



Far Eastern New Century Corporation (FENC)



2013 Annual General Shareholders' Meeting Minutes (Translation)

Date: Tuesday, 25 June 2013

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 (excluding 734,422 shares owned by FENC's subsidiaries):
5,043,399,457 shares

Number of shareholders and shareholder representatives present: 910 persons

Total shares represented by shareholders present: 4,211,794,278 shares

Percentage of shares held by shareholders: 83.511%

Chairman: Mr. Douglas Tong 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 remarks

(Omitted)

C. Reporting Items:

1. 2012 business operations. (See Attachment I)
2. 2012 financial statements. (See Attachment II& IV)
3. Supervisor's review report of 2012 business operations and financial statements. (See Attachment III)
4. Information of the corporate bonds issued in 2012. (See Attachment V)
5. The amendments of "Meeting Rules of Board of Directors of Far Eastern New Century Corporation". (See Attachment VI)
6. The adjusted amount made to the Company's retained earnings available for distribution and appropriation of its special reserve due to the first-time adoption of International Financial Reporting Standards.

D. Approval items

1. To accept 2012 business report and financial statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of 2012 business report and financial statements.

Explanatory Notes:

- i. FENC's 2012 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. Cho Ming Hsing 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 2012 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

Voting Results: 4,211,794,278 shares were represented at the time of voting (including e-voting); 3,412,116,817 shares voted for the proposal, representing 81.01% of the total represented shares present.

RESOLVED, that the 2012 business report and financial statements be and hereby were accepted as submitted.

2. To approve the proposal for distribution of 2012 profits

The Board of Directors proposes and recommends that each shareholder vote FOR the distribution of 2012 profits.

Explanatory Notes:

- i. Cash dividends to common share holders: Totaling NT\$6,557,374,043. Each common share holder will be entitled to receive a cash dividend of NT\$1.3 per share.
- ii. Stock dividends to common share holders: Totaling NT\$1,008,826,780. 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 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 2012 profit allocation proposal is attached as Attachment VII
- vi. Please approve the aforesaid proposal for the distribution of 2012 profits.

Voting Results: 4,211,794,278 shares were represented at the time of voting (including e-voting); 3,412,115,879 shares voted for the proposal, representing 81.01% of the total represented shares present.

RESOLVED, the proposal for distribution of 2012 profits be and hereby was accepted as proposed.

E. Discussion Items

1. To approve the capitalization of 2012 stock dividends

The Board of Directors proposes and recommends that each shareholder vote FOR the capitalization of 2012 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\$1,008,826,780. A total number of 100,882,678 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.
- ii. 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.
- iii. Should FENC subsequently repurchase its common shares or issue new common shares according to Article 28-2 of the ROC Securities and Exchange Law and other relevant regulations, the total number of common shares outstanding may change, and the ultimate numbers of stock to be distributed to each common share may need to be adjusted accordingly. It is proposed that the Board of Directors of FENC be authorized to adjust the numbers of stock to be distributed to each common share based on the total amount of profits resolved to be distributed, the amount of earnings resolved to be capitalized, and the number of actual common shares outstanding on the record date for distribution.
- iv. 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.
- 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\$ 60,000,000,000, divided into 6,000,000,000 shares of NT\$10 each. Until the end of 2012, the total paid-in capital amounted to NT\$50,441,338,790, divided into 5,044,133,879 shares of NT\$10 each. The un-issued capital was NT\$9,558,661,210, divided into 955,866,121 shares of NT\$10 each.
- vii. After the capitalization of 2012 stock dividends, the total number of issued common shares will be 5,145,016,557 shares, at par value of NT\$10 each share. The paid-in capital will amount to NT\$51,450,165,570.
- viii. Please approve the proposal for the capitalization of 2012 stock dividends.

Voting Results: 4,211,794,278 shares were represented at the time of voting (including e-voting); 3,412,108,328 shares voted for the proposal, representing 81.01% of the total represented shares present.

RESOLVED, the proposal for the capitalization of 2012 stock dividends be and hereby was accepted as proposed.

2. 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 13, Article 16, Article 22 and Article 29 of the “Articles of Incorporation of Far Eastern New Century Corporation” be amended.
- ii. The overview table for the “Articles of Incorporation of Far Eastern New Century Corporation” Before and After amendments is attached as Attachment VIII.
- iii. Please approve the proposal for the amendments of the “Articles of Incorporation of Far Eastern New Century Corporation”.

Voting Results: 4,211,794,278 shares were represented at the time of voting (including e-voting); 3,412,006,067 shares voted for the proposal, representing 81.01% of the total represented shares present.

RESOLVED, the proposal for the revisions of the “Articles of Incorporation of Far Eastern New Century Corporation” be and hereby was accepted as proposed.

3. To approve amending the company bylaw of “Procedures for Endorsements and Guarantees of Far Eastern New Century Corporation” and “Procedures for Lending of Capital to Others of Far Eastern New Century Corporation”.

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

Explanatory Notes:

- i. Pursuant to amendments of articles of “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” from the letter (Letter No. FSC Fa-Tse 1010029874) issued on 6 July 2012 by the ROC Financial Supervisory Commission (FSC), it stipulates that companies shall amend Article 2, Article 3, Article 4, Article 6 and Article 8 of “Procedures for Endorsements and Guarantees of Far Eastern New Century Corporation” and Article 2, Article 3, Article 4, Article 5 and Article 8 of “Procedures for Lending of Capital to Others of Far Eastern New Century Corporation”. Amendments of articles can be referred to Attachment IX and X.
- ii. The overview table for the “Procedures for Endorsements and Guarantees of Far Eastern New Century Corporation” Before and After amendments is attached as Attachment IX.
- iii. The overview table for the “Procedures for Lending of Capital to Others of Far Eastern New Century Corporation” Before and After amendments is attached as Attachment X.
- iv. Please approve the proposal for the amendments of the aforesaid bylaws.

Voting Results: 4,211,794,278 shares were represented at the time of voting (including e-voting); 3,411,990,656 shares voted for the proposal, representing 81.01% of the total represented shares present.

RESOLVED, the proposal for amending the company bylaw of “Procedures for Endorsements and Guarantees of Far Eastern New Century Corporation” and “Procedures for Lending of Capital to Others of Far Eastern New Century Corporation” be and hereby was accepted as proposed.

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

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

Explanatory Notes:

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

Voting Results: 4,211,794,278 shares were represented at the time of voting (including e-voting); 3,411,995,905 shares voted for the proposal, representing 81.01% of the total represented shares present.

RESOLVED, the proposal for amending the company bylaw of “Election procedures of Directors and Supervisors of Far Eastern New Century Corporation” be and hereby was accepted as proposed.

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

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

Explanatory Notes:

- i. In order to improve the efficiency of shareholders meetings and protect the rights of shareholders, the Taiwan Stock Exchange Corporation issued an official letter (Letter no 1020003468) on 27 February 2013. It amended the articles of “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” to smooth the procedure and reduce the possible arguments during a shareholders’ meeting.
- ii. In order to improve the corporate governance of the Company and enhance the shareholders’ rights, it is proposed that Article 2 and Article 11 of the company bylaw of “Meeting Rules of Stockholders of Far Eastern New Century Corporation” be amended.
- iii. The overview table of “Meeting Rules of Stockholders of Far Eastern New Century Corporation” Before and After amendments is attached as Attachment XII.
- iv. Please approve the proposal for the amendments of the aforesaid bylaw.

Voting Results: 4,211,794,278 shares were represented at the time of voting (including e-voting); 3,411,998,787 shares voted for the proposal, representing 81.01% of the total represented shares present.

RESOLVED, the proposal for amending the company bylaw of “Meeting Rules of Stockholders of Far Eastern New Century Corporation” be and hereby was accepted as proposed.

F. Extemporary motion: None

G. Meeting adjourned

The English version is the translation of the Chinese version and if there is any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.

Attachment I

2012 Business report

Overview

Year 2012 could be considered a challenging year for many businesses. In a rapidly changing and challenging environment, business operations were affected by the political, economic and other risks inherent in the market. For year 2012, the global economy experienced volatility in commodity and food prices, and market uncertainty emphasized by concerns over the Eurozone debt crisis, the US fiscal cliff, China's growth slowdown, extreme weather events or other natural disasters, etc. Despite all the economic uncertainties and challenges, Far Eastern New Century (FENC, the Company) is well positioned to seize opportunities presented by the competitive landscape and prevail against challenges emerging from the fast-evolving business climate. Heading into 2013, although signs of recovery have emerged above the horizon, we opt to remain cautious on the sustainability of global real demand improvement given the existing uncertainty of the global economy.

From a political perspective, international affairs and government and cabinet turnovers have created significant impacts on the global economy. In Asia, after power transitions in China, Japan, and Korea, there had been uncertainties regarding market reactions to the monetary and fiscal policies implemented by the new administrations. Territorial disputes over the Diaoyutai Islands and North Korea's nuclear testing also caused disturbance in the region. In the US, the fiscal cliff remains a concern even as Barack Obama was re-elected for his second term as President. In the Euro area, after elections in several countries in the region, Euro debt crisis still posts a challenge to the recovery path of the Eurozone economy. Furthermore, in the Middle East, the upcoming Iranian presidential election adds to the uncertainty in the region.

From a global economic perspective, the US and China remain the leading engines for the growth of the global economy. At the end of year 2012, there were nascent signs of temporary relief on concerns over the US fiscal cliff, attributing to the recovery of housing market and the implementation of quantitative easing (QE2 & QE3). However, the market is still cautious about the future growth momentum of the US economy. In terms of China, the concerns over spare capacity and an economic slowdown have added uncertainties to the market. In response to the quantitative easing monetary policy adopted by the US and Eurozone countries to stimulate the economy, Japan, as Asia's largest economy, has also adopted a quantitative easing program for its monetary policy after the new Prime Minister Shinzo Abe took over the administration. Therefore, quantitative easing has left global economies under the great pressures of a currency war. For emerging Asian markets, while there are economic improvements, inflation continues to be a threat. Furthermore, the ongoing negotiations among Free-Trade Agreement (FTA) members has also attracted great attention from the international community. In Europe, the financial conditions in Greece, Spain, and Italy are still causing market tensions and concerns to the European Union (EU). As international speculative short-term capital (hot money) surged into the market, prices of oil, gold, and food have fluctuated; as a result, increased manufacturing costs have made business operations even more challenging.

In terms of the impact of natural disasters on the overall economy, the rapidly changing climate also cause uncertainties for global economic development. In the past year, economic activities in certain regions of China had been burdened by floods, and Beijing has been under a troublesome level of air pollution. Moreover, various production activities were also negatively affected by Hurricane Sandy that swept across the eastern US.

As a result, FENC has been facing a challenging environment impacted by the volatile global economies and political conditions, soaring oil and electricity prices, rising commodity prices, and increased manufacturing costs. To create further business opportunities, we have set our strategic layout to seize the lucrative opportunities deriving from the population of 1.3 billion in China, as Taiwan is closely linked to China in both economic and political respects. China is at a critical moment of political transition and it will be a challenging task for successors, Xi Jin-Ping, Li Ke-Qiang (Xi-Li), to set strategic directions for the country, in order to preserve the economic growth created by prior leaders, Hu Jin-Tao and Wen Jia-Bao (Hu-Wen) and lead China to a new era of economic transformation. Although economic and political conditions seem unpredictable, the Chinese government is making its best efforts to drive the economic recovery by expanding domestic demand, and to transform itself from the "world's factory" to the "world's market".

Even as economic, political, and natural impacts create challenges in the business environment, FENC is determined to pursue continuous innovation and excellence, in order to achieve sustainable growth. Guided by the Company mission statement, "Having innovative thinking, superior technology, and excellent managerial skills, we aim to lead the polyester and textile industries and maximize the value of our holdings in real estate and equities, and all that shall lead the development of society and bring prosperity to the community", FENC has managed to create continuous successes. As a great recognition of FENC's continued efforts to re-invent and

rise above a rapidly changing environment, FENC has won the “Most Admired Company” award from “CommonWealth Magazine” for consecutive years.

Operating Results

In the fast-moving business environment, FENC sustains growth via strategic business diversification. As a conglomerate with diversified investments in various businesses, the Company was re-named from Far Eastern Textile Limited (FETL) to Far Eastern New Century Corporation (FENC) in 2009. With a strong core business, diversification allows FENC to extend its range of products or services and gain entry into new markets. While FENC sustains its leading position in the polyester industry, it enjoys a stable contribution of income from its diversified investments. The Company also continued land development by monetizing the existing land assets. Consolidated revenue for 2012 totaled NT\$240.4 billion, an increase of 2 percent over 2011. On a parent-alone basis, revenue arrived at NT\$60.7 billion, Net income was NT\$8.713 billion and earnings per share was NT\$1.73. In the 21st session of the fourth meeting, our Board of Directors has proposed to pay a dividend of NT\$1.5 per share, comprising of a cash dividend NT\$1.3 per share and a stock dividend NT\$0.2 per share. Operating results by business segments are outlined below:

A leading polyester producer

FENC successfully completed vertical integration at its core business production lines both in Taiwan and China, from upstream PTA plants to downstream polyester and textile products. In terms of consolidated revenue, polyester, petrochemical, and textile represents 50%, 30%, and 20% respectively. FENC has maintained its leading position in the industry by utilizing economies of scale, implementing breakthrough technologies and developing green products.

Upstream - Petrochemical Business

FENC has achieved a high level of vertical integration with an emphasis on the production of PTA. Due to the current shortage of PX, PTA industry is experiencing an imbalance between supply and demand, and going under a period of industry structure change. However, FENC retains its competitive advantage from inter-group vertical integration both in Taiwan and China. PTA production line located at Guanyiin site, Taiwan (Oriental Petrochemical Taiwan Co. Ltd., OPTC) has an annual capacity of 950,000 tons while in Shanghai, China (Oriental Petrochemical Shanghai Corporation, OPSC), PTA production line has an annual capacity of 750,000 tons.

Far Eastern Yihua Petrochemical(Yangzhou) Ltd., a joint-venture formed between OPSC and Sinopec Yizheng Chemical Fibre Company Limited, has a designed annual capacity of two million tons and new lines are slated for commercial operation in the fourth quarter of 2014. To reinforce market competitiveness and reduce manufacturing costs, FENC implemented various tactics such as innovative production techniques and cross-strait sales strategies, long-term contracts with PX suppliers to ensure stable supply of raw materials, production line upgrades, and reduction in production costs via the use of coal water mixture.

Mid-Stream – Polyester Business

FENC is a global leading polyester producer with vertically-integrated production processes. The Company has production lines in Taiwan, China, and South East Asia with an annual capacity of two million tons. For Solid State Polyester (SSP) products, FENC is the largest supplier of PET in Asia and remains globally competitive by ranking 3rd worldwide in terms of capacity. The Company received the “Global Sustainable Procurement Supplier of the Year” award in 2013 from Coca-Cola. Aiming to be the world’s largest Bio-PET manufacturing site, FENC is planning to build a new plant in Yangzhou, China, with a designed capacity of 850,000 tons. By closely monitoring the market, the Company continually increases the capacity of PET bottles and PET films to strengthen its market position in China while increasing its market share in Japan. Recycled PET (r-PET) resin is a product that the Company is adding capacity aggressively in order to become a worldwide leading producer. Strategic global layout for the recycled food-grade bottle flakes business is in progress, and the plant in Japan is slated for commercial operation in the near future. FENC is the largest worldwide supplier of staple fibers used for non-apparel purposes. To maintain its leading position, FENC has expanded capacity gradually and increased its product differentiation rate over 70% of its product portfolio. With regard to the filament yarn products, FENC has been making efforts to differentiate its products by developing TopHeat™ fibers, TopCool™ fibers, and TopGreen™ fibers (recycled yarn). Meanwhile, the Company has enhanced its value chain by building a long-term partnership with international brands such as P&G, Johnson & Johnson, and Kimberly Clark. Furthermore, by working with renowned downstream customers, the Company continues to sustain its growth.

Downstream – Textile Business

The Textile Business is devoted to product innovation and breakthroughs in technology and process re-engineering and it is fully equipped with a vertically integrated production line from product development, yarn spinning, fabric and apparel manufacturing to marketing. Being one of the most prestigious material suppliers, FENC has long-term partnerships with world-renowned fashion brands in fabric and apparel to develop innovative fabrics and other trendy and functional high-value products. As a result, fabrics made by the Company for recycled sportswear were selected by Nike for the FIFA World Cup™ for two consecutive years, and by many sports teams for the 2014 Brazil World Cup. In order to obtain the zero tariff of TPP, the Company increased its investment in Vietnam. For industrial fabrics, our conveyor belts are lightweight and meet the requirements for food-grade and electronic products. The group defines its core competence as the ability to develop functional products, such as Nylon6-6 tire cord fabrics, PET tire cord fabric, industrial yarn and polyester airbag yarn that can replace nylon for air bag manufacturing.

Investment – Diversify and Pursue New Business Opportunities

FENC enjoys profits from its affiliated companies which are led by well-established management teams and supported by innovative strategy. The affiliated companies are in diversified business areas, such as petrochemical, cement, transportation, polyester, retail, telecommunication, financial services, construction, and hotels & resorts. All the affiliates are in leading positions in their respective industries. To seize business opportunities, our investment portfolio targets the Chinese market and its population of 1.3 billion. The investment portfolio includes Far Eastone Telecommunications (38%), Asia Cement Corporation (25%) and others, to name a few, such as Oriental Union Chemical Corporations, Far Eastern Department Stores Co. Ltd. and Far Eastern International Bank. Far Eastone, being the most important contributor to the investment income of the Company, generated a record-high revenue in 2012. The number of its retail stores reached 900 from the 3 major distribution channels of Far Eastone, Arcoa and Data Express. Meanwhile, for further developing in the enterprise cloud services, Far Eastone released “FET Super Cloud” enterprise data storage services by forming an alliance with ASUSTeK Computer Inc. It also plans to build a new cloud internet center (IDC) at the Taipei Far Eastern Telecom Park (T park). The first submarine optic fiber cable directly linking Taiwan and Chinese mainland, “Taiwan Strait Express 1”, has been completed and become the faster and most stable cable cross the strait which will bring a win-win situation for operators and end users. By expanding the applications of non-voice services and creative marketing strategies, Far Eastone will continually grow in a systematic way. In retail business, with the openings of Taichung Top City, Banciao Mega City and Hsinchu Big City, we have established a new benchmark for the retail business in Taiwan and the revenue from the three new shopping malls is much better than the original expectation. In cement business, Asia Cement Corporation with its capacity cross the strait has planned for strategic expansion in China and could be ranked in the top ten cement companies in China shortly. In addition, Oriental Union Chemical Corporation has been collaborating with FENC in the development of a MEG project located at the Yangzhou Chemical Industrial Park, in order to maximize inter-group synergy. Far Eastern International Bank is seeking business opportunities in the Greater China region (China, Hong Kong, and Taiwan) through offering OBU and a variety of cross-strait business models. With its vision and the business outlook for its affiliates, this diversified investment portfolio will continue to generate consistent profits for FENC.

Land Development – Monetize Land Assets

FENC has a significant amount of land holdings totaling 560,000 pings. Land with high-potential development value includes Taipei Metro Tower located in Taipei City, and holdings in Banciao, Taishan in New Taipei City. Currently, the amount of land under planning and development is approximately 200,000 pings. To utilize and monetize the land assets, Far Eastern Resources Development Ltd (FERD) was established. Taipei Far Eastern Telecom Park (T park), being located at a transit hub accessing three major transport systems, Taipei MRT, Taiwan Railways and Taiwan High Speed Railways, is the top priority of the land development business. The first phase of T park was recently completed and it comprises an industrial zone, a commercial zone, a residential zone, a medical center and public infrastructure. By providing a convenient and comfortable environment, several international telecommunication companies, such as the research headquarters of Ericsson, have set up in the park. Some local well-known companies, such as E. Sun Bank, DBS Bank, and the Wang Steak Group moved in as well. After completing phase I, the Company has been actively planning the sequential development of T park by constructing a new headquarters of Far Eastone and the second R&D building. FENC’s retail store, Banciao A-Mart, will be re-located to the north of T park and the land of A-Mart’s former site will be developed as a residential skyscraper project by Far Eastern Construction Company. T park, with 62,000 pings slated for development, is located next door to the MRT station of Far Eastern Memorial Hospital. For the public

infrastructure In the T park, an ecological park connecting the north and south parks and a hydrophilic shaft project are under planning. Additionally, the New Taipei City government has announced to develop a Cloud Valley Industrial Park close to T park and has selected T park as the recruiting center for cloud-related investment services as well. T park is the first smart green campus in Taiwan's metropolitan area, with the purpose to combine telecommunications, cloud computing, digital content and green energy industries. In addition, the SPA Resort project at Ilan has received the development permit and the potential profit from land development can be truly rewarding.

Business Goals and Prospects

FENC strives to enhance its competitive advantages and create new business opportunities in a challenging environment. Guided by the Company's global vision, future insights, distinctive organization structure, and the long-cultivated corporate culture, FENC is progressing steadily to the following strategic goals:

Green Product – New Business Opportunities

In light of the increasing awareness of environmental conservation, FENC is committed to the innovation and development of green products. The green-technology R&D department has a focus on environmental-friendly packaging materials, recycled PET, and bio-based materials, with the goal of replacing petroleum materials with bio-based materials and developing green products, such as recyclable polyester, recycled-polyester fiber, polyester beer bottles. Food-grade recycled PET and bio-based PET resins are consumed by international brands such as Coca-Cola and Pepsi. TopGreen™ recycled fibers (recycle yarn; environmental-friendly recycling polyester fiber) were selected by Nike to produce sportswear in the FIFA World Cup™. Promotion and development of green products is vertically-integrated, in the upstream petrochemical business, the mid-stream polyester business, and the downstream textile business. New production lines have been aggressively added to industry-leading products, such as Bio-PET and R-PET, via a global lay out and ongoing expansion of the manufacturing sites. The new plant construction at Tokyo, Japan has commenced and is expected to be completed in the first-half of 2014. In China, new lines in Yangzhou are slated for commercial operation by the end of 2014.

Market Scale - Expand Business Territory

In order to maintain the leading position, FENC manages to efficiently optimize capital allocation and continuously expands the businesses via diversified investments. Our capacity expansion targets are green and specialty products. To become the largest Bio-PET manufacturing site, our polyester business unit built production lines in Yangzhou. Based on the trend of the polyester market, capacity has been added to green products, such as recycled-PET (R-PET), amorphous-PET (A-PET), and heat-shrinkage PET film (PET-FILM). For the petrochemical business, once the PTA plant is established, it will supply the polyester business via much more efficient logistics.

Human Resource – Cultivate an Elite Team

To respond to the rapid growth of FENC, we aggressively recruit and retain top notch talent. In order to promote the leadership development plan, we set up a Human Resource Recruiting Committee to select those with high potential for business units and the administration department. Several measures have been taken to enhance the quality of human resources, including proper training program, job rotation and important project assignment. To cope with overseas expansion, we strengthened communication and knowledge sharing among employees from domestic and all offshore subsidiaries. We designed a competitive compensation & benefit policy to fortify the retaining program, and an initiated development plan for the new generation of leaders. Furthermore, we have undertaken collaboration program with academia, to identify and jointly cultivate new talents.

Research and Development – Demonstrate Innovation Advantages

The company has established an R&D department, with the best scale and the highest quality in the related fields in Asia. Moreover, our R&D focus has a good coverage and balance among the requirements of short-term, mid-term and long-term range. The R&D department incorporates talents from both Taiwan and China and comprises five teams – polyester, high-molecule polymers, green products, optoelectronics, and bio-medical products. To align with the company's development plan, our R&D accelerates the development of high value-added products with core technologies and aggressively focuses and allocates resources to the green-product and bio-material industries with the greatest market potential.

Management – Build a Smart-Mobility Management Team

With our outstanding management experience and capabilities, we established a strong executive team with integrated functions including investment, financial, accounting, administration, information system, legal, human resources and public affairs. We are able to create the best synergy and value from smart management. To enhance the application of information technology, we developed a new management platform, called Far East New Generation Smart Management APP. The platform enables the collection of market and operations information and also supports the management system for various functions including financial & accounting, human resources, purchasing, record retention and inventory management. The platform provides executives a real-time and mobile management tool to achieve the goal of smart and mobile management. Furthermore, it helps strengthen flexible financial management, cost control and planning on high-performance energy management strategies. With the additional feature of effective risk control mechanism, the management system delivers world-class administration advantages.

Corporate Social Responsibilities

With the belief of returning prosperity to society, FENC has always made tremendous effort in community activities and charity events. To carry out our social responsibilities, we established several sponsored programs in different areas, such as emergency assistance, medical assistance, education promotion, scientific activities and cultural activities, etc. Our active involvement in the community activities has won us global recognition by receiving both the “Eco Advocate Award” and the “Philanthropy Award” from the “Asia Pacific Enterprise Corporation (AP-EC)”.

The “Eco Advocate Award” was conferred on the “EcoArk Exhibition Hall” constructed with bricks made from recycled PET bottles. Being the exclusive sponsor of the New Fashion Pavilion at the 2010 Taipei International Flora Exposition, FENC built this green construction to promote the awareness of environmental conservation and to enhance the visibility of Taiwan worldwide by successfully exercising both innovation and creativity.

The “Philanthropy Award” was granted to us for a medical-related and a cultural-related project. To serve the community, Far Eastern Memorial Hospital (the Hospital) will open a new wing. With the completion of the main structure of the Hospital’s Phase II expansion, a new emergency room is expected to be put in operation in June 2014, while the new wing is expected to be in full service in December 2014. To bring the arts & humanities and public architectural aesthetics to the next level, the world-renowned architect, Santiago Calatrava Valls, was invited to design an art zone on the campus of Yuan Zi University. Moreover, Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation has been sponsoring the “Y. Z. Hsu Scientific Award”, encouraging research activities of technology talents in Taiwan. Moving forward, FENC will devote even further efforts in the public welfare and make greater contribution to the society.

In a challenging and rapidly changing environment, FENC operates with innovation and competitiveness. The management team is determined to persevere the Company’s founding spirit and core values of “Sincerity, Diligence, Thrift, Prudence, and Innovation”. Meanwhile, the management actively pursues business transformation to assure continuous success by embracing key factors “Innovation, Efficiency, Cost, Adaptability and Scale.” We apply our best energies and competence to make FENC operate with a global vision, tactical business strategies, and solid business capabilities. In doing so, we have never been more confident in our ability to achieve our business goals and better reward our shareholders with long-term value.

Attachment II

Independent auditors' report

(English Translation of a Report Originally Issued in Chinese)

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

We have audited the accompanying balance sheets of Far Eastern New Century Corporation (the "Company") as of December 31, 2012 and 2011 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, 2012 and 2011. 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 4.16% (NT\$7,737,955 thousand) and 1.30% (NT\$2,363,491 thousand) of the Company's total assets as of December 31, 2012 and 2011, respectively. As shown in the accompanying statements of income, the Company's equity in net gain of NT\$242,656 thousand and gain of NT\$244,939 thousand of the foregoing investees were 2.81% and 2.06%, respectively, of the Company's income before income tax in 2012 and 2011, respectively. The financial statements of these investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts pertaining to the above investments, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the Company's financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Far Eastern New Century Corporation as of December 31, 2012 and 2011 and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

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

As disclosed in Note 23(7) of the financial statement, concerning the nullification by the Department of Commerce of Ministry of Economic Affairs (“DOC”) of capital increase registrations in Pacific Liu Tung Investment Corporation (“PLT”) by Far Eastern New Century Corporation and its subsidiaries, the Taipei High Administrative Court, on 2012 November 29, (Court Reference Number: Year 99 Letter Su No. 1258 verdict) revoked DOC’s decision to nullify the aforesaid capital registrations and held DOC erred in denying contesting parties’ application for administrative review. However, DOC did not agree with the decision of Taipei High Administrative Court and filed an appeal against the aforesaid court decision at the Highest Administrative Court on 2012 December 25. Therefore, final impact of this case on the Company’s controlling interest and several capital injections by the Company and its subsidiaries in PLT is pending court decision.

As disclosed in Note 23 (8) of the financial statement, on 2012 May 11, pursuant to referencing Letter Kan No. 92 verdict, Taipei District Court assigned Min-Qiu Jian, Kung Wang, Chen-Chuan Chiu, Chin-Yu Wu and Cheng-Xiong Chen as the interim administrators of PLT. Taipei High Court has ruled to abolish the aforesaid decision on 2013 December 27.

We have also audited the consolidated financial statements of Far Eastern New Century Corporation and subsidiaries for the years ended December 31, 2012 and 2011 (not presented herewith) and have expressed a modified unqualified opinion thereon in our report dated March 27, 2013 on the basis of our audits and the reports of the other auditors.

March 27, 2013

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 2013 General Shareholders' Meeting of Far Eastern New Century Corporation,

In accordance with Article 219 of the Company Law, we have examined the Business Report, the Resolution for Allocation of Surplus Profit, and Financial Statements submitted by the Board of Directors for the year ending 2012 which had been audited by Deloitte & Touche, and found them in order.

T. H. Chang



Alice Hsu



Champion Lee



15 May 2013

Attachment IV

2012 Financial Statements FAR EASTERN NEW CENTURY CORPORATION

BALANCE SHEETS
DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2012		2011	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,381,262	2	\$ 2,444,308	2
Financial assets at fair value through profit or loss - current	25,345	-	48,308	-
Notes receivable	395,553	-	302,778	-
Accounts receivable - less allowance for bad debts of \$55,619 thousand in 2012 and \$55,619 thousand in 2011	8,320,555	5	9,776,610	6
Notes and accounts receivable from affiliates	789,766	1	470,140	-
Other receivables	255,918	-	216,389	-
Other receivables from affiliates	338,194	-	282,919	-
Inventories, net	6,363,829	3	7,597,423	4
Prepayments	275,259	-	226,754	-
Other current assets	188,733	-	404,662	-
Total current assets	<u>21,334,414</u>	<u>11</u>	<u>21,770,291</u>	<u>12</u>
FUNDS AND INVESTMENTS				
Available-for-sale financial assets - noncurrent	804,484	-	737,481	-
Financial assets carried at cost - noncurrent	53,667	-	53,667	-
Investment accounted for by the equity method	142,335,329	77	138,817,863	77
Total funds and investments	<u>143,193,480</u>	<u>77</u>	<u>139,609,011</u>	<u>77</u>
PROPERTIES				
Cost				
Land	1,450,261	1	1,428,688	1
Buildings and equipment	6,677,784	3	6,174,103	3
Machinery and equipment	42,807,329	23	42,621,822	23
Furniture and miscellaneous equipment	2,974,340	2	2,756,634	2
Total cost	53,909,714	29	52,981,247	29
Revaluation increment	5,070,727	3	5,074,773	3
Total cost and revaluation increment	58,980,441	32	58,056,020	32
Less: Accumulated depreciation	41,806,373	23	43,243,644	24
Accumulated impairment losses	213,602	-	159,253	-
	16,960,466	9	14,653,123	8
Constructions in progress	2,574,881	2	3,866,778	2
Prepayments for equipment	298,135	-	505,097	1
Net properties	<u>19,833,482</u>	<u>11</u>	<u>19,024,998</u>	<u>11</u>
INTANGIBLE ASSETS				
Other intangible assets	20,332	-	21,965	-
OTHER ASSETS				
Nonoperating properties, net	906,338	1	230,300	-
Restricted assets - noncurrent	34,381	-	34,381	-
Farmland	276,661	-	276,661	-
Miscellaneous	314,603	-	250,467	-
Total other assets	<u>1,531,983</u>	<u>1</u>	<u>791,809</u>	<u>-</u>
TOTAL	<u>\$ 185,913,691</u>	<u>100</u>	<u>\$ 181,218,074</u>	<u>100</u>

LIABILITIES AND STOCKHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term bank loans	\$ 6,116,442	3	\$ 5,472,199	3
Financial liabilities at fair value through profit or loss - current	619	-	4,708	-
Notes payable	1,900	-	2,338	-
Accounts payable	3,447,897	2	3,967,737	2
Accounts payable to affiliates	933,977	1	1,108,388	1
Accrued expenses	3,688,991	2	3,344,427	2
Receipts in advance	374,931	-	364,251	-
Current portion of long-term liabilities	2,380,000	1	1,878,631	1
Other current liabilities	686,264	-	702,340	-
Total current liabilities	<u>17,631,021</u>	<u>9</u>	<u>16,845,019</u>	<u>9</u>
LONG-TERM LIABILITIES, NET OF CURRENT PORTION				
Bonds payable	32,343,579	18	21,344,014	12
Long-term debts	<u>22,860,463</u>	<u>12</u>	<u>28,450,000</u>	<u>15</u>
Total long-term liabilities, net of current portion	<u>55,204,042</u>	<u>30</u>	<u>49,794,014</u>	<u>27</u>
RESERVE FOR LAND VALUE INCREMENT TAX	<u>1,519,896</u>	<u>1</u>	<u>1,519,896</u>	<u>1</u>
OTHER LIABILITIES				
Accrued pension liabilities	764,899	1	994,021	1
Deferred income tax liability - noncurrent	322,820	-	457,960	-
Deferred income	117,876	-	55,886	-
Guarantee deposits received	<u>2,259</u>	<u>-</u>	<u>615</u>	<u>-</u>
Total other liabilities	<u>1,207,854</u>	<u>1</u>	<u>1,508,482</u>	<u>1</u>
Total liabilities	<u>75,562,813</u>	<u>41</u>	<u>69,667,411</u>	<u>38</u>
STOCKHOLDERS' EQUITY				
Capital stock - NT\$10.00 par value				
Authorized - 6,000,000 thousand shares; issued and outstanding - 5,044,134 thousand shares in 2012 and 4,897,217 thousand shares in 2011	<u>50,441,338</u>	<u>27</u>	<u>48,972,173</u>	<u>27</u>
Capital surplus				
Premium on capital stock	932,814	-	932,814	1
From long-term investment	9,138,169	5	9,421,242	5
Others	8,884	-	7,672	-
Total capital surplus	<u>10,079,867</u>	<u>5</u>	<u>10,361,728</u>	<u>6</u>
Retained earnings				
Legal reserve	11,820,720	6	10,710,699	6
Special reserve	3,152,365	2	3,152,529	2
Unappropriated earnings	<u>11,472,883</u>	<u>6</u>	<u>13,709,450</u>	<u>7</u>
Total retained earnings	<u>26,445,968</u>	<u>14</u>	<u>27,572,678</u>	<u>15</u>
Other stockholders' equity				
Unrealized gain on financial instruments	4,221,652	2	2,716,548	1
Cumulative translation adjustments	186,739	-	2,915,415	2
Unrealized revaluation increment	19,166,737	11	19,167,218	11
Net loss not recognized as pension cost	(166,360)	-	(130,034)	-
Treasury stock - 734 thousand shares in 2012 and 713 thousand shares 2011	<u>(25,063)</u>	<u>-</u>	<u>(25,063)</u>	<u>-</u>
Total other stockholders' equity	<u>23,383,705</u>	<u>13</u>	<u>24,644,084</u>	<u>14</u>
Net stockholders' equity	<u>110,350,878</u>	<u>59</u>	<u>111,550,663</u>	<u>62</u>
TOTAL	<u>\$ 185,913,691</u>	<u>100</u>	<u>\$ 181,218,074</u>	<u>100</u>

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

(With Deloitte & Touche audit report dated March 27, 2013)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
REVENUES				
Sales	\$ 61,240,995	101	\$ 62,251,658	101
Less: Sales returns and allowances	<u>571,148</u>	<u>1</u>	<u>710,427</u>	<u>1</u>
Net sales	60,669,847	100	61,541,231	100
Processing service income	<u>12,648</u>	<u>-</u>	<u>15,714</u>	<u>-</u>
Total revenues	<u>60,682,495</u>	<u>100</u>	<u>61,556,945</u>	<u>100</u>
OPERATING COSTS				
Cost of sales	55,721,985	92	56,368,998	91
Cost of processing services	<u>10,312</u>	<u>-</u>	<u>13,881</u>	<u>-</u>
Total operating costs	<u>55,732,297</u>	<u>92</u>	<u>56,382,879</u>	<u>91</u>
GROSS PROFIT	<u>4,950,198</u>	<u>8</u>	<u>5,174,066</u>	<u>9</u>
OPERATING EXPENSES				
Selling expenses	3,050,506	5	2,749,466	5
General and administrative expenses	1,259,449	2	1,323,447	2
Research and development expenses	<u>623,635</u>	<u>1</u>	<u>653,897</u>	<u>1</u>
Total operating expenses	<u>4,933,590</u>	<u>8</u>	<u>4,726,810</u>	<u>8</u>
OPERATING INCOME	<u>16,608</u>	<u>-</u>	<u>447,256</u>	<u>1</u>
NONOPERATING INCOME AND GAINS				
Interest income	8,828	-	12,345	-
Investment income recognized under equity method	9,733,484	16	12,239,808	20
Dividend income	19,549	-	19,142	-
Gain on disposal of properties, net	31,680	-	3,963	-
Gain on disposal of investments, net	86,185	-	-	-
Rental income	11,820	-	11,380	-
Valuation gain on financial assets, net	7,418	-	32,516	-
Valuation gain on financial liabilities, net	71,310	-	35,081	-
Other gain	<u>232,823</u>	<u>1</u>	<u>195,347</u>	<u>-</u>
Total nonoperating income and gains	<u>10,203,097</u>	<u>17</u>	<u>12,549,582</u>	<u>20</u>

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
NONOPERATING EXPENSES AND LOSSES				
Interest expense	801,151	1	645,270	1
Loss on disposal of investment, net	-	-	383	-
Exchange loss, net	281,737	1	34,523	-
Impairment loss on assets	164,960	-	269,133	1
Other expenses	<u>340,250</u>	<u>1</u>	<u>185,927</u>	<u>-</u>
Total nonoperating expenses and losses	<u>1,588,098</u>	<u>3</u>	<u>1,135,236</u>	<u>2</u>
INCOME BEFORE INCOME TAX	8,631,607	14	11,861,602	19
INCOME TAX BENEFIT (EXPENSE)	<u>81,570</u>	<u>-</u>	<u>(774,106)</u>	<u>(1)</u>
NET INCOME	<u>\$ 8,713,177</u>	<u>14</u>	<u>\$ 11,087,496</u>	<u>18</u>
	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE				
Basic	<u>\$ 1.71</u>	<u>\$ 1.73</u>	<u>\$ 2.35</u>	<u>\$ 2.20</u>
Diluted	<u>\$ 1.71</u>	<u>\$ 1.72</u>	<u>\$ 2.34</u>	<u>\$ 2.19</u>

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

(With Deloitte & Touche audit report dated March 27, 2013)

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 2012 AND 2011 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock Issued and Outstanding		Capital Surplus	Retained Earnings	
	Shares in Thousands	Amount		Legal Reserve	Special Reserve
BALANCE, JANUARY 1, 2010	4,754,580	\$ 47,545,799	\$ 10,228,131	\$ 9,413,371	\$ 3,034,766
Appropriation of the 2010 earnings					
Legal reserve	-	-	-	1,297,328	-
Cash dividends - NT\$2.0 per share	-	-	-	-	-
Stock dividends - NT\$0.3 per share	142,637	1,426,374	-	-	-
	4,897,217	48,972,173	10,228,131	10,710,699	3,034,766
Net income in 2011	-	-	-	-	-
Adjustments due to changes in investees' equity in long-term investments	-	-	133,607	-	117,763
Translation adjustments on foreign-currency equity-method investments	-	-	-	-	-
Change in unrealized loss on available-for-sale financial assets	-	-	-	-	-
Adjustment on stockholder's due to exchangeable bond	-	-	(10)	-	-
Company's share held by subsidiaries - treasury stock (713 thousand shares)	-	-	-	-	-
Revaluation incremental value of land	-	-	-	-	-
BALANCE, DECEMBER 31, 2011	4,897,217	48,972,173	10,361,728	10,710,699	3,152,529
Appropriation of the 2011 earnings					
Legal reserve	-	-	-	1,110,021	-
Cash dividends - NT\$1.7 per share	-	-	-	-	-
Stock dividends - NT\$0.3 per share	146,917	1,469,165	-	-	-
	5,044,134	50,441,338	10,361,728	11,820,720	3,152,529
Net income in 2012	-	-	-	-	-
Adjustments due to changes in investees' equity in long-term investments	-	-	(262,703)	-	(1)
Translation adjustments on foreign-currency equity-method investments	-	-	-	-	-
Change in unrealized gain on available-for-sale financial assets	-	-	-	-	-
Adjustments on stockholders' equity due to the sale of long-term equity investments	-	-	(20,370)	-	(163)
Subsidiaries' cash dividend distributed by the Company	-	-	1,212	-	-
BALANCE, DECEMBER 31, 2012	<u>5,044,134</u>	<u>\$ 50,441,338</u>	<u>\$ 10,079,867</u>	<u>\$ 11,820,720</u>	<u>\$ 3,152,365</u>

Unappropriated Earnings	Total	Other Equity					Net Loss not Stockholders' Equity
		Unrealized Valuation Gain (Loss) on Instruments	Cumulative Adjustments	Unrealized Revaluation Financial Properties	Translation Recognized as Pension Cost	Increment on Treasury Stock	
\$ 14,842,096	\$ 27,290,233	\$ 5,370,206	\$ (492,626)	\$ 8,705,127	\$ (98,259)	\$ -	\$ 98,548,611
(1,297,328)	-	-	-	-	-	-	-
(9,509,160)	(9,509,160)	-	-	-	-	-	(9,509,160)
(1,426,374)	(1,426,374)	-	-	-	-	-	-
2,609,234	16,354,699	5,370,206	(492,626)	8,705,127	(98,259)	-	89,039,451
11,087,496	11,087,496	-	-	-	-	-	11,087,496
12,720	130,483	(2,471,548)	2,697,436	8,905,010	(31,775)	-	9,363,213
-	-	-	710,603	-	-	-	710,603
-	-	(182,082)	-	-	-	-	(182,082)
-	-	(28)	2	-	-	-	(36)
-	-	-	-	-	-	(25,063)	(25,063)
-	-	-	-	<u>1,557,081</u>	-	-	<u>1,557,081</u>
13,709,450	27,572,678	2,716,548	2,915,415	19,167,218	(130,034)	(25,063)	111,550,663
(1,110,021)	-	-	-	-	-	-	-
(8,325,270)	(8,325,270)	-	-	-	-	-	(8,325,270)
(1,469,165)	(1,469,165)	-	-	-	-	-	-
2,804,994	17,778,243	2,716,548	2,915,415	19,167,218	(130,034)	(25,063)	103,225,393
8,713,177	8,713,177	-	-	-	-	-	8,713,177
(45,639)	(45,640)	1,438,925	(1,589,068)	704	(36,418)	-	(494,200)
-	-	-	(1,135,115)	-	-	-	(1,135,115)
-	-	67,003	-	-	-	-	67,003
351	188	(824)	(4,493)	(1,185)	92	-	(26,592)
-	-	-	-	-	-	-	<u>1,212</u>
<u>\$ 11,472,883</u>	<u>\$ 26,445,968</u>	<u>\$ 4,221,652</u>	<u>\$ 186,739</u>	<u>\$ 19,166,737</u>	<u>\$ (166,360)</u>	<u>\$ (25,063)</u>	<u>\$ 110,350,878</u>

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

(With Deloitte & Touche audit report dated March 27, 2013)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 8,713,177	\$ 11,087,496
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,368,615	1,271,767
Amortization	56,965	61,386
Provision (reversal of provision) for losses on inventories	(195,166)	239,781
Amortization on discount of exchangeable bonds	33,434	36,586
Gain on exchange of exchangeable bond	-	(219)
Investment income recognized under equity method	(9,733,484)	(12,239,808)
Cash dividends received from equity-method investments	7,360,865	8,607,428
Reversal of allowance for bad debts	-	(44,480)
Accrued pension liabilities	(229,122)	(44,839)
Gain on disposal of properties, net	(31,680)	(3,963)
Impairment loss on assets	164,960	269,133
Casualty loss	9,350	-
Loss (gain) on disposal of investments, net	(86,185)	383
Deferred income tax	(135,140)	724,408
Net changes in operating assets and liabilities		
Financial assets held for trading	22,963	(30,892)
Financial liabilities held for trading	(4,089)	263
Notes receivable	(92,775)	399,763
Accounts receivable	1,456,055	(2,759,334)
Notes receivable and accounts receivable from affiliates	(319,626)	(148,315)
Other receivables	5,238	50,829
Other receivables from affiliates	(55,275)	155,810
Inventories	1,428,760	(2,197,036)
Prepayments	(48,505)	(102,014)
Other current assets	215,929	(120,639)
Notes payable	(438)	(667)
Accounts payable	(519,840)	190,714
Accounts payable to affiliates	(174,411)	(181,626)
Accrued expenses	344,564	181,590
Receipts in advance	10,680	64,572
Other current liabilities	(11,927)	67,404
Net cash provided by operating activities	<u>9,553,892</u>	<u>5,535,481</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of disposal of investments accounted for by equity method	235,491	-
Capital return of investment accounted for by equity method	616,092	-
Acquisition of investments accounted for by equity method	(3,547,717)	(3,314,964)
Acquisition of properties	(3,036,686)	(3,797,894)
Proceeds of the disposal of properties	48,335	5,301
Increase in other intangible assets	(7,277)	(5,082)
Increase in restricted assets	-	(34,381)
		(Continued)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

	2012	2011
(Increase) decrease in refundable deposits	(13,998)	4,789
Increase in other assets	<u>(109,794)</u>	<u>(118,603)</u>
Net cash used in investing activities	<u>(5,815,554)</u>	<u>(7,260,834)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	644,243	1,020,357
Payments of cash dividends	(8,325,234)	(9,509,160)
(Decrease) increase in long-term debts	(5,589,537)	1,740,717
Increase of bonds payable	11,467,500	2,725,000
Increase in guarantee deposits	<u>1,644</u>	<u>-</u>
Net cash used in financing activities	<u>(1,801,384)</u>	<u>(4,023,086)</u>
NET INCREASE (DECREASE) IN CASH	1,936,954	(5,748,439)
CASH, BEGINNING OF YEAR	<u>2,444,308</u>	<u>8,192,747</u>
CASH, END OF YEAR	<u>\$ 4,381,262</u>	<u>\$ 2,444,308</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid	\$ 714,134	\$ 653,500
Deduct: Capitalized interest	<u>40,118</u>	<u>43,921</u>
Interest paid (excluding capitalized interest)	<u>\$ 674,016</u>	<u>\$ 609,579</u>
Income tax paid	<u>\$ 25,092</u>	<u>\$ 34,494</u>
CASH PAID FOR ACQUISITION OF PROPERTIES		
Increase in properties	\$ 4,531,360	\$ 2,210,381
Add:		
Payables for acquisition of properties, beginning of year	4,975	84
Advances to suppliers of machine and equipment, end of year	298,135	505,097
Constructions in progress, end of year	2,574,881	3,866,778
Deduct:		
Prepayment to suppliers of machine and equipment, beginning of year	(505,097)	(218,769)
Constructions in progress, beginning of year	(3,866,778)	(2,560,702)
Payables for acquisition of properties, end of year	<u>(790)</u>	<u>(4,975)</u>
Cash paid for acquisition of properties	<u>\$ 3,036,686</u>	<u>\$ 3,797,894</u>
NONCASH FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 2,380,000</u>	<u>\$ 1,878,631</u>
Total incremental value of land revaluation	\$ -	\$ 2,058,078
Deduct: Reserve for land value increment tax	<u>-</u>	<u>(500,997)</u>
Unrealized revaluation increment	<u>\$ -</u>	<u>\$ 1,557,081</u>

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated March 27, 2013)

Attachment V

Information about the corporate bonds issued in year 2012

Offering Type		Domestic unsecured bonds (1 st of Year 2012)	Domestic unsecured bonds (2 nd of Year 2012)
Total Amount		NT\$ 3.2 billion	NT\$ 4.2 billion
Maturity		5 years	5 years
Coupon rate		1.35% p.a.	1.30% p.a.
Repayment		50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.
Authority	Guarantor	None	None
	Approval Authority	Financial Supervisory Commission	Financial Supervisory Commission
	Approved Date	21 May 2012	15 November 2012
Approval Letter No.		FSC -1010022141	FSC -1010052348
Use of proceeds		To payback short-term borrowings and improve the financial structure	To payback short-term borrowings and improve the financial structure
Remark		To be issued at par value on 7 June 2012	To be issued at par value on 26 November 2012

Attachment VI

Amendments to “Meeting Rules of Board of Directors of Far Eastern New Century Corporation”

Section	Current Articles	Proposed Changes	Reasons
Article 5-1	<p>The content of the periodic meeting shall include at least the following:</p> <ol style="list-style-type: none"> 1) Items to be reported: <ol style="list-style-type: none"> a) Minutes and execution status of last meeting b) Report of important financial business c) Report of internal audit business d) Other important report items 2) Items to be discussed: <ol style="list-style-type: none"> a) Items remaining for discussion over the last meeting b) Items to be discussed at this meeting 3) Extemporaneous Motions 	<p>The content of the periodic meeting shall include at least the following:</p> <ol style="list-style-type: none"> 1) Items to be reported: <ol style="list-style-type: none"> a) Minutes and execution status of last meeting b) Report of important financial business (Include Q1, Q2, & Q3 financial statements) c) Report of internal audit business d) Other important report items 2) Items to be discussed: <ol style="list-style-type: none"> a) Items remaining for discussion over the last meeting b) Items to be discussed at this meeting 3) Extemporaneous Motions 	<p>Amendment pursuant to the 2nd item of paragraph 1 in Article 36 of the Securities and Exchange Act, financial statement of the first, second, and third quarter shall be submitted to the board. Wording of “semiannual financial statement” in 2nd item of paragraph 1 of Article 5-2 is deleted, pursuant to amendment in the 2nd Point of 1st item of paragraph 1 of Article 5-1.</p>
Article 5-2	<p>The following items shall be submitted for discussion over the meeting of board of directors:</p> <ol style="list-style-type: none"> 1) Operation plans of the company 2) Annual <u>and semiannual</u> financial statements 3) Adoption or amendment of internal control system pursuant to article 14-1 of the Securities and Exchange Act. 4) Adoption or amendment pursuant to article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, endorsements or guarantees for others. 5) The offering, issuance or private placement of 	<p>The following items shall be submitted for discussion over the meeting of board of directors:</p> <ol style="list-style-type: none"> 1) Operation plans of the company 2) Annual financial statement 3) Adoption or amendment of internal control system pursuant to article 14-1 of the Securities and Exchange Act. 4) Adoption or amendment pursuant to article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, endorsements or guarantees for others. 5) The offering, issuance or private placement of 	<p>According to the amendment of Article 7 of “Regulations Governing Procedure for Board of Directors Meetings of Public Companies” (the Regulations), and the amendment of the 2nd item of paragraph 1 in</p>

Section	Current Articles	Proposed Changes	Reasons
	<p>any equity-type securities.</p> <p>6) Employment and discharge of a financial, accounting or internal audit officer.</p> <p>7) Pursuant to article 14-3 of the Securities and Exchange Act, other governing laws or articles of incorporations, important items which shall be affected by resolutions of the stockholders' meeting, be submitted to the board of directors or regulated by competent authority.</p> <p>With respect to the discussion of matters specified under Article 14-3 of the Securities and Exchange Act, independent directors shall attend board meetings in person; if an independent director is unable to attend a board meeting in person and wishes to delegate his/her rights, he/she can only delegate another independent director to attend on his/her behalf. Any dissenting opinion or abstention by independent directors shall be</p>	<p>any equity-type securities.</p> <p>6) Employment and discharge of a financial, accounting or internal audit officer.</p> <p><u>7) Donation to related parties, significant donation to non-related parties, provided that public donation as relief aid due to a major natural disaster, may be submitted for ratification at the next board meeting.</u></p> <p>8) Pursuant to Article 14-3 of the Securities and Exchange Act, other governing laws or articles of incorporations, important items which shall be effected by resolutions of the stockholders' meeting, be submitted to the board of directors or regulated by competent authority.</p> <p><u>The "related party", mentioned in the preceding 7th item, is defined as "Affiliate" based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers. "Significant donation to non-related parties" refers to the amount of each donation or an accumulative amount of donation to the same party within one year, equals to more than NT\$ 100 million or, 1% of revenue or above 5% of paid-in capital recorded in the most recent audited annual financial statements.</u></p> <p><u>The term "within one year" in the preceding paragraph means a period of one year calculated retroactively from the date on which the current board meetings is convened. Amounts which have been submitted to and approved by a resolution of the board meeting shall not be included in the calculation.</u></p> <p>With respect to the discussion of matters specified under Article 14-3 of the Securities and Exchange Act, independent directors shall attend board meetings in person; if an independent director is unable to attend a board meeting in person and wishes to delegate his/her rights, he/she can only delegate another independent director to attend on his/her behalf. Any dissenting opinion or abstention by independent directors shall be</p>	<p>Article 36 of the Securities and Exchange Act, audited financial statement shall be submitted to the board for reporting and not discussion. The 2nd item of paragraph 1 of Article 5-2 is amended accordingly.</p> <p>Pursuant to 7th item of paragraph 1 of Article 7 of the Regulations, donation to affiliates or significant donation to non-affiliates shall be submitted to the board for discussion. A new 7th item is added accordingly, and the previous 7th item is moved to the 8th item; the paragraph 2 and 3 are also added to define "affiliate", and the benchmark and method of calculation for significant donation; the previous paragraph 2 and 3 are moved to paragraph 4 and 5, respectively.</p>

Section	Current Articles	Proposed Changes	Reasons
	<p>recorded in the board meeting minutes. If independent directors are unable to attend board meetings in person to express their dissenting opinion or abstention, except for legitimate reasons, they shall submit a written statement in advance to be recorded in the board meetings minutes.</p> <p>All items set out in the preceding paragraph shall be listed along with meeting notification and shall not be raised as extemporary motion except in the case of emergency or with good cause shown.</p>	<p>recorded in the board meeting minutes. If independent directors are unable to attend board meetings in person to express their dissenting opinion or abstention, except for legitimate reasons, they shall submit a written statement in advance to be recorded in the board meetings minutes.</p> <p>All items set out in the preceding paragraph shall be listed along with meeting notification and shall not be raised as extemporary motion except in the case of emergency or with good cause shown.</p>	
Article 9	<p>The chairman may appoint relevant department <u>managers</u> for attendance, based on requirements of the meeting content, to assist the directors to understand the company status and make appropriate decisions.</p> <p>The supervisors may attend the meeting and make statement but do not have the right to vote.</p>	<p>The chairman may appoint <u>personnel of relevant department and subsidiaries</u> for attendance, based on requirements of the meeting content, to assist the directors to understand the company status and make appropriate decisions.</p> <p>The supervisors may attend the meeting and make statement but do not have the right to vote.</p> <p><u>If necessary, accountants, lawyers or other professionals may be invited to attend the meeting and to make explanatory statements but should leave during discussion and voting.</u></p>	<p>In accordance with paragraph 1 of Article 11 of the Regulations, amendment in paragraph 1 is made to improve the Company's supervision on the business of its subsidiaries, and increase the number of attendance from relevant departments of the Company.</p> <p>In accordance with paragraph 2 of Article 11 of the Regulations, paragraph 3 is added.</p>
Article 11	<p>The directors shall uphold high discipline such that a director shall not join discussion, vote nor exercise the voting right on behalf of another director for matter which he/she has a personal interest or concerns interest of which he/she represents for other legal entity which may impair the interest of the company, <u>and shall state opinions and reply to questions.</u></p> <p>In passing a resolution at the directors meeting,</p>	<p>The directors shall uphold high discipline such that a director shall not join discussion, vote nor exercise the voting right on behalf of another director for matter which he/she has a personal interest or concerns interest of which he/she represents for other legal entity which may impair the interest of the company, <u>and shall explain the critical part of personal interest matter at the board meeting.</u></p> <p>In passing a resolution at the directors meeting,</p>	<p>Pursuant to the new paragraph 2 of Article 206 of Company Law and the paragraph 1 of Article 16 of the Regulations, amendment in paragraph 1 is made accordingly.</p>

Section	Current Articles	Proposed Changes	Reasons
	<p>the directors who cannot exert the voting rights pursuant to the preceding regulation, their votes shall not be counted in the number of votes of directors present at the meeting.</p>	<p>the directors who cannot exert the voting rights pursuant to the preceding regulation, their votes shall not be counted in the number of votes of directors present at the meeting.</p>	
Article 16	<p>Resolutions adopted at a directors' meeting shall be recorded in the minutes of the meeting and shall contain detailed description of the followings:</p> <ol style="list-style-type: none"> 1) Meeting number (or year), time and location of meeting 2) Name of chairperson 3) Attendance status of directors (including the numbers and names of directors that are, present, absent and on leave) 4) Names and Titles of the attendees 5) Name of record keeper 6) Items reported 7) Items discussed: including the resolution method and result of each proposal, the brief statements of the directors, supervisors, experts and others, and any records or written statement of any objection or reservation <u>including but not limited to</u> those are submitted by independent directors in accordance with the <u>second</u> paragraph of article 5-2 . 8) Extemporary Motions: including the name of proponent, the resolution method and result of each proposal, the brief statements of the directors, supervisors, experts and others, and any records or written statement of any objection or reservation. 	<p>Resolutions adopted at a directors' meeting shall be recorded in the minutes of the meeting and shall contain detailed description of the followings:</p> <ol style="list-style-type: none"> 1) Meeting number (or year), time and location of meeting 2) Name of chairperson 3) Attendance status of directors (including the numbers and names of directors that are, present, absent and on leave) 4) Names and Titles of the attendees 5) Name of record keeper 6) Items reported 7) Items discussed: including the resolution method and result of each proposal, the brief statements of the directors, supervisors, experts and others, <u>name of director involved in the matter regarding his/her personal interest, explanation of the critical part of personal interest matter, the reasons why the director was required or not required to enter recusal, and the status of recusal in accordance with the first paragraph of article 11,</u> and any records or written statement of any objection or reservation <u>including</u> those are submitted by independent directors in accordance with the <u>fourth</u> paragraph of article 5-2 . 8) Extemporary Motions: including the name of proponent, the resolution method and result of each proposal, the brief statements of the directors, supervisors, experts and others, <u>name of director involved in the matter regarding his/her personal interest, explanation of the critical part of personal interest matter, the reasons why the director was required or not required to enter recusal, the status for recusal in accordance with the first paragraph of article 11,</u> and any records or written statement of any objection or reservation. 	<p>Pursuant to 7th and 8th items of paragraph 1 of Article 17 of the Regulations, amendments in 7th and 8th items of paragraph 1 of Article 16 are made to improve the disclosure of matters regarding personal interest of directors and his/her involvement in the motion.</p>

Section	Current Articles	Proposed Changes	Reasons
	<p>9) Other items required to be recorded</p> <p>Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing shall be stated in the meeting minutes and within two days of the meeting be published on an information reporting website designated by the competent authority.</p> <p>The meeting minutes shall consist of the attendance book. The minutes shall be signed or sealed by the chairperson and record keeper. The minutes shall be sent, within 20 days of meeting, to all the directors, supervisors and other attendees. The minutes shall also be kept as important files for as long as the Company remains in existence. The creation and distribution of the minutes can be done in the electronic format.</p>	<p>9) Other items required to be recorded</p> <p>Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing shall be stated in the meeting minutes and within two days of the meeting be published on an information reporting website designated by the competent authority.</p> <p>The meeting minutes shall consist of the attendance book. The minutes shall be signed or sealed by the chairperson and record keeper. The minutes shall be sent, within 20 days of meeting, to all the directors, supervisors and other attendees. The minutes shall also be kept as important files for as long as the Company remains in existence. The creation and distribution of the minutes can be done in the electronic format.</p>	

Attachment VII

Far Eastern New Century Corporation Profit Allocation Proposal

Unit: NT\$

Net income of 2012 (A)	8,713,177,089
Adjustments due to changes in investees' equity in equity-method investments (B)	45,287,514
Subtotal (A-B)	8,667,889,575
Less	
10% legal reserve	866,788,958
Plus	
Unappropriated retained earnings of previous years	2,804,993,324
Earnings available for distribution as of 31 December 2012	10,606,093,941
Distribution items:	
Cash dividends to common share holders (NT\$ 1.3 per share)	6,557,374,043
Stock dividends to common share holders (NT\$ 0.2 per share at par value, i.e., 20 shares for each 1,000 shares owned)	1,008,826,780
Total distribution	7,566,200,823
Unappropriated earnings	3,039,893,118

Note:

Year 2012 profits are distributed according to the Article 26 and Article 27 of the Articles of Incorporation of Far Eastern New Century Corporation. Bonus of employees of NT\$ 325,427,992 and compensation for Directors and Supervisors of NT\$ 244,070,994 are booked as company expenses and excluded from the net income.

Attachment VIII

Amendments to “Articles of Incorporation of Far Eastern New Century Corporation”

Section	Current Articles	Proposed Changes	Reasons
Article 13	<p>Shareholders may by way of power of attorney <u>stamped with the seal recorded by the Company</u> 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.</p> <p>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".</p>	<p>Shareholders may by way of power of attorney appoint proxies to attend the said shareholders' meeting. Except for trust enterprises or share registration agencies approved by the securities management authorities, when one shareholder is entrusted by two or more shareholders, the voting right represented by the said shareholder shall not exceed 3% of the voting rights of total shares issued. Where it has so exceeded, the voting right in excess shall not be included.</p> <p>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".</p>	<p>Deleted <u>“stamped with the seal recorded by the Company”</u> in consideration of the common practices and pursuant to the provisions of "Regulation Governing the Use of Proxies For Attendance at Shareholders' Meeting of Public Companies". The proxy form only required the signature or seal of the shareholder.</p>
Article 16	<p>There shall be 10 to 15 Directors and 3 Supervisors of the Company, who are elected and appointed from the persons with legal capacity at the shareholders' meeting. The total shares number of the registered shares of the Company held by all of the Directors and Supervisors shall be determined according to the provisions of "Rules and Review Procedures for Director and Supervisor Ownership Ratios at Public Companies".</p> <p>The Company's independent directors shall not be less than two in number and should be at least one-fifth of total director seats.</p> <p><u>Independent directors</u> shall be elected by adopting candidate nomination system in accordance with the Article 192-1 of Company Law. A shareholder shall elect the <u>independent directors</u> from the nominees listed in the roster of <u>independent director candidates</u>. The election of independent and non-independent directors should be held</p>	<p>There shall be 10 to 15 Directors and 3 Supervisors of the Company, who are elected and appointed from the persons with legal capacity at the shareholders' meeting. The total shares number of the registered shares of the Company held by all of the Directors and Supervisors shall be determined according to the provisions of "Rules and Review Procedures for Director and Supervisor Ownership Ratios at Public Companies".</p> <p>The Company's independent directors shall not be less than two in number and should be at least one-fifth of total director seats.</p> <p><u>Directors and Supervisors</u> shall be elected by adopting candidate nomination system in accordance with the Article 192-1 of Company Law. A shareholder shall elect from the nominees listed in the roster of candidates. The election of independent, non-independent directors <u>and Supervisors</u> should be held together. Moreover, in</p>	<p>The candidate nomination system for the election of the Company's directors and supervisors is adopted in accordance with the common practices of the electronic voting casting for the shareholders. Paragraph 3 is amended accordingly.</p>

Section	Current Articles	Proposed Changes	Reasons
	together. Moreover, in order to ensure the election of at least two independent directors of each election, the independent and non-independent directors elected should be calculated separately.	order to ensure the election of at least two independent directors of each election, the independent and non-independent directors elected should be calculated separately.	
Article 22	<p>The Company shall have a number of General Managers, Chief Operating Officers and Deputy General Managers, a Chief Auditor and a Deputy Chief Auditor.</p> <p>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.</p>	<p>The Company shall have a number of General Managers, Chief Operating Officers and Deputy General Managers, <u>Executive Vice Presidents Managers and Factory Managers</u>, a Chief Auditor and a Deputy Chief Auditor.</p> <p>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.</p>	The first paragraph is amended for providing the company the flexibility to determine the number of senior managers based on company's circumstances.
Article 29	<p>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.</p> <p>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;</p>	<p>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.</p> <p>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;</p>	To record the latest amendment.

Section	Current Articles	Proposed Changes	Reasons
	<p>Twenty-seventh amendment on April 14, 1976; Twenty-eighth amendment on September 15, 1976; Twenty-ninth amendment on April 6, 1977; Thirtieth amendment on April 18, 1978; Thirty-first amendment on February 9, 1979; Thirty-second amendment on April 14, 1979; Thirty-third amendment on April 28, 1980; Thirty-fourth amendment on April 15, 1981; Thirty-fifth amendment on April 21, 1982; Thirty-sixth amendment on April 21, 1982; Thirty-seventh amendment on May 5, 1983; Thirty-eighth amendment on May 2, 1984; Thirty-ninth amendment on May 10, 1985; Fortieth amendment on April 23, 1987; Forty-first amendment on April 20, 1988; Forty-second amendment on April 20, 1989; Forty-third amendment on April 23, 1990; Forty-fourth amendment on April 26, 1991; Forty-fifth amendment on May 12, 1992; Forty-sixth amendment on May 14, 1993; Forty-seventh amendment on May 9, 1994; Forty-eighth amendment on May 4, 1995; Forty-ninth amendment on May 27, 1996; Fiftieth amendment on May 23, 1997; Fifty-first amendment on May 22, 1998; Fifty-second amendment on May 21, 1999; Fifty-third amendment on May 15, 2000; Fifty-fourth amendment on May 18, 2001; Fifty-fifth amendment on June 12, 2002; Fifty-sixth amendment on June 9, 2003; Fifty-seventh amendment on June 4, 2004; Fifty-eighth amendment on June 14, 2005, Fifty-ninth amendment on June 13, 2006, Sixtieth amendment on October 13, 2009 Sixty-first amendment on June 22, 2010 Sixty-second amendment on June 24, 2011</p>	<p>Twenty-seventh amendment on April 14, 1976; Twenty-eighth amendment on September 15, 1976; Twenty-ninth amendment on April 6, 1977; Thirtieth amendment on April 18, 1978; Thirty-first amendment on February 9, 1979; Thirty-second amendment on April 14, 1979; Thirty-third amendment on April 28, 1980; Thirty-fourth amendment on April 15, 1981; Thirty-fifth amendment on April 21, 1982; Thirty-sixth amendment on April 21, 1982; Thirty-seventh amendment on May 5, 1983; Thirty-eighth amendment on May 2, 1984; Thirty-ninth amendment on May 10, 1985; Fortieth amendment on April 23, 1987; Forty-first amendment on April 20, 1988; Forty-second amendment on April 20, 1989; Forty-third amendment on April 23, 1990; Forty-fourth amendment on April 26, 1991; Forty-fifth amendment on May 12, 1992; Forty-sixth amendment on May 14, 1993; Forty-seventh amendment on May 9, 1994; Forty-eighth amendment on May 4, 1995; Forty-ninth amendment on May 27, 1996; Fiftieth amendment on May 23, 1997; Fifty-first amendment on May 22, 1998; Fifty-second amendment on May 21, 1999; Fifty-third amendment on May 15, 2000; Fifty-fourth amendment on May 18, 2001; Fifty-fifth amendment on June 12, 2002; Fifty-sixth amendment on June 9, 2003; Fifty-seventh amendment on June 4, 2004; Fifty-eighth amendment on June 14, 2005, Fifty-ninth amendment on June 13, 2006, Sixtieth amendment on October 13, 2009 Sixty-first amendment on June 22, 2010 Sixty-second amendment on June 24, 2011 Sixty-third amendment on June 25, 2013</p>	

Attachment IX

Amendments to “Procedures for Endorsements and Guarantees of Far Eastern New Century Corporation”

Section	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>Subsidiaries, whose voting shares are 90% owned, directly or indirectly, by the Company, may make endorsements/guarantees for each other, provided that the amount of endorsements and guarantees made by such subsidiaries shall be less than 10% of <u>the Company's net worth</u>. The aforesaid amount ceiling shall not apply to subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company.</p> <p>The above restrictions in the preceding two paragraphs 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, or for the co-producers of the same project, for the purpose of construction project, or where all shareholders make endorsements/guarantees for their jointly invested companies in proportion to their shareholding percentages.</p> <p>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.</p> <p>Subsidiaries and holding company as referred to herein these Procedures shall be those as</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>Subsidiaries, whose voting shares are 90% owned, directly or indirectly, by the Company, may make endorsements/guarantees for each other, provided that the amount of endorsements and guarantees made by such subsidiaries shall be less than 10% <u>of the Company's net worth, which is the latest number audited or reviewed by the certified public accountant(" the Company's Latest Net Worth")</u>.The aforesaid amount ceiling shall not apply to subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company.</p> <p>The above restrictions in the preceding two paragraphs 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, or for the co-producers of the same project, for the purpose of construction project, or where all shareholders make endorsements/guarantees for their jointly invested companies in proportion to their shareholding percentages.</p> <p>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.</p> <p>Subsidiaries and holding companies as referred to herein these Procedures shall be those as</p>	<p>Paragraph 2 is amended for consistency in wording.</p> <p>Due to the public company has</p>

Section	Current Articles	Proposed Changes	Reasons
	<p>determined under the <u>Statements of Financial Accounting Standards Nos. 5 and 7 announced by the Accounting Research and Development Foundation of the Republic of China.</u></p>	<p>determined under the <u>Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p>	<p>adopted International Financial Reporting Standards (IFRSs) step by step, paragraph 5 is amended in accordance with Article 6 of "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies" ("Regulations"),</p>
Article 3	<p>The aggregate amount of endorsements and guarantees issued by the Company shall be no more than <u>the Company's net worth</u> at the time the endorsements and guarantees are issued. The total amount of the Company's endorsements and guarantees provided for any individual company shall be limited to 50% of <u>the Company's current net worth</u>.</p> <p>The aggregate amount of endorsements and guarantees issued by the Company and its subsidiaries shall be no more than <u>the Company's net worth</u> at the time the endorsements and guarantees are issued. The total amount of endorsements and guarantees made by the Company and its subsidiaries for any individual company shall be limited to 50% of <u>the Company's current net worth</u>. When the aggregate amount of endorsements and guarantees issued by the Company and its subsidiaries exceeds the 50% of <u>the Company's current net worth</u>, the Company shall report the necessity and rationale of the endorsements/guarantees in the Shareholders' Meeting.</p>	<p>The aggregate amount of endorsements and guarantees issued by the Company shall be no more than <u>the Company's Latest Net Worth</u> at the time the endorsements and guarantees are issued. The total amount of the Company's endorsements and guarantees provided for any individual company shall be limited to 50% of <u>the Company's Latest Net Worth</u>.</p> <p>The aggregate amount of endorsements and guarantees issued by the Company and its subsidiaries shall be no more than <u>the Company's Latest Net Worth</u> at the time the endorsements and guarantees are issued. The total amount of endorsements and guarantees made by the Company and its subsidiaries for any individual company shall be limited to 50% of <u>the Company's Latest Net Worth</u>. When the aggregate amount of endorsements and guarantees issued by the Company and its subsidiaries exceeds the 50% of <u>the Company's Latest Net Worth</u>, the Company shall report the necessity and rationale of the endorsements/guarantees in the Shareholders' Meeting.</p> <p><u>The financial reports of the Company are prepared according to IFRSs, the net worth in the Procedures is referred to the balance sheet equity attributable to the owners of the parent company.</u></p>	<p>Paragraph 1 and 2 are amended for consistency in wording.</p> <p>Due to the public company has adopted IFRSs step by step,</p>

Section	Current Articles	Proposed Changes	Reasons
		<p><u>under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p>	<p>paragraph 3 is added in accordance with Article 6 of the Regulations.</p>
Article 4	<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"> 1) necessity and rationale of the endorsements/guarantees; 2) credit standing and risk evaluation of the party to be secured under such endorsements/guarantees; 3) impact on the Company's operation, financial condition and shareholders' interests; and 4) whether collaterals are required and appraised values of such collaterals. <p>Subsidiaries, whose voting shares are 90% owned, directly or indirectly, by the Company, shall report to the Board of Directors of the Company for approval, prior to the provision of endorsements or guarantees being issued according to the paragraph 2 of Article 2 in the Procedures. The aforesaid requirement shall not apply to the subsidiaries, whose voting shares are 100% owned, directly or indirectly, by the Company.</p> <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>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"> 1) necessity and rationale of the endorsements/guarantees; 2) credit standing and risk evaluation of the party to be secured under such endorsements/guarantees; 3) impact on the Company's operation, financial condition and shareholders' interests; and 4) whether collaterals are required and appraised values of such collaterals. <p>Subsidiaries, whose voting shares are 90% owned, directly or indirectly, by the Company, shall report to the Board of Directors of the Company for approval, prior to the provision of endorsements or guarantees being issued according to the paragraph 2 of Article 2 in the Procedures. The aforesaid requirement shall not apply to the subsidiaries, whose voting shares are 100% owned, directly or indirectly, by the Company.</p> <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>	

Section	Current Articles	Proposed Changes	Reasons
	<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 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. Rectification shall be completed within the time frame stipulated in improvement plans.</p> <p>Where endorsements/guarantees are made to the Company's subsidiaries, net worth of those falls below 50% of their paid-in capital, the Company shall closely monitor the financial conditions, operations, and credit standings of such subsidiaries. Should collaterals be provided, the Company shall also monitor the change in the value of the said collaterals. Where any materially adverse event occurs, the Company shall terminate such endorsements/guarantees or take other appropriate actions.</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 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. Rectification shall be completed within the time frame stipulated in improvement plans.</p> <p>Where endorsements/guarantees are made to the Company's subsidiaries, net worth of those falls below 50% of their paid-in capital, the Company shall closely monitor the financial conditions, operations, and credit standings of such subsidiaries. Should collaterals be provided, the Company shall also monitor the change in the value of the said collaterals. Where any materially adverse event occurs, the Company shall terminate such endorsements/guarantees or take other appropriate actions. <u>In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under the preceding paragraph, the</u></p>	<p>In consideration of a subsidiary with shares having no par value or a par value other than NT\$10, paragraph 7 is amended in accordance with paragraph 2 of Article 12 of the Regulations. ,</p>

Section	Current Articles	Proposed Changes	Reasons
		<u>sum of the share capital plus paid-in capital in excess of par shall be substituted.</u>	
Article 6	<p>The designated seal and <u>the bills</u> for the provision of endorsements and guarantees of the Company shall be handed to appointed persons for safekeeping; use of the said seals and issue of bills shall be in conformity with the Company's regulations.</p> <p>The Board of Directors shall give its approval for the appointment of or changes to the person tasked with the safekeeping of seals and <u>bills</u>. Where the Company provides guarantees for foreign companies, its letter of guarantee shall be signed by a person authorized by the Board of Directors.</p>	<p>The designated seal for the provision of endorsements and guarantees of the Company shall be handed to appointed persons for safekeeping; use of the said seals and issue of bills shall be in conformity with the Company's regulations.</p> <p>The Board of Directors shall give its approval for the appointment of or changes to the person tasked with the safekeeping of seals. Where the Company provides guarantees for foreign companies, its letter of guarantee shall be signed by a person authorized by the Board of Directors.</p>	In consideration of the common practice, paragraph 1 and 2 are amended.
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>Where limits of the Company's endorsements/guarantees set below have occurred, the Company shall publish and report <u>within 2 days of the said events</u>:</p> <p>1) The aggregate balance of endorsements/guarantees provided by the Company and its subsidiaries has reached 50% or more of <u>the net worth of the Company as shown in its latest financial statement</u>; or</p> <p>2) The balance of endorsements/guarantees provided by the Company and its subsidiaries for an individual company has reached 20% or more of <u>the net worth of the Company as shown in its latest financial statement</u>; or</p> <p>3) The balance of endorsements/guarantees provided by the Company and its subsidiaries 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, <u>long term investment in</u>, and balance of loans to, such company has reached 30% of <u>the net worth of the Company as shown in its latest financial statement</u>; or</p> <p>4) The additional individual endorsement/guarantee provided by the Company</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>Where limits of the Company's endorsements/guarantees set below have occurred, the Company shall publish and report <u>within 2 days commencing immediately from the date of occurrence</u>:</p> <p>1) The aggregate balance of endorsements/guarantees provided by the Company and its subsidiaries has reached 50% or more of <u>the Company's Latest Net Worth</u>; or</p> <p>2) The balance of endorsements/guarantees provided by the Company and its subsidiaries for an individual company has reached 20% or more of <u>the Company's Latest Net Worth</u>; or</p> <p>3) The balance of endorsements/guarantees provided by the Company and its subsidiaries 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, any <u>investment of a long-term nature in</u>, and balance of loans to, such company has reached 30% of <u>the Company's Latest Net Worth</u>; or</p> <p>4) The additional individual endorsement/guarantee provided by the Company</p>	<p>Pursuant to paragraph 1 of Article 25 of the Regulations, amendments are made to paragraph 2 for consistency in wording, clarification of the date of occurrence for the related parties' obligations, and there is no "long term investment" item under the IFRSs for public companies preparing financial reports.</p> <p>Due to Financial Supervisory Commission,</p>

Section	Current Articles	Proposed Changes	Reasons
	<p>or its subsidiary has reached Thirty Million New Taiwan Dollars (NT\$30,000,000) or more and has reached 5% or more of <u>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 the web-site designated by the Financial Supervisory Commission, <u>Executive Yuan</u> for reporting information.</p> <p>The Company shall, <u>in accordance with the Statements of Financial Accounting Standards No. 9,</u> 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>or its subsidiary has reached Thirty Million New Taiwan Dollars (NT\$30,000,000) or more and has reached 5% or more of <u>the Company's Latest Net Worth.</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 the web-site designated by the Financial Supervisory Commission for reporting information.</p> <p><u>"Date of occurrence" in these Procedures means the date of contract signing, date of payment, dates of Boards of Directors' resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</u></p> <p>The Company shall 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>Executive Yuan has restructured as Financial Supervisory Commission from 1 July 2012, wording in paragraph 4 is amended accordingly.</p> <p>Pursuant to paragraph 2 of Article 7 of the Regulations, paragraph 5 is added to clarify the definition of the date of occurrence. The original paragraph 5 is moved to paragraph 6.</p> <p>If endorsements/guarantees have occurred, public companies under IFRSs or ROC GAAP shall comply with Regulations Governing the Preparation of Financial Reports by Securities Issuers to assess or reserve contingent loss, and appropriate disclose in the</p>

Section	Current Articles	Proposed Changes	Reasons
			financial statements. Paragraph 6 is amended pursuant to Article 26 of the Regulations.

Attachment X

Amendments to “Procedures for Lending of Capital to Others of Far Eastern New Century Corporation”

Section	Current Articles	Proposed Changes	Reasons
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 <u>the Company's</u> net worth of the last period audited or reviewed by its accountants (“<u>Latest Net Worth of the Company</u>”).</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 percent (15%) of <u>the Latest Net Worth of the Company</u>. The amount of any individual loan hereunder shall not exceed five percent (5%) of <u>the Latest Net Worth of the Company</u>.</p> <p><u>The amount of loans extended</u> by the Company to any overseas subsidiary, over which the Company owns directly or indirectly 100% voting shares, <u>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>	<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 per cent (50%) of the net worth of the last period audited or reviewed by its accountants (“<u>the Company's Latest Net Worth</u>”).</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 percent (15%) of <u>the Company's Latest Net Worth</u>. The amount of any individual loan hereunder shall not exceed five percent (5%) of <u>the Company's Latest Net Worth</u>.</p> <p><u>The accumulated balance of short-term loan of funds provided</u> by the Company to any overseas subsidiary, over which the Company owns directly or indirectly 100% voting shares, <u>shall not exceed the forty percent (40%) of the Company's Latest Net Worth.</u></p> <p><u>The financial reports of the Company are prepared according to IFRSs, the net worth in the Procedures is referred to the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p>	<p>1.Paragraph 1 and 3 are amended, for consistency in wording.</p> <p>2.Paragraph 4 is amended pursuant to paragraph 4 of Article 3 of "Regulations Governing Loaning of Funds and Making of Endorsement s/ Guarantees by Public Companies" (“Regulations”). The foreign companies that public companies directly or indirectly hold 100% voting rights shall still apply the amount limitations of the loans.</p> <p>3. Due to the public company has adopted International Financial Reporting Standards (IFRSs) step by step,</p>

Section	Current Articles	Proposed Changes	Reasons
			paragraph 5 is added in accordance with Article 6 of the Regulations.
Article 3	<p>(Reasons and Necessity for Lending)</p> <p>Loans extended to Companies Seeking Short-Term Financing shall be limited to the following:</p> <ol style="list-style-type: none"> 1) Companies which may be guaranteed by the Company and have the need for short-term financing facility: <ol style="list-style-type: none"> a) Company which is directly or indirectly invested with over fifty percents of shares with voting right; and b) Holding companies of the Company, which is holding more than fifty percents of shares with voting right 2) Other companies as approved by the Company's Board of Directors for such lending. <p>Subsidiaries and holding companies referred to herein are defined in accordance with <u>the Statements of Financial Accounting Standards Nos. 5 and 7 published by the Accounting Research and Development Foundation of the Republic of China.</u></p>	<p>(Reasons and Necessity for Lending)</p> <p>Loans extended to Companies Seeking Short-Term Financing shall be limited to the following:</p> <ol style="list-style-type: none"> 1) Companies which may be guaranteed by the Company and have the need for short-term financing facility: <ol style="list-style-type: none"> a) Company which is directly or indirectly invested with over fifty percents of shares with voting right; and b) Holding companies of the Company, which is holding more than fifty percents of shares with voting right 2) Other companies as approved by the Company's Board of Directors for such lending. <p>Subsidiaries and holding companies referred to herein are defined in accordance with <u>the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p>	<p>Due to the public company has adopted IFRSs step by step, paragraph 2 is amended in accordance with Article 6 of the Regulations.</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>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"> 1) necessity and rationale of the loan; 2) the Borrowers' credit standing and risk evaluation; 	<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 Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies ("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"> 1) necessity and rationale of the loan; 2) the Borrowers' credit standing and risk evaluation; 	<p>Paragraph 1 is amended in accordance with paragraph 4 of Article 2 of these Procedures.</p>

Section	Current Articles	Proposed Changes	Reasons
	<p>3) impact on the Company's operation, financial condition and shareholders' interests; and</p> <p>4) whether collaterals are required and appraised values of such collaterals.</p> <p>When handling loans extended by the Company to its subsidiaries, or loans extended by the Company's subsidiaries to one another, the procedure mentioned in paragraph 1 shall apply, and shall be resolved by the Board of Directors. For the same Borrower, the Board of Directors may authorize the Chairman to grant multiple drawdown or revolving credit to the said Borrower within one year, provided the total drawdown does not exceed the limit resolved by the Board of Directors.</p> <p>When a loan extended by the Company or its subsidiaries to an individual Borrower, the limit on the total amount mentioned in the preceding paragraph shall not exceed 10 percent (10%) of the said Borrower's net worth of the last period financial report audited or reviewed by its accountants. Borrowers mentioned in paragraph 4 of the Article 2 are exempted from this restriction.</p> <p>The Borrower should, upon the loan amount being approved, fill in an application form and apply to the finance department. The loan amount may only be disbursed after the person as designated by the Board of Directors has signed and approved. Subsequent to drawdown, the 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>3) impact on the Company's operation, financial condition and shareholders' interests; and</p> <p>4) whether collaterals are required and appraised values of such collaterals.</p> <p>When handling loans extended by the Company to its subsidiaries, or loans extended by the Company's subsidiaries to one another, the procedure mentioned in paragraph 1 shall apply, and shall be resolved by the Board of Directors. For the same Borrower, the Board of Directors may authorize the Chairman to grant multiple drawdown or revolving credit to the said Borrower within one year, provided the total drawdown does not exceed the limit resolved by the Board of Directors.</p> <p>When a loan extended by the Company or its subsidiaries to an individual Borrower, the limit on the total amount mentioned in the preceding paragraph shall not exceed 10 percent (10%) of the said Borrower's net worth of the last period financial report audited or reviewed by its accountants. Borrowers mentioned in paragraph 4 of the Article 2 are exempted from this restriction.</p> <p>The Borrower should, upon the loan amount being approved, fill in an application form and apply to the finance department. The loan amount may only be disbursed after the person as designated by the Board of Directors has signed and approved. Subsequent to drawdown, the 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>	

Section	Current Articles	Proposed Changes	Reasons
	<p>Where the balance of loans has exceeded the limits, or the Borrower fails to comply with these Procedures, as a result of changes in the circumstances, the Company shall prepare improvement plans and forward the same to the Supervisors. Rectification shall be completed within the time frame stipulated in improvement plans.</p>	<p>Where the balance of loans has exceeded the limits, or the Borrower fails to comply with these Procedures, as a result of changes in the circumstances, the Company shall prepare improvement plans and forward the same to the Supervisors. Rectification shall be completed within the time frame stipulated in improvement plans.</p>	
Article 5	<p>(Loan Term and Interest Calculation)</p> <p>The term of loans extended by the Company shall not exceed 1 year. 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.</p> <p>The term of loans extended by the Company to any overseas subsidiary, over which the Company owns directly or indirectly 100% voting shares, <u>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 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>(Loan Term and Interest Calculation)</p> <p>The term of loans extended by the Company shall not exceed 1 year. 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.</p> <p>The term of loans extended by the Company to any overseas subsidiary, over which the Company owns directly or indirectly 100% voting shares, <u>depends on the need of the borrowers, which shall not exceed 3 years.</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 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>Paragraph 2 is amended pursuant to paragraph 4 of Article 3 of the Regulations. The foreign companies that public companies directly or indirectly hold 100% voting rights shall still apply the amount limitations of the loans.</p>
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>When limits of the Company's loans extended set below have occurred, the Company shall publish and report them <u>within 2 days of the said events:</u></p> <p>1) The balance of any and all loans extended by the Company and its subsidiaries has reached 20% of <u>the net worth of the Company as shown in its latest financial statement;</u> or</p> <p>2) The balance of loans extended by the Company and its subsidiaries to an individual company has reached 10% of <u>the net worth of the Company as shown in its latest financial statement;</u> or</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>When limits of the Company's loans extended set below have occurred, the Company shall publish and report them <u>within 2 days commencing immediately from the date of occurrence:</u></p> <p>1) The balance of any and all loans extended by the Company and its subsidiaries has reached 20% of <u>the Company's Latest Net Worth;</u> or</p> <p>2) The balance of loans extended by the Company and its subsidiaries to an individual company has reached 10% of <u>the Company's Latest Net Worth;</u> or</p>	<p>Pursuant to paragraph 1 of Article 22 of the Regulations, amendments are made to paragraph 2 for consistency in wording, and clarification of the date of occurrence for</p>

Section	Current Articles	Proposed Changes	Reasons
	<p>3) Any additional individual loan extended by the Company or its subsidiary exceeds NT\$10 million and has reached 2% or more of <u>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 item 3 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, <u>Executive Yuan</u> for reporting information.</p> <p>The Company shall, <u>in accordance with Generally Accepted Accounting Principles</u>, 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>3) Any additional individual loan extended by the Company or its subsidiary exceeds NT\$10 million and has reached 2% or more of <u>the Company's Latest Net Worth.</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 item 3 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 for reporting information.</p> <p><u>"Date of occurrence" in these Procedures means the date of contract signing, date of payment, dates of Boards of Directors' resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</u></p> <p>The Company shall 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>the related parties' obligations.</p> <p>Due to Financial Supervisory Commission, Executive Yuan has restructured as Financial Supervisory Commission from 1 July 2012, wording in paragraph 4 is amended accordingly.</p> <p>Pursuant to paragraph 2 of Article 7 of the Regulations, paragraph 5 is added to clarify the definition of the date of occurrence. The original paragraph 5 is moved to paragraph 6.</p> <p>If lending of a capital to others has occurred, public companies under IFRSs or ROC GAAP shall comply with Regulations Governing the Preparation of Financial Reports by Securities Issuers to assess or reserve</p>

Section	Current Articles	Proposed Changes	Reasons
			contingent loss, and appropriate disclose in the financial statements. Paragraph 6 is amended pursuant to Article 23 of the Regulations.

Attachment XI

Amendments to “Election Procedures of Directors and Supervisors of Far Eastern New Century Corporation”

Section	Current Articles	Proposed Changes	Reasons
Article 3	<p>The election of directors, independent directors, and supervisors shall be pursued according to the number of position required and shall be held together; provided, however, that the independent and non-independent directors elected shall be calculated separately. The candidates that obtain more number of votes shall be elected. If there are more than two candidates obtaining the same number of vote but the number of position offered is limited, a draw shall be made amongst the two candidates to determine. The chairperson shall conduct the drawing for the candidate who is absent.</p> <p><u>Independent directors shall</u> be elected by adopting the candidate nomination system specified in Article 192-1 of Company Law. Moreover, the professional qualifications, the assessment of independence and other matters of <u>the independent directors</u> shall be in compliance with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” or other relevant regulations of ROC.</p>	<p>The election of directors, independent directors, and supervisors shall be pursued according to the number of position required and shall be held together; provided, however, that the independent and non-independent directors elected shall be calculated separately. The candidates that obtain more number of votes shall be elected. If there are more than two candidates obtaining the same number of vote but the number of position offered is limited, a draw shall be made amongst the two candidates to determine. The chairperson shall conduct the drawing for the candidate who is absent.</p> <p><u>Directors and Supervisors shall</u> be elected by adopting the candidate nomination system specified in Article 192-1 of Company Law. Moreover, the professional qualifications, the assessment of independence and other matters of <u>the independent directors</u> shall be in compliance with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” or other relevant regulations of ROC.</p>	<p>Amended paragraph 2 in accordance with the amendments of the Company’s Articles of Incorporation by adopting the candidate nomination system for the election of the Company’s directors and supervisors.</p>

Attachment XII

Amendments to “Meeting Rules of Stockholders of Far Eastern New Century Corporation”

Section	Current Articles	Proposed Changes	Reasons
Article 2	<p>The location for stockholders' meeting shall be the Company's place of business or a place convenient for attendance by stockholders (or by proxies) that is suitable to holding of this meeting. The meeting shall be held between 9:00AM and 3:00PM. <u>The stockholders (or proxies) when attending the meeting shall wear admission badge and hand in signed attendance form.</u></p> <p>When convening stockholders' meeting, the Company shall incorporate electronic vote casting as one of the alternative ways to cast the vote, and the procedure of electronic casting shall be written in the notice of stockholders' meeting. Shareholders who vote via electronic casting is deemed as presented in person. With respect to extemporary motions, amendments of the original proposals, and substitute proposals raised in the stockholders' meeting, those who vote via electronic casting shall be considered as abstain.</p> <p>Number of stockholders in attendance shall be</p>	<p>The location for stockholders' meeting shall be the Company's place of business or a place convenient for attendance by stockholders (or by proxies) that is suitable to holding of this meeting. The meeting shall be held between 9:00AM and 3:00PM.</p> <p><u>The meeting notice of the shareholders' meeting shall state the registration time, location and other important information. The aforesaid registration time shall start at least thirty minutes before the beginning of the meeting. The registration desk shall be featured with clear instructions and competent staffs.</u></p> <p>When convening stockholders' meeting, the Company shall incorporate electronic vote casting as one of the alternative ways to cast the vote, and the procedure of electronic casting shall be written in the notice of stockholders' meeting. Shareholders who vote via electronic casting is deemed as presented in person. With respect to extemporary motions, amendments of the original proposals, and substitute proposals raised in the stockholders' meeting, those who vote via electronic casting shall be considered as abstain.</p> <p><u>Shareholders (or by proxies) attending the Meeting shall have attendance card, sign-in card or other certificate of attendance issued by the Company. The proxy solicitor shall provide ID document for verification purpose.</u> The stockholders (or by proxies) when attending the meeting shall hand in signed attendance form.</p> <p>Number of stockholders in attendance shall be</p>	<p>In order to protect the shareholders' rights to participate the meeting and enhance the efficiency of the meeting procedure, the paragraph 2 and 4 are added. The wording of the last part in paragraph 1 is revised and moved to paragraph 4.</p> <p>The original paragraph 2, 3 and 5 are ranked as paragraph 3, 7 and 9 respectively to reflect the new amendments.</p>

Section	Current Articles	Proposed Changes	Reasons
	<p>calculated based on the number of attending shares, which equals to the sum of number of shares shown on the signed attended forms and the number of voting shares via electronic casting.</p> <p>The Company may appoint lawyers, accountants or related personnel to attend the stockholders' meeting.</p> <p>The personnel in charge of handling the affairs of the meeting shall wear identification badge or armband.</p> <p>For a stockholders' meeting convened by the board of directors, the chairman of the board of directors shall preside at the meeting. If the chairman of the board of directors is on leave or unable to exert the rights, the vice-chairman of the board of directors shall preside instead. If the position of vice-chairman is vacant or the vice-chairman is on leave or unable to exert the rights, the chairman of the board of directors shall designate a director to preside at the meeting. If no director is so designated, the chairman of the meeting shall be elected by the board of directors from among themselves. For a stockholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting; if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.</p> <p>The complete processes of the meeting shall be recorded by voice <u>or</u> video recorders and all the records shall be kept by the Company for a minimum period of at least one year.</p>	<p>calculated based on the number of attending shares, which equals to the sum of number of shares shown on the signed attended forms and the number of voting shares via electronic casting.</p> <p>The Company may appoint lawyers, accountants or related personnel to attend the stockholders' meeting.</p> <p>The personnel in charge of handling the affairs of the meeting shall wear identification badge or armband.</p> <p>For a stockholders' meeting convened by the board of directors, the chairman of the board of directors shall preside at the meeting. If the chairman of the board of directors is on leave or unable to exert the rights, the vice-chairman of the board of directors shall preside instead. If the position of vice-chairman is vacant or the vice-chairman is on leave or unable to exert the rights, the chairman of the board of directors shall designate a director to preside at the meeting. If no director is so designated, the chairman of the meeting shall be elected by the board of directors from among themselves. <u>If a director presides at the meeting including the representative of an institutional director, shall be appointed at least 6 months and familiar with the financial performance and operations of the Company.</u> For a stockholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting; if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.</p> <p>The complete processes of the meeting shall be recorded by voice <u>and</u> video recorders and all the records shall be kept by the Company for a minimum period of at least one year. <u>If a shareholder files a lawsuit pursuant to Article 189 of the Company Law, the video and audio records</u></p>	<p>The paragraph 8 is amended to reflect the responsibility of the chairman of the Meeting, who has to explain the proposed resolutions and material information of the Company and reply the inquiries raised by shareholders.</p> <p>In order to reproduce the whole process of the shareholders'</p>

Section	Current Articles	Proposed Changes	Reasons
		<p><u>shall be retained until the conclusion of the litigation.</u></p>	<p>meeting to clarify the meeting related arguments, the paragraph 9 is amended accordingly</p>
Article 11	<p>In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or Company's articles of incorporation, resolution shall be passed by a majority of the voting rights represented by the stockholders (or proxies) attending the meeting.</p> <p>The proposal for a resolution shall be deemed approved if no objection expressed by stockholders casting their votes via electronic casting, and if the chairperson inquires and receives no objection from stockholders in attendance in person. The validity of such approval has the same effect as if the resolution has been put to vote.</p> <p>Should objection of a proposal be expressed, such proposal shall be put to vote. All proposals may be put to vote one after the other by its sequence, or may be put to vote together and numbers of votes for each proposal are counted separately. Whichever way of the voting procedures shall be decided by the chairperson.</p> <p>If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the chairperson. If one of the two proposals has been approved, the other shall be deemed rejected without requirement to put it to vote.</p> <p>The results of voting shall be <u>reported</u> on the spot and kept for records.</p>	<p>In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or Company's articles of incorporation, resolution shall be passed by a majority of the voting rights represented by the stockholders (or proxies) attending the meeting.</p> <p>The proposal for a resolution shall be deemed approved if no objection expressed by stockholders casting their votes via electronic casting, and if the chairperson inquires and receives no objection from stockholders in attendance in person. The validity of such approval has the same effect as if the resolution has been put to vote.</p> <p>Should objection of a proposal be expressed, such proposal shall be put to vote. All proposals may be put to vote one after the other by its sequence, or may be put to vote together and numbers of votes for each proposal are counted separately. Whichever way of the voting procedures shall be decided by the chairperson.</p> <p>If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the chairperson. If one of the two proposals has been approved, the other shall be deemed rejected without requirement to put it to vote.</p> <p>The results of voting <u>and election</u> shall be <u>announced after the vote calculation</u> on the spot and kept for records.</p>	<p>To ensure the shareholders can receive the results and sufficient</p>

Section	Current Articles	Proposed Changes	Reasons
			<p>information of the voting and election immediately, the paragraph 5 is amended accordingly.</p>