

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

**Date:** Friday, 24 June 2011  
**Time:** 9:00 a.m. Taipei time  
**Place:** Auditorium in the Taipei Hero House  
No. 20, Changsha Street, Section 1, Taipei, Taiwan

**Purpose:**

1. To accept 2010 business report and financial statements
2. To approve proposed resolutions

**Proposed resolutions:**

1. To accept 2010 business report and financial statements
2. To approve the proposal for distribution of 2010 profits
3. To approve the revisions to the Articles of Incorporation
4. To approve the capitalization of 2010 stock dividends
5. To approve amending the company bylaw of "Election procedures of Directors and Supervisors for Far Eastern New Century Corporation".

**Attachments:**

- I. 2010 business report
- II. Independent auditors' audit report by Deloitte & Touche
- III. Supervisors' report
- IV. 2010 financial statements
- V. 2010 profit allocation proposal
- VI. Overview of Articles of Incorporation amendments
- VII. Overview of "Election procedures of Directors and Supervisors" amendments
- VIII. Overview of "Meeting rules of Board of Directors" amendments
- IX. Information about the issuance of corporate bonds in year 2010
- X. Current shareholding of Directors and Supervisors
- XI. Information about the bonus of employees and compensation of Directors and Supervisors

**General Information**

- I. Articles of Incorporation of Far Eastern New Century Corporation; also available for viewing on the internet at <http://www.fenc.com/upload/ir/us201105180003.pdf>
- II. Meeting rules of stockholders for Far Eastern New Century Corporation; also available for viewing on the internet at <http://www.fenc.com/upload/ir/us201105180001.pdf>
- III. The full English-version audited report on 2010 financial statements, translated and prepared by the independent auditor Deloitte & Touche is available for viewing on the internet at <http://www.fenc.com/en/ir/index.aspx?c=28>

IV. The notice, agenda, and the handbook for the upcoming 2011 annual general shareholders' meeting will be available for viewing on the internet at <http://www.fenc.com/en/ir/index.aspx?c=66> on or about 24 May 2011

If you do not have access to the internet and would like to obtain a hard copy of the meeting notice, the meeting agenda, and 2010 financial report, please write to:

Attention: IR team, 2011 AGM agenda  
Far Eastern New Century Corporation  
34Fl, No. 207, Tun-Hwa South Road, Section 2  
Taipei 106, Taiwan

Or, you may also request for a hardcopy of the meeting notice, the meeting agenda, and 2010 financial report by contacting the following:

Joe Pai + 886-2-2737-8725; [joepai@fenc.com](mailto:joepai@fenc.com)  
Chialing Chao + 886-2-2733-8000 ext. 8470; [chialing@fenc.com](mailto:chialing@fenc.com)  
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**Far Eastern New Century Corporation**

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

- 1. Call the meeting to order**
- 2. Chairperson takes chair**
- 3. Chairperson remarks**
- 4. To report:**
  - a. 2010 business operations
  - b. 2010 financial statements
  - c. Supervisors' review report of 2010 business operations and financial statements
  - d. The amendments of "Meeting rules of the board of directors"
  - e. Information of the issuance of corporate bonds in 2010
- 5. To discuss and approve proposed resolutions**
  - a. To accept 2010 business report and financial statements
  - b. To approve the proposal for distribution of 2010 profits
  - c. To approve the revisions to the Articles of Incorporation
  - d. To approve the capitalization of 2010 stock dividends
  - e. To approve amending the company bylaw of "Election procedures of Directors and Supervisors for Far Eastern New Century Corporation".
- 6. Extemporary motion**
- 7. Meeting adjourned**

## Proposed resolutions

### 1. To accept 2010 business report and financial statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of 2010 business report and financial statements.

Explanatory Notes:

- i. FENC's 2010 business report and financial statements, including balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, have been audited by independent auditors, Mr. Shih Ching-Pin and Mr. Huang Shu-Chieh of Deloitte & Touche, and have been examined by and determined to be correct and accurate by Supervisors of FENC. We thereby submit this report.
- ii. The 2010 business report, independent auditors' audit report, Supervisors' report, and the aforesaid financial statements are attached as Attachments I, II, III, and IV.
- iii. Please accept the aforesaid business report and financial statements

### 2. To approve the proposal for distribution of 2010 profits

The Board of Directors proposes and recommends that each shareholder vote FOR the distribution of 2010 profits.

Explanatory Notes:

- i. Cash dividends to common share holders: Totaling NT\$9,509,159,918. Each common share holder will be entitled to receive a cash dividend of NT\$2.0 per share.
- ii. Stock dividends to common share holders: Totaling NT\$1,426,373,990. Each common share holder will be entitled to receive a stock dividend of 30 common shares for each 1,000 common shares held by such shareholder.
- iii. After being approved at the Annual General Shareholders' Meeting, the cash and stock dividends to common share holders will be distributed on a record date to be determined by the Board of Directors.
- iv. Should FENC subsequently repurchase its common shares or issue new common shares according to Article 28-2 of the ROC Securities and Exchange Law and other relevant regulations, the total number of common shares outstanding may change, and the ultimate cash and stock to be distributed to each common share may need to be adjusted accordingly. It is proposed that the Board of Directors of FENC be authorized to adjust the cash and stock to be distributed to each common share based on the total amount of profits resolved to be distributed, the amount of earnings resolved to be capitalized, and the number of actual common shares outstanding on the record date for distribution.
- v. The 2010 profit allocation proposal is attached as Attachment V.
- vi. Please approve the aforesaid proposal for the distribution of 2010 profits.

### **3. To approve the revisions to the Articles of Incorporation of Far Eastern New Century Corporation**

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

Explanatory Notes:

- i. It is proposed that Article 3, Article 6, Article 7, Article 16, Article 19, Article 22, Article 26 and Article 29 of the Far Eastern New Century Corporation Articles of Incorporation be amended. The overview table for the Articles of Incorporation Before and After amendments is attached as Attachment VI.
- ii. Except for the Article 16 related to the regulations of independent directors, which will be applied in the re-election of directors in 2012, all the other articles will immediately take effect after being approved at the Annual General Shareholders' Meeting.
- iii. Please approve the proposal for the amendments of the Articles of Incorporation.

### **4. To approve the capitalization of 2010 stock dividends**

The Board of Directors proposes and recommends that each shareholder vote FOR the capitalization of 2010 stock dividends.

Explanatory Notes:

- i. For the purpose of improving the financial and capital structure, it is proposed that FENC's paid-in capital be increased by capitalizing the stock dividends to common share holders of NT\$1,426,373,990.
- ii. A total number of 142,637,399 common shares, at par value of NT\$10 each share, shall be issued for such capital increase. Each common share holder will be entitled to receive a stock dividend of 30 common shares for each 1,000 common shares held by such shareholder.
- iii. In accordance with Article 240 of the Company Law, if the stock dividends include any fractional shares which are less than one full share, the distribution will be made in the form of cash rounded to the nearest dollar amount calculated at par value. Such fractional shares will be purchased by the Employee Stock Ownership Trust (ESOT) of FENC.
- 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. The present total authorized capital of FENC is NT\$ 49,500,000,000, divided into 4,950,000,000 shares of NT\$10 each. The Company may issue convertible corporate bonds and employee warrants from time to time. Out of the aforesaid capital, a total of 150,000,000 and 10,000,000 shares (of NT\$10 each) should be reserved for issuance of corporate convertible bonds and employee warrants, respectively. Because the un-issued authorized capital of FENC is insufficient to satisfy the number of the proposed share

dividends to be issued to shareholders, in accordance with Article 278-2 of the Company Law, it is proposed to increase the authorized capital up to NT\$ 60,000,000,000. The Board of Directors is authorized to issue the increased un-issued capital of NT\$ 10,500,000 in separate trenches.

- vii. After the capitalization of 2010 stock dividends, the total number of issued common shares will be 4,897,217,358 shares, at par value of NT\$10 each share. The paid-in capital will amount to NT\$48,972,173,580.
- viii. Please approve the proposal for the capitalization of 2010 stock dividends.

**5. To approve amending the company bylaw of “Election procedures of Directors and Supervisors for Far Eastern New Century Corporation”**

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

Explanatory Notes:

- i. It is proposed that Article 3 and Article 6 of the company bylaw of “Election procedures of Directors and Supervisors for Far Eastern New Century Corporation” be amended.
- ii. The overview table of “Election procedures of Directors and Supervisors for Far Eastern New Century Corporation” Before and After amendments is attached as Attachment VII.
- iii. Please approve the proposal for the amendments of the aforesaid bylaw.