Where the position of Independent Director has been created, when a matter is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board meeting.</u></p>	<p>As the position of Independent Director is created in the Company, additional paragraph is added.</p>

\*In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.

## Attachment X

### Overview of “Meeting Rules of Stockholders for Far Eastern New Century Corporation” amendments

Section	Current Articles	Proposed Changes	Reasons
Article 2	<p>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 stockholders (or proxies) when attending the meeting shall wear admission badge and hand in signed attendance form <u>to be used to calculate the number of attending shares.</u></p> <p>The Company may appoint lawyers, accountants or related personnel to attend the stockholders' meeting.</p> <p>The personnel in charge of handling the affaires of the meeting shall wear</p>	<p>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 stockholders (or proxies) when attending the meeting shall wear admission badge and hand in signed attendance form.</p> <p><u>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.</u></p> <p><u>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.</u></p> <p>The Company may appoint lawyers, accountants or related personnel to attend the stockholders' meeting.</p> <p>The personnel in charge of handling the affaires of the meeting shall wear</p>	<p>In order to incorporate electronic casting of vote as one of the alternatives to cast the vote in the stockholders' meeting, wording of paragraph 1 is revised and paragraph 2 and 3 are added..</p>

	<p>identification badge or armband.</p> <p>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. 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.</p> <p>The complete processes of the meeting shall be recorded by voice or video recorders and all the records shall be kept by the Company for a minimum period of at least one year.</p>	<p>identification badge or armband.</p> <p>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. 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.</p> <p>The complete processes of the meeting shall be recorded by voice or video recorders and all the records shall be kept by the Company for a minimum period of at least one year.</p>	
Article 11	<p>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 the chairperson inquires and receives no objection. The validity of such approval has the same effect as if the resolution has been put to vote.</u></p>	<p>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.</p> <p><u>The proposal for a resolution shall be deemed approved if no objection expressed by stockholders casting their votes via</u></p>	<p>The Company has adopted the electronic vote casting. So, wordings of paragraph 1 are revised, and paragraph 2 and 3 are added.</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.</p> <p>The results of voting shall be reported on the spot and kept for records.</p>	<p><u>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></p> <p><u>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.</u></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.</p> <p>The results of voting shall be reported on the spot and kept for records.</p>	
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\*In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.

# Attachment XI

## Nominated Candidates of Independent Directors

Candidate of Independent Directors (National ID No. / shareholder No.)	Major educational background	Current position	Working experiences	No. of shares held
<b>Mr. Bao-Shuh Paul Lin</b> T101825311	<ul style="list-style-type: none"> <li>• Ph.D. in Computer Science, University of Illinois at Chicago, USA</li> <li>• Master in Computer Engineering, University of Florida, USA</li> <li>• Master, Graduate School of Electronics Engineering, National Chiao Tung University, Taiwan</li> <li>• Bachelor, School of Electrical Control Engineering, National Chiao Tung University, Taiwan</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Director of Microelectronics and Information Systems Research Center, National Chiao Tung University, Taiwan</li> <li>• Chair Professor, Department of Computer Science, National Chiao Tung University, Taiwan</li> </ul>	<ul style="list-style-type: none"> <li>• General Director, Computer Communications Research Division, Industrial Technology Research Institute</li> <li>• Senior Vice President, Global Research Labs, Philips Electronics</li> <li>• Senior Manager, Teknekron Communication Corp. USA</li> <li>• Advanced researcher, Bell Labs of Lucent Technologies (previously known as AT&amp;T)</li> </ul>	0 share
<b>Mr. Johnsee Lee</b> P100035891	<ul style="list-style-type: none"> <li>• Ph.D. , Illinois Institute of Technology, USA</li> <li>• MBA, University of Chicago, USA</li> <li>• Executive AMP Program, Harvard Business School</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman, Development Center for Biotechnology</li> <li>• Director, Taiwan Semiconductor Manufacturing Corporation</li> <li>• Director, Ti-Shiue Biotech, Inc.</li> <li>• Independent Director, LCY Technology Corporation</li> <li>• Independent Director, Zhen Ding Technology Holding Limited.</li> </ul>	<ul style="list-style-type: none"> <li>• President, Industrial Technology Research Institute.</li> <li>• Senior Manager, Johnson Matthey Incorporate, USA</li> <li>• Director, Argonne National Laboratory, USA</li> <li>• Member of the Presidential Science and Technology Advisory Committee.</li> </ul>	0 share
<b>Mr. Bing Shen</b> A110904552	<ul style="list-style-type: none"> <li>• MBA, Business School, Harvard University, USA</li> <li>• Bachelor, School of Public and International Affairs, Princeton University, USA</li> </ul>	<ul style="list-style-type: none"> <li>• Supervisor and Chairman of the Audit Committee of CTCI Corporation</li> <li>• Independent Non-executive Director and Chairman of the Audit Committee, Delta Networks (Cayman) Inc.</li> <li>• Independent Director, The Taiwan Fund, Inc.</li> <li>• Independent Director, Far Eastern International Bank</li> </ul>	<ul style="list-style-type: none"> <li>• Vice President and Executive Director, Morgan Stanley</li> <li>• Executive Vice President, China Development Industrial Bank (CDIB)</li> <li>• President of CDIB &amp; Partners Investment Holding</li> </ul>	0 share

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## Attachment XII

### Current shareholding of Directors and Supervisors

Book closure date: 29 April 2012

Position	Name of persons or companies	Representatives appointed	Number of shares held	Percentage of shares held
Chairman	Douglas Tong Hsu	--	55,618,621	1.14%
Director	Asia Cement Corporation	Peter Hsu	1,092,535,039	22.31%
		Shaw Y. Wang		
		Champion Lee		
		G. M. Wang		
Director	Yue Ding Industry Company	Johnny Shih	2,672,965	0.05%
		Raymond Hsu		
Director	Far Eastern Department Stores Ltd.	Y. H. Tseng	18,264,926	0.37%
		Richard Yang		
		Kwan-Tao Li		
Director	Pai Yang Investment Corp.	Tonia Katherine Hsu	2,027,842	0.04%
Supervisor	U-Ming Marine Transport Corporation	T. H. Chang	28,527,182	0.58%
		Alice Hsu		
Supervisor	Yuan Ding Corporation	Ching-Ing Hou	713,032	0.01%

**Note:**

1. The total issued and outstanding shares on the book closure date: 4,897,217,358 shares
2. The minimum required combined shareholding of all directors by law: 146,916,521 shares  
The combined shareholding of all directors on the book closure date: 1,171,119,393 shares
3. The minimum required combined shareholding of all supervisors by law: 14,691,652 shares  
The combined shareholding of all supervisors on the book closure date: 29,240,214 shares
4. The shares held by each individual representative appointed are not counted in the calculation of the combined shareholding of all directors and supervisors.

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## **Attachment XIII**

### **Information about the bonus of employees and compensation of Directors and Supervisors**

The bonus of employees and compensation of Directors and Supervisors were resolved by the Board of Directors on 21 March 2012. Pursuant to the rule issued by Financial Supervisory Commission (Letter No. FSC6-0960013218) on 30 March 2007, the relevant information is disclosed below:

- a. Cash bonus to employees: NT\$421,266,009
- b. Cash compensation to Directors and Supervisors: NT\$315,949,507
- c. Bonus and compensation in shares, options, warranties, and other equity-linked forms: None
- d. Discrepancy between the amount estimated as expense in Year 2011 financial statements and the amount actually paid, and reasons for such discrepancy: 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 Law 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. 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 Law, 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 by the Board of Directors where it thinks necessary or by way of written request by shareholders who have held continuously the Company's total issued shares for more than 1 year and whose shareholdings are greater than 3% of the Company's issued shares.

Other than where the Board of Directors has not convened or is unable to convene shareholders' meeting, the Supervisor may also convene shareholders' meeting for the benefit of the Company.

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 Law, 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 stamped with the seal of the Company 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 Law, 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 Law 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, Supervisors and Managers**

Article 16 There shall be 10 to 15 Directors and 3 Supervisors 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 and Supervisors shall be determined according to the provisions of "Rules and Review Procedures for Director and Supervisor Ownership Ratios at Public Companies".

The Company's independent directors shall not be less than two in number and should be at least one-fifth of total director seats.

Independent directors shall be elected by adopting candidate nomination system in accordance with the Article 192-1 of Company Law. A shareholder shall elect the independent directors from the nominees listed in the roster of independent director 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 17 The respective appointments of Directors and Supervisors 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 Law, 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 The Supervisors shall perform their supervising duties in accordance with law; furthermore Supervisors may attend meetings of the Board of Directors and present their views, but may not have voting rights. Supervisors may elect from among them a Resident Supervisor to perform the



daily supervisory duty.

Article 21 The remuneration of Directors and Supervisors shall be decided by the shareholders' meeting.

Article 22 The Company shall have a number of General Managers, Chief Operating Officers and Deputy General 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.

## **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 forward the same to the Supervisors for review 30 days prior to the General Shareholders' Meeting, following which the said statements reviewed by the Supervisors and their reports shall be submitted 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 The distribution of dividends 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. Dividends shall be distributed at the ratio as set forth in these Articles of Incorporation aimed at maintaining the stability of 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 dividends, the cash dividends is not less than 10% of the aggregate sum of dividends and bonus distributed in the same year.

Article 27 Apart from paying all its income taxes in the case where there are profits at the end of the 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 the following manner :

1. 60% as share interest, to be distributed based on shareholdings. However in the case of increase in the Company's share capital, unless otherwise stipulated by law, the share interest to

be distributed to the shareholders of increased shares for the year shall be decided by the shareholders' meeting;

2. 33% as shareholders' bonuses to be distributed based on shareholdings. However in the case of increase in the Company's share capital, the shareholders' bonus to be distributed to the shareholders of increased shares for the year shall be decided by the shareholders' meeting;
3. 4% as employees' bonuses
4. 3% as remuneration for Directors and Supervisors, the manner in which it is to be distributed shall be decided by the Board of Directors.

In the case of employees' bonuses in the form of stock dividends, the manner in which it is to be distributed shall be decided by the Board of Directors.

Article 28 All matters not covered herein shall be undertaken in accordance with the Company Law 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

\*In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.

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

As last amended on June 12, 2002

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 stockholders (or proxies) when attending the meeting shall wear admission badge and hand in signed attendance form to be used to calculate the number of attending shares.

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. 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 or video recorders and all the records shall be kept by the Company for a minimum period of at least one year.

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 the chairperson inquires and receives no objection. The validity of such approval has the same effect as if the resolution has been put to vote.

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 shall be reported 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 Law, 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.

\*In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.

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

1. The election of directors and supervisors shall be pursued in accordance with the procedures herein.
2. The election of directors and supervisors adopts the method of accumulated vote-counts. The attendance card number of the voters shall be used on the ballot instead of the name of the voters. The ballots shall be prepared by the board of directors, numbered according to the attendance card numbers and noted with share number represented for voting.
3. The election of directors and supervisors shall be pursued according to the number of position required. The independent, non-independent directors, and supervisors shall be elected at the same time, and the number of votes for elected candidates shall be calculated separately, and the candidates that obtain more number of votes shall be elected. If there are more than two candidates obtaining the same number of vote but the number of position offered is limited, a draw shall be made amongst the two candidates to determine. The chairperson shall conduct the drawing for the candidate who is absent.
4. In the beginning of the election, the chairperson shall assign two personnel for vote overseeing and vote counting, respectively. The personnel for vote overseeing shall be of the stockholder status.
5. The responsibility of the vote-overseeing personnel's responsibility shall be as follows:
  - i. Check and seal the ballot box in public before ballot casting.
  - ii. Maintain the order and check for any negligence and illegality for voting.
  - iii. Unseal the ballot box and check the ballot number after ballot casting.
  - iv. Check for any invalid ballots and hand in the valid ballots to the vote-counting personnel.
  - v. Oversee the vote-counting personnel recording the ballot numbers received by each candidate.
6. If the candidate is a natural person with the stockholder status, the voters shall fill out the ballot with the name and stockholder number of the candidate. If the candidate is not of the stockholder status, the ballot shall be filled out with the name and identification number of the candidate. If the candidate is the government or juristic stockholder, the ballot shall be filled out with the number, the name of government or juristic person and the representative name. If there are more than one representative, all the representative names shall be listed.
7. The ballot shall be considered invalid in any of the following situations:
  - i. Not the ballot provided under the rules herein
  - ii. One ballot with more than two candidate names listed
  - iii. Blank ballot
  - iv. Ballot not filled out according to article 6 or ballot with unrelated writing to this election
  - v. Written characters blurred and not legible
  - vi. Incorrect candidate information on the ballot
8. There shall be one ballot box for director and supervisor elections, respectively. The ballot counting shall be pursued separately for the two elections.
9. When all the ballots are cast in the box, the personnel of vote overseeing and counting shall simultaneously unseal the ballot boxes.

10. The vote-overseeing personnel shall be present for vote counting.
11. If there is any question about the ballot, the vote-overseeing personnel shall check whether it is invalid. The invalid ballots shall be collected and kept separately. The vote-overseeing personnel shall designate them as the invalid with signature and seal after ballot counting.
12. For the results of ballot counting, the vote-overseeing personnel shall make sure of correctness of the total ballot numbers after combining the numbers of the valid and invalid ballots. The numbers of the valid and invalid ballots shall be recorded separately and the chairperson shall announce the elected.
13. The elected directors and supervisors shall be given the election notification by the board of directors.
14. The rules herein take effect after approval at the stockholders' meeting. The same apply for any amendments.

\*In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.