



## Minutes of 2009 Annual General Shareholders' Meeting of Far Eastern Textile Limited

**Date:** Friday, 26 June 2009

**Time:** 9:00 a.m. Taipei time

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

### Shareholders present:

Total number of outstanding shares: 4,569,953,824 shares

Number of shareholders and shareholder representatives present: 639 persons

Total shares represented by shareholders present: 3,999,556,774 shares

Percentage of shares held by shareholders present: 87.519%

### Invited observers:

Certified Public Accountant: Mr. Shih Ching-Pin, Mr. Wu En-Ming

Attorney: Mr. Chiang Ta-Chung

**Chairman:** Mr. Douglas T. Hsu, Chairman of the Board of Directors

**Recorder:** Ms. Grace Yang

**A. Meeting called to order** (The aggregate shares of the shareholders present in person or by proxy constituted a quorum.)

### B. Chairman's address

### C. Reported items:

- a. 2008 business operations (See attachment I)
- b. 2008 financial statements (See attachment II)
- c. Supervisors' review report of 2008 business operations and financial statements (See attachment III)
- d. Information of the issuance of corporate bonds in 2008 (See attachment VIII)

A shareholder (Shareholder Number of 314803 and 327904) appreciated the company's operation performance last year.

### D. Resolutions:

#### 1. To accept 2008 business report and financial statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of 2008 business report and financial statements.

Explanatory Notes:

- i. FETL's 2008 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. Wu En-Ming of Deloitte & Touche, and have been examined by and determined to be correct and accurate by Supervisors of FETL. We thereby submit this report.
- ii. The 2008 business report, independent auditors' audit report, Supervisors' report, and the abovementioned financial statements are attached as Attachments I, II, III, and IV.
- iii. Please accept the abovementioned business report and financial statements

Upon inquires for comments, the Chairman received no objection, and the resolution was adopted unanimously by the shareholders present: RESOLVED, that the 2008 business report and financial statements be and hereby were accepted as submitted.

## **2. To approve the proposal for distribution of 2008 profits**

The Board of Directors proposes and recommends that each shareholder vote FOR the distribution of 2008 profits.

Explanatory Notes:

- i. Cash dividends to common share holders: Totaling NT\$3,655,963,060. Each common share holder will be entitled to receive a cash dividend of NT\$0.8 per share.
- ii. Stock dividends to common share holders: Totaling NT\$913,990,770. Each common share holder will be entitled to receive a stock dividend of 20 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 FETL 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 FETL 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 2008 profit allocation proposal is attached as Attachment V.
- vi. Please approve the abovementioned proposal for the distribution of 2008 profits.

Upon inquires for comments, the Chairman received no objection, and the resolution was adopted unanimously by the shareholders present: RESOLVED, that the proposal for 2008 profit distribution be and hereby was accepted as proposed.

## **3. To approve amending the Far Eastern Textile Limited Bylaws on "Procedures for Lending of Capital to Others" and "Procedures for Endorsements and Guarantees"**

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

Explanatory Notes:

- i. Pursuant to the newly promulgated regulations (Letter No. FSC6-0980000271) by the ROC Financial Supervisory Commission announced on 15 January 2009, it is proposed to amend Article 1, Article 2, Article 4, Article 5, Article 6, Article 8, and Article 9 of the company bylaw on "Procedures for Lending of Capital to Others", and to amend the Article 2, Article 4, Article 8 and Article 9 of the company bylaw on "Procedures for Endorsements and Guarantees".
- ii. The overview table for the "Procedures for Lending of Capital to Others" Before and After amendments is attached as Attachment VI.
- iii. The overview table for the "Procedures for Endorsements and Guarantees" Before and After amendments is attached as Attachment VII.
- iv. Please approve the proposal for the amendments of the abovementioned bylaws.

Upon inquires for comments, the Chairman received no objection, and the resolution was adopted unanimously by the shareholders present: RESOLVED, that the proposals for amending the Far Eastern Textile Limited Bylaws on "Procedures for Lending of Capital to Others" and "Procedures for Endorsements and Guarantees" be and hereby were accepted as proposed.

#### **4. To approve the capitalization of 2008 stock dividends**

The Board of Directors proposes and recommends that each shareholder vote FOR the capitalization of 2008 stock dividends.

Explanatory Notes:

- i. For the purpose of improving the financial and capital structure, it is proposed that FETL's paid-in capital be increased by capitalizing the stock dividends to common share holders of NT\$913,990,770.
- ii. A total number of 91,399,077 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 20 common shares for each 1,000 common shares held by such shareholder.
- iii. 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 Far Eastern Recreation Center Employee's Welfare Committee of FETL.
- iv. 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.
- v. The shareholders' rights and obligations of the new shares are the same as those of the existing shares.
- vi. After the capitalization of 2008 stock dividends, the total number of issued common shares will be 4,661,352,901 shares, at par value of NT\$10 each share. The paid-in capital will

amount to NT\$46,613,529,010.

- vii. Please approve the proposal for the capitalization of 2008 stock dividends.

Upon inquires for comments, the Chairman received no objection, and the resolution was adopted unanimously by the shareholders present: RESOLVED, that the proposal for the capitalization of 2008 stock dividends be and hereby was accepted as proposed.

#### 5. 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 nineteenth Directors and twenty-twelfth Supervisors were elected and appointed at the 2006 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. According to Article 16 and Article 17 of the Far Eastern Textile Limited 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.

Result of the election: Eleven Directors and three Supervisors were elected by the shareholders present. The list of the newly elected directors and supervisors with indication of votes received by each was disclosed as the following table:

Shareholder ID number	Title	Name	Votes Received
8	Director	Douglas Tong Hsu	3,972,273,844
118441	Director	Yue Ding Industry Co. Representative: Johnny Shih	3,405,290,273
319	Director	Asia Cement Corporation Representative: Shaw Y. Wang	3,085,141,286
319	Director	Asia Cement Corporation Representative: Champion Lee	3,062,512,714
118441	Director	Yue Ding Industry Co. Representative: Raymond Hsu	2,979,536,962
319	Director	Asia Cement Corporation Representative: Peter Hsu	2,912,680,316
844	Director	Far Eastern Department Stores Ltd Representative: Y.H. Tseng	2,885,195,975
143490	Director	Pai Yang Investment Corp. Representative: Tonia Katherine Hsu	2,854,676,038

844	Director	Far Eastern Department Stores Ltd Representative: Richard Yang	2,848,160,071
844	Director	Far Eastern Department Stores Ltd Representative: Kwan-Tao Li	2,831,163,971
319	Director	Asia Cement Corporation Representative: G.M. Wang	2,813,253,137
21778	Supervisor	U-Ming Marine Transport Corp. Representative: T. H. Chang	2,773,146,432
21778	Supervisor	U-Ming Marine Transport Corp. Representative: Alice Hsu	2,725,655,329
25953	Supervisor	Yuan Ding Corp. Representative: Ching-Ing Hou	2,324,668,547

**6. 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 its approval".
- 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 FETL. 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.

It is proposed by the newly elected directors to release the relevant Directors from the non-competition restriction under the Company Law. Slides presented in the meeting listing the positions of new directors and their representatives in other companies, in the same business or similar business as FETL, were summarized as the following table:

<b>Title</b>	<b>Name</b>	<b>Acting as Director/Manager of other companies in the same or similar business as FETL</b>	<b>Operations</b>
Director	Douglas Tong Hsu	Director of Everest Textile Co., Ltd.	Manufacture and distribution of spinning yarn and woven fabrics.
		Director of Fu Kwok Garment Manufacturing Co.	Manufacture and distribution of cotton and polyester fabrics.
		Chairman of Far Eastern Fibertech Co., Ltd	Manufacture and distribution of nylon fibers.
		Director of Freudenberg Far Eastern Spunweb Co.	Manufacture and distribution of nonwoven fabrics.
		Director of PET Packaging (HK) Limited	Selling PET resins and preforms.
		Chairman of Far Eastern International Garments, Inc.	Manufacture of various knitted and woven garments.
		Chairman of CEMTEX Apparel, Inc.	Manufacture of various knitted and woven garments.
		Chairman of Malaysia Garment Manufacturers Pte. Ltd.	Manufacture of various knitted and woven garments.
Director	Yue Ding Industry Co. Representative: Johnny Shih	Chairman of Everest Textile Co., Ltd.	Manufacture and distribution of spinning yarn and woven fabrics.
		Director of Far Eastern Fibertech Co., Ltd	Manufacture and distribution of nylon fibers.
		Director of Freudenberg Far Eastern Spunweb Co.	Manufacture and distribution of nonwoven fabrics.
		Director of PET Packaging (HK) Limited	Selling PET resins and preforms.
		President of Malaysia Garment Manufacturers Pte. Ltd.	Manufacture of various knitted and woven garments.
		President of PT Malaysia Garment Bitan	Manufacture of various knitted and woven garments.

Director	Yue Ding Industry Co. Representative: Raymond Hsu	Chairman and President of Fu Kwok Garment Manufacturing Co.	Manufacture and distribution of cotton and polyester fabrics.
		Chairman of An Ho Garment Co.	Manufacture of various knitted and woven garments and accessories.
		Director and President of Far Eastern International Garments, Inc.	Manufacture of various knitted and woven garments.
		Director of CEMTEX Apparel, INC	Manufacture of various knitted and woven garments.
		Director of Malaysia Garment Manufacturers Pte. Ltd.	Manufacture of various knitted and woven garments.
Director	Asia Cement Corporation Representative: Shaw Y. Wang	Director of Malaysia Garment Manufacturers Pte. Ltd.	Manufacture of various knitted and woven garments.
Director	Asia Cement Corporation Representative: Champion Lee	Director of Far Eastern Industries (Shanghai) Ltd.	Manufacture and distribution of polyester fibers, filaments and PET chips.
		Director of Chung Nan Textile Corp.	Retail and wholesale of cotton yarn and fabrics, polyester related products.
Director	Far Eastern Department Stores Ltd Representative: Y.H. Tseng	Director of Yuan Faun Ltd.	Selling PET bottles and packaging.
		Director of PET Far Eastern (M) SDN BHD	Manufacture and distribution of PET preform and PET bottles.
Director	Far Eastern Department Stores Ltd Representative: Kwan-Tao Li	Director of Tai Yuen Textile Co., Ltd.	Manufacture and distribution of cotton yarn, knitted and woven fabrics, dyed fabrics.

Upon inquires for comments, the Chairman received no objection, and the resolution was adopted unanimously by the shareholders present: RESOLVED, that the proposal for the release of the relevant Directors from the non-competition restriction under Article 209 of the Company Law be and hereby was accepted as proposed.

**E. Extemporary motion: None**

A shareholder (Shareholder number 0289809) admired the management's superior performance in the past and showed her continual supports for the company.

**F. Meeting adjourned**



# Attachment I

## 2008 Business report

The global economy experienced an unprecedented volatility in past one year. The sub-prime mortgage issue in the United States developed into a worldwide liquidity shortage, consequently led to an economic downturn. Fears of a downward spiral were then rising, and threatened to be self-fulfilling and to produce an economic catastrophe. Despite of controversy opinions about the consequences, collective efforts from major governments were made to finance the recapitalization of some major banks and financial institutions. Industries such as automobiles and petrochemicals announced aggressive labor cuts, capex reductions, and capacity closures. All phenomena demonstrated how severe the economic downturn we had just gone through was.

What compounded the management task in 2008 was the volatility of energy and commodities prices, which were also rare in the history. The price of crude oil, after surging to US\$147/bl, collapsed to below US\$40/bn on the fears of weak demand. Chemical raw materials for the polyester production, affected by crude oil prices, also saw a sharp price increase in 1H08 and then a vertical drop in 2H08. Managing the inventory level became challenging, and extremely crucial, especially when customers' buying was being slowed by the financial tightness.

In the environment of liquidity squeeze and sharply slowing activities, Far Eastern Textile Limited (FETL) has an opportunity to solidify its leadership in several business scopes where it operates, thanks to its operating experiences of sixty years and its commitment to the company motto – "Sincerity, Diligence, Thrift, Prudence, and Innovation". FETL is awarded by the CommonWealth Magazine the "Year 2008 Taiwan's Most Admired Company", an honorable recognition from the local society. Moreover, for its shareholders, the company maintains a strong financial position, delivers a positive bottom line, and improves several other non-financial value drivers, and those are recapped below.

### **Operating results**

Financially, FETL delivered a positive return to shareholders in 2008, in spite of the severity of the economic downturn. The consolidated revenue increased to NT\$172.9 billion, a 6% growth year over year. The consolidated profit before tax, minority interests, and extraordinary items achieved NT\$10.3 billion, and the net income was NT\$4.62 billion, translating to an earnings per share of NT\$1.01. The Board proposes to pay a cash dividend of NT\$0.8 per share and a share dividend of NT\$0.2 per share, and recommends each shareholder vote for the dividend payout. The operating results are discussed in the following:

#### ***Polyester and textile businesses***

FETL has been consistent on achieving vertically-integrated production and offering customers a comprehensive product family. In October 2008, the company completed two acquisition activities, taking advantage of the lower cost of acquisition in the market. We believe, over the long term, both acquisitions will serve to support our strategic goals and yield a satisfactory result.

First, FETL acquired a PTA production facility located at Quanyiin, Taiwan, with close proximity to the company's polyester production base and an annual capacity of 1 million tones. The PTA facility was then re-named as Oriental Petrochemical (Taiwan) Corporation. Combined with the other 600,000 tones/year PTA plant in Shanghai, named as Oriental Petrochemical (Shanghai) Corporation, total PTA capacity controlled by the company achieved 1.6 million tones per year. This acquisition allows the company to have 100% self-sufficiency in PTA supply, both in Taiwan and China, and as PTA is the most important intermediate for the polyester production, it allows the company to better control its inventory and stabilize cost.

Second, FETL acquired a Nylon 6.6 plant at the same location, with a capacity of 100,000 tones per year. This acquired entity, named as Far Eastern Fibertech Company, mainly produces specialty nylon fibers for the high-end sports coats and outdoor casual wears. This acquisition allows FETL to provide its textile related customers a wider variety for fibers.

We also believe product mix upgrade should be a long term consistent effort, and during the upgrading process, the phase-out of aged and less efficient plants is as critical to the company's overall profit as expansions. In 2008, about 10% of the company's filament yarn capacity was permanently closed in both Taiwan and Shanghai sites. The apparel plant in Philippine was also shut down. The residual value of these assets was fully written off in the same year, and the allocation of labor resources was optimized, giving the company a slimmer balance sheet and a lower cost.

Meanwhile, the company's resources were re-deployed to create higher value-added applications, including industrial fiber and fabrics, light weighted PET beer bottles, and PET sheets. Early 2008, we commenced a newly-built factory located in Suzhou, China, for the production of HDI, high denier industrial yarn. Applications of such specialty fiber are mainly conveyor belts, tire cords, and other industrial fabrics. This wholly-owned subsidiary also successfully received quality endorsements from several Taiwanese tire producers, and shipments began in 4Q08.

In April 2008, we completed the construction of a PET-made beer bottle plant in Suzhou, for the purpose of producing PET bottle chips, bottle pre-forms, filling, and bottling of beer. The first launch was in October 2008, licensed by Martens Beer, a prestigious beer brand in Belgium for two hundred years, targeting Shanghai as the primary market.

In addition, the company's Shanghai site commenced two production lines for the amorphous PET sheets, and additional two lines are under planning at the Wuhan site in the Hubei Province. Amorphous PET sheets are 100% recyclable and toxic-free, mainly used to serve the packaging purpose of food, hand-held tools, and electronic appliances, in replacement of the conventional packaging materials made of polyvinyl chloride and polystyrene.

We believe consistent R&D efforts are the key to remain competitive in the polyester industry, and the company's achievements are substantial. As of end 2008, three quarters of the company's

polyester revenue were derived from the newly created non-textile applications of polyesters. The accumulated patent filings have already achieved 114, and among which 19 patents were granted from several governments in the world. The new applications on our R&D pipeline focus on recyclable materials and waste reduction, such as bio-degradable polymers, heat-shrinkage polyester chips and films, thermal polyester elastomers, and water-resistant polyester films. Oriental Resources Development Limited, a wholly-owned subsidiary working closely with the R&D team, began operation at end of 2007 to be responsible for the mass production and the commercialization of these new applications. It completed its No. 2 production line in 2008, becoming the largest recycled PET chips producer in Taiwan.

The company's production sites in China received several rewards and recognitions from local regulatory authorities in 2008: Oriental Petrochemical (Shanghai) Corporation was granted a CNAS endorsement from the Chinese National Accreditation Service for Conformity Assessment. Far Eastern Apparel (Suzhou) Limited and Far Eastern Industries (Shanghai) Limited were graded as AA-class Enterprise by the General Administration of Customs of the People's Republic of China. Far Eastern Industries (Wuxi) Limited was granted the certificate ISO 9001 and received waivers of export inspections from the China Entry-Exit Inspection and Quarantine Bureau.

#### ***Results of core equity investments***

In 2008, FETL reaped substantial profits from its core investment holdings, including telecommunications, cement, and retail businesses. Far EasTone Telecommunication, after successfully developed itself into an integrated service provider by incorporating mobile, fixed-line business, and ISP portal under one-single umbrella, remained as the most important source of the investment income in 2008, contributing NT\$4 billion to the parent company. The year 2008 net income of Asia Cement Corporation was the highest among all Taiwan-listed cement companies. Asia Cement also began to harvest from its operations in China, commencing new production lines sequentially in Jiangxi, Sichuan, and Hubei provinces. Its subsidiary, Asia Cement (China) went public in 2008 and was successfully listed in the Hong Kong main board. U Ming Marine, a bulk shipping business and 40% owned by Asia Cement, realized a net income of NT\$10.4 billion. The retail business made progresses with regard to the opening of new stores. The department store chain now has twelve stores in six major cities in China. The virtual retail business, Go Happy on-line shopping platform, experiences rapid growth in terms of revenue and number of website visitors. The number of Happy Go Card members has already exceeded 5 millions.

#### ***Land development business***

FETL owns substantial land holdings. In order to develop and monetize the land assets, we established a 100%-owned subsidiary, Far Eastern Resources Development Corporation, and transferred the company's land bank under this vehicle. Several execution results have already achieved by this subsidiary. The Taipei Far Eastern Telecom Park (T park), with a land size of 24.4 hectares, is the primary focus of the land development business. The T park project has already received the permission from the Ministry of Economic Affairs (MoEA) and Taipei County government, and has completed the re-zoning process with the government into a specialized zone, a combination of residential area, commercial area, and a medical service center. It is also announced by the MoEA as an important investment case of Taiwan and an important public

construction case. The construction of this project has commenced. The current stage of the project is the construction of infrastructure and the first office building, which are planned to be completed in the second quarter of 2010.

The next development target will be the company's land holding located in Ilan, and that is planned to be developed into a hotel resort combined with a shopping center. The whole project had already gone through the environmental evaluation process in January 2009, and we expect to receive the development license from the government in 2009, and the development and construction will begin soon afterwards.

## **Plans and prospects**

The company's management team commits to innovation, while the team's mission, increasing the return on shareholder' equity, remains constant, in spite of the severity of the current economic volatility. Prospects and plans for 2009 are discussed below.

### ***Upgrading product mix to sustain leadership***

Product mix upgrade will remain as a consistent effort of our polyester team. On the one hand, the company will focus on the development of the functional and industrial applications of polyesters, replacing fiber and textile products, market of which is approaching mature in our opinion. On the other hand, new production lines will be added in several sites of China to commercialize these new products. Some production lines with smaller scale in Taiwan will be shifted to serve the purpose of R&D and trial pilot product lines. The strategic goal of the company is to be the leader of innovation and profitability in the polyester industry.

### ***Saving energy and reducing waste to increase profitability***

We believe energy saving and waste reduction can contribute to the company's long-term profitability. We also believe this concept can be converted into profitable products with significant commercial viability. As mentioned before, the PET beer bottle, CoolerPak™, is the first packaging bottle in China with this innovative concept. It is light-weighted, easy to be transported, and safe for consumers. The adoption of PET beer bottles will reduce the water and detergent consumed by the bottling plants during the process of cleaning and re-filling the glass bottles. PET bottles are also recyclable, and can therefore reduce the consumption of virgin natural resources and be more environmentally friendly. Amorphous PET sheets, another example, are also 100% recyclable and toxic free, and are replacing polyvinyl chloride and polystyrene as a popular packaging material. A new product with a waste reduction concept in our R&D pipeline is CPLA utensils, such as heat-resistant straws, knives, and forks. As CPLA is a bio-degradable material, the successful launch of this product can help reducing the waste, especially from restaurant take-outs.

In order to promote the environmental protection, FETL is working with the Taipei City Government in the event of 2010 Taipei International Flower Exhibition. The company will be building the pavilion, named as Far Eastern EcoARK, for the Exhibition. The pavilion walls will be made of PET crystal bricks recycled from PET bottles. Such design can not only reduces the material consumption of construction, but also saves the energy to lighten the building for the transparency

of PET bricks. The Exhibition pavilion will demonstrate a perfect combination of green, sense of beauty, and modern architecture technology.

***Improving management competence and management software system***

The competence of the management team is critical to the execution of the company's strategy, and we will provide continual training to improve such competence. Several programs for the management team were designed and launched to improve the talent of the management and incubate their successors. Two training centers were established in Shanghai and Suzhou in China as well for employees based in China. A rotation program was launched and will be implemented continuously, to offer management trainee with cross-function, cross-region learning opportunities. All to make sure the company can be managed by a professional team, and human resources will be deployed to fulfill the company's target and mission.

The Enterprise Resource Planning (ERP) system and a globally interconnected Intranet were installed in the Group years ago, and have been upgraded year over year. Since then, the Group has implemented several management systems to achieve better efficiency, such as the supply-chain management system (SCM), export shipping tariff quotation system, the customer management system (CRM). Our IT department in both Taiwan and China this year will work on the upgrade and integration of the management software system in China. The integration of the export systems at Shanghai and Suzhou sites have been completed and will be upgraded in this year. The credit allowance approval and the accounts receivable maintenance will be computerized. The IT-related activities had and will have successfully provided the best support for the management team.

***Committing to social responsibility***

FETL commits to be a responsible corporate citizen, and this commitment will not be discouraged by the economic downturn. It has established several non-profit foundations and sponsor programs dedicated to the promotion of medical, educational, cultural, and scientific activities. In 2008, the Far Eastern Group donated medical supplies, construction materials, food and other necessities after the earthquake in Sichuan Province China. Mr. Y. Z. Hsu Science Award, sponsored by the Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation, was awarded to successfully encourage and sponsor research activities about nanotechnology, optoelectronics, and biotechnology in Taiwan. Far Eastern Memorial Foundation, dedicated to support the art and cultural activities, have sponsored ten consecutive years the Far Eastern Architectural Award, which is recognized as the leading award in the architecture industry. Far Eastern Memorial Hospital and Yuan Ze University received the National Quality Award – Organization Award from the Ministry of Economic Affairs in 2007 and 2008, respectively.

Shareholders' continual supports and employees' dedications have been with us for sixty years, converting the company from a small manufacturing site into a well-developed multinational entity with substantial holdings of equity investments and estates. We sincerely thank our shareholders and employees. We believe the company is well positioned to cope with the current economic challenge in the world, and will prosper fast as soon as the recovery arrives. Moreover, the

management team has confidence in itself to fulfill its mission – increasing the return on shareholders' equity, and to explore and catch all opportunities for further growth.

## Attachment II



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### INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders  
Far Eastern Textile Ltd.

We have audited the accompanying balance sheets of Far Eastern Textile Ltd. (the "Company") as of December 31, 2008 and 2007 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, 2008 and 2007. 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 1.38% (NT\$1,941,501 thousand) and 1.94% (NT\$2,830,233 thousand) of the Company's total assets as of December 31, 2008 and 2007, respectively. As shown in the accompanying statements of income, the Company's equity in net gain of NT\$181,150 thousand and loss of NT\$216,742 thousand of the foregoing investees were 3.93% and (1.92%), respectively, of the Company's income before income tax in 2008 and 2007, 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, evidences 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 Textile Ltd. as of December 31, 2008 and 2007 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, in March 2007, the Accounting Research and Development Foundation of the Republic of China issued Interpretation No. 2007-052, which requires companies to recognize as compensation expenses bonuses paid to employees and remuneration paid to directors and supervisors beginning January 1, 2008. These bonuses and remuneration were previously recorded as appropriations from earnings. This accounting change resulted in decrease of NT\$343,975 thousand in net income and in after income tax earnings per share of NT\$0.08 in 2008. In addition, starting on January 1, 2007, the Company has adopted the newly-released ROC Statements of Financial Accounting Standards ("Statements" or SFAS) No. 37 - "Accounting for Intangible Assets" and revisions of previously released statements.

We have also audited the consolidated financial statements of Far Eastern Textile Ltd. for the years ended December 31, 2008 and 2007 (not presented herewith) and have expressed a modified unqualified opinion thereon in our report dated March 4, 2009 on the basis of our audits and the reports of the other auditors.

*Deloitte & Touche*

March 4, 2009

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 2009 General Shareholders' Meeting of Far Eastern Textile Limited,

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 2008 which had been audited by Deloitte & Touche, and found them in order.

K.Y. Lee



Ching-Ing Hou



Alice Hsu



April 25<sup>th</sup>, 2009

# Attachment IV

## FAR EASTERN TEXTILE LTD.

BALANCE SHEETS  
DECEMBER 31, 2008 AND 2007  
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2008		2007		LIABILITIES AND STOCKHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash (Note 4)	\$ 5,275,744	4	\$ 7,090,598	5	Short-term bank loans (Notes 12, 19 and 20)	\$ 6,608,803	5	\$ 2,855,477	2
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	79,441	-	143,455	-	Notes payable	1,767	-	8,828	-
Notes receivable (Notes 2 and 5)	426,799	-	856,005	1	Accounts payable (Note 19)	1,973,753	1	3,465,635	2
Accounts receivable, net (Notes 2 and 19)	6,712,735	5	6,772,300	5	Accrued expenses (Note 19)	2,176,594	2	1,697,663	1
Inventories, net (Notes 2 and 6)	5,702,294	4	6,535,287	5	Financial liabilities at fair value through profit or loss - current (Notes 2, 5 and 13)	102,862	-	391,781	-
Other financial assets - current (Note 19)	472,777	1	275,904	-	Derivative financial liabilities for hedging - current (Notes 2 and 13)	7,656	-	-	-
Prepaid expenses (Note 19)	246,525	-	540,677	-	Receipts in advance	235,226	-	297,941	-
Deferred income taxes - current (Notes 2 and 15)	193,630	-	189,246	-	Current portion of long-term liabilities (Notes 13 and 20)	1,877,320	1	4,000,000	3
Other current assets	177,729	-	253,196	-	Other current liabilities	802,020	1	646,490	1
Total current assets	19,287,674	14	22,656,668	16	Total current liabilities	13,786,001	10	13,363,815	9
<b>MUTUAL FUNDS AND INVESTMENTS (Notes 2, 7, 8 and 20)</b>					<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION</b>				
Financial assets carried at cost - noncurrent	53,667	-	53,667	-	Bonds issued (Notes 2, 13 and 20)	9,884,012	7	6,525,680	4
Equity-method investments	105,870,248	75	106,612,437	73	Bank loans (Notes 13, 19 and 20)	29,818,170	21	31,356,800	22
Total mutual funds and investments	105,923,915	75	106,666,104	73	Derivative financial liabilities for hedging - noncurrent (Notes 2 and 13)	-	-	63,816	-
<b>PROPERTIES (Notes 2, 9, 16, 19 and 20)</b>					Total long-term liabilities	39,702,182	28	37,946,296	26
Cost					<b>RESERVE FOR LAND VALUE INCREMENT TAX (Note 9)</b>	1,018,899	1	1,018,899	1
Land	1,076,981	1	1,070,649	1	<b>OTHER LIABILITIES</b>				
Buildings and equipment	6,015,401	4	6,065,777	4	Accrued pension cost (Notes 2 and 18)	1,933,915	1	1,268,089	1
Machinery and equipment	39,946,885	28	40,250,461	28	Deferred income (Notes 2, 8 and 19)	52,773	-	50,194	-
Furniture and miscellaneous equipment	2,479,573	2	2,329,038	1	Guarantee deposits received	615	-	615	-
Total cost	49,518,840	35	49,715,925	34	Total other liabilities	1,987,303	1	1,318,898	1
Appreciation	3,022,867	2	3,085,669	2	Total liabilities	56,494,385	40	53,647,908	37
Total cost and appreciation	52,541,707	37	52,801,594	36	<b>STOCKHOLDERS' EQUITY</b>				
Less: Accumulated depreciation	39,813,686	28	39,923,463	27	Capital stock - NT\$10.00 par value				
	12,728,021	9	12,878,131	9	Authorized - 4,950,000 thousand shares in 2008 and 2007				
Constructions in progress	1,383,424	1	1,870,069	1	Issued and outstanding - 4,569,954 thousand shares in 2008 and 4,480,347 thousand shares in 2007	45,699,538	32	44,803,469	31
Prepayments for equipment	173,994	-	87,320	-	Capital surplus				
Net properties	14,285,439	10	14,835,520	10	Additional paid-in capital in excess of par	932,814	1	932,814	-
<b>INTANGIBLE ASSETS</b>					Equity in capital surplus reported by investees	9,120,172	6	8,386,464	6
Deferred pension cost (Notes 2 and 18)	66,286	-	-	-	Others	7,672	-	8,719	-
Others (Notes 2, 3 and 16)	28,422	-	59,880	-	Total capital surplus	10,060,658	7	9,327,997	6
	94,708	-	59,880	-	Retained earnings				
<b>OTHER ASSETS</b>					Legal reserve	8,196,285	6	7,061,162	5
Nonoperating properties, net (Notes 2, 10, 19 and 20)	676,640	1	590,281	1	Special reserve	3,034,766	2	3,034,766	2
Deferred income taxes - noncurrent (Notes 2 and 15)	369,241	-	373,625	-	Unappropriated earnings	6,535,276	5	13,247,308	9
Farmland (Note 11)	276,661	-	276,661	-	Total retained earnings	17,766,327	13	23,343,236	16
Miscellaneous (Notes 2, 16 and 19)	124,034	-	135,136	-	Other stockholders' equity				
Total other assets	1,446,576	1	1,375,703	1	Unrealized valuation gain on financial assets	(866,020)	(1)	4,268,337	3
<b>TOTAL</b>	<b>\$ 141,038,312</b>	<b>100</b>	<b>\$ 145,593,875</b>	<b>100</b>	Cumulative translation adjustments	3,696,557	3	1,706,254	1
					Unrealized revaluation increment on properties	8,843,128	6	8,566,640	6
					Net loss not recognized as pension cost	(656,261)	-	(69,966)	-
					Total other stockholders' equity	11,017,404	8	14,471,265	10
					Net stockholders' equity	84,543,927	60	91,945,967	63
					<b>TOTAL</b>	<b>\$ 141,038,312</b>	<b>100</b>	<b>\$ 145,593,875</b>	<b>100</b>

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

(With Deloitte & Touche audit report dated March 4, 2009)

**FAR EASTERN TEXTILE LTD.**

**STATEMENTS OF INCOME**

**YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

	2008		2007	
	Amount	%	Amount	%
<b>REVENUES</b>				
Sales (Notes 2 and 19)	\$ 51,241,328	101	\$ 49,720,776	101
Less: Sales returns and allowances	<u>641,497</u>	<u>1</u>	<u>574,165</u>	<u>1</u>
Net sales	50,599,831	100	49,146,611	100
Processing service income	<u>18,102</u>	<u>-</u>	<u>7,379</u>	<u>-</u>
Total revenues	<u>50,617,933</u>	<u>100</u>	<u>49,153,990</u>	<u>100</u>
<b>COSTS OF REVENUES</b>				
Cost of sales (Notes 16 and 19)	45,349,458	90	43,688,540	89
Cost of processing services	<u>21,409</u>	<u>-</u>	<u>6,714</u>	<u>-</u>
Total costs of revenues	<u>45,370,867</u>	<u>90</u>	<u>43,695,254</u>	<u>89</u>
GROSS PROFIT	<u>5,247,066</u>	<u>10</u>	<u>5,458,736</u>	<u>11</u>
<b>OPERATING EXPENSES (Notes 16 and 19)</b>				
Marketing	3,284,796	6	3,096,484	6
General and administrative	989,483	2	815,607	2
Research and development	<u>568,913</u>	<u>1</u>	<u>510,243</u>	<u>1</u>
Total operating expenses	<u>4,843,192</u>	<u>9</u>	<u>4,422,334</u>	<u>9</u>
OPERATING GAIN (LOSS)	<u>403,874</u>	<u>1</u>	<u>1,036,402</u>	<u>2</u>
<b>NONOPERATING INCOME AND GAINS</b>				
Equity in net income of investees, net (Notes 2 and 8)	5,542,190	11	11,282,355	23
Valuation gain on financial liabilities, net (Notes 2 and 5)	465,708	1	-	-
Interest (Note 19)	177,137	-	113,743	-
Foreign exchange gain, net (Note 2)	42,796	-	102,915	-
Gain on disposal of properties	19,912	-	5,331	-
Rental (Note 19)	11,227	-	10,148	-
Gain on sale of investments, net (Note 8)	9,726	-	3,033	-
Cash dividends	5,432	-	7,177	-
Reversal of loss on inventories (Notes 2 and 6)	-	-	144,736	-
Valuation gain on financial assets, net (Notes 2 and 5)	-	-	66,656	-
Others (Note 19)	<u>245,326</u>	<u>1</u>	<u>214,034</u>	<u>1</u>
Total nonoperating income and gains	<u>6,519,454</u>	<u>13</u>	<u>11,950,128</u>	<u>24</u>

(Continued)

## FAR EASTERN TEXTILE LTD.

### STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2008 AND 2007

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

	2008		2007	
	Amount	%	Amount	%
<b>NONOPERATING EXPENSES AND LOSSES</b>				
Interest (Notes 9 and 19)	\$ 1,217,020	2	\$ 964,040	2
Allowance for loss on inventories	273,094	1	-	-
Valuation loss on financial assets (Notes 2 and 5)	32,898	-	-	-
Impairment losses on nonoperating properties (Note 2)	29,713	-	65,452	-
Impairment loss on financial assets measured at holding cost (Notes 2 and 7)	-	-	2,957	-
Valuation loss on financial liabilities, net (Notes 2 and 5)	-	-	55,361	-
Others (Note 19)	<u>756,099</u>	<u>2</u>	<u>624,906</u>	<u>1</u>
Total nonoperating expenses and losses	<u>2,308,824</u>	<u>5</u>	<u>1,712,716</u>	<u>3</u>
INCOME BEFORE INCOME TAX	4,614,504	9	11,273,814	23
INCOME TAX BENEFIT (Notes 2 and 15)	<u>7,440</u>	<u>-</u>	<u>93,283</u>	<u>-</u>
NET INCOME	<u>\$ 4,621,944</u>	<u>9</u>	<u>\$ 11,367,097</u>	<u>23</u>
	<b>2008</b>		<b>2007</b>	
	<b>Income Before Income Tax</b>	<b>Net Income</b>	<b>Income Before Income Tax</b>	<b>Net Income</b>
EARNINGS PER SHARE (Note 17)				
Basic	<u>\$ 1.01</u>	<u>\$ 1.01</u>	<u>\$ 2.47</u>	<u>\$ 2.49</u>

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

(With Deloitte & Touche audit report dated March 4, 2009)

(Concluded)

**FAR EASTERN TEXTILE LTD.**

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
YEARS ENDED DECEMBER 31, 2008 AND 2007  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Capital Stock Issued and Outstanding (Note 14)		Capital Surplus (Notes 2 and 14)	Retained Earnings (Notes 2, 14 and 15)			Unrealized Valuation Gain (Loss) on Financial Instruments (Note 2)	Cumulative Translation Adjustments (Note 2)	Unrealized Revaluation Increment on Properties (Notes 2 and 9)	Net Loss not Recognized as Pension Cost (Note 2)	Total Stockholders' Equity	
	Shares in Thousand	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings						Total
BALANCE, JANUARY 1, 2007	4,349,851	\$43,498,513	\$ 7,820,117	\$ 6,231,874	\$ 3,378,850	\$ 9,864,900	\$ 19,475,624	\$ 1,823,497	\$ 845,490	\$ 8,848,431	\$ (60,797)	\$82,250,875
Provision for special reserve	-	-	-	-	(344,084)	344,084	-	-	-	-	-	-
Appropriation of the 2006 earnings												
Legal reserve	-	-	-	829,288	-	(829,288)	-	-	-	-	-	-
Stock dividends - NT\$0.3 per share	130,496	1,304,956	-	-	-	(1,304,956)	(1,304,956)	-	-	-	-	-
Cash dividends - NT\$1.3 per share	-	-	-	-	-	(5,654,807)	(5,654,807)	-	-	-	-	(5,654,807)
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-	(523,853)	(523,853)	-	-	-	-	(523,853)
Balance after appropriations	4,480,347	44,803,469	7,820,117	7,061,162	3,034,766	1,896,080	11,992,008	1,823,497	845,490	8,848,431	(60,797)	76,072,215
Net income in 2007	-	-	-	-	-	11,367,097	11,367,097	-	-	-	-	11,367,097
Adjustments due to changes in investees' equity in long-term investments	-	-	1,507,880	-	-	(15,869)	(15,869)	2,419,658	750,972	(281,791)	(9,169)	4,371,681
Unrealized loss on cash flow hedge	-	-	-	-	-	-	-	25,182	-	-	-	25,182
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	109,792	-	-	109,792
BALANCE, DECEMBER 31, 2007	4,480,347	44,803,469	9,327,997	7,061,162	3,034,766	13,247,308	23,343,236	4,268,337	1,706,254	8,566,640	(69,966)	91,945,967
Appropriation of the 2007 earnings:												
Legal reserve	-	-	-	1,135,123	-	(1,135,123)	-	-	-	-	-	-
Stock dividends - NT\$0.2 per share	89,607	896,069	-	-	-	(896,069)	(896,069)	-	-	-	-	-
Cash dividends - NT\$1.8 per share	-	-	-	-	-	(8,064,624)	(8,064,624)	-	-	-	-	(8,064,624)
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-	(674,461)	(674,461)	-	-	-	-	(674,461)
Balance after appropriations	4,569,954	45,699,538	9,327,997	8,196,285	3,034,766	2,477,031	13,708,082	4,268,337	1,706,254	8,566,640	(69,966)	83,206,882
Net income in 2008	-	-	-	-	-	4,621,944	4,621,944	-	-	-	-	4,621,944
Adjustments due to changes in investees' equity in long-term investments	-	-	696,871	-	-	(323,039)	(323,039)	(5,191,265)	1,761,305	276,491	(1,086)	(2,780,723)
Effect of change in ownership percentage due to investees' issuance of capital stock for cash	-	-	(9,971)	-	-	(240,880)	(240,880)	-	-	-	-	(250,851)
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	229,496	-	-	229,496
Reversal of net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	(585,239)	(585,239)
Unrealized loss on cash flow hedge	-	-	-	-	-	-	-	56,160	-	-	-	56,160
Adjustments on stockholders' equity due to the sale of long-term equity investments	-	-	45,761	-	-	220	220	748	(498)	(3)	30	46,258
BALANCE, DECEMBER 31, 2008	<u>4,569,954</u>	<u>\$45,699,538</u>	<u>\$10,060,658</u>	<u>\$ 8,196,285</u>	<u>\$ 3,034,766</u>	<u>\$ 6,535,276</u>	<u>\$17,766,327</u>	<u>\$ (866,020)</u>	<u>\$ 3,696,557</u>	<u>\$ 8,843,128</u>	<u>\$ (656,261)</u>	<u>\$84,543,927</u>

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

(With Deloitte & Touche audit report dated March 4, 2009)

## FAR EASTERN TEXTILE LTD.

### STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 4,621,944	\$ 11,367,097
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,983,949	1,938,483
Amortization of deferred costs	33,569	48,261
Impairment loss on financial assets carried at cost	-	2,957
Provision (reversal of allowance) for losses on inventories	273,094	(144,736)
Amortization on discount of exchangeable bonds	58,332	17,337
Equity in net income of investees, net	(5,542,190)	(11,282,355)
Cash dividends received on equity-method investments	10,019,746	6,968,885
Provision for pension costs	14,301	113,047
Net gain on disposal of properties	(19,912)	(5,331)
Impairment losses on idle properties	29,713	65,452
Gain on sale of investments, net	(9,726)	(3,033)
Net changes in operating assets and liabilities		
Financial assets held for trading	64,014	(121,767)
Financial liabilities held for trading	(288,919)	378,750
Notes receivable	429,206	(219,859)
Accounts receivable	59,565	(1,260,880)
Inventories	559,899	(800,608)
Other financial assets - current	25,877	107,084
Prepaid expenses	294,152	(55,741)
Other current assets	75,467	(67,001)
Notes payable	(7,061)	(14,600)
Accounts payable	(1,491,882)	981,606
Accrued expenses	478,931	364,729
Receipts in advance	(62,715)	33,121
Other current liabilities	<u>19,496</u>	<u>10,567</u>
Net cash provided by operating activities	<u>11,618,850</u>	<u>8,421,465</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds of the disposal of long-term equity investments	287,739	-
Increase in long-term equity investments	(6,989,371)	(2,401,361)
Return of capital to the Company due to investees' capital reduction	-	23,978
Acquisition of properties	(1,600,471)	(1,458,201)
Proceeds of the disposal of properties	63,771	18,986
Increase in patents	(1,768)	-
Decrease (increase) in other assets	<u>10,759</u>	<u>(16,862)</u>
Net cash used in investing activities	<u>(8,229,341)</u>	<u>(3,833,460)</u>

(Continued)

## **FAR EASTERN TEXTILE LTD.**

### **STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)**

	<b>2008</b>	<b>2007</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term bank loans	\$ 3,753,326	\$ (1,953,476)
Repayments on commercial paper issued	-	(599,232)
Payments of cash dividends, remuneration to directors and supervisors and bonus to employees	(8,596,379)	(6,078,983)
(Decrease) increase in long-term liabilities	(1,161,310)	6,376,800
Issuance of bonds	800,000	3,008,343
Decrease in other liabilities	<u>-</u>	<u>(267,442)</u>
Net cash provided by (used in) financing activities	<u>(5,204,363)</u>	<u>486,010</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(1,814,854)</b>	<b>5,074,015</b>
<b>CASH, BEGINNING OF YEAR</b>	<b><u>7,090,598</u></b>	<b><u>2,016,583</u></b>
<b>CASH, END OF YEAR</b>	<b><u>\$ 5,275,744</u></b>	<b><u>\$ 7,090,598</u></b>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Interest paid	\$ 1,157,996	\$ 1,236,278
Less: Capitalized interest	<u>54,439</u>	<u>70,602</u>
Interest paid (excluding capitalized interest)	<u>\$ 1,103,557</u>	<u>\$ 1,165,676</u>
Income tax paid	<u>\$ 61,981</u>	<u>\$ 10,424</u>
<b>CASH PAID FOR ACQUISITION OF PROPERTIES</b>		
Increase in properties	\$ 1,993,770	\$ 1,746,002
Add: Payables for acquisition of properties, beginning of year	38,994	35,819
Advances to suppliers of machine and equipment, end of year	173,994	87,320
Constructions in progress, end of year	1,383,424	1,870,069
Less: Advances to suppliers of machine and equipment, beginning of year	(87,320)	(55,465)
Constructions in progress, beginning of year	(1,870,069)	(2,186,550)
Payables for acquisition of properties, end of year	<u>(32,322)</u>	<u>(38,994)</u>
Cash paid for acquisition of properties	<u>\$ 1,600,471</u>	<u>\$ 1,458,201</u>
<b>NONCASH FINANCING ACTIVITIES</b>		
Current portion of long-term liabilities	<u>\$ 1,877,320</u>	<u>\$ 4,000,000</u>

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

(With Deloitte & Touche audit report dated March 4, 2009)

(Concluded)

## Attachment V

### Far Eastern Textile Limited Profit Allocation Proposal

Unit: NT dollar

<b>Net income of 2008</b>	<b>4,621,944,155</b>
Less:	
Unappropriated retained earnings booked by equity method from affiliates	563,698,622
10% legal reserve	405,824,553
Plus:	
Unappropriated retained earnings of previous years	2,477,030,917
<b>Earnings available for distribution as of 31 December 2008</b>	<b>6,129,451,897</b>
<b>Distribution items:</b>	
Cash dividends to common share holders (NT\$0.8 per share)	3,655,963,060
Stock dividends to common share holders (NT\$0.2 per share at par value, i.e., 20 shares for each 1,000 shares owned)	913,990,770
<b>Total distribution</b>	<b>4,569,953,830</b>
<b>Unappropriated earnings</b>	<b>1,559,498,067</b>

Note:

Year 2008 profits are distributed according to the Article 26 and Article 27 of the Far Eastern Textile Limited Articles of Incorporation. Bonus of employees and compensation for Directors and Supervisors are booked as company expenses and excluded from the net income.



## Attachment VI

### Overview of the Far Eastern Textile Limited Bylaws on “Procedures for Lending of Capital to Others” amendments

Section	Current Articles	Proposed Changes	Reasons
Article 1	<p>(Subjects of Lending)</p> <p>The subjects of the lending of the Company ("Borrowers") are limited to the following:</p> <p>1) Those companies who have business relationships with the Company ("Business Partners"); and</p> <p>2) <u>Those companies who have no business relationships with the Company but have short-term financing needs ("Companies Seeking Short-Term Financing").</u></p> <p>"Short-term" in (2) above refers to a period <u>not exceeding 1 year.</u></p>	<p>(Subjects of Lending)</p> <p>The subjects of the lending of the Company ("Borrowers") are limited to the following:</p> <p>1) Those companies who have business relationships with the Company ("Business Partners"); and</p> <p>2) <u>Those companies who have short-term financing needs ("Companies Seeking Short-Term Financing").</u></p> <p>"Short-term" in (2) above refers to a period <u>of either 1 year or the business operation cycle for Companies Seeking Short-Term Financing, whichever longer shall apply.</u></p>	<p>Pursuant to the Article 3 of Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies ("Regulations") by the Financial Supervisory Commission (FSC).</p>
Article 2	<p>(Limits on the Total Amount of Lending and Respective Subjects)</p> <p>The total amount of loans extended by the Company to the Borrowers as set forth in Article 1 above shall not exceed fifty percent (50%) of the Company's net worth of the last period audited or reviewed by its accountants ("Latest Net Worth of the Company").</p> <p>The amount of loans extended by the Company to the Business Partners shall not exceed the total amount involved in the business transactions between both parties. Total amount involved in the business transactions refers to the value represented by orders placed, sales or transactions contemplated by the parties in the most recent year.</p> <p>The total amount of loans extended by the Company to all Companies Seeking Short-Term Financing shall not exceed fifteen</p>	<p>(Limits on the Total Amount of Lending and Respective Subjects)</p> <p>The total amount of loans extended by the Company to the Borrowers as set forth in Article 1 above shall not exceed fifty percent (50%) of the Company's net worth of the last period audited or reviewed by its accountants ("Latest Net Worth of the Company").</p> <p>The amount of loans extended by the Company to the Business Partners shall not exceed the total amount involved in the business transactions between both parties. Total amount involved in the business transactions refers to the value represented by orders placed, sales or transactions contemplated by the parties in the most recent year.</p> <p>The total amount of loans extended by the Company to all Companies Seeking Short-Term Financing shall not exceed fifteen</p>	<p>Additional term added, pursuant to the Article 3 of the Regulations.</p>

	<p>percent (15%) of the Latest Net Worth of the Company. The amount of any individual loan hereunder shall not exceed five percent (5%) of the Latest Net Worth of the Company.</p>	<p>percent (15%) of the Latest Net Worth of the Company. The amount of any individual loan hereunder shall not exceed five percent (5%) of the Latest Net Worth of the Company.</p> <p><u>The amount of loans extended by the Company to any overseas subsidiary, over which the Company owns directly or indirectly 100% voting shares, is exempted from the restriction of Article 3-1-2 of the Regulations: "The amount of loans extended shall not exceed the forty percent (40%) of the Borrower's net worth."</u></p>	
Article 4	<p>(Procedure for Lending)</p> <p>When handling a loan by the Company, the Borrowers are required to present requisite financial information and the application to the Company's finance department for limits of loans. The finance department shall evaluate such application in accordance with <u>Regulations Governing Loaning of Funds and Making of Endorsements and Guarantees by Public Companies ("The Regulations")</u> as well as these Procedures including the following items and prepare and submit to the Board of Directors the evaluation report for approval without authorizing any other persons to undertake the abovementioned procedure:</p> <ol style="list-style-type: none"> <li>1) necessity and rationale of the loan;</li> <li>2) the Borrowers' credit standing and risk evaluation;</li> <li>3) impact on the Company's operation, financial condition and shareholders' interests; and</li> <li>4) whether collaterals are required and appraised values of such collaterals.</li> </ol> <p>The Borrower should, upon the loan amount being approved, fill in <u>the "Application for Drawdown"</u> and apply to the finance department. The loan amount may only be disbursed after the person-in-charge of the Company or a person as designated by the Board of Directors has signed and approved. Subsequent to drawdown, the</p>	<p>(Procedure for Lending)</p> <p>When handling a loan by the Company, the Borrowers are required to present requisite financial information and the application to the Company's finance department for limits of loans. The finance department shall evaluate such application in accordance with <u>the Regulations</u> as well as these Procedures including the following items and prepare and submit to the Board of Directors the evaluation report for approval without authorizing any other persons to undertake the abovementioned procedure:</p> <ol style="list-style-type: none"> <li>1) necessity and rationale of the loan;</li> <li>2) the Borrowers' credit standing and risk evaluation;</li> <li>3) impact on the Company's operation, financial condition and shareholders' interests; and</li> <li>4) whether collaterals are required and appraised values of such collaterals.</li> </ol> <p>The Borrower should, upon the loan amount being approved, fill in <u>an application form</u> and apply to the finance department. The loan amount may only be disbursed after the person-in-charge of the Company or a person as designated by the Board of Directors has signed and approved. Subsequent to drawdown, the finance</p>	<ol style="list-style-type: none"> <li>1. Wording of paragraph 2 modified according to the Company's internal practices.</li> <li>2. Pursuant to the Article 5 of the Regulations, paragraph 5 amended.</li> </ol>

	<p>finance department shall report to the Board of Directors.</p> <p>Borrowers who apply for short-term financing facility in accordance with the aforesaid item shall provide the Company with bills or collaterals or guarantors as the Company approved as security securing such financing.</p> <p>In the event that the Company has independent directors, the Board of Directors shall take into account the opinions of the independent directors and furthermore record in the minutes of such meetings the independent directors' consenting or dissenting opinions and the reasons in holding a meeting discussing these Procedures or extending loans hereunder.</p> <p><u>Where the balance of loans has exceeded the limits</u> as a result of changes in the circumstances, the Company shall prepare improvement plans and forward the same to the Supervisors.</p>	<p>department shall report to the Board of Directors.</p> <p>Borrowers who apply for short-term financing facility in accordance with the aforesaid item shall provide the Company with bills or collaterals or guarantors as the Company approved as security securing such financing.</p> <p>In the event that the Company has independent directors, the Board of Directors shall take into account the opinions of the independent directors and furthermore record in the minutes of such meetings the independent directors' consenting or dissenting opinions and the reasons in holding a meeting discussing these Procedures or extending loans hereunder.</p> <p><u>Where the balance of loans has exceeded the limits, or the Borrower fails to comply with these Procedures,</u> as a result of changes in the circumstances, the Company shall prepare improvement plans and forward the same to the Supervisors. <u>Corrections shall be completed within the time limit stipulated in improvement plans.</u></p>	
Article 5	<p>(Loan Term and Interest Calculation)</p> <p>The term of loans extended by the Company shall not exceed 1 year.</p> <p>Interest for short term financing shall be calculated on a floating rate basis which rate is subject to adjustment depending on the costs of fund of the Company. Adjustments</p>	<p>(Loan Term and Interest Calculation)</p> <p>The term of loans extended by the Company shall not exceed 1 year. <u>For Companies Seeking Short-Term Financing with a business operation cycle exceeding 1 year, the term of loans can be extended to the length of the cycle.</u></p> <p><u>The term of loans extended by the Company to any overseas subsidiary, over which the Company owns directly or indirectly 100% voting shares, is exempted from the limits of the preceding paragraph.</u></p> <p>Interest for short term financing shall be calculated on a floating rate basis which rate is subject to adjustment depending on the costs of fund of the Company. Adjustments</p>	<p>Pursuant to the Regulations, paragraph 1 amended and additional term added.</p>

	<p>in interest rate shall be implemented after the finance department has submitted the application to the General Manager for approval. Interest receivable shall be settled once a month.</p>	<p>in interest rate shall be implemented after the finance department has submitted the application to the General Manager for approval. Interest receivable shall be settled once a month.</p>	
Article 6	<p>(Subsequent Control Measures and Procedure for Overdue Debts)</p> <p>The Company shall maintain accounts books for loan extension setting out in details the subjects of loans, their amount, date of approval by the Board of Directors, loan drawdown date and results of evaluation as required under Article 4 (1) above.</p> <p>The Company's internal audit department shall conduct at least a quarterly audit of these Procedures and status of implementation and make written records in details. In the event of major irregularities, the internal audit department shall inform all Supervisors of the same.</p> <p>Following drawdown of the loans, the Company shall constantly monitor the financial, business and the relevant credit conditions of the Borrowers and guarantor. Where security has been provided, the company shall also monitor the change in the value of the said security. Any major changes to the security shall be reported to the General Manager immediately and handled as the General Manager instructed.</p> <p><u>Unless with prior extension application is approved by the Company's Board of Directors, the Borrowers shall immediately repay the principal amount and interest accrued when the loan becomes due and payable. In the event that the Borrowers are unable to repay and request an extension of maturity date, such extension may be granted subject to a prior application and approvals by the Board of Directors. Each extension of maturity dates shall not exceed 3 months, with maximum 2 extensions. The Company may take legal actions and seek</u></p>	<p>(Subsequent Control Measures and Procedure for Overdue Debts)</p> <p>The Company shall maintain accounts books for loan extension setting out in details the subjects of loans, their amount, date of approval by the Board of Directors, loan drawdown date and results of evaluation as required under Article 4 (1) above.</p> <p>The Company's internal audit department shall conduct at least a quarterly audit of these Procedures and status of implementation and make written records in details. In the event of major irregularities, the internal audit department shall inform all Supervisors of the same.</p> <p>Following drawdown of the loans, the Company shall constantly monitor the financial, business and the relevant credit conditions of the Borrowers and guarantor. Where security has been provided, the company shall also monitor the change in the value of the said security. Any major changes to the security shall be reported to the General Manager immediately and handled as the General Manager instructed.</p> <p><u>The Borrowers shall immediately repay the principal amount and interest accrued when the loan becomes due and payable. In the event that the Borrowers are unable to repay, the finance department shall immediately write to notify the Borrowers to collect the loan. The Company may take legal actions and seek compensation against the security or guarantor, if the Borrowers fail to repay after the written notification.</u></p>	Paragraph 4 amended according to the Company's internal practices.

	<u>compensation against the security or guarantor of the breaching Borrowers.</u>		
Article 8	<p>(Procedure for Public Notices and Announcement)</p> <p>The Company shall before the 10th day of each month publish and report the loans it and its subsidiaries extended and their balance amounts as of the end of last month.</p> <p><u>Where the balance of the Company's loans extended has reached the limits set below, the Company shall publish and report them within 2 days of the said events:</u></p> <p>1) <u>The balance of any and all loans extended has reached 20% of the net worth of the Company as shown in its latest financial statement, or subsequent to the Company's public announcement provided herein, the balance of loan increases by more than 2% of the net worth of the Company as shown in its latest financial statement;</u> or</p> <p>2) <u>The balance of loans extended to an individual company has reached 10% of the net worth of the Company as shown in its latest financial statement, or subsequent to the Company's public announcement provided herein, the balance of loans increases by more than 2% of the net worth of the Company as shown in its latest financial statement;</u> or</p> <p>3) <u>The balance of loans extended to Business Partners by the Company has reached the aggregate value of business transactions contemplated in the most recent year, or subsequent to the Company's public announcement provided herein, the balance of loans increases by more than 2% of the net worth of the Company as shown in its latest financial statement.</u></p> <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to</p>	<p>(Procedure for Public Notices and Announcement)</p> <p>The Company shall before the 10th day of each month publish and report the loans it and its subsidiaries extended and their balance amounts as of the end of last month.</p> <p><u>When limits of the Company's loans extended set below have occurred, the Company shall publish and report them within 2 days of the said events:</u></p> <p>1) <u>The balance of any and all loans extended by the Company and its subsidiaries has reached 20% of the net worth of the Company as shown in its latest financial statement;</u> or</p> <p>2) <u>The balance of loans extended by the Company and its subsidiaries to an individual company has reached 10% of the net worth of the Company as shown in its latest financial statement;</u> or</p> <p>3) <u>Any additional individual loan extended by the Company or its subsidiary exceeds NT\$10 million and has reached 2% or more of the net worth of the Company as shown in its latest financial statement.</u></p> <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to</p>	<p>To clarify and condense the procedure for public notices and announcements, Article 8 amended pursuant to the Regulations.</p>

	<p>announce and report pursuant to <u>any subparagraph</u> of the preceding paragraph.</p> <p><u>The percentage of the balance of loans extended over a company's net worth for a subsidiary under the preceding paragraph shall be calculated by the ratio of the subsidiary's balance of loans extended to the Company's net worth.</u></p> <p>The "public announcement and report" referred to herein shall be those entered into the web-site designated by the Financial Supervisory Commission, Executive Yuan for reporting information.</p> <p>The Company shall, in accordance with Generally Accepted Accounting Principles, assess the status of loans extended and reserve an appropriate amount to offset against bad loans. The Company shall furthermore disclose the relevant information in its financial statements and provide the chartered accountants with relevant materials for them to carry out the necessary audit processes.</p>	<p>announce and report pursuant to <u>item 3</u> of the preceding paragraph.</p> <p>The "public announcement and report" referred to herein shall be those entered into the web-site designated by the Financial Supervisory Commission, Executive Yuan for reporting information.</p> <p>The Company shall, in accordance with Generally Accepted Accounting Principles, assess the status of loans extended and reserve an appropriate amount to offset against bad loans. The Company shall furthermore disclose the relevant information in its financial statements and provide the chartered accountants with relevant materials for them to carry out the necessary audit processes.</p>	
Article 9	<p>(Control Procedures for Subsidiaries' Loan Extension)</p> <p>Subsidiaries of the Company proposing to extend loans to others shall prepare their respective procedures in compliance with the Regulations and report the same to the Finance department of the Company and the Finance department of the Company will compile all procedures from subsidiaries to report to the Board of Directors for approval.</p> <p>Subsidiaries of the Company which are also domestic public companies shall on their own undertake the public announcement and report in compliance with the Regulations.</p> <p>Subsidiaries of the Company shall submit, before the 5th day of each month, detailed</p>	<p>(Control Procedures for Subsidiaries' Loan Extension)</p> <p>Subsidiaries of the Company proposing to extend loans to others shall prepare their respective procedures in compliance with the Regulations, <u>and shall implement such procedures accordingly.</u> <u>Subsidiaries of the Company shall</u> report the same to the Finance department of the Company and the Finance department of the Company will compile all procedures from subsidiaries to report to the Board of Directors for approval.</p> <p>Subsidiaries of the Company which are also domestic public companies shall on their own undertake the public announcement and report in compliance with the Regulations.</p> <p>Subsidiaries of the Company shall submit, before the 5th day of each month, detailed</p>	Pursuant to the Regulations, paragraph 1 amended.

	<p>statements of the loans extended as of the end of last month to the Company for consolidation.</p> <p>Subsidiaries of the Company shall on their own examine whether their procedures in relation to capital of lending to others are in compliance with the Regulations and whether their loans extended to others are in compliance with their procedures. The Company's internal audit department shall review the self-examination reports of the said subsidiaries.</p>	<p>statements of the loans extended as of the end of last month to the Company for consolidation.</p> <p>Subsidiaries of the Company shall on their own examine whether their procedures in relation to capital of lending to others are in compliance with the Regulations and whether their loans extended to others are in compliance with their procedures. The Company's internal audit department shall review the self-examination reports of the said subsidiaries.</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 VII

### Overview of the Far Eastern Textile Limited Bylaws on “Procedures for Endorsements and Guarantees” amendments

Sectio	Current Articles	Proposed Changes	Reasons
Article 2	<p>The Company may make endorsements/guarantees for the following companies:</p> <p>1) companies with whom the Company has business relationships:</p> <p>2) a company in which the Company directly and indirectly holds more than 50 percent of the voting shares ; and</p> <p>3) a company that directly and indirectly holds more than 50 percent of the voting shares in the Company.</p> <p>The above restrictions shall not apply to the circumstances where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry for the purpose of construction project, or where <u>each shareholder makes</u> endorsements/guarantees for their jointly invested companies in proportion to <u>its</u> shareholding percentages.</p> <p>Subsidiaries and holding company as referred to in these Procedures shall be those as determined under the Statements of Financial Accounting Standards Nos. 5 and 7 announced by the Accounting Research and Development Foundation of the Republic of China.</p>	<p>The Company may make endorsements/guarantees for the following companies:</p> <p>1) companies with whom the Company has business relationships:</p> <p>2) a company in which the Company directly and indirectly holds more than 50 percent of the voting shares ; and</p> <p>3) a company that directly and indirectly holds more than 50 percent of the voting shares in the Company.</p> <p><u>Subsidiaries, whose voting shares are 100% owned, directly or indirectly, by the Company, may make endorsements/guarantees for each other.</u></p> <p>The above restrictions <u>in the preceding two paragraphs</u> shall not apply to the circumstances where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry, <u>or for the co-producers of the same project</u>, for the purpose of construction project, or where <u>all shareholders make</u> endorsements/guarantees for their jointly invested companies in proportion to <u>their</u> shareholding percentages.</p> <p><u>Invested companies said in the preceding paragraph are those invested directly by the Company, or by the subsidiaries of which the Company owns 100% voting shares.</u></p> <p>Subsidiaries and holding company as referred to in these Procedures shall be those as determined under the Statements of Financial Accounting Standards Nos. 5 and 7 announced by the Accounting Research and Development Foundation of the Republic of China.</p>	<p>Pursuant to Article 5 of the Regulations Governing Loaning of Funds and Making of Endorsement s/Guarantees by Public Companies (“Regulations ”), paragraph 3 amended and paragraphs 2 and 4 added.</p>



<p>Article 4</p>	<p>Prior to the provision of endorsements or guarantees, the Company's finance department shall carefully evaluate its compliance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies ("Regulations"), these Procedures, including the following items and prepare and submit to the Board of Directors the evaluation report for approval; provided that, due to the time-constraints, the Board of Directors may authorize the Chairman to approve such provision subject to ratification by the Board of Directors in the upcoming meeting:</p> <ol style="list-style-type: none"> <li>1) necessity and rationale of the endorsements/guarantees;</li> <li>2) credit standing and risk evaluation of the party to be secured under such endorsements/guarantees;</li> <li>3) impact on the Company's operation, financial condition and shareholders' interests; and</li> <li>4) whether collaterals are required and appraised values of such collaterals.</li> </ol> <p>Where the Company provides endorsement and guarantees as a result of business transactions, it should separately assess whether the amount of endorsement and guarantee is comparable to the value involved in such business transactions. The value involved in the business transactions refers to the value represented by orders placed, sales or transactions contemplated by the parties during the year immediately prior to such provision of endorsements/guarantees.</p> <p>Where the Company proposes to provide an endorsement and/or guarantees as a result of business transactions which is in conformity with the conditions set out herein but exceed the limit as stipulated above as a result of business needs, it shall require the approval of the Board of Directors and the joint guarantee by more than half of the Directors in respect of the possible loss incurred by the excessive guarantee, as well</p>	<p>Prior to the provision of endorsements or guarantees, the Company's finance department shall carefully evaluate its compliance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies ("Regulations"), these Procedures, including the following items and prepare and submit to the Board of Directors the evaluation report for approval; provided that, due to the time-constraints, the Board of Directors may authorize the Chairman to approve such provision subject to ratification by the Board of Directors in the upcoming meeting:</p> <ol style="list-style-type: none"> <li>1) necessity and rationale of the endorsements/guarantees;</li> <li>2) credit standing and risk evaluation of the party to be secured under such endorsements/guarantees;</li> <li>3) impact on the Company's operation, financial condition and shareholders' interests; and</li> <li>4) whether collaterals are required and appraised values of such collaterals.</li> </ol> <p>Where the Company provides endorsement and guarantees as a result of business transactions, it should separately assess whether the amount of endorsement and guarantee is comparable to the value involved in such business transactions. The value involved in the business transactions refers to the value represented by orders placed, sales or transactions contemplated by the parties during the year immediately prior to such provision of endorsements/guarantees.</p> <p>Where the Company proposes to provide an endorsement and/or guarantees as a result of business transactions which is in conformity with the conditions set out herein but exceed the limit as stipulated above as a result of business needs, it shall require the approval of the Board of Directors and the joint guarantee by more than half of the Directors in respect of the possible loss incurred by the excessive guarantee, as well</p>	<p>Pursuant to the Article 20 of the Regulations, paragraph 5 amended.</p>
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	<p>as amendment to these Procedures subject to ratification by the Shareholders' Meeting. In the event that the Shareholders' Meeting raises objection, the Company shall formulate a proposal to cancel the excess within stipulated time limit.</p> <p>In the event that the Company has independent directors, the Board of Directors shall take into account the opinions of the independent directors and furthermore record in the minutes of such meetings the independent directors' consenting or dissenting opinions and the reasons in holding a meeting discussing the conditions abovementioned, this Procedures or providing endorsements and/or guarantees.</p> <p>Where the parties secured by such endorsements/guarantees fail to comply with these Procedures or the amounts have exceeded the limits as a result of changes in the circumstances, the Company shall prepare improvement plans and forward the same to the Supervisors.</p>	<p>as amendment to these Procedures subject to ratification by the Shareholders' Meeting. In the event that the Shareholders' Meeting raises objection, the Company shall formulate a proposal to cancel the excess within stipulated time limit.</p> <p>In the event that the Company has independent directors, the Board of Directors shall take into account the opinions of the independent directors and furthermore record in the minutes of such meetings the independent directors' consenting or dissenting opinions and the reasons in holding a meeting discussing the conditions abovementioned, this Procedures or providing endorsements and/or guarantees.</p> <p>Where the parties secured by such endorsements/guarantees fail to comply with these Procedures or the amounts have exceeded the limits as a result of changes in the circumstances, the Company shall prepare improvement plans and forward the same to the Supervisors. <u>Corrections shall be completed within the time limit stipulated in improvement plans.</u></p>	
Article 8	<p>The Company shall before the 10th day of each month publish and report the endorsements/guarantees it and its subsidiaries provided and their balance amounts as of the end of last month.</p> <p><u>Where the balance of Company's endorsements/guarantees has reached the limits set below</u>, the Company shall publish and report within 2 days of the said events:</p> <p>1) <u>The aggregate balance of endorsements/guarantees</u> has reached 50% or more of the net worth of the Company as shown in its latest financial statement or subsequent to the Company's public announcement provided herein, the balance increases by more than 5% of the net worth of the Company as shown in its latest financial statement; or</p> <p>2) <u>The balance of endorsements/guarantees</u></p>	<p>The Company shall before the 10th day of each month publish and report the endorsements/guarantees it and its subsidiaries provided and their balance amounts as of the end of last month.</p> <p><u>Where limits of the Company's endorsements/guarantees set below have occurred</u>, the Company shall publish and report within 2 days of the said events:</p> <p>1) <u>The aggregate balance of endorsements/guarantees provided by the Company and its subsidiaries</u> has reached 50% or more of the net worth of the Company as shown in its latest financial statement; or</p> <p>2) <u>The balance of endorsements/guarantees</u></p>	<p>To clarify and condense the procedure for public notices and announcements, and pursuant to the Article 25 of the Regulations, paragraphs 2 and 3 amended and paragraph 4 deleted.</p>

<p>for an individual company has reached 20% or more of the net worth of the Company as shown in its latest financial statement, <u>or subsequent to the Company's public announcement provided herein, the balance for a company increases by more than 5% of the net worth of the Company as shown in its latest financial statement;</u> or</p> <p>3) <u>The balance of endorsements/guarantees for an individual company has reached Ten Million New Taiwan Dollars (NT\$10,000,000) or more and the aggregate amount of all endorsements/guarantees, long term investment in, and balance of loans to, such company has reached 30% of the net worth of the Company as shown in its latest financial statement; or subsequent to the Company's public announcement provided herein, the balance increases by more than 5% of the net worth of the Company as shown in its latest financial statement;</u> or</p> <p>4) <u>The balance of endorsements/guarantees for an individual company out of business needs exceeds the total trading amount between the two parties in the most recent year or subsequent to the Company's public announcement provided herein, the balance for a company increases by more than 5% of the net worth of the Company as shown in its latest financial statement.</u></p> <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to any subparagraph of the preceding paragraph.</p> <p><u>The percentage of the balance of endorsements/guarantees over a company's net worth for a subsidiary under the preceding paragraph shall be calculated by the ratio of the subsidiary's balance of endorsements/guarantees to the Company's net worth.</u></p> <p>The "public announcement and report" referred to herein shall be those entered into</p>	<p><u>provided by the Company and its subsidiaries</u> for an individual company has reached 20% or more of the net worth of the Company as shown in its latest financial statement; or</p> <p>3) <u>The balance of endorsements/guarantees provided by the Company and its subsidiaries</u> for an individual company has reached Ten Million New Taiwan Dollars (NT\$10,000,000) or more and the aggregate amount of all endorsements/guarantees, long term investment in, and balance of loans to, such company has reached 30% of the net worth of the Company as shown in its latest financial statement; or</p> <p>4) <u>The additional individual endorsement/guarantee provided by the Company or its subsidiary has reached Thirty Million New Taiwan Dollars (NT\$30,000,000) or more and has reached 5% or more of the net worth of the Company as shown in the latest financial statement.</u></p> <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to any subparagraph of the preceding paragraph.</p> <p>The "public announcement and report" referred to herein shall be those entered into</p>	
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	<p>the web-site designated by the Financial Supervisory Commission, Executive Yuan for reporting information.</p> <p>The Company shall, in accordance with the Statements of Financial Accounting Standards No. 9, assess the status of endorsements/guarantees provided and reserve an appropriate amount to offset against contingent loss. The Company shall furthermore disclose the relevant information in its financial statements and provide the certified accountants with relevant materials for them to carry out the necessary audit processes.</p>	<p>the web-site designated by the Financial Supervisory Commission, Executive Yuan for reporting information.</p> <p>The Company shall, in accordance with the Statements of Financial Accounting Standards No. 9, assess the status of endorsements/guarantees provided and reserve an appropriate amount to offset against contingent loss. The Company shall furthermore disclose the relevant information in its financial statements and provide the certified accountants with relevant materials for them to carry out the necessary audit processes.</p>	
Article 9	<p>Subsidiaries of the Company proposing to provide endorsements/ guarantees for others shall prepare their respective procedures in compliance with the Regulations and report the same to the Finance department of the Company and the Finance department of the Company will compile all procedures from subsidiaries to report to the Board of Directors for approval.</p> <p>Subsidiaries of the Company which are also domestic public companies shall on their own undertake the public announcement and report in compliance with regulations.</p> <p>Subsidiaries of the Company shall submit, before the 5th day of each month, detailed statements of the endorsements/guarantees provided as of the end of last month to the Company for consolidation.</p> <p>Subsidiaries of the Company shall on their own examine whether their procedures in relation to endorsements/guarantees are in compliance with the Regulations and whether endorsements/guarantees provided are in compliance with their procedures. The Company's internal audit department shall review the self-examination reports of the said subsidiaries.</p>	<p>Subsidiaries of the Company proposing to provide endorsements/ guarantees for others shall prepare their respective procedures in compliance with the Regulations, <u>and shall implement such procedures accordingly.</u> <u>Subsidiaries of the Company shall</u> report the same to the Finance department of the Company and the Finance department of the Company will compile all procedures from subsidiaries to report to the Board of Directors for approval.</p> <p>Subsidiaries of the Company which are also domestic public companies shall on their own undertake the public announcement and report in compliance with regulations.</p> <p>Subsidiaries of the Company shall submit, before the 5th day of each month, detailed statements of the endorsements/guarantees provided as of the end of last month to the Company for consolidation.</p> <p>Subsidiaries of the Company shall on their own examine whether their procedures in relation to endorsements/guarantees are in compliance with the Regulations and whether endorsements/guarantees provided are in compliance with their procedures. The Company's internal audit department shall review the self-examination reports of the said subsidiaries.</p>	Pursuant to the Article 13 of the Regulations, paragraph 1 amended.

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

## Attachment VIII

### Information about the issuance of corporate bonds in year 2008

The company issued three corporate bonds in year 2008. Pursuant to the Article 246 of Company Law, the information about the issuance of such corporate bonds is disclosed below:

**a. Domestic unsecured bonds – 1st of Year 2008 – Far Eastern Textile Limited**

Three-year domestic unsecured bonds were issued at par value on 28 May 2008. The total face value of the bonds is NT\$2,600,000,000. These bonds are repayable in lump sum on maturity, with a coupon rate of 2.67% 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 May 2008 (Approval Letter No. FSC1-0970024455).

**b. Domestic unsecured bonds – 2nd of Year 2008 – Far Eastern Textile Limited**

Five-year domestic unsecured bonds were issued at par value on 20 June 2008. The total face value of the bonds is NT\$1,000,000,000. These bonds are repayable in 30%, 30%, and 40% of the face value, respectively, at the end of the third, fourth, and fifth year after issuance, and with a coupon rate of 2.83% 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 5 June 2008 (Approval Letter No. FSC1-0970028105).

**c. Domestic unsecured bonds – 3rd of Year 2008 – Far Eastern Textile Limited**

Five-year domestic unsecured bonds were issued at par value on 18 July 2008. The total face value of the bonds is NT\$1,200,000,000. These bonds are repayable in 30%, 30%, and 40% of the face value, respectively, at the end of the third, fourth, and fifth year after issuance, and with a coupon rate of 2.95% 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 4 July 2008 (Approval Letter No. FSC1-0970033492).

## **Attachment IX**

### **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 27 March 2009. 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\$196,557,154
- b. Cash compensation to Directors and Supervisors: NT\$147,417,865
- c. Bonus and compensation in shares, options, warranties, and other equity-linked forms: None
- d. Discrepancy between the amount estimated as expense in Year 2008 financial statements and the amount actually paid, and reasons for such discrepancy: Not applicable

# General information

## I. Articles of Incorporation of Far Eastern Textile Limited

### 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 Textile Ltd..

Article 2 The Company's businesses are as follows :

C301010 Yarn Spinning Mills

C302010 Knit Fabric Mills

C303010 Non woven Fabric Mills

C305010 Printing dyeing and finishing Mills

C306010 Outerwear Knitting Mill

C307010 Apparel, clothing accessories and other textile product manufacturing

C399990 Other textile products

C801120 Manmade fiber manufacturing

C801990 Other chemical material manufacturing

F104110 Wholesale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories and other textile products

F105050 Wholesale of Furniture, bedclothes, kitchen equipment and fixtures

F106020 Wholesale of articles for daily use

F107990 Wholesale of other chemical products

F204110 Retail sale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories and other textile products

F205040 Retail sale of Furniture, bedclothes, kitchen equipment and fixtures

F206020 Retail sale of articles for daily use

F207990 Retail sale of other chemical products

F301010 Department stores

F401010 International trade

F501060 Restaurants

J701020 Amusement parks

J801030 Athletics and recreational sport stadium

H701010 Residence and buildings lease construction and development

H701020 Industrial factory buildings lease construction and development

H701040 Specialized field construction and development

H701050 Public works construction and investment

G202010 Parking garage business



G801010 Warehousing and storage  
J901011 International and general tourist hotels  
IZ06010 Cargos packaging  
G101061 Truck freight transportation  
C802120 Industrial catalyst manufacturing  
F102040 Wholesale of nonalcoholic beverages.  
F107030 Wholesale of cleaning preparations.  
F113070 Wholesale of telecom instruments  
F213060 Retail sale of telecom instruments  
CC01080 Electronic part and component manufacturing  
CF01011 Medical materials and equipment manufacturing  
F108031 Wholesale of drugs, medical goods  
F208031 Retail sale of medical equipments

Except where permits are required, to run operations not forbidden or limited by laws and regulations.

Article 3 The Company may, where its businesses require, provide guarantee.

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 Forty-Nine Billion and Five Hundred Million New Taiwan Dollar (NT\$49,500,000,000) divided into 4,950,000,000 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 The Company's shares shall be numbered and issued following the signatures or seals by 3 Directors or more and the authentication by the relevant authorities or the registration organizations as approved by the

authorities in compliance with law.

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. New shares issued by the Company may also be consolidated for the purposes of production of share certificates, subject to them being deposited at the Securities Central Depository Enterprises.

The Company may issue shares in large denominations upon demand by Securities Central Depository Enterprises.

The Company can issue special shares.

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 11 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".
- 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 where necessary 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.
- 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 General Manager and a number of deputy general managers, a Chief Auditor and a Deputy Chief Auditor, a number of assistant managers, managers and factory managers.

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 shall not be 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 :

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;

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;

4% as employees' bonuses

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,

\*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 Textile Limited**

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.

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### **III. Election procedures of Directors and Supervisors for Far Eastern Textile Limited**

- Article 1 The election of directors and supervisors shall be pursued in accordance with the procedures herein.
- Article 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.
- Article 3 The election of directors and supervisors shall be pursued according to the number of position required and the candidates that obtain more number of votes shall be elected. If there are more than two candidates obtaining the same number of votes but the number of positions 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.
- Article 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.
- Article 5 The responsibility of the vote-overseeing personnel's responsibility shall be as follows:
- Check and seal the ballot box in public before ballot casting.
  - Maintain the order and check for any negligence and illegality for voting.
  - Unseal the ballot box and check the ballot number after ballot casting.
  - Check for any invalid ballots and hand in the valid ballots to the vote-counting personnel.
  - Oversee the vote-counting personnel recording the ballot numbers received by each candidate.
- Article 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 is more than one representative, all the representative names shall be listed.
- Article 7 The ballot shall be considered invalid in any of the following situations:
- Not the ballot provided under the rules herein
  - One ballot with more than two candidate names listed
  - Blank ballot

- Ballot not filled out according to article 6 or ballot with unrelated writing to this election
- Written characters blurred and not legible
- Incorrect candidate information on the ballot

Article 8 There shall be one ballot box for director and supervisor elections respectively. The ballot counting shall be pursued separately for the two elections.

Article 9 When all the ballots are cast in the box, the personnel of vote overseeing and counting shall simultaneously unseal the ballot boxes.

Article 10 The vote-overseeing personnel shall be present for vote counting.

Article 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.

Article 12 For the results of ballot counting, the vote-overseeing personnel shall make sure of correctness of the total ballot number after combining the numbers of the valid and invalid ballots. The numbers of the valid and invalid ballots shall be recorded separately and the chairperson shall announce the elected.

Article 13 The elected directors and supervisors shall be given the election notification by the board of directors.

Article 14 The rules herein take effect after approval at the stockholders' meeting. The same apply for any amendments.

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