

CHAIRMAN'S MESSAGE



Douglas Tong Hsu

Chairman
Far Eastern New Century Corporation

Although the world economy was beset by a lack of momentum throughout last year, Far East New Century Corporation (FENC) managed to tackle various challenges head on and strived to make steady progress and continue to thrive in the face of adversity.

FENC was founded on five founding mottos, which are sincerity, diligence, thrift, prudence and innovation. After 60 years of growth and expansion, the Company has not only continued to develop our industry-leading petrochemical, polyester and textile businesses, but monetized our high-value land assets and invested in a diversified portfolio of businesses.

In September 2015, the United Nations adopted 17 Sustainable Development Goals. As a responsible member of the world, the Company has incorporated the goals into our long-term policies and pledged to achieve low-carbon production, innovate green products, ensure responsible procurement, promote equality in our work environment, invest in our employee's potential and take care of their health and well-being. We are driven to create new corporate values based on sustainability and benefit our society by developing the Company in the right direction.

Over the years, the Company has endeavored to fulfill our social responsibilities based on our core strength to achieve sustainable development. On the governance front, the CSR Committee launched various social and environmental campaigns in 2015, including assessing the risks of climate change, formulating adaptation action plans, extending the GHG inventory to all our production sites, evaluating the use of renewable energy and refining stakeholder questionnaires. All these efforts were made to meet the international standards of sustainable development. In addition, we have taken an active role in engaging with our internal and external stakeholders to understand their concerns and expectations. In 2015, FENC won a Gold Award in the "Corporate Sustainability Report Awards" for our last CSR report, ranking first in the Manufacturing Industry category, and also achieved remarkable results in the Corporate Governance Evaluation, the CDP and many international sustainability evaluations.

Research, development and innovation are the key to enhancing FENC's competitiveness for the long term, and also a critical aspect of our strategy to achieve sustainable development. Many of our innovative products have received international recognition. For example, DynaFeed, a revolutionary smart garment system that can accurately measure heart rate and motion data in a cost-efficient manner, was awarded the ISPO Asian Gold Winner at the globally prestigious Textrends Exhibition in Munich

in 2016. In addition, we partnered with Coca-Cola to develop the world's first Bio-PET bottle, which made its first appearance at Expo Milan 2015. This was a successful first step to commercialize our innovation.

To achieve another round of growth, the Company officially launched Vietnam Investment Project in 2015, with an aim of developing the country as our third production base for vertical integration, following our operations in Taiwan and China. Increasing our scale of production will further consolidate our position as the industry leader. In addition, the Company regards our human resources as valuable assets and thus has collaborated with a top university to develop comprehensive training programs for staff at different levels, from rank and file employees to high-level managers. Every member of the Company will benefit from this lifelong learning system and in turn enhance our competitive advantage for the long term.

Since the Paris Agreement was finalized in COP21, governments around world has set targets and introduced policies to reduce carbon emissions, and urged companies to take their share of responsibility. FENC has long been building a green supply chain for the petrochemical industry. Our achievement in developing eco-friendly products has been recognized worldwide. In the future, we will incorporate clean production and renewable energy into our Production Business. To promote environmental protection in the industry, we will lead by example and minimize carbon emissions in all our land development projects.

As Mother Company of the Group, FENC has been devoted to advancing public interest since its inception by making use of its business expertise and participating in activities promoting social wellbeing. We benefit from the society, so we should give back, that's our corporate principle. For instance, the Company sponsored an exhibition entitled "Taiwan Water, Fountain of Life" in 2015 to raise awareness of the impact of extreme weather caused by climate change and received a lot of positive feedback. In addition, we have been promoting recycling throughout Taiwan for many years. By adding exhibits to the education center of Beitou Refuse Incineration Plant, we hope to inspire people to join us in protecting the earth in every aspect of our life.

Lastly, I'd like to express my heartfelt gratitude to everyone at FENC for their dedication over the last year. The Company will build on past success and continue to pursue excellence with innovative thinking, superior technology and excellent managerial skills. We will also strive to fulfill our social responsibilities to bring happiness and prosperity into our community.