



Handbook for 2014 Annual Shareholders' Meeting FAR EASTERN NEW CENTURY

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The meeting handbook, including meeting notice, agenda, and proposed resolutions, for the upcoming 2014 annual general shareholders' meeting will be available at <http://www.fenc.com/en/ir/index.aspx?c=66> on 26 May 2014.

If you would like to obtain a hard copy of the meeting handbook, please email to ir@fenc.com , or write to

Attn: IR team

Far Eastern New Century Corporation

34Fl, No. 207, Tun-Hwa South Road, Section 2, Taipei 106, Taiwan

(+886-2-2733-8000 ext.8537 / 8470)

Far Eastern New Century Corporation(FENC)

2014 Annual General Shareholders' Meeting (Translation)

Date: Tuesday, 26 June 2014

Time: 9:00 a.m. Taipei time

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

Meeting Agenda

Call the meeting to order

Chairperson takes chair

Chairperson remarks

Reporting Items:

1. 2013 business operations
2. 2013 financial statements
3. Supervisors' review report of 2013 business operations and financial statements
4. Information of the corporate bonds issued in 2013
5. The measurement subsequent to initial recognition of investment properties was altered to fair value model

Approval Items:

1. To accept 2013 business report and financial statements
2. To approve the proposal for distribution of 2013 profits

Discussion Items:

1. To approve the revisions to the “Articles of Incorporation of Far Eastern New Century Corporation”
2. To approve the issuance of 2013 stock dividends from capital surplus
3. To approve amending the company bylaws on “Procedures for Acquisition and Disposition of Assets of Far Eastern New Century Corporation”

Extemporary motion**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.

Reporting Items

1. To report 2013 business operations

The 2013 business report is attached as Attachment I.

2. To report 2013 financial statements

The 2013 independent auditors' reports and financial statements by Deloitte & Touche are attached as Attachments II. (The 2013 financial report can be downloaded at <http://mops.twse.com.tw>)

3. To report Supervisors' review of 2013 business operations and financial statements

The Supervisors' review report is attached as Attachment III.

4. To report the information of the corporate bonds issued in 2013

Three corporate bonds were issued in year 2013. Pursuant to Article 246 of Company Act, the information about the issuance of such corporate bonds is disclosed as Attachment IV.

5. To report the measurement subsequent to initial recognition of investment properties was altered to fair value model

- i. To reflect the fair value of FENC's investment properties, according to the amendments of articles of "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereafter referred to as Regulations), the measurement subsequent to initial recognition of the Company's investment properties was altered to fair value model starting from January 1, 2014.
- ii. The effects of the accounting policy amendments were: "Retained earnings" increased by NT\$74,455.2 million on 1 January 2013; "Net income" of 2013 consolidated statements of comprehensive income increased by NT\$6,657.4 million. On the consolidated balance sheets as of 31 December 2013, "Total assets" increased by NT\$86,644.0 million (of which "Investment properties" increased by NT\$78,151.2 million, "Investments accounted for using the equity method" increased by NT\$8,186.9 million and "Property, plant and equipment" increased by NT\$305.9 million). "Total liabilities" increased by NT\$2,875.5 million; "Total equity" increased by NT\$83,768.6 million, of which NT\$80,483.5 million are "Attributable to owners of the company"(including "Retained earnings" of NT\$80,463.9 million and "Other equity" of NT\$19.6 million).
- iii. In accordance with the letter (Letter No. FSC 1030006415) issued by the R.O.C. Financial Supervisory Commission, the increased amount recognized under "Retained earnings" due to the alteration of fair value model shall be provided provision in full to "Special reserve".

Approval items

1. To accept 2013 business report and financial statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of 2013 business report and financial statements.

Explanatory Notes:

- i. FENC's 2013 business report and financial statements (including consolidated balance sheets, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and balance sheets, statements of comprehensive income, statements of changes in equity, statements 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 2013 business report, independent auditors' reports, Supervisors' report, and the aforesaid financial statements are attached as Attachments I, II, and III.
- iii. Please accept the aforesaid business report and financial statements.

2. To approve the proposal for distribution of 2013 profits

The Board of Directors proposes and recommends that each shareholder vote FOR the distribution of 2013 profits.

Explanatory Notes:

- i. Cash dividends to common shareholders: Totaling NT\$6,688,521,525. Each common shareholder will be entitled to receive a cash dividend of NT\$1.3 per share.
- ii. Stock dividends from capital surplus to common shareholders: Totaling NT\$1,029,003,320. Each common shareholder 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 shareholders 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 capital surplus resolved to be capitalized, and the number of actual common shares outstanding on the record date for distribution.
- v. The 2013 profit allocation proposal is attached as Attachment V.
- vi. Please approve the aforesaid proposal for the distribution of 2013 profits.

Discussion Items

1. 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 16 and Article 29 be amended, Article 16-1 and 23-1 be added of the “Articles of Incorporation of Far Eastern New Century Corporation”.
- ii. The overview table for the “Articles of Incorporation of Far Eastern New Century Corporation” Before and After amendments is attached as Attachment VI.
- iii. Please approve the proposal for the amendments of the “Articles of Incorporation of Far Eastern New Century Corporation”.

2. To approve the issuance of 2013 stock dividends from capital surplus

The Board of Directors proposes and recommends that each shareholder vote FOR the issuance of 2013 stock dividends from capital surplus.

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 from capital surplus to common shareholders of NT\$1,029,003,320. A total number of 102,900,332 common shares, at par value of NT\$10 each share, shall be issued for such capital increase. Each common shareholder 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 capital surplus 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 Act, 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 2013, the total paid-in capital amounted to NT\$51,450,165,570, divided into 5,145,016,557 shares of NT\$10 each. The un-issued capital was NT\$8,549,834,430, divided into 854,983,443 shares of NT\$10 each.
- vii. After the capitalization of 2013 stock dividends from capital surplus, the total number of issued common shares will be 5,247,916,889 shares, at par value of NT\$10 each share. The paid-in capital will amount to

NT\$52,479,168,890.

viii. Please approve the proposal for the issuance of 2013 stock dividends from capital surplus.

3. To approve amending the company bylaw of “Procedures for Acquisition and Disposition of Assets of Far Eastern New Century Corporation”

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

Explanatory Notes:

- i. Pursuant to the letter issued by Financial Supervisory Commission (Letter No. FSC 1020053073), it is proposed that Article 2, Article 3, Article 5, Article 6, Article 7, Article 8, Article 9, Article 10, and Article 12 of the company bylaw of “Procedures for Acquisition and Disposal of Assets of Far Eastern New Century Corporation” be amended.
- ii. The overview table of “Procedures for Acquisition and Disposal of Assets of Far Eastern New Century Corporation” Before and After amendments is attached as Attachment VII.
- iii. Please approve the proposal for amendments of the aforesaid bylaw.

Extemporary motion

Meeting adjourned

Attachment I

2013 Business Report

I. Preface

This past year has seen many fluctuations in the global economy. Political and economical concerns have hindered the global economy's recovery while unprecedented weather conditions have caused further complications. Despite this, noticeable improvements throughout the US, Europe and Japan paint a much brighter picture for 2014. Although the dust has settled in Europe, questions still remain regarding the Eurozone's ability to return to its previous strength. Moving forward, although many economists suggest that 2014 will be a better year, we remain cautious about the direction of the economy as the US tapers its quantitative easing (QE) policies.

Political unrest and uncertainty have plagued the world for much of 2013. In Asia, territorial tensions over the disputed Diaoyutai Islands remain high, and North Korea continues with its military sabre-rattling. Meanwhile, political crises in Thailand and the Ukraine have caught the world by surprise. These geopolitical disputes have undoubtedly caused ripple effects throughout the world and may cause severe complications for the global economy. Moreover, adverse weather conditions have posed a threat. The severe snowstorms in North America and Japan, as well as Europe's destructive drought, have caused billions of dollars in damages. In an effort to ensure sustainable development, nations are becoming increasingly motivated to adopt energy conservation measures and invest in renewable energy.

The US has made several incremental improvements, including the technology development of shale gas, reductions in the unemployment rate, further stabilization of the housing market, revitalization in manufacturing, and inflows of capital to the US market due to QE tapering. However, there is still a long way to go before a complete economic recovery materializes, as the effects of ObamaCare and federal government budgeting changes have yet to be felt. Across the Atlantic Ocean, pressures stemming from the Eurozone debt crisis are finally alleviating, which has once again stimulated demand in the EU. Asian markets have seen marked improvements as well. Japan's economy, fueled by Shinzo Abe's Abenomics, has strengthened during recent years, but the increase in consumption tax may yet take a toll on the Japanese economy. China has also begun economic reforms under the leadership of Xi Jinping and Li Keqiang. During the Third Plenary Session in 2013, China's blueprint revealed over 300 reforms across 60 clauses and 15 chapters focusing on land, state-owned enterprises and the financial sector. Furthermore, China is slowly transitioning toward a green economy for sustainable development, and also rolling out more free trade zones such as the China (Shanghai) Pilot Free Trade Zone. These changes will hopefully attract cross-border investments, as well as promote greater currency exchange flexibility and a more competitive tax system. However, obstacles such as capacity oversupply, pollution, energy waste, currency instability, economic slowdown, and labor shortage together with rising wages first need to be addressed in order for China to successfully shift from an investment and export-led growth model to a consumption-led growth model.

Monetary policies in the US have triggered invariable fluctuations in the exchange rates of major currencies. To facilitate smoother trade, countries are now adopting a new economic growth model: regional economic cooperation. As a result, bordering economies are working together through organizations such as the Association of Southeast Asian Nations (ASEAN) and free-trade agreements such as the Regional Comprehensive Economic Partnership (RCEP), the Trans-Pacific Partnership (TPP), and the Cross-Strait Service Trade Agreement (CSSTA). These organizations aspire to enhance their competitive advantage through closer cooperation and less trade restrictions in order to further fuel economic growth. An economic revolution has begun, and Taiwan needs to be at the forefront of this movement to stay competitive.

Over the last 60 years, Far Eastern New Century (FENC, the Company) has grown from a small textile company to one of the largest conglomerates in Taiwan. None of this would be possible without the support of the community through good and bad times. We have taken and are still taking the necessary steps to transform our businesses to thrive in this unpredictable environment. Through innovative business models and our expanding business, we will be able to achieve better results for our investors.

II. Operating Results

FENC has diversified businesses ranging from petrochemical-polyester-textile production through property development to investments. Through continual transformation and innovation, the Company has been able to realize consistent organic growth. For 2013, the company's consolidated revenue and net income reached NT\$ 238.9 billion and NT\$ 14.285 billion, respectively, a better performance than in 2012. The net income attributed to shareholders of the Company is NT\$ 7.207 billion, translating into an EPS of NT\$1.5. The Board of Directors have proposed a cash dividend of NT\$1.3 per share and a stock dividend of NT\$0.20 per share— for a total dividend of NT\$1.5 per share. Operating results by business segment are outlined below:

Petrochemical-Polyester-Textile Production Business: Maximizing Core Competency

As one of the industry leaders in the polyester and textile businesses, we believe the foundation of a truly competitive enterprise lies in its supply chain. We have vertically integrated our businesses from petrochemical through polyester to textile to take advantage of synergies and economies of scale. Meanwhile, we have also centralized our production and distribution teams in our regional headquarters in Taiwan, Shanghai, Suzhou and Yangzhou to increase efficiency and effectiveness.

- ***Upstream Petrochemical Business – Core Advantage Comes from Sustainable Feedstock Supplies***

To vertically integrate our supply chain, petrochemical businesses have been set up to ensure sustainable feedstock supplies for our polyester production. Our key raw material, PTA, is provided by Oriental Petrochemical (Taiwan), Oriental Petrochemical (Shanghai), and Far Eastern Yihua Petrochemical (Yangzhou) – a joint venture with the China Sinopec Group. We have also invested in Far Eastern Union Petrochemical (Yangzhou), a joint venture to produce our other feedstock MEG, to fulfill future demand for the polyester business. Our core advantage in the petrochemical business mainly lies in our lower production costs due to economies of scale and an optimal utilization rate that effectively factors in the volatility of the market. Through these diversified production sites, we hope to amplify the synergies of Far Eastern Group and capitalize on our competitive advantages.

- ***Midstream Polyester Business – A Leader in the Conventional & Renewable Polyester Product Field***

As the largest business segment among our production businesses, our annual polyester capacity is more than two million tons. We are also one of the major suppliers of PET resins in the Asian bottling market. Currently, our non-woven polyester products such as staple fibers and PET resins account for more than 80% of our total polyester revenue with production sites in Taiwan, China, Japan and Southeast Asia. As one of the leading global PET resin suppliers, FENC was awarded the “Global Sustainable Procurement Supplier of the Year” by our client Coca-Cola in 2013, from among more than 900 other suppliers. We will continue to strengthen our leading position by adding 400,000 tons of new PET capacity in Taiwan to bolster our existing production lines. Meanwhile, our bio-based and recycled-based (r-PET) polyester packaging products, which are in compliance with the regulations for articles in contact with food in the European Union and the US Food and Drug Administration(FDA), have been accepted and adopted by well-known global brands, such as Coca-Cola, PepsiCo, Danone, and Nestle, etc. Aiming at being the largest r-PET supplier globally, we continue to grow our r-PET capacity by initially adding new capacity in Taiwan and Japan, and later in China, Europe and the US. With regard to polyester staple fibers, we have increased and achieved our product differentiation rate to over 70% of our product portfolio. Furthermore, to enhance our market presence in China, our non-woven products have been successfully incorporated and shipped to the supply chain of HengAn International Group, one of China's largest producers of hygiene products. With respect to polyester filament products, we are developing and producing high value added products, i.e. nylon 6,6, and maintaining our long-term partnerships with Nike, Adidas, Columbia and Lululemon. By doing so, we are confident in our ability to transform to a new business model and redefine our polyester business.

- ***Downstream Textile Business – Go Globally Leveraging International Well-known Brands***

Although the textile business accounts for less than 20% of the revenue of our petrochemical-polyester-textile production business, it represents an incredibly lucrative market that we are looking to further penetrate.

FENC has the capacity for yarn spinning, knitted fabric and apparel manufacturing and we have consistently cooperated well with world-renowned fashion brands. Leveraging the technology we own, we have captured the new trend to develop “fashion” (combined function and fashion) products, such as high stretch women’s apparel. Meanwhile, demonstrating our concern for environmental conservation, we collaborated with Nike to launch and commercialize the “ColorDry” water-free dyeing technology. In the upcoming 2014 FIFA World Cup in Brazil, FENC’s recycled fabric was selected by Nike for two consecutive sessions to produce the football jersey for its sponsored national sports teams. With regard to high denier industrial yarns, we have extended our businesses into not only the automobile industry, with products such as seat belt fabrics, polyester airbag yarns and tire cords, but also the light-duty conveyor belt field.

Investments: Diversification into Various Businesses

Leveraging the Company’s resources, we have dabbled in other businesses, such as telecommunications, cement and retail markets. Far EastOne Telecommunications Co., Ltd (FET), our major investment, bid successfully and has acquired three frequency band units-A2, C3& C4, for operating fourth-generation (4G) mobile communication services. FET is the only telecom service operator offering the 20 MHZ contiguous spectrum, and will provide high-speed networks to clients for voice services, cloud computing, e-commerce, and mobile payment services. Capitalizing on the big data service opportunity, FET plans to offer integrated services to individuals “anytime, anywhere, on any screen,” and as a result, grow its revenue and profit in the 4G era. Asia Cement Corporation (ACC), our other investment, is a world class cement producer with capacity across the Taiwan Straits. While maintaining its stable market share in Taiwan, ACC has seen remarkable revenue growth in the China market due to its current capacity expansion. Moreover, ACC signed a strategic partnership agreement with Anhui Conch Cement, and targets a top ten ranking among cement companies in China by taking advantage of China’s urbanization policy. Far Eastern Department Stores Ltd. (FEDS), with the innovative transformation of their long-term strategy, has been transforming its business model from traditional department stores to new-style shopping malls, which have more restaurants, cinemas and other recreational facilities to offer customers a holistic leisure experience. In order to protect its leading position in the retail business, FEDS continues its strategic plans to open new stores in Taiwan and China, concurrently developing its online shopping presence to benefit from the increasing at-home-shopping trend. With these bright business outlooks from our affiliates, we expect to generate consistent profits within this diversified investment portfolio.

Property Development: Monetize Land Assets

FENC currently has total land holdings of 560,000 pings in Taiwan, of which the majority is located in northern Taiwan and nearly half of the land size is slated for further development. The two most valuable land plots are the landmark Taipei Metro Tower in Taipei’s central business district, and Taipei Far Eastern Telecom Park (Tpark) of 89,800 pings in Banciao, which is close to New Taipei City Hall- a transportation hub accessing Taipei MRT, Taiwan Railways and Taiwan High Speed Rail. Tpark comprises an industrial zone, a commercial zone, a residential zone and a medical center, while an existing college and a New Taipei City library has been built in the neighborhood. The completed phase I construction of Tpark provides a convenient and comfortable environment. In addition, the retail store Banciao A-Mart, which has been re-located to the north of Tpark, will be opening soon. We have been actively planning the sequential development of Tpark by constructing the new headquarters of FET, an internet data center (IDC) building and a second R&D building after receiving the contractor’s licenses in the fourth quarter this year. After completion of our commercial buildings, we expect to see an increase in annual earnings from rental income of non-subsidiaries for the foreseeable future. In addition to the new office buildings, we have several residential projects in the pipeline. The second residential project with a gross floor area of roughly 9,000 pings is designed to be eco-friendly and green and slated to start construction in the fourth quarter of this year. Another residential project with a gross floor area of 88,000 pings, to be constructed on the land surrounding the old A-mart store, is scheduled to start the design process and pre-sales will be launched within three years. On top of that, the SPA Resort project in Ilan has received its development permit and construction is scheduled to begin in the fourth quarter of this year. Phase I of our Spa Resort project is expected to include 200 rooms and a shopping mall, while scenic view restaurants are planned for the future.

III. Business Goals and Prospects

At FENC, our businesses are well positioned and our growth prospects are strong. Our global view has never been more in sync with the current trend of the world and will continue to drive our business for the foreseeable future. With new technology and an innovative mindset, we will continue to transform our business in the following ways:

Centralization – New Era of Back Office Management

Our Corporate Management Office was set up to centralize the administration of Taiwan and overseas production sites and associates, including finance and accounting management, R&D, risk management, human resource management, environmental sustainability, legal compliance, smart mobility management, new technology applications, energy management and corporate governance, etc. Collaborating with the administration offices of regional headquarters in Shanghai, Suzhou, and Yangzhou, we have increased the synergy and efficiency among our upstream, midstream, and downstream production businesses. By utilizing the innovative administration management systems, we have been able to build a stronger infrastructure on which to grow our business.

Sustainability – The Green Campaign

Sustainability has been a rising concern over recent years; as a result, we have placed great emphasis on the R&D of green technology and products, keeping FENC ahead of its peers. Our innovative products such as the new biodegradable material FEPOL[®], the food-grade post-consumer recycled resin “Pro-Green”, and the polyester recycled fiber TOPGREEN[®] were awarded the first annual “Taiwan Green Classics Award” by the Ministry of Economic Affairs. Meanwhile, the very first corporate social responsibility (CSR) report of FENC was initiated and subsequently won the “2013 Top 50 Taiwan Corporate Sustainability Awards” granted by the Taiwan Institute for Sustainable Energy, which also record the triumph in Taiwan. These awards are evidence that our dedication to green products and environmental sustainability has been recognized. Looking forward, we will continually develop new materials and killer applications for recycled polyester, such as PET bottle-to-bottle products. In addition, to reduce our carbon footprint, we have accelerated the process in research and production of cellulosic ethanol, a second-generation bio-fuel, and participated in the government-sponsored “Process Development for Lignocellulosic Ethanol Technology” project.

Acceleration of Property Development – Unlocking the Hidden Value of Assets

By uplifting and utilizing our group’s synergies and resources, we will exploit new business opportunities to accelerate our land development plan and further diversify our existing businesses. Recently, our priority is to develop both the high technology oriented Banciao Tpark and the leisure oriented Ilan Spa Resort projects. By doing so, we will gradually unlock the hidden land value and share the profits with our shareholders.

Innovative Products – Fueling Future Business Growth

Far Eastern Group R&D Center has been established for over a decade and our meticulously cultivated research teams have since been pivotal to our success. Our R&D Center now covers five distinct divisions: Polyester Fiber & Textile, Polymer, Optoelectronics, BioTech and Green Materials (a newly established team created to seize the green trend resulting from recent environmental concerns). Our teams, with the best talents in its respective fields, set their short-term, mid-term, and long-term R&D goals to align with the company’s development plan. They accelerate the development of high value-added products with core technologies, and aggressively focus and allocate resources to the green-product and bio-material industries with the greatest market potential. For example, the biomedical team was awarded the “National Biotechnology & Medical Care Quality Award” for their “Bone Graft Substitute” product. We have of course, taken all the necessary measures to patent our products in various markets.

Human Resources – Cornerstone to Success

At FENC, we believe people are our greatest assets. To ensure sustainable development of the Company, we are now heading to set up a leadership development plan to select the successors of top managers from among those talents with high potential from our various business units and administration department. Additionally, we have implemented talent pipeline programs to cultivate middle managers with project-based training, management by objectives (MBO) and key performance indicators (KPI) training, and cross-function and cross-region learning through a rotation program. Meanwhile, we continue to reduce our employee turnover rate through internship programs in colleges, on-site training programs in Taiwan for our overseas staff, incentive programs for top and middle managers, and retention program for overseas talents, etc.

Corporate Social Responsibilities – Returning Prosperity to Society

For decades, we have committed ourselves to being a responsible corporate citizen, and have established several non-profit foundations and sponsored programs in the medical, educational, scientific, cultural & environmental conservation fields. The Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation has been sponsoring the annual “Y. Z. Hsu Scientific Award” to encourage individuals with outstanding tech research; “Y. Z. Hsu Scientific Chair Professor”, “Y. Z. Hsu Scientific Paper Award”, and “Y.Z. Hsu Technology Invention Award” are granted annually to researchers with extraordinary contributions in science as well. “Y. Z. Hsu Competition-Taiwan Young Student Physicists’ Tournament” and the 2013 “International Young Physicists’ Tournament (IYPT)” are held particularly to promote science education to young students. The Far Eastern Memorial Foundation has been sponsoring “the Far Eastern Architectural Award” to reward distinguished designs, as architects are critical to social development. Finally, the Far Eastern Memorial Hospital is the only medical center in New Taipei City. With the phase II expansion plan nearing completion; the hospital will increase its hospital beds by 40% to 1,650; the new hospital wing will be fully operational by the end of this year. Moving forward, FENC will devote even further efforts in public welfare and make greater contributions to society.

Our world is constantly changing and the speed of change is astounding. At FENC, we continually adjust and adapt ourselves to this sometimes chaotic environment. It is with innovative thinking, exceptional management and expertise that we are able to transform our business models and stay ahead of the curve in our perpetual pursuit of excellence. Our company traces its roots to the founding spirit and core values of “Sincerity, Diligence, Thrift, Prudence, and Innovation”. “Innovative thinking, superior technology and excellent managerial skills, we aim to lead the polyester industry and maximize the value of our holdings in estates and equities so bringing happiness and prosperity to the community of which we are a part” is our vision. Our commitment to our customers, employees and shareholders is as strong as it has ever been and we would like to take this chance to show our gratitude for the continued support from our shareholders and the dedicated efforts of our employees; it is our mission to reward you better in the coming years.

Chairman



President



Chief Accountant



Attachment II

2013 Independent Auditors' Report

(English Translation of a Report Originally Issued in Chinese)

The Board of Directors and Stockholders
Far Eastern New Century Corporation

We have audited the accompanying consolidated balance sheets of Far Eastern New Century Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2013, December 31, 2012 and January 1, 2012, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Far Eastern New Century Corporation as of and for the years ended December 31, 2013 and 2012 on which we have issued an unqualified report.

March 24, 2014

Notice to Readers

The accompanying consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

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

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 26,645,574	7	\$ 30,645,166	9	\$ 19,305,661	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,191,688	-	1,058,519	-	954,871	-
Available-for-sale financial assets - current (Notes 4, 8 and 36)	989,348	-	2,272,149	1	3,496,456	1
Held-to-maturity financial assets - current (Notes 4 and 9)	99,962	-	100,000	-	-	-
Derivative financial assets for hedging - current (Notes 4 and 10)	4,442	-	21,962	-	1,500	-
Financial assets carried at cost - current (Notes 4 and 11)	42,587	-	-	-	-	-
Bond investments with no active market (Notes 4, 6 and 12)	2,606,689	1	3,145,035	1	9,025,221	3
Notes and accounts receivable, net (Notes 4 and 13)	26,884,947	7	27,892,166	8	32,168,924	10
Notes and accounts receivable from related parties (Notes 4 and 35)	856,754	-	731,426	-	684,104	-
Amounts due from customers for construction contracts (Notes 4 and 15)	1,473,786	-	1,551,686	1	1,572,245	1
Other receivables	1,641,758	1	1,837,097	1	966,369	-
Other receivables from related parties (Note 35)	1,258,834	-	1,283,844	-	1,084,665	-
Current tax assets (Notes 4, 5 and 29)	48,216	-	114,392	-	99,293	-
Inventories (Notes 4, 14 and 36)	24,184,972	6	21,617,120	6	23,946,055	7
Prepayments	3,799,470	1	2,817,079	1	3,338,837	1
Other financial assets - current (Note 36)	3,946,576	1	2,874,067	1	3,187,326	1
Guarantee deposits - current	52,292	-	48,207	-	65,174	-
Other current assets	1,934,219	1	1,269,243	-	1,601,868	1
Total current assets	97,662,114	25	99,279,158	29	101,498,569	31
NONCURRENT ASSETS						
Available-for-sale financial assets - non-current (Notes 4, 8 and 36)	5,257,220	2	4,489,491	1	4,032,047	1
Held-to-maturity financial assets - non-current (Notes 4 and 9)	-	-	99,871	-	199,768	-
Financial assets carried at cost - non-current (Notes 4 and 11)	926,908	-	1,130,424	-	1,038,213	-
Bond investment with no active market - non-current (Notes 4 and 12)	-	-	256,508	-	261,384	-
Investments accounted for using the equity method (Notes 4, 16 and 36)	47,683,367	12	46,677,090	14	44,512,553	13
Property, plant and equipment (Notes 4, 5, 17 and 36)	129,620,260	34	116,637,790	34	116,968,528	35
Investment properties, net (Notes 4, 18 and 36)	35,307,315	9	36,155,930	11	35,365,567	11
Concession (Note 20)	37,734,135	10	5,090,449	1	5,608,938	2
Goodwill (Notes 4 and 19)	11,928,782	3	11,980,944	4	11,982,600	4
Other intangible assets (Notes 4, 20 and 36)	4,184,122	1	3,818,998	1	3,369,539	1
Deferred tax assets (Notes 4, 5 and 29)	2,812,572	1	1,834,329	1	1,402,473	-
Prepayment for equipment (Note 17)	944,727	-	2,881,210	1	1,585,957	1
Guarantee deposits	576,314	-	582,788	-	499,731	-
Other financial assets - non-current (Note 36)	4,071,707	1	7,543,319	2	115,805	-
Long-term prepayments for lease (Note 36)	7,406,266	2	2,315,715	1	1,737,843	1
Other non-current assets	239,647	-	314,901	-	182,192	-
Total noncurrent assets	288,693,342	75	241,809,757	71	228,863,138	69
TOTAL	\$ 386,355,456	100	\$ 341,088,915	100	\$ 330,361,707	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 21 and 35)	\$ 28,053,848	7	\$ 25,807,392	8	\$ 27,995,384	8
Short-term bills payable (Note 21)	5,117,694	1	6,286,740	2	10,765,090	3
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	590	-	619	-	4,708	-
Derivative financial liabilities for hedging - current (Notes 4 and 10)	-	-	-	-	2,667	-
Notes and accounts payable (Note 4)	17,452,151	5	19,253,330	6	21,823,881	7
Notes and accounts payable to related parties (Notes 4 and 35)	261,571	-	292,283	-	432,078	-
Amounts due to customers for construction contracts (Notes 4 and 15)	412,498	-	160,779	-	504,941	-
Payables to suppliers of machinery and equipment	3,133,810	1	4,012,183	1	2,210,448	1
Other payable	12,595,337	3	11,243,873	3	9,687,831	3
Other payable to related parties (Note 35)	75,977	-	43,119	-	27,971	-
Current tax liabilities (Notes 4, 5 and 29)	3,115,500	1	2,688,208	1	1,700,572	-
Provisions - current (Notes 4 and 22)	193,328	-	160,425	-	171,474	-
Guarantee deposits received - current	334,939	-	401,798	-	504,806	-
Receipts in advance (Note 35)	1,199,481	-	1,107,451	-	2,153,720	1
Unearned revenue	2,667,808	1	2,643,111	1	2,895,090	1
Current portion of long-term liabilities (Note 23)	8,845,696	2	3,991,578	1	2,525,144	1
Other current liabilities	2,317,709	1	1,807,603	1	2,432,120	1
Total current liabilities	85,777,937	22	79,900,492	24	85,837,925	26
NONCURRENT LIABILITIES						
Derivative financial liabilities for hedging - non-current (Notes 4 and 10)	421,280	-	287,522	-	-	-
Bonds payable (Notes 23 and 34)	65,638,787	17	41,726,021	12	28,327,158	9
Long-term borrowings (Notes 23 and 34)	43,622,704	12	32,232,012	10	33,124,195	10
Provisions - non-current (Notes 4 and 22)	705,863	-	654,791	-	509,799	-
Deferred tax liabilities (Notes 4, 5 and 29)	10,454,464	3	10,267,307	3	10,305,320	3
Accrued pension liabilities (Note 25)	2,781,776	1	3,392,655	1	3,000,773	1
Guarantee deposits received - non-current (Note 35)	645,013	-	739,923	-	630,861	-
Deferred credit-gains on inter-related parties accounts (Note 35)	150,185	-	150,738	-	151,296	-
Other non-current liabilities	476,788	-	509,628	-	604,723	-
Total noncurrent liabilities	124,896,860	33	89,960,597	26	76,654,125	23
Total liabilities	210,674,797	55	169,861,089	50	162,492,050	49
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)						
Capital stock						
Common stock	51,450,165	13	50,441,338	15	48,972,173	15
Capital surplus	4,681,042	1	4,744,045	1	940,486	-
Retained earnings						
Legal reserve	12,687,509	3	11,820,720	3	10,710,699	3
Special reserve	25,448,036	7	25,471,594	8	25,472,605	8
Unappropriated earnings	13,955,940	4	15,100,772	4	21,637,279	7
Total retained earnings	52,091,485	14	52,393,086	15	57,820,583	18
Other equity	4,634,101	1	2,430,425	1	3,495,446	1
Treasury stocks	(25,063)	-	(25,063)	-	(25,063)	-
Total equity attributable to owners of the company	112,831,730	29	109,983,831	32	111,203,625	34
NON-CONTROLLING INTERESTS (Note 26)						
	62,848,929	16	61,243,995	18	56,666,032	17
Total equity	175,680,659	45	171,227,826	50	167,869,657	51
TOTAL	\$ 386,355,456	100	\$ 341,088,915	100	\$ 330,361,707	100

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

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4 and 35)				
Net sales	\$ 155,953,627	65	\$ 156,365,608	66
Telecommunications service income	68,147,021	29	67,674,377	29
Gain on disposal of investments, net	530,650	-	103,530	-
Construction income	6,046,806	3	5,209,748	2
Other operating revenue	<u>8,162,553</u>	<u>3</u>	<u>7,439,084</u>	<u>3</u>
Total operating revenues	<u>238,840,657</u>	<u>100</u>	<u>236,792,347</u>	<u>100</u>
OPERATING COSTS (Notes 4, 14, 28 and 35)				
Cost of sales	155,962,513	65	154,617,223	65
Cost of telecommunications services	27,151,232	11	29,231,099	12
Construction cost	5,745,691	2	4,475,708	2
Other operating cost	<u>3,497,304</u>	<u>2</u>	<u>4,175,212</u>	<u>2</u>
Total operating costs	<u>192,356,740</u>	<u>80</u>	<u>192,499,242</u>	<u>81</u>
GROSS PROFIT	<u>46,483,917</u>	<u>20</u>	<u>44,293,105</u>	<u>19</u>
REALIZED CONSTRUCTION INCOME	<u>555</u>	<u>-</u>	<u>556</u>	<u>-</u>
OPERATING EXPENSES (Notes 4, 28 and 35)				
Selling and marketing	22,052,202	9	22,262,649	10
General and administrative	10,448,419	5	9,114,037	4
Research and development	<u>675,902</u>	<u>-</u>	<u>700,375</u>	<u>-</u>
Total operating expenses	<u>33,176,523</u>	<u>14</u>	<u>32,077,061</u>	<u>14</u>
OPERATING INCOME	<u>13,307,949</u>	<u>6</u>	<u>12,216,600</u>	<u>5</u>
NONOPERATING INCOME AND EXPENSES				
Share of the profit of associates (Note 16)	4,197,698	2	3,057,869	1
Interest income	448,607	-	450,906	-
Other income - other	1,184,876	1	937,482	-
Exchange gain, net	310,965	-	-	-
Gain on financial assets (liabilities) at fair value through profit or loss, net (Note 7)	402,456	-	171,068	-
Interest expense (Note 28)	(1,432,622)	(1)	(1,414,201)	-
Other expense	(338,228)	-	(407,442)	-
Loss on disposal of property, plant and equipment, net (Note 17)	(1,356,800)	(1)	(1,105,548)	-

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
(Loss) gain on disposal of investment properties, net (Note 18)	(518)	-	1,075	-
Loss on disposal of intangible properties, net (Note 20)	(1,912)	-	(604)	-
Exchange loss, net (Note 4)	-	-	(276,387)	-
Impairment loss on assets (Notes 4, 11 and 19)	<u>(214,451)</u>	<u>-</u>	<u>(202,860)</u>	<u>-</u>
Total nonoperating income and expenses	<u>3,200,071</u>	<u>1</u>	<u>1,211,358</u>	<u>1</u>
INCOME BEFORE INCOME TAX	16,508,020	7	13,427,958	6
INCOME TAX EXPENSE (Notes 4 and 29)	<u>(2,223,481)</u>	<u>(1)</u>	<u>(2,226,494)</u>	<u>(1)</u>
NET INCOME	<u>14,284,539</u>	<u>6</u>	<u>11,201,464</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations	2,474,593	1	(1,987,566)	(1)
Unrealized gain on available-for-sale financial assets (Note 4)	515,409	-	167,070	-
Loss from cash flow hedges	(132,503)	-	(200,397)	-
Actuarial gain (loss) arising from defined benefit plans (Note 25)	128,401	-	(618,813)	-
Share of the other comprehensive (loss) income of associates and joint venture	(644,214)	-	938,029	-
Income tax (loss) gain relating to components of other comprehensive income	<u>(20,574)</u>	<u>-</u>	<u>101,679</u>	<u>-</u>
Total other comprehensive income (loss)	<u>2,321,112</u>	<u>1</u>	<u>(1,599,998)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 16,605,651</u>	<u>7</u>	<u>\$ 9,601,466</u>	<u>4</u>
NET INCOME ATTRIBUTABLE TO:				
Owner of the Company	7,207,081	3	4,917,568	2
Non-controlling interests	<u>7,077,458</u>	<u>3</u>	<u>6,283,896</u>	<u>3</u>
	<u>\$ 14,284,539</u>	<u>6</u>	<u>\$ 11,201,464</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owner of the Company	9,540,356	4	3,344,419	1
Non-controlling interests	<u>7,065,295</u>	<u>3</u>	<u>6,257,047</u>	<u>3</u>

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
	<u>\$ 16,605,651</u>	<u>7</u>	<u>\$ 9,601,466</u>	<u>4</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 27)				
Basic	<u>\$ 1.50</u>		<u>\$ 1.02</u>	
Diluted	<u>\$ 1.49</u>		<u>\$ 1.02</u>	

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except dividend per share)

Equity Attributable to Owners of the Company

	Equity Attributable to Owners of the Company					Other Equity			Treasury Shares (Note 26)	Total	Non-controlling Interests (Note 26)	Total Equity
	Common Stock (Note 26)	Capital Surplus (Notes 4 and 26)	Legal Reserve (Note 26)	Special Reserve (Note 26)	Unappropriated Earnings (Note 26)	Exchange Differences on Translating Foreign Operations (Notes 4 and 26)	Unrealized Gain (Loss) on Available-for- sale Financial Assets (Notes 4 and 26)	Cash Flow Hedges (Notes 4 and 26)				
BALANCE AT JANUARY 1, 2012	\$ 48,972,173	\$ 940,486	\$ 10,710,699	\$ 25,472,605	\$ 21,637,279	\$ -	\$ 3,500,409	\$ (4,963)	\$ (25,063)	\$ 111,203,625	\$ 56,666,032	\$ 167,869,657
Appropriation of the 2011 earnings												
Legal reserve	-	-	1,110,021	-	(1,110,021)	-	-	-	-	-	-	-
Cash dividends - NT\$1.7 per share	-	-	-	-	(8,325,270)	-	-	-	-	(8,325,270)	-	(8,325,270)
Stock dividends - NT\$0.3 per share	1,469,165	-	-	-	(1,469,165)	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(6,547,666)	(6,547,666)
Net income for the year ended December 31, 2012	-	-	-	-	4,917,568	-	-	-	-	4,917,568	6,283,896	11,201,464
Other comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	(508,128)	(2,534,967)	1,538,270	(68,324)	-	(1,573,149)	(26,849)	(1,599,998)
Total comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	4,409,440	(2,534,967)	1,538,270	(68,324)	-	3,344,419	6,257,047	9,601,466
Change in equity in associates	-	-	-	(17)	(10,087)	-	-	-	-	(10,104)	-	(10,104)
Partial acquisition (disposal) of interests in subsidiaries	-	3,802,347	-	(163)	(32,235)	-	-	-	-	3,769,949	3,167,668	6,937,617
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	1,700,914	1,700,914
Change in capital surplus from dividends distributed to subsidiaries	-	1,212	-	-	-	-	-	-	-	1,212	-	1,212
Reversal of special reserve	-	-	-	(831)	831	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2012	50,441,338	4,744,045	11,820,720	25,471,594	15,100,772	(2,534,967)	5,038,679	(73,287)	(25,063)	109,983,831	61,243,995	171,227,826
Appropriation of the 2012 earnings												
Legal reserve	-	-	866,789	-	(866,789)	-	-	-	-	-	-	-
Cash dividends - NT\$1.3 per share	-	-	-	-	(6,557,374)	-	-	-	-	(6,557,374)	-	(6,557,374)
Stock dividends - NT\$0.2 per share	1,008,827	-	-	-	(1,008,827)	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(7,716,375)	(7,716,375)
Net income for the year ended December 31, 2013	-	-	-	-	7,207,081	-	-	-	-	7,207,081	7,077,458	14,284,539
Other comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	129,599	2,814,699	(565,947)	(45,076)	-	2,333,275	(12,163)	2,321,112
Total comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	7,336,680	2,814,699	(565,947)	(45,076)	-	9,540,356	7,065,295	16,605,651
Change in equity in associates	-	-	-	-	(67,027)	-	-	-	-	(67,027)	-	(67,027)
Disposal of investment in associates	-	404	-	(9,952)	8,532	-	-	-	-	(1,016)	(28)	(1,044)
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	2,186,778	2,186,778
Change in capital surplus from dividends distributed to subsidiaries	-	955	-	-	-	-	-	-	-	955	-	955
Partial acquisition (disposal) of interests in subsidiaries	-	(64,362)	-	-	(3,633)	-	-	-	-	(67,995)	69,264	1,269
Reversal of special reserve	-	-	-	(13,606)	13,606	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2013	\$ 51,450,165	\$ 4,681,042	\$ 12,687,509	\$ 25,448,036	\$ 13,955,940	\$ 279,732	\$ 4,472,732	\$ (118,363)	\$ (25,063)	\$ 112,831,730	\$ 62,848,929	\$ 175,680,659

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

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 16,508,020	\$ 13,427,958
Adjustments for:		
Depreciation	14,241,311	14,958,320
Amortization	2,440,269	2,049,305
Allowance for doubtful accounts	182,216	270,219
Interest expenses	1,432,622	1,414,201
Interest income	(448,607)	(450,906)
Dividend revenue	(219,921)	(207,151)
Loss on disposal of property, plant and equipment, net	1,356,800	1,105,548
Loss (gain) on disposal of investment properties, net	518	(1,075)
Loss on disposal of intangible assets, net	1,912	604
Share of the profit of associates	(4,197,698)	(3,057,869)
Gain on disposal of investments, net	(538,642)	(109,143)
Impairment loss on assets	214,451	202,860
Realized construction income	(555)	(556)
Net (gain) loss on unrealized foreign currency exchange	(87,999)	4,876
Deferred loss on derivative assets for hedging	18,802	63,995
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(133,169)	(103,648)
Notes and accounts receivable	820,686	4,006,539
Notes and accounts receivable from related parties	(125,328)	(47,322)
Amounts due from customers for construction contracts	77,900	20,559
Other receivables	624,521	(874,428)
Other receivables from related parties	(31,630)	(35,425)
Inventories	(2,567,852)	2,327,854
Prepayments	(974,120)	(194,987)
Other current assets	(664,976)	418,308
Financial liabilities at fair value through profit or loss	(29)	(4,089)
Notes and accounts payable	(1,801,179)	(2,570,551)
Notes and accounts payable to related parties	(30,712)	(139,795)
Amounts due to customers for construction contracts	251,719	(344,162)
Other payables	1,274,408	1,523,968
Other payables to related parties	32,858	15,148
Provisions	83,975	133,943
Receipts in advance	92,030	(1,046,269)
Other current liabilities	510,106	(624,517)
Accrued pension liabilities	(498,747)	(133,081)
Unearned revenue	24,697	(251,979)
Cash generated from operations	27,868,657	31,747,252
Interest received	461,392	453,958
Dividend received	2,368,646	3,199,261
Interest paid	(1,398,487)	(1,324,756)
Income tax paid	(2,525,131)	(1,715,997)

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
Net cash generated from operating activities	<u>26,775,077</u>	<u>32,359,718</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(893,414)	(254,280)
Proceeds of the disposal of available-for-sale financial assets	2,501,734	1,204,552
Decrease in bond investments with no active market	805,353	5,880,186
Proceeds of redemption of held-to-maturity financial assets at maturity	100,000	-
Acquisition of financial assets carried at cost	(100,012)	(126,000)
Proceeds of the disposal of financial assets carried at cost	117,256	980
Proceeds from capital reduction of financial assets carried at cost	33,693	-
Acquisition of investments accounted for using equity-method	(568,919)	(1,577,163)
Proceeds of the disposal of investments accounted for using equity-method	854,693	-
Net cash outflow on acquisition of subsidiaries	(42,758)	-
Acquisition of property, plant, equipment and prepayment for equipments	(24,988,218)	(17,536,874)
Proceeds of the disposal of property, plant and equipment	106,151	236,663
Decrease (increase) in guarantee deposits	2,389	(72,430)
Decrease (increase) in other receivable from related parties	56,640	(163,754)
Acquisition of intangible assets	(1,532,655)	(1,391,874)
Proceeds of the disposal of intangible assets	-	38
Proceeds of disposal of investment properties	-	21,045
Acquisition of investment properties	(1,550)	(305,361)
Increase in prepayments for lease	(4,993,200)	-
Increase in concession	(33,756,959)	(501,599)
Decrease (increase) in other financial assets	2,399,103	(7,114,255)
Decrease (increase) in other non-current assets	<u>60,240</u>	<u>(143,563)</u>
Net cash used in investing activities	<u>(59,840,433)</u>	<u>(21,843,689)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	2,246,456	(2,187,992)
Decrease in short-term bills payables	(1,169,000)	(4,479,000)
Proceeds of the issue of bonds	32,776,500	16,400,000
Repayments of bonds payable	(2,980,000)	(1,899,000)
Proceeds of long-term borrowings	151,627,266	124,426,002
Repayment of long-term borrowings	(141,160,125)	(124,918,277)
(Decrease) increase in guarantee deposits received	(161,769)	6,054
Decrease in other non-current liabilities	(32,840)	(95,095)
Dividends paid	(14,264,363)	(14,929,534)
Increase in non-controlling interest	<u>2,188,047</u>	<u>8,633,494</u>
Net cash generated from financing activities	<u>29,070,172</u>	<u>956,652</u>

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
EFFECTS OF EXCHANGE RATE CHANGES	<u>(4,408)</u>	<u>(133,176)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,999,592)	11,339,505
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>30,645,166</u>	<u>19,305,661</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 26,645,574</u>	<u>\$ 30,645,166</u>

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

(Concluded)

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, 2013 and 2012 and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. These financial statements are the responsibility of the Far Eastern New Century Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Far Eastern New Century Corporation as of December 31, 2013, December 31, 2012 and January 1, 2012, and its financial performance and its cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

The accompanying schedules of major accounting items of Far Eastern New Century Corporation as of and for the year ended December 31, 2013 are presented for the purpose of additional analysis. Such schedules have been subjected to the auditing procedures described in the second paragraph. In our opinion, such schedules are consistent, in all material respects, with the financial statements required to in the first paragraph.

March 24, 2014

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.

FAR EASTERN NEW CENTURY CORPORATION

BALANCE SHEETS

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 9,542,173	5	\$ 4,381,262	2	\$ 2,444,308	2
Financial assets at fair value through profit or loss - current (Notes 4, 5 and 7)	46,516	-	25,345	-	48,308	-
Bond investments with no active market - current (Note 8)	145,947	-	-	-	-	-
Notes and accounts receivable, net (Notes 4, 5 and 9)	7,788,958	4	8,716,108	5	10,079,388	6
Notes and accounts receivable from related parties (Notes 4 and 26)	1,060,411	1	789,766	1	470,140	-
Other receivables	220,365	-	210,325	-	188,667	-
Other receivables from related parties (Note 26)	4,401,485	2	338,194	-	282,919	-
Current tax assets	2,314	-	45,593	-	27,722	-
Inventories (Notes 4, 5 and 10)	6,605,481	3	6,363,829	3	7,597,423	4
Prepayments	467,163	-	275,259	-	226,754	-
Other current assets	352,909	-	188,733	-	404,662	-
Total current assets	<u>30,633,722</u>	<u>15</u>	<u>21,334,414</u>	<u>11</u>	<u>21,770,291</u>	<u>12</u>
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current (Notes 4 and 12)	902,112	1	804,484	-	737,481	1
Financial assets carried at cost - non-current (Notes 4 and 13)	-	-	53,667	-	53,667	-
Investments accounted for using equity method (Notes 4, 11 and 27)	147,078,649	73	142,834,850	77	138,930,049	77
Property, plant and equipment, net (Notes 4, 5 and 14)	21,969,289	11	19,962,782	11	18,879,533	10
Investment properties, net (Notes 4 and 15)	822,587	-	816,604	1	231,699	-
Other intangible assets (Note 4)	16,392	-	20,332	-	21,965	-
Deferred tax assets (Notes 4, 5 and 23)	291,062	-	344,910	-	241,552	-
Prepayments for equipment (Note 14)	327,575	-	298,135	-	505,097	-
Guarantee deposits	62,792	-	67,515	-	53,517	-
Other financial assets - non-current (Note 27)	34,381	-	34,381	-	34,381	-
Other non-current assets	86,981	-	186,048	-	112,579	-
Total non-current assets	<u>171,591,820</u>	<u>85</u>	<u>165,423,708</u>	<u>89</u>	<u>159,801,520</u>	<u>88</u>
TOTAL	<u>\$ 202,225,542</u>	<u>100</u>	<u>\$ 186,758,122</u>	<u>100</u>	<u>\$ 181,571,811</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 16)	\$ 6,260,388	3	\$ 6,116,442	3	\$ 5,472,199	3
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	272	-	619	-	4,708	-
Notes and accounts payable	4,145,447	2	3,449,797	2	3,970,075	2
Notes and accounts payable to related parties (Note 26)	948,175	-	933,977	1	1,108,388	1
Payables to suppliers of machinery and equipment	1,173	-	790	-	5,143	-
Other payable	3,644,611	2	3,783,002	2	3,396,188	2
Provisions - current (Note 18)	12,171	-	2,581	-	44,795	-
Receipt in advance	328,753	-	374,931	-	364,251	-
Current portion of long-term liabilities (Note 17)	7,246,540	4	2,380,000	1	1,878,631	1
Other current liabilities	754,607	-	677,080	-	688,837	-
Total current liabilities	<u>23,342,137</u>	<u>11</u>	<u>17,719,219</u>	<u>9</u>	<u>16,933,215</u>	<u>9</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 17)	34,790,061	17	32,343,579	18	21,344,014	12
Long-term borrowings (Note 17)	27,961,684	14	22,860,463	12	28,450,000	16
Deferred tax liabilities (Notes 4, 5 and 23)	2,000,684	1	2,015,496	1	2,143,414	1
Accrued pension liabilities (Notes 4, 5 and 19)	1,245,392	1	1,777,425	1	1,441,042	1
Guarantee deposit received (Note 25)	3,059	-	2,259	-	615	-
Deferred credit - gain on inter-related parties account (Note 26)	50,795	-	55,850	-	55,886	-
Total non-current liabilities	<u>66,051,675</u>	<u>33</u>	<u>59,055,072</u>	<u>32</u>	<u>53,434,971</u>	<u>30</u>
Total liabilities	<u>89,393,812</u>	<u>44</u>	<u>76,774,291</u>	<u>41</u>	<u>70,368,186</u>	<u>39</u>
EQUITY						
Capital stocks						
Common stocks	51,450,165	26	50,441,338	27	48,972,173	27
Capital surplus	4,681,042	2	4,744,045	3	940,486	-
Retained earnings						
Legal reserve	12,687,509	6	11,820,720	6	10,710,699	6
Special reserve	25,448,036	13	25,471,594	14	25,472,605	14
Unappropriated earnings	13,955,940	7	15,100,772	8	21,637,279	12
Total retained earnings	<u>52,091,485</u>	<u>26</u>	<u>52,393,086</u>	<u>28</u>	<u>57,820,583</u>	<u>32</u>
Other equity	4,634,101	2	2,430,425	1	3,495,446	2
Treasury shares	(25,063)	-	(25,063)	-	(25,063)	-
Total equity	<u>112,831,730</u>	<u>56</u>	<u>109,983,831</u>	<u>59</u>	<u>111,203,625</u>	<u>61</u>
TOTAL	<u>\$ 202,225,542</u>	<u>100</u>	<u>\$ 186,758,122</u>	<u>100</u>	<u>\$ 181,571,811</u>	<u>100</u>

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

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 26)				
Net sales	\$ 61,905,623	100	\$ 60,669,847	100
Other operating revenue	<u>13,459</u>	<u>-</u>	<u>12,648</u>	<u>-</u>
Total operating revenue	<u>61,919,082</u>	<u>100</u>	<u>60,682,495</u>	<u>100</u>
OPERATING COSTS (Notes 22 and 26)				
Cost of goods sold	57,691,879	93	55,713,636	92
Other operating cost	<u>12,609</u>	<u>-</u>	<u>10,312</u>	<u>-</u>
Total operating costs	<u>57,704,488</u>	<u>93</u>	<u>55,723,948</u>	<u>92</u>
GROSS PROFIT	<u>4,214,594</u>	<u>7</u>	<u>4,958,547</u>	<u>8</u>
OPERATING EXPENSES (Notes 22 and 26)				
Selling and marketing	2,786,486	5	3,049,602	5
General and administrative	1,204,129	2	1,258,164	2
Research and development	<u>664,283</u>	<u>1</u>	<u>622,731</u>	<u>1</u>
Total operating expenses	<u>4,654,898</u>	<u>8</u>	<u>4,930,497</u>	<u>8</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(440,304)</u>	<u>(1)</u>	<u>28,050</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates (Note 11)	8,012,097	13	6,014,527	10
Interest income	82,448	-	8,828	-
Rental income	21,954	-	11,820	-
Dividend income	15,883	-	19,549	-
Other income - other	580,288	1	232,823	-
Gain on disposal of property plant and equipment	20,181	-	31,680	-
Gain on disposal of investment	5,626	-	36	-
Gain on financial assets (liabilities) at fair value through profit or loss, net (Note 7)	189,620	-	78,728	-
Interest expense	(860,591)	(1)	(801,151)	(1)
Other expense	(248,823)	(1)	(340,250)	(1)
Exchange loss, net (Note 4)	(89,281)	-	(281,737)	-
Impairment loss on assets	<u>(8,546)</u>	<u>-</u>	<u>(164,960)</u>	<u>-</u>
Total non-operating income and expenses	<u>7,720,856</u>	<u>12</u>	<u>4,809,893</u>	<u>8</u>
INCOME BEFORE INCOME TAX	7,280,552	11	4,837,943	8

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
INCOME TAX (EXPENSE) BENEFIT (Notes 4, 5 and 23)	<u>(73,471)</u>	<u>-</u>	<u>79,625</u>	<u>-</u>
NET INCOME	<u>7,207,081</u>	<u>11</u>	<u>4,917,568</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME				
Unrealized gain on available-for-sale financial assets	97,628	-	66,179	-
Actuarial gain (loss) arising from defined benefit plans	60,778	-	(576,948)	(1)
Share of other comprehensive income of associates	2,185,201	4	(1,160,461)	(2)
Income tax (loss) gain relating to components of other comprehensive income	<u>(10,332)</u>	<u>-</u>	<u>98,081</u>	<u>1</u>
Other comprehensive income, net of income tax	<u>2,333,275</u>	<u>4</u>	<u>(1,573,149)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 9,540,356</u>	<u>15</u>	<u>\$ 3,344,419</u>	<u>6</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 21)				
Basic	<u>\$ 1.50</u>		<u>\$ 1.02</u>	
Diluted	<u>\$ 1.49</u>		<u>\$ 1.02</u>	

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars; Except Dividend Per Share)

	Common Stock (Note 20)	Capital Surplus (Notes 4 and 20)	Legal Reserve (Note 20)	Special Reserve (Note 20)	Unappropriated Earnings (Note 20)	Other Equity				Total Equity
						Exchange Differences on Translating Foreign Operations (Notes 4 and 20)	Unrealized Gain (Loss) on Available-for- sale Financial Assets (Notes 4 and 20)	Unrealized Loss on Cash Flow Hedge (Notes 4 and 20)	Treasury Stocks (Note 20)	
BALANCE AT JANUARY 1, 2012	\$ 48,972,173	\$ 940,486	\$ 10,710,699	\$ 25,472,605	\$ 21,637,279	\$ -	\$ 3,500,409	\$ (4,963)	\$ (25,063)	\$ 111,203,625
Appropriation of the 2011 earnings										
Legal reserve	-	-	1,110,021	-	(1,110,021)	-	-	-	-	-
Cash dividends - NT\$1.7 per share	-	-	-	-	(8,325,270)	-	-	-	-	(8,325,270)
Stock dividends - NT\$0.3 per share	1,469,165	-	-	-	(1,469,165)	-	-	-	-	-
Net income for the year ended December 31, 2012	-	-	-	-	4,917,568	-	-	-	-	4,917,568
Other comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	(508,128)	(2,534,967)	1,538,270	(68,324)	-	(1,573,149)
Total comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	4,409,440	(2,534,967)	1,538,270	(68,324)	-	3,344,419
Change in equity in associates	-	3,679,776	-	(17)	(42,322)	-	-	-	-	3,637,437
Partial acquisition (disposal) of interests in subsidiaries	-	122,571	-	(163)	-	-	-	-	-	122,408
Change in capital surplus from dividends distributed to subsidiaries	-	1,212	-	-	-	-	-	-	-	1,212
Reversal of special reserve	-	-	-	(831)	831	-	-	-	-	-
BALANCE, DECEMBER 31, 2012	50,441,338	4,744,045	11,820,720	25,471,594	15,100,772	(2,534,967)	5,038,679	(73,287)	(25,063)	109,983,831
Appropriation of the 2012 earnings										
Legal reserve	-	-	866,789	-	(866,789)	-	-	-	-	-
Cash dividends - NT\$1.3 per share	-	-	-	-	(6,557,374)	-	-	-	-	(6,557,374)
Stock dividends - NT\$0.2 per share	1,008,827	-	-	-	(1,008,827)	-	-	-	-	-
Net income for the year ended December 31, 2013	-	-	-	-	7,207,081	-	-	-	-	7,207,081
Other comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	129,599	2,814,699	(565,947)	(45,076)	-	2,333,275
Total comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	7,336,680	2,814,699	(565,947)	(45,076)	-	9,540,356
Change in equity in associates	-	(63,958)	-	(9,952)	(62,128)	-	-	-	-	(136,038)
Change in capital surplus from dividends distributed to subsidiaries	-	955	-	-	-	-	-	-	-	955
Reversal of special reserve	-	-	-	(13,606)	13,606	-	-	-	-	-
BALANCE, DECEMBER 31, 2013	\$ 51,450,165	\$ 4,681,042	\$ 12,687,509	\$ 25,448,036	\$ 13,955,940	\$ 279,732	\$ 4,472,732	\$ (118,363)	\$ (25,063)	\$ 112,831,730

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

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 7,280,552	\$ 4,837,943
Adjustments for:		
Depreciation	1,618,620	1,414,029
Amortization	9,223	8,910
Interest expenses	860,591	801,151
Interest income	(82,448)	(8,828)
Dividend income	(15,883)	(19,549)
Gain on disposal of property, plant and equipment	(20,181)	(31,680)
Share of the profit of associates	(8,012,097)	(6,014,527)
Gain on disposal of investment	(5,626)	(36)
Impairment loss on assets	8,546	164,960
Causality loss	-	9,350
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(21,171)	22,963
Notes and accounts receivable	927,150	1,363,280
Notes and accounts receivable from related parties	(270,645)	(319,626)
Other receivables	(10,040)	(23,240)
Other receivables from related parties	(97,288)	(55,275)
Inventories	(241,652)	1,233,594
Prepayments	(191,904)	(48,505)
Other current assets	(164,176)	215,929
Financial liabilities at fair value through profit or loss	(347)	(4,089)
Notes and accounts payable	695,650	(520,278)
Notes and accounts payable to related parties	14,198	(174,411)
Other payables	(178,426)	250,863
Receipts in advance	(46,178)	10,680
Other current liabilities	77,527	(11,757)
Accrued pension liabilities	(471,255)	(240,565)
Cash generated from operations	1,662,740	2,861,286
Interest received	15,445	8,828
Dividend received	9,900,829	7,380,414
Interest paid	(791,918)	(674,016)
Income tax paid	(1,488)	(25,092)
Net cash generated from operating activities	<u>10,785,608</u>	<u>9,551,420</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in bond investments with no active market	(145,947)	-
Proceeds of the disposal of financial assets carried at cost	36,953	-
Proceeds of capital reduction from financial assets carried at cost	17,285	-
Acquisition of investments accounted for using equity-method	(4,066,530)	(3,547,717)

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2013	2012
Proceeds of the disposal of investments accounted for using equity-method	-	235,491
Proceeds of capital reduction from equity-method investment	-	616,092
Acquisition of property, plant, equipment and prepayment for equipments	(3,688,496)	(3,058,937)
Proceeds of the disposal of property, plant and equipment	48,510	48,334
(Increase) decrease in guarantee deposits	4,723	(13,998)
Increase in other receivable from related parties	(3,899,000)	-
Acquisition of intangible assets	(5,283)	(7,277)
Decrease (increase) in other non-current assets	<u>90,521</u>	<u>(85,070)</u>
Net cash used in investing activities	<u>(11,607,264)</u>	<u>(5,813,082)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	143,946	644,243
Proceeds of the issue of bonds	9,673,938	13,366,500
Repayments of bonds payable	(2,380,000)	(1,899,000)
Proceeds of long-term borrowings	132,077,235	112,528,296
Repayment of long-term borrowings	(126,976,014)	(118,117,833)
Increase in guarantee deposits received	800	1,644
Dividends paid	<u>(6,557,338)</u>	<u>(8,325,234)</u>
Net cash generated from (used in) financing activities	<u>5,982,567</u>	<u>(1,801,384)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,160,911	1,936,954
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>4,381,262</u>	<u>2,444,308</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 9,542,173</u>	<u>\$ 4,381,262</u>

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

(Concluded)

Attachment III

Supervisors' Report

To the 2014 General Shareholders' Meeting of Far Eastern New Century Corporation,

In accordance with Article 219 of the Company Act, 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 2013 which had been audited by Deloitte & Touche, and found them in order.

T. H. Chang



Alice Hsu



Champion Lee



20 May 2014

Attachment IV

Information about the Corporate Bonds Issued in Year 2013

Offering Type		Domestic unsecured bonds (1 st of Year 2013)	Domestic unsecured bonds (2 nd of Year 2013)	Domestic unsecured bonds (3 rd of Year 2013)
Total Amount		Tranche A: RMB 500 million Tranche B: JPY 5 billion	NT\$ 3 billion	NT\$ 2.8 billion
Maturity		3 years	3 and a half years	5 years
Coupon rate		Tranche A: 2.95% p.a. Tranche B: 3-month JPY Libor + 1.10%	1.39% p.a.	1.45% p.a.
Repayment		These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.	These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.	These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.
Authority	Guarantor	None	None	None
	Approval Authority	Financial Supervisory Commission	Financial Supervisory Commission	Financial Supervisory Commission
	Approved Date	2 May 2013	15 July 2013	22 November 2013
Approval Letter No.		FSC -1020015300	FSC -1020026234	FSC -1020047284
Use of proceeds		To raise stable long-term capital to payback overseas subsidiary's USD denominated short-term borrowings and improve the financial structure	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 16 May 2013	To be issued at par value on 28 August 2013	To be issued at par value on 23 December 2013

Attachment V

Far Eastern New Century Corporation Profit Allocation Proposal

Unit: NT\$

Net income of 2013	7,207,080,300
Less	
10% legal reserve	720,708,030
Adjustments due to changes in investees' equity in equity-method investments	62,128,554
Plus	
Adjustments due to changes in other comprehensive income	129,599,210
Adjustments due to changes in special reserve	13,606,983
Unappropriated retained earnings of previous years	3,039,893,118
Adjustments in retained earnings due to first-time adoption of IFRS	3,627,889,374
Earnings available for distribution as of 31 December 2013	13,235,232,401
Distribution items:	
Cash dividends to common shareholders (NT\$1.3 per share)	6,688,521,525
Stock dividends from capital surplus to common shareholders (NT\$0.2 per share at par value, i.e., 20 shares for each 1,000 shares owned)	1,029,003,320
Total distribution	7,717,524,845
Unappropriated earnings	6,546,710,876

Note:

Year 2013 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\$287,678,345 and compensation for Directors and Supervisors of NT\$215,758,759 are booked as company expenses and excluded from the net income.

Attachment VI

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

Section	Current Articles	Proposed Changes	Reasons
Article 16	<p>There shall be 10 to15 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><u>The Company's independent directors shall not be less than two in number and should be at least one-fifth of total director seats.</u></p> <p>Directors and Supervisors shall be elected by adopting candidate nomination system in accordance with the Article 192-1 of Company Act. A shareholder shall elect from the nominees listed in the roster of candidates. The election of independent, non-independent directors and Supervisors should be held together. Moreover, in order to ensure the election of at least two independent directors of each election, the independent and non-independent directors elected should be calculated separately.</p>	<p>There shall be 10 to15 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><u>3 independent directors shall be elected from the list of persons with legal capacity.</u></p> <p>Directors and Supervisors shall be elected by adopting candidate nomination system in accordance with the Article 192-1 of Company Act. A shareholder shall elect from the nominees listed in the roster of candidates. The election of independent, non-independent directors and Supervisors should be held together. Moreover, in order to ensure the election of at least two independent directors of each election, the independent and non-independent directors elected should be calculated separately.</p>	<p>In order to establish the Company's Audit Committee in the future, the number of independent directors in paragraph 2 is amended accordingly.</p>
Article 16-1		<p><u>Pursuant to Article 14-4 of the Securities and Exchange Act, the Company will establish an Audit Committee. The Audit Committee shall make up of the entire number of independent directors, is responsible of executing powers relegated to supervisors by the Company Act, Securities and Exchange Act and other laws and regulations. The supervisors will cease to function and be ipso facto dismissed on the date of instituting of the Audit Committee.</u></p> <p><u>The organizing members, exercise of powers and other matters to be abided by the Audit Committee shall follow related laws, regulations or rules or regulation of the Company. The organization regulations of the Audit Committee shall be adopted by the Board of Director.</u></p>	<p>According to Article 14-4 of the Securities and Exchange Act and official letter No. FSC 10200531121 from R.O.C. Financial Supervisory Commission on December 31, 2013, the supervisory system will cease operation and be replaced</p>

Section	Current Articles	Proposed Changes	Reasons
			by an audit committee after the re-election of the Board of Directors.
Article 23-1		<u>The Company shall take out liability insurance for Directors, Supervisors and officers with respect to their liabilities resulting from exercising their duties during their terms of occupancy.</u>	This article is added in accordance with Article 39 & 40 of the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”.
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;</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;</p>	To record the latest amendment.

Section	Current Articles	Proposed Changes	Reasons
	<p>Twenty-fifth amendment on May 8, 1974; Twenty-sixth amendment on May 19, 1975; Twenty-seventh amendment on April 14, 1976; Twenty-eighth amendment on September 15, 1976; Twenty-ninth amendment on April 6, 1977; Thirtieth amendment on April 18, 1978; Thirty-first amendment on February 9, 1979; Thirty-second amendment on April 14, 1979; Thirty-third amendment on April 28, 1980; Thirty-fourth amendment on April 15, 1981; Thirty-fifth amendment on April 21, 1982; Thirty-sixth amendment on April 21, 1982; Thirty-seventh amendment on May 5, 1983; Thirty-eighth amendment on May 2, 1984; Thirty-ninth amendment on May 10, 1985; Fortieth amendment on April 23, 1987; Forty-first amendment on April 20, 1988; Forty-second amendment on April 20, 1989; Forty-third amendment on April 23, 1990; Forty-fourth amendment on April 26, 1991; Forty-fifth amendment on May 12, 1992; Forty-sixth amendment on May 14, 1993; Forty-seventh amendment on May 9, 1994; Forty-eighth amendment on May 4, 1995; Forty-ninth amendment on May 27, 1996; Fiftieth amendment on May 23, 1997; Fifty-first amendment on May 22, 1998; Fifty-second amendment on May 21, 1999; Fifty-third amendment on May 15, 2000; Fifty-fourth amendment on May 18, 2001; Fifty-fifth amendment on June 12, 2002; Fifty-sixth amendment on June 9, 2003; Fifty-seventh amendment on June 4, 2004; Fifty-eighth amendment on June 14, 2005, Fifty-ninth amendment on June 13, 2006, Sixtieth amendment on October 13, 2009 Sixty-first amendment on June 22, 2010 Sixty-second amendment on June 24, 2011 Sixty-third amendment on June 25, 2013</p>	<p>Twenty-fifth amendment on May 8, 1974; Twenty-sixth amendment on May 19, 1975; Twenty-seventh amendment on April 14, 1976; Twenty-eighth amendment on September 15, 1976; Twenty-ninth amendment on April 6, 1977; Thirtieth amendment on April 18, 1978; Thirty-first amendment on February 9, 1979; Thirty-second amendment on April 14, 1979; Thirty-third amendment on April 28, 1980; Thirty-fourth amendment on April 15, 1981; Thirty-fifth amendment on April 21, 1982; Thirty-sixth amendment on April 21, 1982; Thirty-seventh amendment on May 5, 1983; Thirty-eighth amendment on May 2, 1984; Thirty-ninth amendment on May 10, 1985; Fortieth amendment on April 23, 1987; Forty-first amendment on April 20, 1988; Forty-second amendment on April 20, 1989; Forty-third amendment on April 23, 1990; Forty-fourth amendment on April 26, 1991; Forty-fifth amendment on May 12, 1992; Forty-sixth amendment on May 14, 1993; Forty-seventh amendment on May 9, 1994; Forty-eighth amendment on May 4, 1995; Forty-ninth amendment on May 27, 1996; Fiftieth amendment on May 23, 1997; Fifty-first amendment on May 22, 1998; Fifty-second amendment on May 21, 1999; Fifty-third amendment on May 15, 2000; Fifty-fourth amendment on May 18, 2001; Fifty-fifth amendment on June 12, 2002; Fifty-sixth amendment on June 9, 2003; Fifty-seventh amendment on June 4, 2004; Fifty-eighth amendment on June 14, 2005, Fifty-ninth amendment on June 13, 2006, Sixtieth amendment on October 13, 2009 Sixty-first amendment on June 22, 2010 Sixty-second amendment on June 24, 2011 Sixty-third amendment on June 25, 2013 Sixty-fourth amendment on June 26, 2014</p>	

Attachment VII

Amendments to “Procedures for Acquisition and Disposition of Assets of Far Eastern New Century Corporation”

Section	Current Articles	Proposed Changes	Reasons
Article 2	<p>Assets in these Procedures include:</p> <p>1) Securities: stocks, government bonds, corporate bonds, bank debentures, domestic beneficiary certificates, overseas mutual funds, depository receipts, call/put warrants, beneficiary securities, asset-backed securities and other long and short term investments.</p> <p>2) Real estate <u>and other fixed assets</u>;</p> <p>3) Club memberships;</p> <p>4) Patents, copyrights, trademarks, licenses and other intangible assets;</p> <p>5) Derivative products;</p> <p>6) Assets acquired or disposed through merger, spin-off, acquisition or transfer of shares in accordance with law;</p> <p>7) Other key assets.</p>	<p>Assets in these Procedures include:</p> <p>1) Securities: stocks, government bonds, corporate bonds, bank debentures, beneficiary certificates of mutual funds, depository receipts, call/put warrants, beneficiary securities, asset-backed securities and other investments.</p> <p>2) Real estate (<u>including land, houses and buildings, investment properties, right to use land) and equipment</u>;</p> <p>3) Club memberships;</p> <p>4) Patents, copyrights, trademarks, licenses and other intangible assets;</p> <p>5) Derivative products;</p> <p>6) Assets acquired or disposed through merger, spin-off, acquisition or transfer of shares in accordance with law;</p> <p>7) Other key assets.</p>	<p>To amend the wording of paragraph 2 in accordance with International Financial Reporting Standards (“IFRSs” hereafter).</p>
Article 3	<p>1) “Derivatives”: Forward contracts, option contracts, futures contracts, leverage contracts, and swap contracts and compound contracts combining the above products whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>2) “Assets acquired or disposed through mergers, demergers, acquisitions or transfer of shares in accordance with act of law”: Refers to assets acquired or disposed through mergers, demergers or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares [from another company] through issuance of new shares of its own as the consideration therefore (hereinafter “transfer of shares”) under Article 156, paragraph 6 of the Company Act.</p>	<p>1) “Derivatives”: Forward contracts, option contracts, futures contracts, leverage contracts, and swap contracts and compound contracts combining the above products whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term “forward contracts” does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>2) “Assets acquired or disposed through mergers, demergers, acquisitions or transfer of shares in accordance with act of law”: Refers to assets acquired or disposed through mergers, demergers or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares [from another company] through issuance of new shares of its own as the consideration therefore (hereinafter “transfer of shares”) under Article 156, paragraph 8 of the Company Act.</p>	<p>1. To amend the wording of paragraph 2 in accordance with Article 156 of the Company Act.</p>

Section	Current Articles	Proposed Changes	Reasons
	<p>3) "Related party": <u>As defined in Statement of Financial Accounting Standards ("SFAS") No. 6 published by ROC Accounting Research and Development Foundation (hereinafter "ARDF").</u></p> <p>4) "Subsidiary": <u>As defined in Statement of Financial Accounting Standards ("SFAS") No. 5 and 7 published by the ARDF;</u></p> <p>5) "Professional appraiser": Refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or <u>other fixed assets;</u></p> <p>6) "Date of occurrence": Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the Competent Authorities is required, the earlier of the above date or the date of receipt of approval by the Competent Authorities shall apply;</p> <p>7) "Mainland area investment": Refers to investments in China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	<p>3) "Related party or Subsidiary": <u>As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> <p>4) "Professional appraiser": Refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or <u>equipment;</u></p> <p>5) "Date of occurrence": Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the Competent Authorities is required, the earlier of the above date or the date of receipt of approval by the Competent Authorities shall apply;</p> <p>6) "Mainland area investment": Refers to investments in China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	<p>2. To combine with the initial paragraph 3 and 4, and define related party or subsidiary in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>3. To amend the wording of paragraph 4 in accordance with IFRSs; the initial paragraphs 5-7 are moved to paragraph 4-6.</p>
Article 5	<p>The Company's total investment in securities shall not exceed one hundred and fifty per cent (150%) of its shareholders' equity reflected in the latest financial reports; furthermore individual securities in which it may invest shall not exceed sixty per cent (60%) of its shareholders' equity reflected in the latest financial reports, and investments in non-operational real estate and <u>other fixed assets</u> shall not exceed fifty per cent (50%) of its shareholders' equity reflected in the latest financial reports.</p> <p>Total equity investments by the Company and its</p>	<p>The Company's total investment in securities shall not exceed one hundred and fifty per cent (150%) of its shareholders' equity reflected in the latest financial reports; furthermore individual securities in which it may invest shall not exceed sixty per cent (60%) of its shareholders' equity reflected in the latest financial reports, and investments in non-operational real estate and <u>equipment</u> shall not exceed fifty per cent (50%) of its shareholders' equity reflected in the latest financial reports.</p> <p>Total equity investments by the Company and its</p>	<p>To amend the wording of paragraph 1 in accordance with IFRSs.</p>

Section	Current Articles	Proposed Changes	Reasons
	<p>subsidiaries shall not exceed one hundred and fifty per cent (150%) of its shareholders' equity reflected in the latest financial reports. The operational regulations of the Taiwan Securities Exchange Co., Ltd. and other relevant laws and regulations shall govern the calculation of percentages referred to herein.</p> <p>The latest financial report referred to herein shall be the Company's financial statements duly audited or reviewed by certified public accountants prior to its acquisition or disposition of assets.</p>	<p>subsidiaries shall not exceed one hundred and fifty per cent (150%) of its shareholders' equity reflected in the latest financial reports. The operational regulations of the Taiwan Securities Exchange Co., Ltd. and other relevant laws and regulations shall govern the calculation of percentages referred to herein.</p> <p>The latest financial report referred to herein shall be the Company's financial statements duly audited or reviewed by certified public accountants prior to its acquisition or disposition of assets.</p>	
Article 6	<p>Acquisition or Disposition of Securities</p> <p>1) Evaluation process</p> <p>a) For investments in securities, the Finance Department or other relevant units shall undertake the relevant financial analysis and projection of potential returns as well as evaluation of potential investment risks in relation to the said investment.</p> <p>b) Investments by the Company in securities traded on centralized exchange markets or over the counter markets shall be decided by the responsible unit in accordance with the prevailing market conditions; investments by the Company in securities not traded on centralized exchange markets or over the counter markets shall require the latest audited or reviewed financial reports of the target company as reference for the evaluation of transaction price, taking into consideration the net asset value per share, profitability and future potential, etc.</p> <p>2) Experts' opinions</p> <p>a) The Company acquiring or disposing of securities shall, prior to the date of the transaction occurred, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is twenty per cent (20%) of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of the transaction occurred, also engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction</p>	<p>Acquisition or Disposition of Securities</p> <p>1) Evaluation process</p> <p>a) For investments in securities, the Finance Department or other relevant units shall undertake the relevant financial analysis and projection of potential returns as well as evaluation of potential investment risks in relation to the said investment.</p> <p>b) Investments by the Company in securities traded on centralized exchange markets or over the counter markets shall be decided by the responsible unit in accordance with the prevailing market conditions; investments by the Company in securities not traded on centralized exchange markets or over the counter markets shall require the latest audited or reviewed financial reports of the target company as reference for the evaluation of transaction price, taking into consideration the net asset value per share, profitability and future potential, etc.</p> <p>2) Experts' opinions</p> <p>a) The Company acquiring or disposing of securities shall, prior to the date of the transaction occurred, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is twenty per cent (20%) of the Company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of the transaction occurred, also engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction</p>	<p>The Executive Yuan's Financial Supervisory Commission has reorganized to Financial Supervisory Commission on July 1, 2012. The wording of item 1 of paragraph 2 is amended in accordance with the paragraph 3 of Article 3.</p>

Section	Current Articles	Proposed Changes	Reasons
	<p>price. Should the aforesaid accountant needs to refer to experts' opinions, Auditing Standards No. 20 published by <u>the Accounting Research and Development Foundation (ARDF)</u> shall be abided by. This requirement does not apply, however, to publicly quoted price of securities that have an active market, or where otherwise provided by regulations of the <u>Executive Yuan's</u> Financial Supervisory Commission (FSC).</p> <p>b) Where assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace valuation reports or accountants' opinions.</p> <p>3) Process in determining authorized investment limit and responsible units Prior to the Company acquiring or disposing securities, the Finance Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. Where the urgency of the matter does not permit prior approval, the General Manager (or any person so authorized by the General Manager) shall have the authority to approve/disapprove investments which amount is below NT\$ 10 million; the Chairman (or any person so authorized by the Chairman) shall have the authority to approve/disapprove investments which amount is in excess of NT\$ 10 million. In any case, the said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.</p>	<p>price. Should the aforesaid accountant needs to refer to experts' opinions, Auditing Standards No. 20 published by <u>the R.O.C. Accounting Research and Development Foundation (ARDF)</u> shall be abided by. This requirement does not apply, however, to publicly quoted price of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>b) Where assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace valuation reports or accountants' opinions.</p> <p>3) Process in determining authorized investment limit and responsible units Prior to the Company acquiring or disposing securities, the Finance Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. Where the urgency of the matter does not permit prior approval, the General Manager (or any person so authorized by the General Manager) shall have the authority to approve/disapprove investments which amount is below NT\$ 10 million; the Chairman (or any person so authorized by the Chairman) shall have the authority to approve/disapprove investments which amount is in excess of NT\$ 10 million. In any case, the said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.</p>	
Article 7	<p>Acquisition or disposition of real property or <u>other fixed assets</u></p> <p>1) Evaluation process</p> <p>a) For investments in real property and <u>fixed assets</u>, the Accounting Department or other relevant units shall undertake the projection of potential returns as well as evaluation of potential investment risks in relation to the said investment based on the current operation and financial conditions and future development plan.</p> <p>b) The proposed acquisition or disposition of real property shall require analysis reports taking reference to their current published value,</p>	<p>Acquisition or disposition of real property or <u>equipment</u></p> <p>1) Evaluation process</p> <p>a) For investments in real property and <u>equipment</u>, the Accounting Department or other relevant units shall undertake the projection of potential returns as well as evaluation of potential investment risks in relation to the said investment based on the current operation and financial conditions and future development plan.</p> <p>b) The proposed acquisition or disposition of real property shall require analysis reports taking reference to their current published value,</p>	To amend the wording from "other fixed assets" to "equipment" in accordance with IFRSs.

Section	Current Articles	Proposed Changes	Reasons
	<p>appraised values and transactions prices for neighboring real properties, etc., along with suggested transaction conditions and prices.</p> <p>c) The proposed acquisition or disposition of <u>other fixed assets</u> shall be carried out by way of any of the following: price inquiry; price comparison; negotiated prices or tender.</p> <p>2) Valuation reports for real property or <u>other fixed assets</u>.</p> <p>In the case of real property or <u>other fixed assets</u> acquired or disposed by the Company other than as a result of transactions with the government, entrusted construction on the Company's own property, entrusted construction on land leased by the Company, or acquisition or disposition of equipments <u>and facilities</u> for business operation purposes, where their transaction value is the amount equivalent to twenty per cent (20%) of the Company's paid-in capital or NT\$ 300 million or above, the Company shall, prior to the date of the transaction occurred, require professional appraiser to furnish their valuation report (which report shall specify the matters set out in Appendix 1 herein); furthermore, the following provisions shall be complied with:</p> <p>a) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>b) Where the transaction amount is NT\$ 1 billion or more, two (2) or more professional appraiser shall be engaged to provide their appraisals.</p> <p>c) Where the appraisal prices from professional appraiser come under one of the following, accountants shall be engaged to handle the matter pursuant to the provisions of Auditing Standards No. 20 promulgated by ARDF; furthermore the said accountants shall be required to provide their opinions in respect of the reasons for such discrepancy and the fairness of the transaction price:</p>	<p>appraised values and transactions prices for neighboring real properties, etc., along with suggested transaction conditions and prices.</p> <p>c) The proposed acquisition or disposition of <u>equipment</u> shall be carried out by way of any of the following: price inquiry; price comparison; negotiated prices or tender.</p> <p>2) Valuation reports for real property or <u>equipment</u>.</p> <p>In the case of real property or <u>equipment</u> acquired or disposed by the Company other than as a result of transactions with the government, entrusted construction on the Company's own property, entrusted construction on land leased by the Company, or acquisition or disposition of equipments for business operation purposes, where their transaction value is the amount equivalent to twenty per cent (20%) of the Company's paid-in capital or NT\$ 300 million or above, the Company shall, prior to the date of the transaction occurred, require professional appraiser to furnish their valuation report (which report shall specify the matters set out in Appendix 1 herein); furthermore, the following provisions shall be complied with:</p> <p>a) Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>b) Where the transaction amount is NT\$ 1 billion or more, two (2) or more professional appraiser shall be engaged to provide their appraisals.</p> <p>c) Where the appraisal prices from professional appraiser come under one of the following, accountants shall be engaged to handle the matter pursuant to the provisions of Auditing Standards No. 20 promulgated by ARDF; furthermore the said accountants shall be required to provide their opinions in respect of the reasons for such discrepancy and the fairness of the transaction price:</p>	

Section	Current Articles	Proposed Changes	Reasons
	<p>i) The appraisal results differ from the transaction amount by twenty per cent (20%) or greater;</p> <p>ii) The difference between the appraisal result provided by two or more professional appraisers and the transaction price is ten per cent (10%) or greater. When the appraisal prices of acquired assets are higher than the transaction price, or the appraisal prices of assets being disposed are lower than the transaction price, the said accountants' opinions can be exempted.</p> <p>d) Report made by the professional appraiser shall not be dated beyond three (3) months prior to the date of the contract; however where an appropriate value published during the same period but not exceeding six (6) months, the original professional appraiser may issue its opinion in respect of the said value.</p> <p>e) Where real property or other fixed assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace appraisal reports or accountants' opinions.</p> <p>3) Process in determining authorized investment limit and responsible units Prior to the Company acquiring or disposing real property or <u>other fixed assets</u>, the Accounting Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. Where the urgency of the matter does not permit prior approval, the General Manager (or any person so authorized by the General Manager) shall have the authority to approve/disapprove investments which amount is below NT\$ 10 million; the Chairman (or any person so authorized by the Chairman) shall have the authority to approve/disapprove investments which amount is in excess of NT\$ 10 million. In any case, the said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.</p>	<p>i) The appraisal results differ from the transaction amount by twenty per cent (20%) or greater;</p> <p>ii) The difference between the appraisal result provided by two or more professional appraisers and the transaction price is ten per cent (10%) or greater. When the appraisal prices of acquired assets are higher than the transaction price, or the appraisal prices of assets being disposed are lower than the transaction price, the said accountants' opinions can be exempted.</p> <p>d) Report made by the professional appraiser shall not be dated beyond three (3) months prior to the date of the contract; however where an appropriate value published during the same period but not exceeding six (6) months, the original professional appraiser may issue its opinion in respect of the said value.</p> <p>e) Where real property or other fixed assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace appraisal reports or accountants' opinions.</p> <p>3) Process in determining authorized investment limit and responsible units Prior to the Company acquiring or disposing real property or <u>equipment</u>, the Accounting Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. Where the urgency of the matter does not permit prior approval, the General Manager (or any person so authorized by the General Manager) shall have the authority to approve/disapprove investments which amount is below NT\$ 10 million; the Chairman (or any person so authorized by the Chairman) shall have the authority to approve/disapprove investments which amount is in excess of NT\$ 10 million. In any case, the said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.</p>	
Article 8	Transactions of Real Property with Related	Transactions of Real Property with Related	

Section	Current Articles	Proposed Changes	Reasons
	<p>Parties</p> <p>1) Where the Company acquires or disposes real property from or to related parties, without prejudice to the applicability of the aforesaid articles in respect of real property, the Company shall pursuant to the provisions of this Article undertake the relevant resolution and appraisal of the fairness of transaction conditions, etc., and shall pursuant to the provisions of this Article obtain appraisal reports made by professional appraisers or accountants' opinions when the transaction amount is ten per cent (10%) of the total assets of the Company or more. In deciding whether the other party to the transaction is a related party, in addition to the forms as provided by law, the Company shall also consider the substantive relationship.</p> <p>2) Evaluation and Procedures The Company shall, if it acquires or disposes real property from or to related parties, or if it acquires or disposes other assets except real property from or to related parties and the said transaction amount is twenty per cent (20%) of the paid-in capital of the Company, or ten per cent (10%) of the total assets of the Company, or NT\$300 million or more, submit the Board of Directors for approval and Supervisors for recognition the following information prior to the signing of the transaction contract and making payments:</p> <p>a) Purpose of acquiring or disposing the said assets, its necessity and projected benefits;</p> <p>b) Reasons for transacting with related parties;</p> <p>c) Information relating to the appraisal of the fairness of the proposed transaction conditions pursuant to items 3) a) and d) herein, when acquiring real property from related parties;</p> <p>d) Date and price of acquisition by the related party, party to the transaction and relationship between the said party and the Company and</p>	<p>Parties</p> <p>1) Where the Company acquires or disposes real property from or to related parties, without prejudice to the applicability of the aforesaid articles in respect of real property, the Company shall pursuant to the provisions of this Article undertake the relevant resolution and appraisal of the fairness of transaction conditions, etc., and shall pursuant to the provisions of this Article obtain appraisal reports made by professional appraisers or accountants' opinions when the transaction amount is ten per cent (10%) of the total assets of the Company or more. In deciding whether the other party to the transaction is a related party, in addition to the forms as provided by law, the Company shall also consider the substantive relationship.</p> <p>2) Evaluation and Procedures The Company shall, if it acquires or disposes real property from or to related parties, or if it acquires or disposes other assets except real property from or to related parties and the said transaction amount is twenty per cent (20%) of the paid-in capital of the Company, or ten per cent (10%) of the total assets of the Company, or NT\$300 million or more, <u>except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds,</u> submit the Board of Directors for approval and Supervisors for recognition the following information prior to the signing of the transaction contract and making payments:</p> <p>a) Purpose of acquiring or disposing the said assets, its necessity and projected benefits;</p> <p>b) Reasons for transacting with related parties;</p> <p>c) Information relating to the appraisal of the fairness of the proposed transaction conditions pursuant to items 3) a) and d) herein, when acquiring real property from related parties;</p> <p>d) Date and price of acquisition by the related party, party to the transaction and relationship between the said party and the Company and</p>	<p>1. In consideration of the low risk of trading government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds with related parties, and in accordance with Article 14 of "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" ("Regulations" hereafter), the paragraph 2 is amended for those transactions may not need to be approved by the Board of Directors and recognized by the Supervisors.</p>

Section	Current Articles	Proposed Changes	Reasons
	<p>related party;</p> <p>e) Forecast of monthly cash income within one (1) year from the date of the contract; furthermore evaluation shall be conducted in respect of the necessity of the transaction and the fairness of the use of fund; and</p> <p>f) Pursuant to the paragraph 1 of this Article, the appraisal reports made by the professional appraisers or accountants' opinions.</p> <p>g) Restrictions on this transaction and other key contractual issues. Where the position of Independent Director has been created, when a matter is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board meeting.</p> <p>3) Evaluation of the Fairness of Transaction Costs</p> <p>a) In the case of the Company obtaining real property from related parties, it shall evaluate the fairness of the transaction costs in the following manner:</p> <p style="padding-left: 40px;">i) Addition to the related party's transaction price the necessary interest on funding and the costs to be borne by the purchaser. "Necessary interest on funding" shall be calculated by the weighted average interest rate over the period during which the asset is purchased on the amount of money borrowed by the Company in its purchase of the said asset, subject to it being not higher than the maximum interest rate charged by non-financial institutions as published by the Ministry of Finance.</p> <p style="padding-left: 40px;">ii) In the case of related party having previously pledged the subject matter with financial institutions, the total appraised value for the subject matter by the said financial institution for the purposes of the extension of the loan shall be used, subject to the total</p>	<p>related party;</p> <p>e) Forecast of monthly cash income within one (1) year from the date of the contract; furthermore evaluation shall be conducted in respect of the necessity of the transaction and the fairness of the use of fund; and</p> <p>f) Pursuant to the paragraph 1 of this Article, the appraisal reports made by the professional appraisers or accountants' opinions.</p> <p>g) Restrictions on this transaction and other key contractual issues. Where the position of Independent Director has been created, when a matter is submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board meeting.</p> <p>3) Evaluation of the Fairness of Transaction Costs</p> <p>a) In the case of the Company obtaining real property from related parties, it shall evaluate the fairness of the transaction costs in the following manner:</p> <p style="padding-left: 40px;">i) Addition to the related party's transaction price the necessary interest on funding and the costs to be borne by the purchaser. "Necessary interest on funding" shall be calculated by the weighted average interest rate over the period during which the asset is purchased on the amount of money borrowed by the Company in its purchase of the said asset, subject to it being not higher than the maximum interest rate charged by non-financial institutions as published by the Ministry of Finance.</p> <p style="padding-left: 40px;">ii) In the case of related party having previously pledged the subject matter with financial institutions, the total appraised value for the subject matter by the said financial institution for the purposes of the extension of the loan shall be used, subject to the total</p>	

Section	Current Articles	Proposed Changes	Reasons
	<p>cumulative amount of loans by the said financial institution not being lesser than seventy per cent (70%) of the appraised value of such subject matter and that the loan period was for a period of one (1) year or more. The aforesaid shall not apply where the said financial institution and the party to the transaction are themselves related parties.</p> <p>b) Where both the land and the buildings on it are purchased in to, the transaction costs for both the land and the buildings shall be separately evaluated using either of the abovementioned methods.</p> <p>c) In the case of the Company acquiring real property from related parties, in addition to the appraisal of the costs of the said real property in the manner provided above, the Company shall furthermore engage accountants to review and provide their opinions in respect of the same.</p> <p>d) Under any one of the following circumstances in which the Company acquires real property from related parties, it need only undertake items 1) and 2) herein; the evaluation of fairness of transaction cost as provided for in items a), b) and c) hereunder shall not apply:</p> <p>i) The related party having obtained the real property by way of inheritance or gift;</p> <p>ii) The time lapse between the related party's contract for acquisition of the real property and this transaction exceeds five (5) years; or</p> <p>iii) The Company obtaining the real property by way of joint-development contract entered with the related party.</p> <p>e) Where the evaluated results pursuant to items a) and b) hereinabove are lower than the transaction price, the Company shall follow items f) and g) hereunder; however, under one of the following situations, with the objective evidence, professional appraisal for the real</p>	<p>cumulative amount of loans by the said financial institution not being lesser than seventy per cent (70%) of the appraised value of such subject matter and that the loan period was for a period of one (1) year or more. The aforesaid shall not apply where the said financial institution and the party to the transaction are themselves related parties.</p> <p>b) Where both the land and the buildings on it are purchased in to, the transaction costs for both the land and the buildings shall be separately evaluated using either of the abovementioned methods.</p> <p>c) In the case of the Company acquiring real property from related parties, in addition to the appraisal of the costs of the said real property in the manner provided above, the Company shall furthermore engage accountants to review and provide their opinions in respect of the same.</p> <p>d) Under any one of the following circumstances in which the Company acquires real property from related parties, it need only undertake items 1) and 2) herein; the evaluation of fairness of transaction cost as provided for in items a), b) and c) hereunder shall not apply:</p> <p>i) The related party having obtained the real property by way of inheritance or gift;</p> <p>ii) The time lapse between the related party's contract for acquisition of the real property and this transaction exceeds five (5) years; or</p> <p>iii) The Company obtaining the real property by way of joint-development contract entered with the related party, <u>or through engaging a related party to build real property, either on the company's own land or on rented land.</u></p> <p>e) Where the evaluated results pursuant to items a) and b) hereinabove are lower than the transaction price, the Company shall follow items f) and g) hereunder; however, under one of the following situations, with the objective evidence, professional appraisal for the real</p>	<p>2. In consideration of engaging a related party to build real property, either on the company's own land or on rented land are the same with joint development contract; the item 4 of paragraph 3 is amended accordingly.</p>

Section	Current Articles	Proposed Changes	Reasons
	<p>property and the accountants' opinion of the fairness of the transaction being provided, the aforesaid shall not apply:</p> <p>i) The related party having undertaken construction on undeveloped land or rental land, may offer evidence in respect of its conformity to one the following conditions:</p> <p>A. The undeveloped land being valued in the methods provided hereinabove, and the buildings being valued by adding reasonable development profits to their construction costs, and the total amount exceeding the actual transaction price. "Reasonable development profits" herein shall comprise of the average gross profit margin of the related party's construction department within the last three (3) years, or the latest gross profit margin for the construction industry published by the Ministry of Finance, whichever is the lower;</p> <p>B. Successful transactions by non-related parties involving other floors of the same subject matter or of the neighboring areas within the past one (1) year, with comparable areas, and their transaction conditions being comparable to those of transactions with evaluations of acceptable price difference between floor levels or areas in accordance with the practice for sale and purchase of real property.</p> <p>C. Successful rental cases by non-related parties involving other floors of the subject matter within the past one (1) year and with non-related parties, their conditions being comparable to those of rental agreements in which there are estimates of acceptable difference between floor levels in accordance with the practice for rental of real property.</p> <p>ii) The Company providing evidence that the transaction conditions of its purchase of real property from related party are comparable</p>	<p>property and the accountants' opinion of the fairness of the transaction being provided, the aforesaid shall not apply:</p> <p>i) The related party having undertaken construction on undeveloped land or rental land, may offer evidence in respect of its conformity to one the following conditions:</p> <p>A. The undeveloped land being valued in the methods provided hereinabove, and the buildings being valued by adding reasonable development profits to their construction costs, and the total amount exceeding the actual transaction price. "Reasonable development profits" herein shall comprise of the average gross profit margin of the related party's construction department within the last three (3) years, or the latest gross profit margin for the construction industry published by the Ministry of Finance, whichever is the lower;</p> <p>B. Successful transactions by non-related parties involving other floors of the same subject matter or of the neighboring areas within the past one (1) year, with comparable areas, and their transaction conditions being comparable to those of transactions with evaluations of acceptable price difference between floor levels or areas in accordance with the practice for sale and purchase of real property.</p> <p>C. Successful rental cases by non-related parties involving other floors of the subject matter within the past one (1) year and with non-related parties, their conditions being comparable to those of rental agreements in which there are estimates of acceptable difference between floor levels in accordance with the practice for rental of real property.</p> <p>ii) The Company providing evidence that the transaction conditions of its purchase of real property from related party are comparable</p>	

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	<p>with those successful cases within the neighboring areas within the past one (1) year and between non-related parties and with approximately similar space. "Successful cases within the neighboring areas" shall in principle include those in the same or adjacent street and within a radius of five hundred (500) meters of the subject matter or where their published current values are approximately similar. "Approximately similar space" shall in principle include the spaces of those transacted cases between non-related parties that are not less than fifty per cent (50%) of that of the subject matter.</p> <p>f) Where the appraisal results pursuant to the preceding items are all lower than the transaction price, the Company shall undertake the following:</p> <p>i) With respect to the difference between the transaction price for the real property and the evaluated costs, set aside special profit/loss reserve, in compliance with Article 41(1) of the Securities and Exchange Law, which shall not be distributed or allocated in the form of stock dividends. Where investors of the Company that adopt the equity accounting in respect of their investments in the Company are public companies, the investor shall set aside special profit/loss reserve for the amount according to their respective shareholding;</p> <p>ii) The Supervisors shall undertake measures in compliance with Article 218 of the Company Act;</p> <p>iii) The shareholders' meeting shall be informed of measures under items i) and ii) hereinabove, with details of the transaction to be disclosed in the Company's annual report or prospectus.</p> <p>g) Where the Company has set aside a special reserves under preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at premium, or they have been</p>	<p>with those successful cases within the neighboring areas within the past one (1) year and between non-related parties and with approximately similar space. "Successful cases within the neighboring areas" shall in principle include those in the same or adjacent street and within a radius of five hundred (500) meters of the subject matter or where their published current values are approximately similar. "Approximately similar space" shall in principle include the spaces of those transacted cases between non-related parties that are not less than fifty per cent (50%) of that of the subject matter.</p> <p>f) Where the appraisal results pursuant to the preceding items are all lower than the transaction price, the Company shall undertake the following:</p> <p>i) With respect to the difference between the transaction price for the real property and the evaluated costs, set aside special profit/loss reserve, in compliance with Article 41(1) of the Securities and Exchange Law, which shall not be distributed or allocated in the form of stock dividends. Where investors of the Company that adopt the equity accounting in respect of their investments in the Company are public companies, the investor shall set aside special profit/loss reserve for the amount according to their respective shareholding;</p> <p>ii) The Supervisors shall undertake measures in compliance with Article 218 of the Company Act;</p> <p>iii) The shareholders' meeting shall be informed of measures under items i) and ii) hereinabove, with details of the transaction to be disclosed in the Company's annual report or prospectus.</p> <p>g) Where the Company has set aside a special reserves under preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at premium, or they have been</p>	<p>3. In accordance with the IFRSs, the wording in paragraph 4</p>

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	<p>disposed of, or adequate compensation had been made, or status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.</p> <p>h) When the Company obtains real property from a related party, it shall also comply with the provisions of the preceding paragraph (f) and (g) if there is other evidence indicating that the acquisition was not an arm's length transaction.</p> <p>4) Process in determining authorized investment limit and responsible units Prior to the Company acquiring or disposing <u>machineries</u> for operational purposes from or to its subsidiaries, the Accounting Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. When the dollar amount of the said transactions is below NT\$300 million; the Chairman shall have the authority to approve/disapprove the said transactions. In any case, the said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.</p>	<p>disposed of, or adequate compensation had been made, or status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and FSC has given its consent.</p> <p>h) When the Company obtains real property from a related party, it shall also comply with the provisions of the preceding paragraph (f) and (g) if there is other evidence indicating that the acquisition was not an arm's length transaction.</p> <p>4) Process in determining authorized investment limit and responsible units Prior to the Company acquiring or disposing <u>equipments</u> for operational purposes from or to its subsidiaries, the Accounting Department shall firstly submit the Board of Directors the relevant information for approval before undertaking the said transaction. When the dollar amount of the said transactions is below NT\$300 million; the Chairman shall have the authority to approve/disapprove the said transactions. In any case, the said transactions shall be submitted to the immediate following meeting of the Board of Directors for ratification.</p> <p><u>5) With respect to the regulations of 10 percent of total assets, the calculation is based upon total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p>	<p>is amended accordingly.</p> <p>4. In consideration of the risk of acquiring or disposing of assets is taken by the Company, the significant amount of transaction with the related party base on the self scale of the Company. According to Article 33-2 of Regulations, paragraph 5 is added.</p>
Article 9	<p>Acquisition of Club Membership or Intangible Assets</p> <p>1) Evaluation and Process a) Acquisition or disposition of club memberships shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration fair market price, and compiled into analysis report. Where the transaction is NT\$ 3 million or below, the said analysis report shall be submitted to the General Manager for approval before submitting to the Board of Directors at the immediate following meeting for review. Where the transaction is above NT\$ 3 million, the approval of the Board</p>	<p>Acquisition of Club Membership or Intangible Assets</p> <p>1) Evaluation and Process a) Acquisition or disposition of club memberships shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration fair market price, and compiled into analysis report. Where the transaction is NT\$ 3 million or below, the said analysis report shall be submitted to the General Manager for approval before submitting to the Board of Directors at the immediate following meeting for review. Where the transaction is above NT\$ 3 million, the approval of the Board</p>	

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	<p>of Directors shall be required before proceeding with the same.</p> <p>b) Acquisition or disposition of intangible assets shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration expert's valuation report or fair market price, and compiled into analysis reports <u>for approval by the Board of Directors before proceeding with the same.</u></p> <p>2) Expert's Valuation Report on Club Membership or Intangible Assets</p> <p>a) Expert's valuation report shall be required in the case of acquisition or disposition of intangible assets.</p> <p>b) Where the transaction amount for acquisition or disposition of club membership or intangible assets exceeds twenty per cent (20%) of the Company's paid-in capital or NT\$300 million, accountants shall be engaged, prior to the date of occurrence, to provide an opinion with respect to the fairness of the transaction price; the said accountants shall undertake the same in conformity with Auditing Standards No. 20 promulgated by the ARDF.</p> <p>c) Where the club membership or intangible assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace valuation reports or accountants' opinions.</p> <p>3) Implementation The Company may only proceed with the acquisition or disposition of club membership or intangible assets after the Accounting Department has submitted its application for approval in accordance with item 1) hereunder.</p>	<p>of Directors shall be required before proceeding with the same.</p> <p>b) Acquisition or disposition of intangible assets shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration expert's valuation report or fair market price, and compiled into analysis reports. <u>Where the transaction is NT\$ 3 million or below, the said analysis report shall be submitted to the General Manager for approval before submitting to the Board of Directors at the immediate following meeting for review. Where the transaction is above NT\$ 3 million, the approval of the Board of Directors shall be required before proceeding with the same.</u></p> <p>2) Expert's Valuation Report on Club Membership or Intangible Assets</p> <p>a) Expert's valuation report shall be required in the case of acquisition or disposition of intangible assets.</p> <p>b) Where the transaction amount for acquisition or disposition of club membership or intangible assets exceeds twenty per cent (20%) of the Company's paid-in capital or NT\$300 million, <u>except in transaction with government agency,</u> accountants shall be engaged, prior to the date of occurrence, to provide an opinion with respect to the fairness of the transaction price; the said accountants shall undertake the same in conformity with Auditing Standards No. 20 promulgated by the ARDF.</p> <p>c) Where the club membership or intangible assets are acquired or disposed by way of judicial auctions, documentary proof furnished by the courts may replace valuation reports or accountants' opinions.</p> <p>3) Implementation The Company may only proceed with the acquisition or disposition of club membership or intangible assets after the Accounting Department has submitted its application for approval in accordance with item 1) hereunder.</p>	<p>1. In consideration of the common practices and the major principles, item 2 of paragraph 1 is amended in accordance with the procedures on acquisition and disposal of club membership.</p> <p>2. According to Article 11 of Regulations, the item 2 of paragraph 2 is amended in consideration of the low risk to operate or control the transaction price with a government agency, which must be the bidding final price and through public bidding. And under current regulations, it is not necessary to obtain a professional opinion while acquiring or disposing of real property with a government agency.</p>
Article 10	Acquisition or Disposition of Derivative Products	Acquisition or Disposition of Derivative Products	

Section	Current Articles	Proposed Changes	Reasons
	<p>1) Principles and Policies for Transactions</p> <p>a) Types of transaction</p> <p>i) Derivative products the Company is permitted to undertake shall be those contracts as defined in Article 3 1) hereinabove.</p> <p>ii) "For transactional purposes" herein shall refer to the holding or producing of derivative products the purpose of which is to earn the difference in transaction prices of the products, including transaction activities in which profits or loss are measured and realized in the current period by way of fair value. "For non-transactional purposes" herein shall refer to those transactions for reasons other than those provided above.</p> <p>b) Operational or Hedging Strategy</p> <p>i) "For transactional purposes": The operation strategy shall be one of nimbleness and flexibility.</p> <p>ii) "For non-transactional purposes": The hedging strategy shall be one of prudence and caution.</p> <p>c) Duties and Responsibilities</p> <p>i) Execution of transaction contracts and relevant documents: By the Chairman or a person so appointed by him as representative of the Company.</p> <p>ii) Execution of transaction and profit/loss evaluation:</p> <p>A. The Procurement Department shall be responsible for contracts involved goods related to raw materials; the Finance Department shall be responsible for contracts relating to finance.</p> <p>B. Account opening, transaction, confirmation, settlement: Director of the relevant department to decide or authorize.</p>	<p>1) Principles and Policies for Transactions</p> <p>a) Types of transaction</p> <p>i) Derivative products the Company is permitted to undertake shall be those contracts as defined in Article 3 1) hereinabove.</p> <p>ii) "For transactional purposes" herein shall refer to the holding or producing of derivative products the purpose of which is to earn the difference in transaction prices of the products, including transaction activities in which profits or loss are measured and realized in the current period by way of fair value. "For non-transactional purposes" herein shall refer to those transactions for reasons other than those provided above.</p> <p>b) Operational or Hedging Strategy</p> <p>i) "For transactional purposes": The operation strategy shall be one of nimbleness and flexibility.</p> <p>ii) "For non-transactional purposes": The hedging strategy shall be one of prudence and caution.</p> <p>c) Duties and Responsibilities</p> <p>i) Execution of transaction contracts and relevant documents: By the Chairman or a person so appointed by him as representative of the Company.</p> <p>ii) Execution of transaction and profit/loss evaluation:</p> <p>A. The Procurement Department shall be responsible for contracts involved goods related to raw materials; the Finance Department shall be responsible for contracts relating to finance.</p> <p>B. Account opening, transaction, confirmation, settlement: Director of the relevant department to decide or authorize.</p>	

Section	Current Articles	Proposed Changes	Reasons
	<p>C. Production of transaction slip, invoice and application for funding to be undertaken by traders and approved by supervisors at various levels before forwarding the same to Finance, Accounting and Audit Departments.</p> <p>D. Designated staff at all relevant departments shall be responsible for profit/loss evaluation; evaluation forms shall be forwarded to the director of Audit Department.</p> <p>iii) Accounting: The Accounting Department shall formulate record slips and enter into accounts based on the various receipts, and shall complete the relevant accounting reports according to the accounting cycles.</p> <p>iv) Audit: The Audit Department shall conduct regular and ad hoc audit based on the internal audit system.</p> <p>v) Legal: Legal counsel shall be responsible for review of transaction contracts.</p> <p>vi) Unless otherwise provided, only the administrator or those ranking above may implement the transaction for derivative products.</p> <p>d) Performance appraisal The benchmark for performance appraisal shall be the year-end net profit or loss.</p> <p>e) Total contract amount and authorized limit</p> <p>i) "For transactional purposes": The total contract amount for any single subject matter at any one time shall not exceed ten per cent (10%) of the Company's net asset value for the preceding year; subject to the amount being less than five per cent (5%) of the net asset value, the various supervisors of the relevant departments shall be authorized to decide on their own, followed by their report to the immediate following Board of Directors meeting for report. For amounts exceeding</p>	<p>C. Production of transaction slip, invoice and application for funding to be undertaken by traders and approved by supervisors at various levels before forwarding the same to Finance, Accounting and Audit Departments.</p> <p>D. Designated staff at all relevant departments shall be responsible for profit/loss evaluation; evaluation forms shall be forwarded to the director of Audit Department.</p> <p>iii) Accounting: The Accounting Department shall formulate record slips and enter into accounts based on the various receipts, and shall complete the relevant accounting reports according to the accounting cycles.</p> <p>iv) Audit: The Audit Department shall conduct regular and ad hoc audit based on the internal audit system.</p> <p>v) Legal: Legal counsel shall be responsible for review of transaction contracts.</p> <p>vi) Unless otherwise provided, only the administrator or those ranking above may implement the transaction for derivative products.</p> <p>d) Performance appraisal The benchmark for performance appraisal shall be the year-end net profit or loss.</p> <p>e) Total contract amount and authorized limit</p> <p>i) "For transactional purposes": The total contract amount for any single subject matter at any one time shall not exceed ten per cent (10%) of the Company's net asset value for the preceding year; subject to the amount being less than five per cent (5%) of the net asset value, the various supervisors of the relevant departments shall be authorized to decide on their own, followed by their report to the immediate following Board of Directors meeting for report. For amounts exceeding</p>	

Section	Current Articles	Proposed Changes	Reasons
	<p>five per cent (5%) of net asset value, the approval of the Board of Directors shall be required before proceeding with the contract.</p> <p>ii) "For non-transactional purposes": Limited to the existing and expected assets or liabilities of transactions; the various supervisors of the relevant departments shall be authorized to decide on their own, followed by their report to the immediate following Board of Directors meeting for review.</p> <p>f) Limit on losses</p> <p>i) "For transaction purposes": No pre-set limit on individual contracts; however the limits shall apply to those contracts of the same subject matter, and the limits for total contractual loss are formulated according to different tools:</p> <p>A. Forward contracts or futures: five per cent (5%) of average cots;</p> <p>B. Options: Where the Company is the purchaser, the limit for purchasing price shall be five per cent (5%) of the total contract amount. Where the Company is the seller, the limit shall be the sale price plus five per cent (5%) of the total contract amount.</p> <p>C. Swaps or other composite tools: The amount of loss shall not exceed five per cent (5%) of the total contract amount.</p> <p>ii) "For non-transactional purposes": <u>No limit is required as losses/profits shall have been mutually offset from the hedged positions.</u></p> <p>2) Risk Management Measures:</p> <p>a) Counterparty's credit risk – Counterparties shall be financial institutions of good credit</p>	<p>five per cent (5%) of net asset value, the approval of the Board of Directors shall be required before proceeding with the contract.</p> <p>ii) "For non-transactional purposes": Limited to the existing and expected assets or liabilities of transactions; the various supervisors of the relevant departments shall be authorized to decide on their own, followed by their report to the immediate following Board of Directors meeting for review.</p> <p>f) Limit on losses</p> <p>i) "For transaction purposes": No pre-set limit on individual contracts; however the limits shall apply to those contracts of the same subject matter, and the limits for total contractual loss are formulated according to different tools:</p> <p>A. Forward contracts or futures: five per cent (5%) of average cots;</p> <p>B. Options: Where the Company is the purchaser, the limit for purchasing price shall be five per cent (5%) of the total contract amount. Where the Company is the seller, the limit shall be the sale price plus five per cent (5%) of the total contract amount.</p> <p>C. Swaps or other composite tools: The amount of loss shall not exceed five per cent (5%) of the total contract amount.</p> <p>ii) "For non-transactional purposes": <u>The upper limit of losses of individual contract is less than 25% of that contract's notional amount. The upper limit of losses of all the contracts is less than 25% of total notional amount of all contracts.</u></p> <p>2) Risk Management Measures:</p> <p>a) Counterparty's credit risk – Counterparties shall be financial institutions of good credit</p>	<p>The Company engaging in derivatives trading shall set the maximum loss limit on total trading and for individual contracts.</p>

Section	Current Articles	Proposed Changes	Reasons
	<p>standing;</p> <p>b) Market risk in which prices turnaround – in accordance with 1) f) herein.</p> <p>c) Liquidity risk of products – There shall be at least two (2) financial institutions in the market and at the same time offering two-way pricing for products, before transaction are permitted.</p> <p>d) Cash-flow risk – There shall be periodic disclosures of fair market prices for financial products undertaken, for appropriate disclosure of projected cash flow volume from the financial product.</p> <p>e) Internal operation risk – In accordance with 1) c) herein.</p> <p>f) Legal risk for execution of contracts and related documents –Professional opinions of the Legal Department shall be required.</p> <p>g) Trading staff for derivative products shall not also work as operational staff for the purposes of confirmation and settlement.</p> <p>h) Risk measurement, supervision and control staff shall be from departments that differ from those described in g) hereinabove, and shall furthermore report to the Board of Directors or to senior managers who are not responsible for making decisions in respect of the transaction or for the department concerned.</p> <p>i) All positions in derivative trades shall be appraised on a weekly basis; where hedge positions trades are entered out of business necessity they shall be appraised at least twice a month. Appraisal reports shall be forwarded to senior managers authorized by the Board of Directors.</p> <p>3) Internal Audit System</p> <p>The Company's internal auditors shall regularly review the appropriateness of internal controls for derivative product trading, and shall on a monthly basis conduct compliance of these</p>	<p>standing;</p> <p>b) Market risk in which prices turnaround – in accordance with 1) f) herein.</p> <p>c) Liquidity risk of products – There shall be at least two (2) financial institutions in the market and at the same time offering two-way pricing for products, before transaction are permitted.</p> <p>d) Cash-flow risk – There shall be periodic disclosures of fair market prices for financial products undertaken, for appropriate disclosure of projected cash flow volume from the financial product.</p> <p>e) Internal operation risk – In accordance with 1) c) herein.</p> <p>f) Legal risk for execution of contracts and related documents –Professional opinions of the Legal Department shall be required.</p> <p>g) Trading staff for derivative products shall not also work as operational staff for the purposes of confirmation and settlement.</p> <p>h) Risk measurement, supervision and control staff shall be from departments that differ from those described in g) hereinabove, and shall furthermore report to the Board of Directors or to senior managers who are not responsible for making decisions in respect of the transaction or for the department concerned.</p> <p>i) All positions in derivative trades shall be appraised on a weekly basis; where hedge positions trades are entered out of business necessity they shall be appraised at least twice a month. Appraisal reports shall be forwarded to senior managers authorized by the Board of Directors.</p> <p>3) Internal Audit System</p> <p>The Company's internal auditors shall regularly review the appropriateness of internal controls for derivative product trading, and shall on a monthly basis conduct compliance of these</p>	

Section	Current Articles	Proposed Changes	Reasons
	<p>Procedures by the Trading Department, with audit reports to be compiled thereafter; where major irregularities are discovered, all Supervisors shall be notified by writing.</p> <p>4) Regular Appraisal and Measures In the Event of Irregularities</p> <p>a) The Board of Directors shall appoint the directors of Audit Department to closely monitor and control the trading risk for derivative trades.</p> <p>b) The Board of Directors shall appoint a person to specifically conduct regular appraisal of the performance of derivative trades so as to establish whether there has been conformity with the pre-set operation policies and whether the risks to be undertaken in respect thereof are within the scope allowed by the Company.</p> <p>c) The director of the Audit Department shall regularly review the suitability of the existing risk management measures and whether the procedures set out in this Article have been complied with; This person shall furthermore monitor the trades and profits/losses status, and shall take the necessary measures and immediately report to the Board of Directors where irregularities are discovered; where the Company has appointed Independent Directors, who shall attend meetings of the Board of Directors and shall express their opinions.</p> <p>d) The Company shall set up accounts books in respect of derivative trades, which books shall record in details the types, amounts, the date of approval by the Board of Directors and the matters for due evaluation as required under items 2) i) and 4) b) and c) herein, for ease of checking.</p>	<p>Procedures by the Trading Department, with audit reports to be compiled thereafter; where major irregularities are discovered, all Supervisors shall be notified by writing.</p> <p>4) Regular Appraisal and Measures In the Event of Irregularities</p> <p>a) The Board of Directors shall appoint the directors of Audit Department to closely monitor and control the trading risk for derivative trades.</p> <p>b) The Board of Directors shall appoint a person to specifically conduct regular appraisal of the performance of derivative trades so as to establish whether there has been conformity with the pre-set operation policies and whether the risks to be undertaken in respect thereof are within the scope allowed by the Company.</p> <p>c) The director of the Audit Department shall regularly review the suitability of the existing risk management measures and whether the procedures set out in this Article have been complied with; This person shall furthermore monitor the trades and profits/losses status, and shall take the necessary measures and immediately report to the Board of Directors where irregularities are discovered; where the Company has appointed Independent Directors, who shall attend meetings of the Board of Directors and shall express their opinions.</p> <p>d) The Company shall set up accounts books in respect of derivative trades, which books shall record in details the types, amounts, the date of approval by the Board of Directors and the matters for due evaluation as required under items 2) i) and 4) b) and c) herein, for ease of checking.</p>	
Article 12	<p>Procedure for Public Disclosure of Information</p> <p>1) Items to be publicly disclosed and standard for public disclosure and report</p> <p>a) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or</p>	<p>Procedure for Public Disclosure of Information</p> <p>1) Items to be publicly disclosed and standard for public disclosure and report</p> <p>a) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or</p>	<p>In accordance with Article 30 of Regulations, to consider the Company's investment of domestic money market funds just for fixed income interest, and same</p>

Section	Current Articles	Proposed Changes	Reasons
	<p>NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements;</p> <p>b) Undertaking merger, demerger, merger or shareholding transfer;</p> <p>c) Loss in derivative trade in an amount exceeding the limits for all trades or individual trade as stipulated in Article 10 1) f);</p> <p>d) Transactions relating to assets other than those stipulated hereinabove, or undertaking investments in Mainland, where their transaction amounts reach twenty per cent (20%) of the Company's paid-in capital or equal or greater than NT\$300 million, with the following exceptions:</p> <p style="padding-left: 40px;">i) Sale and purchase of government bonds;</p> <p style="padding-left: 40px;">ii) Sale and purchase of bonds with call or put options;</p> <p style="padding-left: 40px;">iii) The assets so acquired or disposed are equipments for business purposes and in which the counterparties are not related parties, and that the transaction amount less than NT\$ 500 million;</p> <p style="padding-left: 40px;">iv) Real property obtained by way of entrusted construction on own land, engaging others to construct on rented land, division of property or profits deriving from sale of property following joint-development, where the projected amount to be invested in the transaction less than NT\$500 million;</p> <p>e) The calculation of transaction amount for e) above as follows:</p> <p style="padding-left: 40px;">i) Each single transaction amount;</p> <p style="padding-left: 40px;">ii) Cumulative amount for transactions with the same counterparty within one (1) year or acquisition or disposal of subject matters of</p>	<p>NT\$300 million or more; provided, this shall not apply to trading of government bonds, <u>bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds</u>;</p> <p>b) Undertaking merger, demerger, merger or shareholding transfer;</p> <p>c) Loss in derivative trade in an amount exceeding the limits for all trades or individual trade as stipulated in Article 10 1) f);</p> <p>d) Transactions relating to assets other than those stipulated hereinabove, or undertaking investments in Mainland, where their transaction amounts reach twenty per cent (20%) of the Company's paid-in capital or equal or greater than NT\$300 million, with the following exceptions:</p> <p style="padding-left: 40px;">i) Sale and purchase of government bonds;</p> <p style="padding-left: 40px;">ii) Sale and purchase of bonds with call or put options, <u>or subscription or redemption of domestic money market funds</u>;</p> <p style="padding-left: 40px;">iii) The assets so acquired or disposed are equipments for business purposes and in which the counterparties are not related parties, and that the transaction amount less than NT\$ 500 million;</p> <p style="padding-left: 40px;">iv) Real property obtained by way of entrusted construction on own land, engaging others to construct on rented land, division of property or profits deriving from sale of property following joint-development, where the projected amount to be invested in the transaction less than NT\$500 million;</p> <p>e) The calculation of transaction amount for e) above as follows:</p> <p style="padding-left: 40px;">i) Each single transaction amount;</p> <p style="padding-left: 40px;">ii) Cumulative amount for transactions with the same counterparty within one (1) year or acquisition or disposal of subject matters of</p>	<p>with the bonds under repurchase and resale agreements, amend the item 1 of paragraph 1, and subparagraph 2 of item 4 of paragraph 1 accordingly.</p>

Section	Current Articles	Proposed Changes	Reasons
	<p>similar nature;</p> <p>iii) Cumulative amount for acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of real property under the same development project within one (1) year;</p> <p>iv) Cumulative amount for acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of the same securities within one (1) year.</p> <p>f) "Within one (1) year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>2) Time Limit for Public Announcement and Reports</p> <p>Public announcement and submission of report in respect of acquisition or disposition of assets by the Company under items a) to d) above shall be undertaken within two (2) days of the occurrence of the event.</p> <p>3) Procedure for Public Announcement</p> <p>a) The Company shall undertake public announcement and report at the web-site appointed by the FSC;</p> <p>b) The Company shall on a monthly basis, and before the 10th day of each month, enter at the information and reporting web-site appointed by the FSC, all derivative trades undertaken for the preceding month by the Company and its non-public subsidiaries;</p> <p>c) Where there are errors and omissions for which corrections are required in the Company's public announcement and reports in conformity with regulations, the Company shall cause all of the items to be re-published;</p>	<p>similar nature;</p> <p>iii) Cumulative amount for acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of real property under the same development project within one (1) year;</p> <p>iv) Cumulative amount for acquisition or disposition (separate accounting for cumulative amounts in respect of acquisitions and disposals) of the same securities within one (1) year.</p> <p>f) "Within one (1) year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>2) Time Limit for Public Announcement and Reports</p> <p>Public announcement and submission of report in respect of acquisition or disposition of assets by the Company under items a) to d) above shall be undertaken within two (2) days of the occurrence of the event.</p> <p>3) Procedure for Public Announcement</p> <p>a) The Company shall undertake public announcement and report at the web-site appointed by the FSC;</p> <p>b) The Company shall on a monthly basis, and before the 10th day of each month, enter at the information and reporting web-site appointed by the FSC, all derivative trades undertaken for the preceding month by the Company and its non-public subsidiaries;</p> <p>c) Where there are errors and omissions for which corrections are required in the Company's public announcement and reports in conformity with regulations, the Company shall cause all of the items to be re-published;</p>	

Section	Current Articles	Proposed Changes	Reasons
	<p>d) Where any of the following events has occurred following the Company's public announcement and reports in respect of its transactions pursuant to regulations, the Company shall within two (2) days, commencing immediately from the date of the occurrence of the said events, undertake public announcement and report in respect of the relevant information at the web-site appointed by FSC:</p> <p>i) Amendment, termination or cancellation of the contracts relating to the original transaction;</p> <p>ii) Failure of merger, demerger, acquisition or shareholding transfer to be completed at the prescribed dates.</p> <p>iii) Change to the originally publicly announced and reported information</p> <p>4) Format of Pubic Announcement</p> <p>a) For the sale and purchase by the Company of securities in local or international centralized exchanges or over-the-counter markets, the matters to be announced and the format for public announcement shall be as those in Appendix 2;</p> <p>b) For real property obtained by way of entrusted construction on own land, division of property or profits deriving from sale of property following joint-development, the matters to be announced and the format for public announcement shall be as those in Appendix 3;</p> <p>c) For acquisition or disposal of real property and other fixed assets and acquisition of real property from related parties, the format for public announcement shall be as those in Appendix 4;</p> <p>d) For sale and purchase of securities, club memberships and intangible assets not conducted through centralized exchanges or the over the counter markets, the format for public announcement shall be as those in Appendix 5;</p>	<p>d) Where any of the following events has occurred following the Company's public announcement and reports in respect of its transactions pursuant to regulations, the Company shall within two (2) days, commencing immediately from the date of the occurrence of the said events, undertake public announcement and report in respect of the relevant information at the web-site appointed by FSC:</p> <p>i) Amendment, termination or cancellation of the contracts relating to the original transaction;</p> <p>ii) Failure of merger, demerger, acquisition or shareholding transfer to be completed at the prescribed dates.</p> <p>iii) Change to the originally publicly announced and reported information</p> <p>4) Format of Pubic Announcement</p> <p>a) For the sale and purchase by the Company of securities in local or international centralized exchanges or over-the-counter markets, the matters to be announced and the format for public announcement shall be as those in Appendix 2;</p> <p>b) For real property obtained by way of entrusted construction on own land, division of property or profits deriving from sale of property following joint-development, the matters to be announced and the format for public announcement shall be as those in Appendix 3;</p> <p>c) For acquisition or disposal of real property and other fixed assets and acquisition of real property from related parties, the format for public announcement shall be as those in Appendix 4;</p> <p>d) For sale and purchase of securities, club memberships and intangible assets not conducted through centralized exchanges or the over the counter markets, the format for public announcement shall be as those in Appendix 5;</p>	

Section	Current Articles	Proposed Changes	Reasons
	<p>e) For investments in the Mainland, the format for public announcement shall be as those in Appendix 6;</p> <p>f) For derivative trades, public announcement shall be undertaken within two (2) days of their trades, and the format for the said public announcement shall be as those in Appendix 7(1);</p> <p>g) For derivative trades, public announcement shall also be undertaken before the 10th day of each month, and the format for the said public announcement shall be as those in Appendix 7(2);</p> <p>h) For merger, demerger, acquisition or shareholding transfer, the format for public announcement shall be as those in Appendix 8.</p>	<p>e) For investments in the Mainland, the format for public announcement shall be as those in Appendix 6;</p> <p>f) For derivative trades, public announcement shall be undertaken within two (2) days of their trades, and the format for the said public announcement shall be as those in Appendix 7(1);</p> <p>g) For derivative trades, public announcement shall also be undertaken before the 10th day of each month, and the format for the said public announcement shall be as those in Appendix 7(2);</p> <p>h) For merger, demerger, acquisition or shareholding transfer, the format for public announcement shall be as those in Appendix 8.</p>	

Attachment VIII

Current Shareholding of Directors and Supervisors

The list of the 21st term of Board of Directors and the 24th term of Supervisors of Far Eastern New Century Corporation

Book closure date: 27 April 2014

Position	Name of persons or companies	Representatives appointed	Number of shares held	Percentage of shares held
Chairman	Douglas Tong Hsu	-	59,350,922	1.15%
Director	Yue Ding Industry Company	Johnny Shih	7,516,914	0.15%
	Asia Cement Corporation	Peter Hsu	1,222,873,016	23.77%
		Raymond Hsu		
		Shaw Y. Wang		
		Richard Yang		
	Far Eastern Department Stores Ltd.	Kwan-Tao Li	19,189,130	0.37%
Tonia Katherine Hsu				
Independent Director	Shen Bing	-	-	-
	Bao-Shuh Paul Lin			
	Johnsee Lee			
The combined shareholding of all directors on the book closure date			1,308,929,982	25.44%
The minimum required combined shareholding of all directors by law			82,320,265	1.60%
Supervisor	U-Ming Marine Transport Corporation	T. H. Chang	29,970,656	0.58%
		Alice Hsu		
	Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation Representative	Champion Lee	8,163,435	0.16%
The combined shareholding of all supervisors on the book closure date			38,134,091	0.74%
The minimum required combined shareholding of all supervisors by law			8,232,027	0.16%

Note: The holdings of individual representatives are excluded from total shareholding calculations.

Attachment IX

Impact of the Stock Dividend Distribution on Operating Results, Earnings per Share and Shareholders' Return on Investment

Not applicable.

Attachment X

Information about the Bonus of Employees and Compensation of Directors and Supervisors

The bonus of employees and compensation of Directors and Supervisors were resolved by the Board of Directors on 19 March 2014. Pursuant to the rule issued by Financial Supervisory Commission (Letter No. FSC 1010059296) on 28 December 2012, the relevant information is disclosed below:

- a. Cash bonus to employees: NT\$287,678,345
- b. Cash compensation to Directors and Supervisors: NT\$215,758,759
- c. Bonus and compensation in shares, options, warranties, and other equity-linked forms: None
- d. Discrepancy between the amount estimated as expense in Year 2013 financial statements and the amount actually paid, and reasons for such discrepancy: Not applicable

General information

I. Articles of Incorporation of Far Eastern New Century Corporation

Chapter 1 General Provisions

Article 1 The Company is duly incorporated under the provisions of the Company Act of the Republic of China, and shall be called: Far Eastern New Century Corporation

Article 2 The Company's businesses are as follows :

1. C301010 Yarn spinning mills
2. C302010 Knit fabric mills
3. C303010 Non woven fabric mills
4. C305010 Printing dyeing and finishing mills
5. C306010 Outerwear knitting mills
6. C307010 Apparel, clothing accessories and other textile product manufacturing
7. C399990 Other textile products
8. C801120 Manmade fiber manufacturing
9. C801990 Other chemical material manufacturing
10. F104110 Wholesale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories and other textile products
11. F105050 Wholesale of furniture, bedclothes, kitchen equipment and fixtures
12. F106020 Wholesale of articles for daily use
13. F107990 Wholesale of other chemical products
14. F204110 Retail sale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories and other textile products
15. F205040 Retail sale of furniture, bedclothes, kitchen equipment and fixtures
16. F206020 Retail sale of articles for daily use
17. F207990 Retail sale of other chemical products
18. F301010 Department stores
19. F401010 International trade
20. F501060 Restaurants
21. J701020 Amusement parks
22. J801030 Athletics and recreational sport stadium
23. H701010 Residence and buildings lease construction and development
24. H701020 Industrial factory buildings lease construction and development
25. H701040 Specialized field construction and development
26. H701050 Public works construction and investment
27. G202010 Parking garage business
28. G801010 Warehousing and storage
29. IZ06010 Cargos packaging
30. C802120 Industrial catalyst manufacturing
31. F102040 Wholesale of nonalcoholic beverages

32. F107030 Wholesale of cleaning preparations
33. F113070 Wholesale of telecom instruments
34. F213060 Retail sale of telecom instruments
35. CC01080 Electronic part and component manufacturing
36. CF01011 Medical materials and equipment manufacturing
37. F108031 Wholesale of drugs and medical goods
38. F208031 Retail sale of medical equipments
39. ZZ99999 Except where permits are required, to run operations not forbidden or limited by laws and regulations

- Article 3 The Company may provide guarantees for third parties in accordance with the Company bylaw of "Procedures for Endorsements and Guarantees".
- Article 4 Where the Company invests in other companies and becomes a shareholder with limited liability; its total investment may exceed 40% of its paid-up capital as stipulated under Article 13 of the Company Act, subject to approval of the Board of Directors.
- Article 5 The Company is incorporated in Taipei, the Republic of China; the Board of Directors may by resolution approve the establishment of domestic and international branches where it deems necessary.

Chapter 2 Share Capital

- Article 6 The Company's total capital shall be Sixty Billion New Taiwan Dollar (NT\$60,000,000,000) divided into 6,000,000,000 shares of NT\$10 each. The Board of Directors is authorized to issue the un-issued shares in separate trenches.
- Out of the above total capital amount, One Hundred Million New Taiwan Dollar (NT\$100,000,000) shall be divided into 10,000,000 shares of NT\$10 each, to be issued as warrants for employees to subscribe.
- Article 7 Shares issued by the Company are not required to be evidenced by share certificates, provided that they shall be recorded at the Securities Central Depository Enterprises.
- The Company can issue special stock.
- In the event of the Company merging with another company, matters relating to the merger need not be approved by way of a resolution of the special shareholders meeting.
- Article 8 Matters relating to the Company's shares shall be dealt with according to the provisions of "Regulations Governing Handling of Stock Affairs by Public Companies" and the relevant laws and regulations.
- Article 9 Registration of share transfer shall be closed within 60 days prior to General Shareholders' Meeting, or with 30 days prior to Extraordinary Shareholders' Meeting or within 5 days prior to the record date on which Company distributes the dividends or bonuses.

Chapter 3 Shareholders' Meeting

- Article 10 The Shareholders' Meetings shall be General or Extraordinary Shareholders' Meetings:
- General Shareholders' Meeting shall be held once a year within 6 months of the end of the Company's financial year.
- Extraordinary Shareholders' Meeting shall be convened by the Board of Directors where it thinks necessary or by way of written request by shareholders who have held continuously the Company's total issued shares for more than 1 year and whose shareholdings are greater than 3% of the Company's issued shares.
- Other than where the Board of Directors has not convened or is unable to convene shareholders' meeting, the Supervisor may also convene shareholders' meeting for the benefit of the Company.

- Article 11 Notices of General Shareholders' Meeting shall be in writing and delivered to the shareholders along with a public notice 30 days before the General Shareholders' Meeting and 15 days before the Extraordinary Shareholders' Meeting. The said notices shall specify the date, place and reasons for calling the shareholders' meeting.
- Article 12 Unless otherwise stipulated by the Company Act, a quorum shall be present at the shareholders' meeting if shareholders representing more than half of the shares issued by the Company are in attendance and resolutions at the said assembly shall be passed if approved by a majority of the shareholders in attendance.
- Article 13 Shareholders may by way of power of attorney appoint proxies to attend the said shareholders' meeting. Except for trust enterprises or share registration agencies approved by the securities management authorities, when one shareholder is entrusted by two or more shareholders, the voting right represented by the said shareholder shall not exceed 3% of the voting rights of total shares issued. Where it has so exceeded, the voting right in excess shall not be included.
- Unless otherwise stipulated by the Company Act, attendance of shareholder's proxies shall be in accordance with the provisions of "Regulation Governing the Use of Proxies For Attendance of Shareholders' Meeting of Public Companies".
- Article 14 Unless otherwise stipulated by the Company Act and the Articles of Incorporation, shareholders' meeting shall be conducted in accordance with the Company's regulations for shareholders' meeting.
- Article 15 Minutes and resolutions of shareholders' meeting shall be recorded and signed by or affixed with the seal of the chairman of the meeting. The said minutes and resolutions shall specify the date and place of the shareholders' meeting, number of shares represented by the shareholders (or proxies) present at the meeting; number of voting rights represented; name of the chairman of the shareholders' meeting; resolutions and the manner in which they are passed. The said minutes and resolutions shall be kept, together with the register of shareholders' attendance and the proxies' powers of attorney, in compliance with the law.

Chapter 4 Directors, Supervisors and Managers

- Article 16 There shall be 10 to 15 Directors and 3 Supervisors of the Company, who are elected and appointed from the persons with legal capacity at the shareholders' meeting. The total shares number of the registered shares of the Company held by all of the Directors and Supervisors shall be determined according to the provisions of "Rules and Review Procedures for Director and Supervisor Ownership Ratios at Public Companies".
- The Company's independent directors shall not be less than two in number and should be at least one-fifth of total director seats.
- Directors and Supervisors shall be elected by adopting candidate nomination system in accordance with the Article 192-1 of Company Act. A shareholder shall elect from the nominees listed in the roster of candidates. The election of independent, non-independent directors and Supervisors should be held together. Moreover, in order to ensure the election of at least two independent directors of each election, the independent and non-independent directors elected should be calculated separately.
- Article 17 The respective appointments of Directors and Supervisors are for a period of 3 years. They may be reappointed following their re-election.
- Article 18 The Board of Directors of the Company shall comprise the directors. A Chairman and a Vice Chairman shall be elected from among the Directors to represent the Company. Where the Chairman has taken leave or is unable to perform his duties for any reasons, the Vice Chairman shall act in his place. Where the Vice Chairman is also unavailable, the Chairman shall appoint a Director to act on his behalf, failing which the Board of Directors shall nominate from among them a person to act on behalf of the Chairman of the Company.
- Article 19 Meetings of the Board of Directors, which shall be held quarterly, shall be convened by the Chairman. Unless otherwise stipulated by the Company Act, a quorum shall be present at the Board of Directors if it is attended by more than half of the Directors, and a resolution passed if approved by a majority of the Directors in attendance. The Chairman may when urgent matters occur convene meetings of the Board at any time.

When a Director is unable to personally attend the meeting of the Board of Directors, he may entrust another Director to represent him in accordance with law.

A notice to convene a Board meeting shall be sent to all directors via postal mail, email or fax.

Article 20 The Supervisors shall perform their supervising duties in accordance with law; furthermore Supervisors may attend meetings of the Board of Directors and present their views, but may not have voting rights. Supervisors may elect from among them a Resident Supervisor to perform the daily supervisory duty.

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

Article 22 The Company shall have a number of General Managers, Chief Operating Officers and Deputy General Managers, Executive Vice Presidents Managers and Factory Managers, a Chief Auditor and a Deputy Chief Auditor.

The appointment and dismissal of the above staff shall be by way of a majority at the meetings of the Board of Directors, subject to more than half of the Directors are in attendance of the said meetings.

Article 23 The Chairman, the Vice Chairman and the General Manager shall handle the daily affairs of the Company in compliance with the resolution of the Board of the Directors.

Chapter 5 Accounting

Article 24 The Company's fiscal year shall commence on the First of January of each year, and ends on the Thirty-first of December of the same year. The final accounts are settled at the end of the Company's fiscal year.

Article 25 The Board of Directors shall in accordance with law furnish various documents and statements and forward the same to the Supervisors for review 30 days prior to the General Shareholders' Meeting, following which the said statements reviewed by the Supervisors and their reports shall be submitted for approval at the General Shareholders' Meeting. The appointment, dismissal and remuneration of the accountants auditing and reviewing the above documents and statements shall be resolved at the meeting of the Board of the Directors.

Article 26 The distribution of dividends shall take into consideration the changes in the outlook for the Company's businesses, the lifespan of the various products or services that have an impact on future capital needs and taxation. Dividends shall be distributed at the ratio as set forth in these Articles of Incorporation aimed at maintaining the stability of dividend distributions. Save for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required, when distributing dividends, the cash dividends is not less than 10% of the aggregate sum of dividends and bonus distributed in the same year.

Article 27 Apart from paying all its income taxes in the case where there are profits at the end of the year, the Company shall make up for accumulated losses in past years. Where there is still balance, 10% of which shall be set aside by the Company as legal reserve. Subject to certain business conditions under which the Company may retain a portion, the Company may distribute to the shareholders the remainder after deducting special reserve as required by law together with undistributed profits from previous years in the following manner :

1. 60% as share interest, to be distributed based on shareholdings. However in the case of increase in the Company's share capital, unless otherwise stipulated by law, the share interest to be distributed to the shareholders of increased shares for the year shall be decided by the shareholders' meeting;
2. 33% as shareholders' bonuses to be distributed based on shareholdings. However in the case of increase in the Company's share capital, the shareholders' bonus to be distributed to the shareholders of increased shares for the year shall be decided by the shareholders' meeting;
3. 4% as employees' bonuses;
4. 3% as remuneration for Directors and Supervisors, the manner in which it is to be distributed shall be decided by the Board of Directors.

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

Article 28 All matters not covered herein shall be undertaken in accordance with the Company Act of the Republic of China and the other relevant law and regulations.

Article 29 These Articles of Incorporation were drafted on December 15, 1952, and came into effect following its approval by a resolution of the General Shareholders' Meeting and the competent authorities. Amendments shall take effect following their approval at the shareholders' meetings.

First amendment on July 1, 1953;
Second amendment on January 22, 1954;
Third amendment on September 1, 1956;
Fourth amendment on January 15, 1957;
Fifth amendment on June 13, 1959;
Sixth amendment on August 25, 1959;
Seventh amendment on March 31, 1960;
Eighth amendment on October 26, 1960;
Ninth amendment on February 25, 1961;
Tenth amendment on May 25, 1961;
Eleventh amendment on May 2, 1962;
Twelfth amendment on August 7, 1964;
Thirteenth amendment on December 19, 1964;
Fourteenth amendment on January 20, 1966;
Fifteenth amendment on June 22, 1966;
Sixteenth amendment on June 24, 1967;
Seventeenth amendment on December 23, 1967;
Eighteenth amendment on June 8, 1968;
Nineteenth amendment on May 31, 1969;
Twentieth amendment on June 17, 1970;
Twenty-first amendment on January 25, 1972;
Twenty-second amendment on June 20, 1972;
Twenty-third amendment on April 30, 1973;
Twenty-fourth amendment on October 17, 1973;
Twenty-fifth amendment on May 8, 1974;
Twenty-sixth amendment on May 19, 1975;
Twenty-seventh amendment on April 14, 1976;
Twenty-eighth amendment on September 15, 1976;
Twenty-ninth amendment on April 6, 1977;
Thirtieth amendment on April 18, 1978;
Thirty-first amendment on February 9, 1979;
Thirty-second amendment on April 14, 1979;
Thirty-third amendment on April 28, 1980;
Thirty-fourth amendment on April 15, 1981;
Thirty-fifth amendment on April 21, 1982;

Thirty-sixth amendment on April 21, 1982;
Thirty-seventh amendment on May 5, 1983;
Thirty-eighth amendment on May 2, 1984;
Thirty-ninth amendment on May 10, 1985;
Fortieth amendment on April 23, 1987;
Forty-first amendment on April 20, 1988;
Forty-second amendment on April 20, 1989;
Forty-third amendment on April 23, 1990;
Forty-fourth amendment on April 26, 1991;
Forty-fifth amendment on May 12, 1992;
Forty-sixth amendment on May 14, 1993;
Forty-seventh amendment on May 9, 1994;
Forty-eighth amendment on May 4, 1995;
Forty-ninth amendment on May 27, 1996;
Fiftieth amendment on May 23, 1997;
Fifty-first amendment on May 22, 1998;
Fifty-second amendment on May 21, 1999;
Fifty-third amendment on May 15, 2000;
Fifty-fourth amendment on May 18, 2001;
Fifty-fifth amendment on June 12, 2002;
Fifty-sixth amendment on June 9, 2003;
Fifty-seventh amendment on June 4, 2004;
Fifty-eighth amendment on June 14, 2005;
Fifty-ninth amendment on June 13, 2006;
Sixtieth amendment on October 13, 2009.
Sixty-first amendment on June 22, 2010
Sixty-second amendment on June 24, 2011
Sixty-third amendment on June 25, 2013

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

Came to effect on June 24, 1967

1st amendment on May 23, 1997

2nd amendment on May 22, 1998

3rd amendment on June 12, 2002

4th amendment on June 28, 2012

5th amendment on June 25, 2013

Article 1 The stockholders' meeting of the Company shall be held according to the rules herein.

Article 2 The location for stockholders' meeting shall be the Company's place of business or a place convenient for attendance by stockholders (or by proxies) that is suitable to holding of this meeting. The meeting shall be held between 9:00AM and 3:00PM.

The 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.

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.

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. The stockholders (or by proxies) when attending the meeting shall hand in signed attendance form.

Number of stockholders in attendance shall be calculated based on the number of attending shares, which equals to the sum of number of shares shown on the signed attended forms and the number of voting shares via electronic casting.

The Company may appoint lawyers, accountants or related personnel to attend the stockholders' meeting.

The personnel in charge of handling the affairs of the meeting shall wear identification badge or armband.

For a stockholders' meeting convened by the board of directors, the chairman of the board of directors shall preside at the meeting. If the chairman of the board of directors is on leave or unable to exert the rights, the vice-chairman of the board of directors shall preside instead. If the position of vice-chairman is vacant or the vice-chairman is on leave or unable to exert the rights, the chairman of the board of directors shall designate a director to preside at the meeting. If no director is so designated, the chairman of the meeting shall be elected by the board of directors from among themselves. 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. For a stockholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting; if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

The complete processes of the meeting shall be recorded by voice and video recorders and all the records shall be kept by the Company for a minimum period of at least one year. If a shareholder files lawsuit pursuant to Article 189 of the Company Act, the video and audio records shall be retained until the conclusion of the litigation.

Article 3 The chairperson shall announce starting of the meeting when the attending stockholders (or proxies) represent more than half of the total shares issued in public. The chairperson may announce postponement of meeting if the legal quorum is not present after the designated meeting time. Such postponement is limited to two times and the aggregated postponed time shall not exceed one hour. If quorum is still not present after two postponements but the attending stockholders (or proxies) represent more than one third of the total shares issued in public, tentative resolution/s may be passed with respect to ordinary resolution/s by a majority of those present.

After proceeding with the aforesaid tentative resolutions, the chairperson may put the tentative resolutions for re-voting over the meeting if and when the shares represented by the attending stockholders (or proxies) reached the legal quorum.

Article 4 If the stockholders' meeting is convened by the board of directors, the agenda shall be designated by the board of directors. The meeting shall proceed in accordance with the designated agenda and shall not be amended without resolutions.

If the meeting is convened by person, other than the board of directors, having the convening right, the provision set out in the preceding paragraph shall apply mutatis mutandis.

Except with stockholders' resolution, the chairperson shall not declare adjournment of the meeting before the first two matters set out in the agendas (including extemporary motions) are concluded. During the meeting, if the chairperson declares adjournment of the meeting in violation of the preceding rule, a new chairperson may be elected by a resolution passed by majority of the attending stockholders to continue the meeting.

When the meeting is adjourned by resolution, the stockholders shall not elect another chairperson to continue the meeting at the same location or another venue.

Article 5 The stockholders (or proxies) shall complete statement slip setting out the number of his/her attendance card, name and statement brief before speaking, and the chairperson will designate the order in which each person is to speak during the session.

No statement will be considered to have been made if the stockholder (or proxies) merely completes the statement slip without speaking at the meeting. If there are any discrepancies between the content of the statement slip and the speech made, the statement to be adopted shall be the statement confirmed.

Article 6 Any proposal for the agendas shall be submitted in written form. Except for the proposals set out in the agenda, any proposal by the stockholders (or proxies) to amend, substitute or to initiate extemporary motions with respect to the original proposal shall be seconded by other stockholders (or proxies). The same rule shall apply to any proposal to amend the agenda and motion to adjourn the meeting. The shares represented by the proponents and the seconders shall reach 100,000.

Article 7 The explanation of proposal shall be limited to 5 minutes. The statement of inquiry and reply shall be limited to 3 minutes per person. The time may be extended for 3 minutes with the chairperson's permission.

The chairperson may restrain stockholders (or proxies) from speaking if that stockholders (or proxies) speak overtime, speak beyond the allowed frequency or content of the speech is beyond the scope of the proposal. When a stockholder (or proxy) is speaking, other stockholder (or proxy) shall not interrupt without consent of the chairperson and the speaking stockholder (or proxy). Any disobedient of the preceding rule shall be prohibited by the chairperson. Article 15 of this meeting rule shall apply if the disobedient do not follow the chairperson's instructions.

Article 8 For the same proposal, each person shall not speak more than 2 times.

When a juristic person is a stockholder, only one representative shall be appointed to attend the meeting.

If more than two representatives were appointed to attend the meeting, only one representative is

allowed to speak.

Article 9 After speaking by the attending stockholder (or proxy), the chairperson may reply in person or assign relevant officer to reply.

Over the proposal discussion, the chairperson may conclude the discussion in a timely manner and where necessary announce discussion is closed.

Article 10 For proposal in which discussion has been concluded or closed, the chairperson shall submit it for voting.

No discussion or voting shall proceed for matters unrelated to the proposal.

The personnel responsible for overseeing and counting of the votes for resolutions shall be appointed by the chairperson with the consent of the stockholders (or proxies). The person responsible for vote overseeing shall be of the stockholder status.

Article 11 In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or Company's articles of incorporation, resolution shall be passed by a majority of the voting rights represented by the stockholders (or proxies) attending the meeting.

The proposal for a resolution shall be deemed approved if 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.

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.

If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the chairperson. If one of the two proposals has been approved, the other shall be deemed rejected without requirement to put it to vote.

The results of voting and election shall be announced after the vote calculation on the spot and kept for records.

Article 12 During the meeting, the chairperson may at his/her discretion declare time for break.

Article 13 The meeting shall be adjourned if encountering an air-raid alarm during the meeting. The meeting shall resume one hour after the alarm is lifted.

Article 14 The chairperson may maintain the meeting order by instructing the security guards. The security guards shall wear the armband for identification when helping maintaining the venue order.

Article 15 The stockholders (or proxies) shall obey the instructions of the chairperson and security guards in terms of maintaining the order. The chairperson or security guards may exclude the persons disturbing the stockholders' meeting from the meeting.

Article 16 For matters not governed by the rules specified herein, shall be governed according to Company Act, Stock Exchange Law and the other related laws and regulations.

Article 17 The rules herein take effect after approval at the stockholders' meeting, the same apply for any amendments.



FAR EASTERN NEW CENTURY

36F, Taipei Metro Tower 207, Tun Hwa South Rd., Sec.2, Taipei, Taiwan, R.O.C
Tel +886 2 2733-8000