



# FAR EASTERN NEW CENTURY

## Handbook for 2016 Annual Shareholders' Meeting

**100% Bio-PET生質寶特瓶**

plantbottle  
100% made from plants

**Dyna Feed智慧衣**

Biosensor Module  
IoT Platform  
Conductive Textile

**ISPO AWARD 2016/17**  
GOLD WINNER  
2016/2017

**Retail Bus.**

**Property Development**

**Telecommunications Bus.**

**IPark 台北遠東**  
Taipei Far Eastern Telecommunications Park

**競變 邁向智能新紀元**  
Rising to a Smarter Future

**FAREASTONE 遠傳**

FET Wi-Fi  
MVPN  
遠傳 行動客服  
EAS Pro  
TV

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*The meeting handbook, including meeting notice, agenda, and proposed resolutions, for the upcoming 2016 annual general shareholders' meeting is available at <http://www.fenc.com/en/ir/index.aspx?c=66> on 23 May 2016.*

*If you would like to obtain a hard copy of the meeting handbook, please email to [ir@fenc.com](mailto:ir@fenc.com) , or write to*

*Attn: IR team*

*Far Eastern New Century Corporation*

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*(+886-2-2733-8000 ext. 8537/8470/8492)*

# Far Eastern New Century Corporation(FENC)

## 2016 Annual General Shareholders' Meeting (Translation)

**Date:** Thursday, 23 June 2016

**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**

**Proposed resolution:**

1. To approve the revisions to the "Articles of Incorporation of Far Eastern New Century Corporation"

**Reporting items:**

1. 2015 business operations
2. 2015 financial statements
3. The Audit Committee's review report of 2015 business operations and financial statements
4. 2015 employees' compensation and Directors' remuneration
5. Information of the corporate bonds issued in 2015
6. Amendments of "Code of Ethics for Far Eastern New Century Corporation" and "Best Practice Principles of Ethical Corporate Management for Far Eastern New Century Corporation"

**Approval items:**

1. To accept 2015 business report and financial statements
2. To approve the proposal for distribution of 2015 profits

**Election of Director:**

1. To elect an Independent Director for Far Eastern New Century Corporation

**Extemporaneous motion**

**Meeting adjourned**

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*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.*

## Proposed resolution

### **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. For the reason of the Company's business operations and pursuant to Articles 235, 235-1 of the Company Act and the letters issued by the Ministry of Economic Affairs (Letter No. 10402413890 on 11 June 2015 and Letter No. 10402427800 on 15 October 2015), it is proposed to amend some articles of “Articles of Incorporation of Far Eastern New Century Corporation” accordingly.
- ii. The overview table for the “Articles of Incorporation of Far Eastern New Century Corporation” Before and After amendments is attached as Attachment I.
- iii. Please approve the proposal for the amendments to “Articles of Incorporation of Far Eastern New Century Corporation”.

## Reporting items

### 1. To report 2015 business operations

The 2015 business report is attached as Attachment II.

### 2. To report 2015 financial statements

The 2015 independent auditors' reports and financial statements by Deloitte & Touche are attached as Attachment III. (The 2015 financial report can be downloaded at <http://mops.twse.com.tw> )

### 3. To report the Audit Committee's review report of 2015 business operations and financial statements

The Audit Committee's review report is attached as Attachment IV.

### 4. To report 2015 employees' compensation and Directors' remuneration

- i. Pursuant to the amended Article 26 of the "Articles of Incorporation of Far Eastern New Century Corporation", 2% to 3.5% of profit of the current year should be distributed as employees' compensation and not more than 2.5% of profit of the current year should be distributed as Directors' remuneration in the case where there are profits for the current year.
- ii. Directors' remuneration: NT\$152,659,124 (1.77%); employees' compensation: NT\$230,231,200 (2.67%). The aforesaid items will be paid in cash.
- iii. The 22<sup>nd</sup> term Board of Directors approved 2015 employees' compensation and Directors' remuneration in the 4<sup>th</sup> Board meeting.

### 5. To report the information of the corporate bonds issued in 2015

Three corporate bonds were issued in year 2015. Pursuant to Article 246 of Company Act, the information about the issuance of such corporate bonds is disclosed as Attachment V.

### 6. To report the amendments to "Code of Ethics for Far Eastern New Century Corporation" and "Best Practice Principles of Ethical Corporate Management for Far Eastern New Century Corporation"

Pursuant to the Company's establishment of an Audit Committee to replace the Supervisors, as well as to strengthen the Company's corporate governance, it is proposed to amend "Code of Ethics" and "Best Practice Principles of Ethical Corporate Management" of the Company in accordance with the letters issued by the Financial Supervisory Commission (Letter No. FSC 1030039898 on 31 October 2014 and Letter No. FSC 1030051379 on 27 January 2015). The 22<sup>nd</sup> term Board of Directors approved the amendments in the 1<sup>st</sup> meeting on 26 June 2015, and the overview table for "Code of Ethics" and "Best Practice Principles of Ethical Corporate Management" Before and After amendments is attached as Attachment VI & VII.

## Approval items

### 1. To accept 2015 business report and financial statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of 2015 business report and financial statements.

Explanatory Notes:

- i. FENC's 2015 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. Shih Jing-Bin and Mr. Kuo Cheng-Hung of Deloitte & Touche, and have been examined by and determined to be correct and accurate by the Audit Committee of FENC. We thereby submit this report.
- ii. The 2015 business report, independent auditors' reports, Audit Committee's report, and the aforesaid financial statements are attached as Attachments II, III, and IV.
- iii. Please accept the aforesaid business report and financial statements.

### 2. To approve the proposal for distribution of 2015 profits

The Board of Directors proposes and recommends that each shareholder vote FOR the distribution of 2015 profits.

Explanatory Notes:

- i. Cash dividends to common shareholders: Totaling NT\$5,352,875,227. (NT\$ 1.0/share)
- ii. After being approved at the Annual General Shareholders' Meeting, the cash dividends to common shareholders will be distributed on a record date to be determined by the Board of Directors. Should FENC subsequently repurchase its common shares or issue new common shares according to the relevant regulations, the total number of common shares outstanding may change, and the ultimate cash 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 to be distributed to each common share based on the total amount of profits resolved to be distributed and the number of actual common shares outstanding on the record date for distribution.



iii. Please refer to the following table for the 2015 profit allocation proposal

(Unit: NT\$)

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<b>1. Net income of 2015</b>	<b>8,034,690,727</b>
2. Legal reserve	803,469,073
3. Adjustments due to changes in investees' equity in equity-method investments	20,014,403
4. Adjustments due to changes in other comprehensive income	1,481,533,200
5. Unappropriated earnings of previous years	5,468,723,147
6. Reversal of special reserve	1,538,964,267
7. Special reserve (Note)	2,165,513,256
<b>Earnings available for distribution as of 31 December 2015</b>	<b>10,571,848,209</b>
(1-2-3-4+5+6-7)	
<b>Distribution item:</b>	
1. Shareholders' dividend (NT\$ 1.0/share in cash)	5,352,875,227
<b>Total distribution</b>	<b>5,352,875,227</b>
<b>Unappropriated earnings</b>	<b>5,218,972,982</b>
(Note) the net amount of special reserve due to the valuation on investment properties of the subsequent to initial recognition under the fair value model in accordance with the letter issued by the Financial Supervisory Commission (Letter No. FSC 1030006415).	

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iv. Please approve the aforesaid proposal for the distribution of 2015 profits.

## Election of Director

### 1. To elect an Independent Director of Far Eastern New Century Corporation

The Board of Directors proposes and recommends that each shareholder elect an Independent Director.

Explanatory Notes:

- i. The Board of Directors resolved that an Independent Director to be elected at this Annual General Shareholders' Meeting due to fill the vacancy of the Independent Directors of the Company.
- ii. In accordance with Article 16 of the "Articles of Incorporation of Far Eastern New Century Corporation", one Independent Director shall be elected with a term beginning from the date being elected until 25 June 2018.
- iii. The candidate will be nominated by the candidate nomination system. The Board of Directors or any shareholder with 1% shareholding or more are entitled to nominate a candidate. The period for candidate nomination of an Independent Director to be elected in this coming Shareholders' Meeting is from 18 April 2016 to 27 April 2016. During this period, the 22<sup>nd</sup> term Board of Directors has received the nomination of an Independent Director candidate from shareholder Asia Cement Corporation Limited. The Board has resolved the candidate met requirements and qualifications of Independent Directors in the 5<sup>th</sup> Board meeting on 10 May 2016. Please refer to the following table for the candidate.

No.	Type	Candidate	Education	Major Experiences	Current position	No. of shares held	Name of Institutional Shareholders
1	Independent Director	Sheng-Cheng Hu	University of Rochester, USA , Ph.D. in Economics	<ul style="list-style-type: none"> <li>• Minister, Financial Supervisory Commission, R.O.C.</li> <li>• Minister Without Portfolio, Executive Yuan</li> <li>• Director, Institute of Economics, Academia Sinica</li> <li>• Minister, Council for Economic Planning And Development, Executive Yuan</li> </ul>	<ul style="list-style-type: none"> <li>• Member, Board of Directors, Taiwan Institute of Economics Research</li> <li>• Member, Board of Directors, Taiwan Research Institute</li> <li>• Corresponding Research Fellow, Institute of Economics, Academia Sinica</li> </ul>	0	-

- iv. Please elect.

**Extemporary motion**

**Meeting adjourned**

## Attachment I

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

Section	Proposed Changes	Current Articles	Reason
Article 2	<p>The Company's businesses are as follows :</p> <ol style="list-style-type: none"> <li>1. C301010 Yarn spinning mills</li> <li>2. C302010 Knit fabric mills</li> <li>3. C303010 Non-woven fabric mills</li> <li>4. C305010 Printing dyeing and finishing mills</li> <li>5. C306010 Outerwear knitting mills</li> <li>6. C307010 Apparel, clothing accessories and other textile product manufacturing</li> <li>7. C399990 Other textile products</li> <li>8. C801120 Manmade fiber manufacturing</li> <li>9. C801990 Other chemical material manufacturing</li> <li>10. F104110 Wholesale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories and other textile products</li> <li>11. F105050 Wholesale of furniture, bedclothes, kitchen equipment and fixtures</li> <li>12. F106020 Wholesale of articles for daily use</li> <li>13. F107990 Wholesale of other chemical products</li> <li>14. F204110 Retail sale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories and other textile products</li> <li>15. F205040 Retail sale of furniture, bedclothes, kitchen equipment and fixtures</li> <li>16. F206020 Retail sale of articles for daily use</li> <li>17. F207990 Retail sale of other chemical products</li> <li>18. F301010 Department stores</li> <li>19. F401010 International trade</li> <li>20. F501060 Restaurants</li> <li>21. J701020 Amusement parks</li> <li>22. J801030 Athletics and recreational sport stadium</li> <li>23. H701010 Residence and buildings lease construction and development</li> <li>24. H701020 Industrial factory buildings lease construction and development</li> <li>25. H701040 Specialized field construction and development</li> </ol>	<p>The Company's businesses are as follows :</p> <ol style="list-style-type: none"> <li>1. C301010 Yarn spinning mills</li> <li>2. C302010 Knit fabric mills</li> <li>3. C303010 Non-woven fabric mills</li> <li>4. C305010 Printing dyeing and finishing mills</li> <li>5. C306010 Outerwear knitting mills</li> <li>6. C307010 Apparel, clothing accessories and other textile product manufacturing</li> <li>7. C399990 Other textile products</li> <li>8. C801120 Manmade fiber manufacturing</li> <li>9. C801990 Other chemical material manufacturing</li> <li>10. F104110 Wholesale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories and other textile products</li> <li>11. F105050 Wholesale of furniture, bedclothes, kitchen equipment and fixtures</li> <li>12. F106020 Wholesale of articles for daily use</li> <li>13. F107990 Wholesale of other chemical products</li> <li>14. F204110 Retail sale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories and other textile products</li> <li>15. F205040 Retail sale of furniture, bedclothes, kitchen equipment and fixtures</li> <li>16. F206020 Retail sale of articles for daily use</li> <li>17. F207990 Retail sale of other chemical products</li> <li>18. F301010 Department stores</li> <li>19. F401010 International trade</li> <li>20. F501060 Restaurants</li> <li>21. J701020 Amusement parks</li> <li>22. J801030 Athletics and recreational sport stadium</li> <li>23. H701010 Residence and buildings lease construction and development</li> <li>24. H701020 Industrial factory buildings lease construction and development</li> <li>25. H701040 Specialized field construction and development</li> </ol>	To add the Company's businesses.

Section	Proposed Changes	Current Articles	Reason
	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. <u>C803990 Other Petroleum and Charcoal Manufacturing</u> 40. <u>F112020 Wholesale of Coal and Products</u> 41. ZZ99999 Except where permits are required, to run operations not forbidden or limited by laws and regulations	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 21	(deleted)	<u>The remuneration of Directors shall be decided by the shareholders' meeting.</u>	To delete this Article according to Article 26.
Article 26	<p><u>2% to 3.5% of profit of the current year should be distributed as employees' compensation and not more than 2.5% of profit of the current year should be distributed as Directors' remuneration in the case where there are profits for the current year. However, the Company's accumulated losses shall have been covered.</u></p> <p><u>The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of Directors, to determine the actual ratio, amount, form (in the form of shares or in cash) and the number of shares of the profit distributable as employees' compensation; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The actual ratio and amount of the profit distributable as Directors'</u></p>	<p>The distribution of <u>dividends</u> 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. <u>Dividends</u> shall be distributed <u>at the ratio as set forth in these Articles of Incorporation</u> aimed at maintaining the stability of <u>dividend</u> distributions. Save for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required, when distributing <u>dividends</u>, the cash <u>dividends</u> is not less than 10% of the <u>aggregate sum of dividends and bonus</u> distributed in the same year.</p>	<ol style="list-style-type: none"> <li>1. The previous paragraph is moved to the paragraph 2 of Article 27 and amended accordingly</li> <li>2. The paragraph 1 is added to define the ratio of the profits of the current year should be distributed as employees' compensation and Directors' remuneration.</li> <li>3. The paragraph 2 is added to define the Board of Directors shall determine details of the distribution of employees' compensation and</li> </ol>

Section	Proposed Changes	Current Articles	Reason
	<p>remuneration shall also be determined by Board of Directors, and a report of such distribution shall be submitted to the shareholders' meeting.</p>		<p>Directors' remuneration. The aforesaid distribution shall be submitted to the shareholders' meeting</p>
<p>Article 27</p>	<p>Apart from paying all its income taxes in the case where there are profits for the current 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 <u>in proportion to the number of the shares held by each shareholder as shareholders' dividend.</u> However in the case of increase in the Company's share capital, the shareholders' dividend to be distributed to the shareholders of increased shares for the year shall be decided by the shareholders' meeting.</p> <p>The distribution of <u>shareholders' dividend</u> 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. <u>Shareholders' dividend</u> shall be distributed aimed at maintaining the stability of <u>shareholders' dividend</u> distributions. Save for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required, when distributing <u>shareholders' dividend</u>, the cash <u>dividend</u> is not less than 10% of the <u>shareholders' dividend</u> distributed in the same year.</p>	<p>Apart from paying all its income taxes in the case where there are profits for the current 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 <u>in the following manner :</u></p> <p>(1) <u>60% as share interest, to be distributed based on shareholdings.</u> However in the case of increase in the Company's share capital, <u>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;</u></p> <p>(2) <u>33% as shareholders' bonuses to be distributed based on shareholdings.</u> 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;</p> <p>(3) <u>4% as employees' bonuses</u></p> <p>(4) <u>3% as remuneration for Directors, the manner in which it is to be distributed shall be decided by the Board of Directors.</u></p> <p><u>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.</u></p>	<p>1. To amend this Article pursuant to the amended Article 235 of the Company Act, and to remove the employees' bonuses and remuneration for Directors' from the distributable profits. The share interest and shareholders' bonuses are simplified and combined. The paragraph 1 is amended accordingly and the paragraph 2 is deleted.</p> <p>2. The initial Article 26 is moved to the paragraph 2 of Article 27 and amended accordingly.</p>
<p>Article 29</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. <u>Sixty-sixth amendment on June 23, 2016</u></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. <u>Sixty-fifth amendment on June 26, 2015</u></p>	<p>To record the latest amendment.</p>

# Attachment II

## 2015 Business Report

### I. Preface

Despite 2015 being a year of turbulent changes both politically and economically, with increasing competition in international trade, geopolitical tensions, plunging oil prices and fluctuations in exchange rates, Far Eastern New Century (FENC, the Company), we have dedicated ourselves to following our global perspective, flexible investment strategies and prudent asset management policies to meet challenges with resilience and thus consolidated our position globally.

Although the U.S. economy began to show the first green shoots of recovery, in much of the rest of the world the overarching message was one of a lack of growth momentum and economic stagnation. Not only did China's economic growth decelerate, but emerging economies also experienced a slowdown, Japan's growth remained sluggish and the Eurozone saw its austerity measures still firmly in place. With oil prices slipping to new lows, major oil exporting countries were confronted with dangerous fiscal deficits and currency volatility risks, and the slumping demand for raw materials forced energy and commodity prices into a downward spiral. Economic growth in the Middle East was stunted by political turmoil and refugees fleeing war-torn countries swarmed into Europe, posing enormous economic and political challenges for the European Union. All this took place against a backdrop of the spread of MERS and the global threat of armed terrorism.

In 2016, the world also entered an era characterized by new forms of collaboration and competition. On the political front, November's U.S. presidential election has the potential to reshape the world's political landscape in unexpected ways and despite its economic retrenchment, China's global presence will continue to expand with President Xi Jinping attending key international summits and meeting world leaders. The so-called Brexit campaign for the UK to leave the European Union is placing further stress on the unity of an EU already hit hard by economic woes. In Taiwan, the political environment will be altered by the country's embrace of its first female president in May.

On the economic front, the uncertain future path of the Federal Funds Rate has put the U.S. recovery under pressure, whilst in China businesses are currently facing overcapacity, weakening demand and increasingly adverse conditions for international trade. Consequently, the Chinese central bank has cut both the reserve-requirement ratio and key interest rates for banks several times in concerted attempts to prevent a hard landing for the "world's factory". Aiming to elevate its manufacturing sector, the country has aggressively promoted the *Made in China 2025* initiative and the *One Belt One Road* strategy, and established the Asian Infrastructure Investment Bank in Beijing. Moreover, the IMF has agreed to include the RMB in the currency basket of Special Drawing Rights (SDR), thereby boosting the global circulation of the currency and strengthening China's influence on the world economy. Last year the global economy was shaken by both plummeting oil prices and a divergence between the monetary policy stances in the United States and other major advanced economies, which is ongoing.

In spite of the political and economic issues, the world is moving toward the development of renewable energy, epitomized by the agreement at Paris Climate Change Conference. In response to industry 4.0, there have been burgeoning trends in adopting IoT technologies, smart robotics and the use of big data. On the trade front, the Regional Comprehensive Economic Partnership (RCEP), the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP) are strengthening economic ties among countries. Taiwan, however, is not a signatory to any of these agreements, so will not benefit from zero tariffs in these free trade areas. In the face of these challenges, FENC has established vertically integrated production networks in Taiwan, China, Southeast Asia and Japan, and expanded our production sites in countries such as Vietnam, that are members of the aforementioned partnerships, in the hope of enhancing our competitiveness and enlarging our future role in the region.

With our commitment to running our businesses with integrity, FENC has won high praise for innovation and corporate governance both at home and abroad. The DynaFeed, a revolutionary smart garment system with bio-sensing technology and an IoT platform, was awarded the ISPO Asian Gold Winner at the globally prestigious ISPO Textrends Exhibition in Munich in 2016. We are the first textile manufacturer to be granted such an accolade. Meanwhile, the Company was rated A++, the top tier, by the Taiwan Stock Exchange in the “Information Disclosure and Transparency Ranking Award”. In 2015, FENC won a Gold Award in the “Corporate Sustainability Report Awards,” ranking first in the Manufacturing Industry category, and also received the “Growth Through Innovation Award” for developing the world’s first 100% bio-based PET bottle. Throughout the challenges ahead, we will continue to surpass ourselves as one of the leading enterprises in Taiwan.

## **II. Operating Results**

The world economy stumbled last year. In order to stay competitive, FENC’s management team leveraged our global core Production Business—petrochemical, polyester and textiles, invested in a diversified portfolio of businesses to achieve synergistic growth and adopted forward-thinking policies to boost our assets value. In 2015, the Company’s consolidated revenue and net income reached NT\$217.9 billion and NT\$14.69 billion, respectively. The net income attributable to shareholders of the Company is NT\$8.04 billion, translating into a basic EPS of NT\$1.61. The 22<sup>nd</sup> term Board of Directors have proposed a cash dividend of NT\$1 per share. Operating results by business segments are outlined below:

### **Production Business – Going Global with Integrated Business Segments**

FENC’s Production Business is composed of the petrochemical, polyester and textiles businesses, which are fully vertically integrated to give the Company a competitive edge in the industry. In order to strengthen our advantage, we have not only upgraded our businesses in Taiwan but continue to expand our reach overseas. In addition to production sites in Taiwan and China, we have expanded our investment in Vietnam as our third production base. Together, the three bases are expected to help us transform into a world-class enterprise with a global vision.

#### **● *Upstream Petrochemical Business***

Our petrochemical business produces the major raw material, PTA, of the Company’s production process. Although the global PTA capacity is oversupplied, the Company carefully monitored PTA’s feedstock price trends, and mobilized resources effectively based on our up-, mid- and downstream strategies to ensure optimal operations. Looking forward, when market conditions are more favorable, Oriental Petrochemical (Taiwan and Shanghai) for PTA, and Far Eastern Union Petrochemical (Yangzhou) for another raw material, MEG, plan to utilize new cost efficient lines to replace their old ones. Economies of scale and the adoption of smart technologies in factories will ensure reductions in production costs and the real time management of inventory.

#### **● *Midstream Polyester Business***

With our production sites in China, Taiwan and Southeast Asia, FENC is one of the leaders of the polyester industry in terms of our scale, brands and innovation. Globally, the Company is the largest recycled PET producer and the third largest nonwoven fibers supplier by capacity. In Asia, while we rank among the top three largest solid-state polymer producers, our output of PET sheets and nylon 6.6 are second to none. In addition to Taiwan and China, we have expanded into Japan, Vietnam and other ASEAN markets in order to gain an edge in regional trade. Designated by international brand names as a major supplier, and also a partner in development projects, the Company has been devoting many resources to R&D and seeking breakthroughs in smart materials. As a green conscious company, we succeeded in developing the world’s first Bio-PET bottle, the materials for which are derived entirely from plants. Containing Coca-Cola, the eco-friendly bottles made their first public appearance at Expo Milan 2015 and immediately drew global scrutiny. For all the challenges in the business environment, we have introduced smart production, increased the breadth of our product mix and further integrated



our industrial chains as well as re-balanced our focus on domestic and international markets, so as to consolidate our position as one of top polyester producers in the industry.

- **Downstream Textiles Business**

Supported by integrated supply chains, our textiles business is internationally known for cutting edge technologies in smart textiles, green materials, and functional fibers/fabrics. Our three production bases are located in Taiwan, China and Vietnam. In our Taiwan base, we are targeting the development of new materials and technologies. In China, the production process is vertically integrated and the location is close to the end market. In Vietnam, we have been planning to build a production line that runs from producing yarn, knitting, dyeing and finishing to manufacturing ready-to-wear garments. Vivaly, the Company can enjoy duty-free access to all TPP markets by complying with the “yarn forward” rule. Our strong global network will continue to showcase Taiwan’s textile products around the world.

### **Diversified Investment – Branching out to Achieve Synergies**

FENC has transformed into an industrial holding company spanning polyester, textiles, telecommunications, petrochemicals, cement, shipping, retail, financial services, transportation, construction and hotels. With the aim of sharing resources and thus prospering as a whole, we also facilitate the transformation of our subsidiaries’ businesses and obtain stable investment income. Our major investment is Far EastOne Telecommunications Co., Ltd. (FET). With the aim of expanding into 4G mobile applications and IoT markets, FET provides the fastest 4G tri-band internet connections in Taiwan, and has seen the number of its 4G service subscribers growing fast. In 2015, the telecom operator ranked top in terms of revenue growth in the industry, generating consistent profits for FENC. In retail, the “City” series of shopping malls run by Far Eastern Department Stores Ltd. (FEDS) achieved remarkable performance. Our network of malls has given us a huge advantage in analyzing consumer behavior and identifying regional competitors to both increase our business scope and reap higher profits. In the cement sector, Asia Cement Corporation (ACC) continues to raise its profile as a green-conscious brand in an effort to boost its value. FENC will continually expand its businesses to create more value for our shareholders.

### **Property Development – Various Projects to Monetize Land Assets**

Far Eastern Resources Development Co., Ltd. (FERD) was established to manage FENC’s significant amount of land holdings with various plans to monetize our existing land and properties. Our development projects encompass the construction of office buildings, residential houses, a telecom park, a hypermarket and a spa resort. Of 570,000 pings of total land holdings throughout Taiwan, 210,000 pings are classified as investment properties; the most valuable properties are clustered in the Taipei metropolitan area and around transportation hubs. Far Eastern Plaza (Taipei City), Taipei Far Eastern Telecom Park (New Taipei City) and Mega Tower - the highest skyscraper in New Taipei City, and Yilan Spa Resort are all the regional landmarks in smart buildings. The development project Taipei Far Eastern Telecom Park has commenced, increasing land values in the area and bringing a stable rental income from TPKA offices. Two R&D buildings and a data center scheduled to be constructed in the near future are expected to bring in further revenue. A premium residential project will break ground as soon as construction permits are granted. Our Yilan Spa Resort project is also in the pipeline, with clearing and grading being performed at the site. These projects will add value to our assets and generate substantial returns on our property development business.

## **III. Business Goals and Prospects**

Over the years, FENC has endeavored to pursue progress and breakthroughs by innovating products and developing new technologies. We aspire to transform our businesses, create a more valuable brand image and achieve sustainable development in the following ways.

## A. Innovative Thinking

FENC's core competence lies in our R&D capabilities, and our in-house Far Eastern Group R&D Center brings together the best and brightest minds to realize our vision. In line with the Company's sustainable growth plan, the R&D center has striven to develop value added products that differentiate us from our competitors. We have also formed strategic alliances with top global brands to develop functional materials that fulfill the market demand, setting product design trends for major brand clients and downstream manufacturers. This approach is aimed at creating higher profits and a competitive niche for the Company. We not only partner with major brands, but also collaborate with academic institutions on innovative material projects. To achieve the Company's long-term goals, we will pool resources and focus on our areas of expertise to strengthen our R&D capabilities. Earlier this year, our revolutionary smart clothing DynaFeed received an ISPO Gold Award and won international recognition. This perfect combination of textiles and IoT network is a testament to our strength in innovation.

## B. Superior Technology

**Ready for Industry 4.0** Facing the challenges of industry 4.0, FENC continues to employ new technologies to improve management. We have adopted smart manufacturing facilities and processes, established smart supply chains, and introduced automation, computerization of manufacturing, virtualization, real-time monitoring and use of big data. Smart factories and smart production systems are incorporated into our latest integrated solutions.

**Going Green** To demonstrate our commitment to environmental protection, FENC has adopted green technologies and manufacturing processes and achieved numerous groundbreaking results. Many of our products have been certified as Green products. Our recycled PET (rPET), for instance, meets the FDA standards of the United States and EFSA standards of the European Union. In addition, our "Pro Green 100% rPET", a product completely made of recycled PET, won an award in a "Design Change C2C" contest held by the Environmental Protection Administration in 2015. Then there is our proprietary technology TopAgro, a type of recycled fiber utilizing materials from rice stalk waste, which enables 100% reuse and recycle. Moreover, we have partnered with NIKE to develop a waterless dyeing technology that uses supercritical CO<sub>2</sub> as a replacement for water. Through these efforts, we continue to promote the concept of "reduce, reuse and recycle" as the first bottle-to-bottle company in Taiwan. Our advanced technologies have consolidated our position in the vanguard of the green industry.

## C. Excellent Managerial Skills

**Smart Management** Our management team has launched smart management policies that integrate different functions, including investment, finance, accounting, information technology, legal compliance, human resources and public affairs, in order to ensure soundness in financial and accounting management, strengthen cost control and advance digital innovative technologies. In the ever-changing business world, we have implemented a risk warning system that facilitates internal control and the management of financial and operation risks. Key risk indicators and control measures have been put in place to ensure real-time comprehensive risk management. In addition, we have established a legal compliance review program across all business units to support headquarters' administration and supply chain management. Our high standard of corporate governance has burnished our image globally.

**High-caliber Talent** Human capital is the most important asset of FENC; our professional teams drive the growth of the Company and strive to stay on top of current business trends. In addition to recruiting talents and experts, the Company facilitates rotation programs between our teams at home and overseas to raise the quality of our human resources. In order to ensure the sustainable development of the Company, we have implemented a program aimed at cultivating the successors to the Company's top managers. Team members with outstanding performance and high potential are singled out as candidates for leadership training.

#### **D. Bringing Happiness and Prosperity to Our Community**

As giving back to society is one of our missions, FENC has spared no effort in fulfilling our social responsibilities under our Corporate Social Responsibility Principles as the foundation for sustainable development. We also published our second CSR report “Inventing - New Century” last year. In philanthropic initiatives focusing on medical, educational, technological, cultural and environmental programs, we have established three schools, two hospitals and four non-profit foundations. Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation sponsors the “Y. Z. Hsu Scientific Award”, one of the most important technological awards in Taiwan in innovative industrial research and development; while the Far Eastern Memorial Foundation was established to reward achievements in architecture, arts and culture. The Far Eastern Architectural Design Award offers the most attractive prize to winners among all architectural awards in Taiwan. Moreover, the Company is committed to environmental protection and has launched programs in water conservation, which are aligned with the goals of the United Nations’ “Water for Life Decade”. For example, in 2015 we cooperated with central and local government, the media, research institutes and museums to organize a water themed exhibition, “Taiwan Water, Fountain of Life”, that attracted more than 300,000 visitors. On the education front, Yuan Ze University has been listed by the UK’s Times Higher Education among the top 100 universities in BRIC and other emerging economies. In the area of healthcare, approximately NT\$10 billion has been invested in the expansion of the Far Eastern Memorial Hospital. The phase II of the hospital began operations last September with a total of 1,650 hospital beds, providing a higher quality of medical services to the community.

Also notable is the great success Far Eastern Electronic Toll Collection Co. (FETC) has achieved in implementing the world’s first and only distance-based and multi-lane free flow toll collection system, which covers almost 1,000 kilometers of freeways in Taiwan. Now all road users in Taiwan can enjoy driving on the freeway without having to stop to pay tolls while the system helps conserve energy and reduce carbon emissions, by saving the time and oil that would otherwise be consumed when stopping the car. With a tolling accuracy rate of up to 99.97%, FETC received an ITS World Congress Hall of Fame - Industry Award in 2015, and attracted delegations from different parts of the world to learn from our experiences. We have signed a consulting agreement with Vietnam to introduce an ETC system that covers 2,400 kilometers of the country’s freeways from north to south, and also memoranda of cooperation with Kazakhstan and Belarus. Many other countries have also expressed interest in working in partnership with us.

With 66 years of experience in the industry, FENC will build on past success and continue to pursue innovation as a bellwether of the new era. As the world is shifting toward digital innovation, smart IoT and industry 4.0, the Company has recognized connectivity changes everything and will adapt new disruptive technologies to our advantage. We will be aggressive, ambitious and accountable on our path to becoming a leader of smart industry and strive to create maximum value for our shareholders, employees and society at large.

Chairman



President



Chief Accountant



# Attachment III

## 2015 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, 2015, December 31, 2014 and January 1, 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. 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 Regulations Governing Auditing and Attestation 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 Far Eastern New Century Corporation and its subsidiaries as of December 31, 2015, December 31, 2014 and January 1, 2014, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2015 and 2014, 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.

As disclosed in Note 3 to the consolidated financial statements, Far Eastern New Century Corporation and its subsidiaries have been prepared the consolidated financial statement in accordance Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission. As a result, the consolidated financial statements for the years ended December 31, 2014, the consolidated balance sheet as December 31, 2014, and the consolidated balance sheet as of January 1, 2014 have been restated.

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, 2015 and 2014 on which we have issued a modified unqualified report.

March 25, 2016

#### Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 applied in the Republic of China.*

*For the convenience of readers, the independent 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 independent 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, 2015		December 31, 2014 (Restated)		January 1, 2014 (Restated)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 40,878,814	8	\$ 25,985,419	5	\$ 26,645,574	6
Financial assets at fair value through profit or loss - current	3,997,895	1	1,124,116	-	1,191,688	-
Available-for-sale financial assets - current	727,557	-	929,101	-	989,348	-
Held-to-maturity financial assets - current	-	-	-	-	99,962	-
Derivative financial assets for hedging - current	6,015	-	-	-	4,442	-
Financial assets measured at cost - current	-	-	-	-	42,587	-
Debt investments with no active market - current	3,350,990	1	4,114,651	1	2,606,689	1
Notes and accounts receivable, net	23,370,506	4	27,720,022	6	27,741,701	6
Amounts due from customers for construction contracts	973,888	-	2,286,911	1	1,473,786	-
Other receivables	5,789,282	1	3,503,430	1	2,900,592	1
Current tax assets	23,615	-	68,920	-	48,216	-
Inventories	24,558,575	5	22,005,555	4	24,184,972	5
Prepayments	3,257,852	1	4,414,732	1	3,799,470	1
Other financial assets - current	4,573,109	1	3,661,203	1	3,946,576	1
Refundable deposits - current	50,742	-	33,954	-	52,292	-
Other current assets	<u>2,094,404</u>	-	<u>2,227,072</u>	-	<u>1,934,219</u>	-
Total current assets	<u>113,653,244</u>	<u>22</u>	<u>98,075,086</u>	<u>20</u>	<u>97,662,114</u>	<u>21</u>
<b>NON-CURRENT ASSETS</b>						
Available-for-sale financial assets - non-current	4,486,739	1	4,718,618	1	5,257,220	1
Financial assets measured at cost - non-current	1,138,626	-	1,071,152	-	926,908	-
Debt investment with no active market - non-current	-	-	182,583	-	-	-
Investments accounted for using the equity method	58,658,951	11	61,839,479	12	55,870,243	12
Property, plant and equipment	148,141,804	29	139,055,972	28	124,767,713	26
Investment properties, net	124,190,706	24	119,663,209	24	113,458,525	24
Concession	35,151,640	7	37,314,277	8	37,734,135	8
Goodwill	11,865,515	2	11,930,443	2	11,928,782	2
Other intangible assets	3,465,545	1	3,772,439	1	4,184,122	1
Deferred tax assets	2,317,146	1	2,737,657	1	2,812,572	1
Prepayment for equipment	2,280,180	-	4,914,856	1	6,103,204	1
Refundable deposits	822,052	-	708,974	-	576,314	-
Long-term other receivables from related parties	1,620,000	-	-	-	-	-
Other financial assets - non-current	2,714,837	1	3,044,303	1	4,071,707	1
Long-term prepayments for lease	7,000,124	1	7,164,761	1	7,406,266	2
Other non-current assets	<u>1,258,013</u>	-	<u>410,481</u>	-	<u>239,647</u>	-
Total non-current assets	<u>405,111,878</u>	<u>78</u>	<u>398,529,204</u>	<u>80</u>	<u>375,337,358</u>	<u>79</u>
<b>TOTAL</b>	<u>\$518,765,122</u>	<u>100</u>	<u>\$496,604,290</u>	<u>100</u>	<u>\$472,999,472</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings	\$ 24,687,627	5	\$ 27,638,660	6	\$ 28,053,848	6
Short-term bills payable	6,597,763	1	4,662,532	1	5,117,694	1
Financial liabilities at fair value through profit or loss - current	-	-	807	-	590	-
Derivative financial liabilities for hedging - current	11,016	-	14,950	-	-	-
Notes and accounts payable	15,622,902	3	13,502,368	3	17,452,151	4
Notes and accounts payable to related parties	381,383	-	513,625	-	261,571	-
Amounts due to customers for construction contracts	120,696	-	110,594	-	412,498	-
Payables to suppliers of machinery and equipment	2,986,273	1	3,202,004	1	3,133,810	1
Other payable	14,430,397	3	14,254,278	3	12,671,314	3
Current tax liabilities	1,830,859	-	3,368,813	1	3,115,500	1
Provisions - current	258,638	-	240,197	-	193,328	-
Guarantee deposits received - current	287,280	-	314,097	-	334,939	-
Receipts in advance	1,047,226	-	1,214,639	-	1,199,481	-
Unearned revenue	2,581,177	1	2,617,900	-	2,667,808	-
Current portion of long-term liabilities	22,012,363	4	14,127,895	3	8,845,696	2
Other current liabilities	<u>1,992,912</u>	-	<u>2,293,289</u>	-	<u>2,317,709</u>	-
Total current liabilities	<u>94,848,512</u>	<u>18</u>	<u>88,076,648</u>	<u>18</u>	<u>85,777,937</u>	<u>18</u>
<b>NON-CURRENT LIABILITIES</b>						
Derivative financial liabilities for hedging - non-current	338,020	-	535,837	-	421,280	-
Bonds payable	63,363,036	12	60,712,019	12	65,638,787	14
Long-term borrowings	77,004,892	15	63,999,210	13	43,622,704	9
Provisions - non-current	811,094	-	763,223	-	705,863	-
Deferred tax liabilities	16,822,397	4	15,110,447	3	13,329,928	3
Net defined benefit liabilities - non-current	3,941,868	1	2,648,882	1	2,593,770	1
Guarantee deposits received	695,895	-	715,764	-	645,013	-
Deferred credit - gains on related - party transactions	149,074	-	149,629	-	150,185	-
Other non-current liabilities	<u>393,331</u>	-	<u>408,320</u>	-	<u>476,788</u>	-
Total non-current liabilities	<u>163,519,607</u>	<u>32</u>	<u>145,043,331</u>	<u>29</u>	<u>127,584,318</u>	<u>27</u>
Total liabilities	<u>258,368,119</u>	<u>50</u>	<u>233,119,979</u>	<u>47</u>	<u>213,362,255</u>	<u>45</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>						
Capital stock						
Common stock	53,528,751	10	52,479,168	11	51,450,165	11
Capital surplus	2,807,683	1	3,666,948	1	4,681,042	1
Retained earnings						
Legal reserve	14,511,559	3	13,408,217	3	12,687,509	3
Special reserve	108,721,550	21	105,911,942	21	105,911,942	22
Unappropriated earnings	13,706,389	2	17,383,706	3	14,143,946	3
Total retained earnings	<u>136,939,498</u>	<u>26</u>	<u>136,703,865</u>	<u>27</u>	<u>132,743,397</u>	<u>28</u>
Other equity	4,000,696	1	6,841,068	1	4,653,726	1
Treasury shares	<u>(25,063)</u>	-	<u>(25,063)</u>	-	<u>(25,063)</u>	-
Total equity attributable to owners of the company	<u>197,251,565</u>	<u>38</u>	<u>199,665,986</u>	<u>40</u>	<u>193,503,267</u>	<u>41</u>
<b>NON-CONTROLLING INTERESTS</b>						
	<u>63,145,438</u>	<u>12</u>	<u>63,818,325</u>	<u>13</u>	<u>66,133,950</u>	<u>14</u>
Total equity	<u>260,397,003</u>	<u>50</u>	<u>263,484,311</u>	<u>53</u>	<u>259,637,217</u>	<u>55</u>
<b>TOTAL</b>	<u>\$518,765,122</u>	<u>100</u>	<u>\$496,604,290</u>	<u>100</u>	<u>\$472,999,472</u>	<u>100</u>

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

(With Deloitte & Touche independent audit report dated March 25, 2016)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

	For the Years Ended December 31			
	2015		2014 (Restated)	
	Amount	%	Amount	%
<b>OPERATING REVENUES</b>				
Net sales	\$132,962,253	61	\$150,830,097	64
Telecommunications service income	69,655,393	32	69,804,586	30
Gain on disposal of investments, net	653,893	-	55,666	-
Construction income	5,094,212	2	5,127,369	2
Other operating revenue	<u>9,582,451</u>	<u>5</u>	<u>9,688,921</u>	<u>4</u>
Total operating revenues	<u>217,948,202</u>	<u>100</u>	<u>235,506,639</u>	<u>100</u>
<b>OPERATING COSTS</b>				
Cost of sales	132,139,162	61	150,893,808	64
Cost of telecommunications services	25,857,076	12	26,243,122	11
Construction cost	4,883,668	2	4,836,912	2
Other operating cost	<u>4,585,014</u>	<u>2</u>	<u>5,800,704</u>	<u>3</u>
Total operating costs	<u>167,464,920</u>	<u>77</u>	<u>187,774,546</u>	<u>80</u>
<b>GROSS PROFIT</b>	<u>50,483,282</u>	<u>23</u>	<u>47,732,093</u>	<u>20</u>
<b>REALIZED CONSTRUCTION INCOME</b>	<u>555</u>	<u>-</u>	<u>556</u>	<u>-</u>
<b>OPERATING EXPENSES</b>				
Selling and marketing	23,838,721	11	23,869,154	10
General and administrative	11,346,476	5	11,417,311	5
Research and development	<u>785,112</u>	<u>-</u>	<u>753,249</u>	<u>-</u>
Total operating expenses	<u>35,970,309</u>	<u>16</u>	<u>36,039,714</u>	<u>15</u>
<b>OPERATING INCOME</b>	<u>14,513,528</u>	<u>7</u>	<u>11,692,935</u>	<u>5</u>
<b>NONOPERATING INCOME AND EXPENSES</b>				
Share of the profit or loss of associates	2,721,771	1	4,293,787	2
Interest income	483,727	-	482,434	-
Other income	1,049,313	-	1,276,780	-
Gain on disposal of investment properties	941,564	-	-	-
Exchange (loss) gain, net	(916,502)	-	632,174	-
Gain on financial assets (liabilities) at fair value through profit or loss, net	433,436	-	282,168	-
Gain on change in fair value of investment properties	4,658,509	2	6,222,659	3
Interest expense	(2,450,149)	(1)	(1,934,871)	(1)
Other expenses	<u>(593,076)</u>	<u>-</u>	<u>(490,939)</u>	<u>-</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 Years Ended December 31			
	2015		2014 (Restated)	
	Amount	%	Amount	%
Loss on disposal of property, plant and equipment	(960,258)	-	(879,765)	-
Loss on disposal of intangible assets	(616)	-	(6,478)	-
Impairment loss	<u>(180,574)</u>	<u>-</u>	<u>(153,155)</u>	<u>-</u>
Total nonoperating income and expenses	<u>5,187,145</u>	<u>2</u>	<u>9,724,794</u>	<u>4</u>
INCOME BEFORE INCOME TAX	19,700,673	9	21,417,729	9
INCOME TAX EXPENSE	<u>(5,014,304)</u>	<u>(2)</u>	<u>(4,409,757)</u>	<u>(2)</u>
NET INCOME	<u>14,686,369</u>	<u>7</u>	<u>17,007,972</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(1,522,352)	(1)	(160,418)	-
Gains on property revaluation	197,960	-	-	-
Share of the other comprehensive income (loss) of associates	(268,785)	-	488,081	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>256,999</u>	<u>-</u>	<u>53,973</u>	<u>-</u>
	<u>(1,336,178)</u>	<u>(1)</u>	<u>381,636</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(545,872)	-	2,159,079	1
Unrealized gain (loss) on available-for-sale financial assets	(369,099)	-	(531,745)	-
Cash flow hedges	91,448	-	(154,945)	-
Share of the other comprehensive income (loss) of associates	<u>(2,470,528)</u>	<u>(1)</u>	<u>541,114</u>	<u>-</u>
	<u>(3,294,051)</u>	<u>(1)</u>	<u>2,013,503</u>	<u>1</u>
Total other comprehensive income (loss), net	<u>(4,630,229)</u>	<u>(2)</u>	<u>2,395,139</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 10,056,140</u>	<u>5</u>	<u>\$ 19,403,111</u>	<u>8</u>
NET INCOME ATTRIBUTABLE TO:				
Owner of the Company	\$ 8,034,691	4	\$ 10,853,091	4
Non-controlling interests	<u>6,651,678</u>	<u>3</u>	<u>6,154,881</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 Years Ended December 31			
	2015		2014 (Restated)	
	Amount	%	Amount	%
	<u>\$ 14,686,369</u>	<u>7</u>	<u>\$ 17,007,972</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owner of the Company	\$ 3,712,786	2	\$ 12,866,915	5
Non-controlling interests	<u>6,343,354</u>	<u>3</u>	<u>6,536,196</u>	<u>3</u>
	<u>\$ 10,056,140</u>	<u>5</u>	<u>\$ 19,403,111</u>	<u>8</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)				
Basic	<u>\$ 1.61</u>		<u>\$ 2.17</u>	
Diluted	<u>\$ 1.60</u>		<u>\$ 2.16</u>	

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

(With Deloitte & Touche independent audit report dated March 25, 2016)

(Concluded)



**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars; Except Dividends Per Share)

	Equity Attributable to Owners of the Company												Total Equity	
	Common Stock	Capital Surplus	Retained Earnings			Other Equity					Treasury Shares	Total		Non-controlling Interests
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	Gains on Property Revaluation					
BALANCE AT JANUARY 1, 2014	\$ 51,450,165	\$ 4,681,042	\$ 12,687,509	\$ 105,911,942	\$ 13,955,940	\$ 291,196	\$ 4,472,732	\$ (118,363)	\$ 8,161	\$ (25,063)	\$193,315,261	\$ 66,133,950	\$259,449,211	
Effect of retrospective application and restatement	-	-	-	-	188,006	-	-	-	-	-	188,006	-	188,006	
AS BALANCE AT JANUARY 1, 2014, AS RESTATED	<u>51,450,165</u>	<u>4,681,042</u>	<u>12,687,509</u>	<u>105,911,942</u>	<u>14,143,946</u>	<u>291,196</u>	<u>4,472,732</u>	<u>(118,363)</u>	<u>8,161</u>	<u>(25,063)</u>	<u>193,503,267</u>	<u>66,133,950</u>	<u>259,637,217</u>	
Appropriation of the 2013 earnings														
Legal reserve	-	-	720,708	-	(720,708)	-	-	-	-	-	-	-	-	
Cash dividends - NT\$1.3 per share	-	-	-	-	(6,688,522)	-	-	-	-	-	(6,688,522)	-	(6,688,522)	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(7,960,785)	(7,960,785)	
Stock dividends distributed from capital surplus - NT\$0.2 per share	1,029,003	(1,029,003)	-	-	-	-	-	-	-	-	-	-	-	
Net income for the year ended December 31, 2014	-	-	-	-	10,853,091	-	-	-	-	-	10,853,091	6,154,881	17,007,972	
Other comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	(173,518)	2,580,664	(843,080)	(54,688)	504,446	-	2,013,824	381,315	2,395,139	
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	10,679,573	2,580,664	(843,080)	(54,688)	504,446	-	12,866,915	6,536,196	19,403,111	
Change in equity in associates	-	14,724	-	-	(3,141)	-	-	-	-	-	11,583	110	11,693	
Disposal of investment in associates	-	-	-	-	(4,705)	-	-	-	-	-	(4,705)	1,850	(2,855)	
Partial acquisition (disposal) of interests in subsidiaries	-	(789)	-	-	(22,737)	-	-	-	-	-	(23,526)	56,063	32,537	
Decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(949,059)	(949,059)	
Change in capital surplus from dividends distributed to subsidiaries	-	974	-	-	-	-	-	-	-	-	974	-	974	
BALANCE AT DECEMBER 31, 2014	52,479,168	3,666,948	13,408,217	105,911,942	17,383,706	2,871,860	3,629,652	(173,051)	512,607	(25,063)	199,665,986	63,818,325	263,484,311	
Appropriation of the 2014 earnings														
Legal reserve	-	-	1,103,342	-	(1,103,342)	-	-	-	-	-	-	-	-	
Special reserve	-	-	-	4,348,583	(4,348,583)	-	-	-	-	-	-	-	-	
Cash dividends - NT\$1.2 per share	-	-	-	-	(6,297,500)	-	-	-	-	-	(6,297,500)	-	(6,297,500)	
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(7,933,930)	(7,933,930)	
Stock dividends distributed from capital surplus - NT\$0.2 per share	1,049,583	(1,049,583)	-	-	-	-	-	-	-	-	-	-	-	
Net income for the year ended December 31, 2015	-	-	-	-	8,034,691	-	-	-	-	-	8,034,691	6,651,678	14,686,369	
Other comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	(1,481,533)	(597,177)	(2,509,725)	77,107	189,423	-	(4,321,905)	(308,324)	(4,630,228)	
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	6,553,158	(597,177)	(2,509,725)	77,107	189,423	-	3,712,786	6,343,354	10,056,140	
Change in equity in associates	-	3,855	-	(10)	(12,214)	-	-	-	-	-	(8,369)	(43)	(8,412)	
Effect on changes in percentage of ownership in associates	-	14,958	-	-	-	-	-	-	-	-	14,958	2	14,960	
Disposal of investment in associates	-	-	-	-	(39)	-	-	-	-	-	(39)	(39)	(78)	
Partial acquisition (disposal) of interests in subsidiaries	-	67,691	-	-	-	-	-	-	-	-	67,691	(183,230)	(115,539)	
Effect on changes in percentage of ownership in subsidiaries	-	102,898	-	-	(7,762)	-	-	-	-	-	95,136	(19,716)	75,420	
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	1,120,715	1,120,715	
Change in capital surplus from dividends distributed to subsidiaries	-	916	-	-	-	-	-	-	-	-	916	-	916	
Reversal of special reserve	-	-	-	(1,538,965)	1,538,965	-	-	-	-	-	-	-	-	
BALANCE AT DECEMBER 31, 2015	<u>\$ 53,528,751</u>	<u>\$ 2,807,683</u>	<u>\$ 14,511,559</u>	<u>\$108,721,550</u>	<u>\$ 13,706,389</u>	<u>\$ 2,274,683</u>	<u>\$ 1,119,927</u>	<u>\$ (95,944)</u>	<u>\$ 702,030</u>	<u>\$ (25,063)</u>	<u>\$197,251,565</u>	<u>\$ 63,145,438</u>	<u>\$260,397,003</u>	

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche independent audit report dated March 25, 2016)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

	For the Years Ended December 31	
	2015	2014 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 19,700,673	\$ 21,417,729
Adjustments for:		
Depreciation	14,310,140	13,821,978
Amortization	3,954,803	3,086,032
Allowance for doubtful accounts	268,113	283,862
Interest expenses	2,450,149	1,934,871
Interest income	(483,727)	(482,434)
Dividend income	(230,007)	(687,663)
Share of the profit of associates	(2,721,771)	(4,293,787)
Loss on disposal of property, plant and equipment	960,258	879,765
Gain on disposal of investment properties	(941,564)	-
Loss on disposal of intangible assets	616	6,478
Gain on disposal of investments	(665,900)	(57,742)
Impairment loss	180,574	153,155
Allowance for inventory valuation and obsolescence loss	(165,433)	330,637
Unrealized gain on transaction with associates	(555)	(556)
Gain on change in fair value of investment properties	(4,658,509)	(6,222,659)
Deferred loss on derivative assets for hedging	(116,318)	(20,996)
Net changes in operating assets and liabilities		
Financial assets held for trading	(2,873,779)	67,572
Notes and accounts receivable	4,081,891	(264,644)
Amounts due from customers for construction contracts	1,313,023	(813,125)
Other receivables	1,207,888	(853,523)
Inventories	(2,443,256)	1,848,780
Prepayments	1,165,863	(1,028,244)
Other current assets	133,261	(880,341)
Financial liabilities held for trading	(807)	217
Notes and accounts payable	2,107,495	(3,656,601)
Notes and accounts payable to related parties	(132,242)	252,054
Amounts due to customers for construction contracts	10,102	(301,904)
Other payables	143,431	1,693,628
Provisions	66,312	104,229
Receipts in advance	(167,413)	15,158
Other current liabilities	(301,075)	(24,420)
Net defined benefit liabilities - non-current	27,555	(51,372)
Unearned revenue	(36,723)	(49,908)
Cash generated from operations	36,143,068	26,206,226
Interest received	505,819	472,415
Dividend received	4,186,716	4,601,081
Interest paid	(2,423,380)	(1,888,711)
Income tax paid	(4,374,190)	(2,321,714)
Net cash generated from operating activities	34,038,033	27,069,297
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

	For the Years Ended December 31	
	2015	2014 (Restated)
Acquisition of available-for-sale financial assets	(753,486)	(127,922)
Proceeds of the disposal of available-for-sale financial assets	818,285	330,734
Decrease (Increase) of debt investments with no active market	946,244	(1,722,570)
Proceeds on repayment of debt investments with no active market	-	31,000
Proceeds on repayment of held-to-maturity financial assets at maturity	-	100,000
Purchase of financial assets measured at cost	(66,802)	-
Proceeds on sale of financial assets measured at cost	-	8,348
Acquisition of investments accounted for using the equity-method	(776,192)	(2,949,573)
Proceeds of on sale of investments accounted for using the equity-method	33,025	37,395
Net cash outflow on acquisition of subsidiaries	(159,449)	-
Net cash outflow on the loss of control over subsidiaries	-	(857,294)
Payments for property, plant, equipment and prepayment for equipment	(24,117,793)	(28,367,682)
Proceeds from disposal of property, plant and equipment	2,366,380	189,798
Increase in refundable deposits	(129,866)	(114,850)
Increase in other receivable from related parties	(3,246,100)	(19,000)
Payments for intangible assets	(993,621)	(909,863)
Proceeds from disposal of intangible assets	479	1,067
Payments for investment properties	(244,552)	(11,803)
Proceeds from disposal of investment properties	66,347	-
Increase in long-term prepayments for lease	(180,336)	(145,448)
Increase in concession	(239,820)	(1,018,143)
Proceeds from disposal of concession	154	-
(Increase) decrease in other financial assets	(582,440)	1,312,777
Increase in other non-current assets	(820,629)	(242,347)
	<u>(28,080,172)</u>	<u>(34,475,376)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	(3,055,744)	(415,188)
Increase (decrease) in short-term bills payables	1,938,000	(455,000)
Proceeds from issue of bonds	23,600,000	8,400,000
Repayments of bond payables	(13,350,000)	(8,750,000)
Proceeds from long-term borrowings	209,820,146	200,844,269
Repayment of long-term borrowings	(196,534,129)	(179,786,649)
(Decrease) increase in guarantee deposits received	(53,870)	49,909
Decrease in other non-current liabilities	(14,989)	(68,468)
Dividends paid	(14,231,395)	(14,657,589)
Increase in non-controlling interest	435,874	853,126
	<u>8,553,893</u>	<u>6,014,410</u>
	<u>381,641</u>	<u>731,514</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>		<b>(Continued)</b>

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

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	For the Years Ended December 31	
	2015	2014 (Restated)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,893,395	(660,155)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>25,985,419</u>	<u>26,645,574</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 40,878,814</u>	<u>\$ 25,985,419</u>

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

(With Deloitte & Touche independent audit report dated March 25, 2016)

(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 as of December 31, 2015, December 31, 2014 and January 1, 2014, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of 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 Regulations Governing Auditing and Attestation 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, 2015, December 31, 2014 and January 1, 2014, and its financial performance and its cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

As disclosed in Note 3 to the financial statements, Far Eastern New Century Corporation have been prepared the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission. As a result, the financial statements for the years ended December 31, 2014, the balance sheet as of December 31, 2014, and the balance sheet as of January 1, 2014 have been restated.

March 25, 2016

#### Notice to Readers

*The accompanying financial statements are intended only to present the financial position, financial performance 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 applied in the Republic of China.*

*For the convenience of readers, the independent 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 independent auditors' report and financial statements shall prevail.*

# FAR EASTERN NEW CENTURY CORPORATION

## BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2015		December 31, 2014 (Restated)		January 1, 2014 (Restated)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 14,213,766	5	\$ 9,630,098	3	\$ 9,542,173	4
Financial assets at fair value through profit or loss - current	99,125	-	87,055	-	46,516	-
Debt investments with no active market - current	-	-	585,979	-	145,947	-
Notes and accounts receivable, net	7,193,069	3	8,705,703	3	8,849,369	3
Other receivables	4,063,193	1	4,792,589	2	4,621,850	2
Current tax assets	14,663	-	16,074	-	2,314	-
Inventories	6,349,136	2	6,499,650	2	6,605,481	2
Prepayments	113,066	-	180,825	-	467,163	-
Other current assets	<u>250,048</u>	-	<u>210,557</u>	-	<u>352,909</u>	-
Total current assets	<u>32,296,066</u>	<u>11</u>	<u>30,708,530</u>	<u>10</u>	<u>30,633,722</u>	<u>11</u>
<b>NON-CURRENT ASSETS</b>						
Available-for-sale financial assets - noncurrent	781,027	-	794,978	-	902,112	-
Investments accounted for using equity method	235,733,762	80	235,549,257	81	227,000,975	80
Property, plant and equipment	24,340,572	8	24,198,238	8	21,969,289	8
Investment properties, net	1,446,491	1	1,455,418	1	1,429,000	1
Other intangible assets	20,622	-	21,607	-	16,392	-
Deferred tax assets	148,237	-	189,922	-	291,062	-
Prepayment for equipment	236,690	-	234,306	-	327,575	-
Refundable deposits	53,776	-	61,249	-	62,792	-
Other financial assets - non-current	48,205	-	48,205	-	34,381	-
Other non-current assets	<u>62,165</u>	-	<u>114,081</u>	-	<u>86,981</u>	-
Total non-current assets	<u>262,871,547</u>	<u>89</u>	<u>262,667,261</u>	<u>90</u>	<u>252,120,559</u>	<u>89</u>
<b>TOTAL</b>	<u>\$295,167,613</u>	<u>100</u>	<u>\$293,375,791</u>	<u>100</u>	<u>\$282,754,281</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings	\$ 40,366	-	\$ 2,229,422	1	\$ 6,260,388	2
Financial liabilities at fair value through profit or loss - current	-	-	-	-	272	-
Notes and accounts payable	2,133,929	1	2,596,714	1	4,145,447	2
Notes and accounts payable to related parties	637,379	-	748,460	-	948,175	-
Payables to suppliers of machinery and equipment	8,716	-	2,113	-	1,173	-
Other payable	3,438,101	1	3,797,299	2	3,644,611	1
Provisions - current	1,461	-	8,340	-	12,171	-
Receipts in advance	358,988	-	344,143	-	328,753	-
Current portion of long-term liabilities	13,575,460	5	8,743,734	3	7,246,540	3
Other current liabilities	<u>775,790</u>	-	<u>739,966</u>	-	<u>754,607</u>	-
Total current liabilities	<u>20,970,190</u>	<u>7</u>	<u>19,210,191</u>	<u>7</u>	<u>23,342,137</u>	<u>8</u>
<b>NON-CURRENT LIABILITIES</b>						
Bonds payable	36,447,254	12	31,453,279	11	34,790,061	12
Long-term borrowings	36,169,650	12	39,864,033	13	27,961,684	10
Deferred tax liabilities	1,930,822	1	1,986,224	1	2,045,892	1
Net defined benefit liabilities - non-current	2,359,176	1	1,157,021	-	1,057,386	1
Guarantee deposits received	3,043	-	3,059	-	3,059	-
Deferred credit - gain on related-party transactions	<u>35,913</u>	-	<u>35,998</u>	-	<u>50,795</u>	-
Total non-current liabilities	<u>76,945,858</u>	<u>26</u>	<u>74,499,614</u>	<u>25</u>	<u>65,908,877</u>	<u>24</u>
Total liabilities	<u>97,916,048</u>	<u>33</u>	<u>93,709,805</u>	<u>32</u>	<u>89,251,014</u>	<u>32</u>
<b>EQUITY</b>						
Capital stock						
Common stock	<u>53,528,751</u>	<u>18</u>	<u>52,479,168</u>	<u>18</u>	<u>51,450,165</u>	<u>18</u>
Capital surplus	<u>2,807,683</u>	<u>1</u>	<u>3,666,948</u>	<u>1</u>	<u>4,681,042</u>	<u>2</u>
Retained earnings						
Legal reserve	14,511,559	5	13,408,217	5	12,687,509	5
Special reserve	108,721,550	37	105,911,942	36	105,911,942	37
Unappropriated earnings	<u>13,706,389</u>	<u>5</u>	<u>17,383,706</u>	<u>6</u>	<u>14,143,946</u>	<u>5</u>
Total retained earnings	<u>136,939,498</u>	<u>47</u>	<u>136,703,865</u>	<u>47</u>	<u>132,743,397</u>	<u>47</u>
Other equity	4,000,696	1	6,841,068	2	4,653,726	1
Treasury shares	<u>(25,063)</u>	-	<u>(25,063)</u>	-	<u>(25,063)</u>	-
Total equity	<u>197,251,565</u>	<u>67</u>	<u>199,665,986</u>	<u>68</u>	<u>193,503,267</u>	<u>68</u>
<b>TOTAL</b>	<u>\$295,167,613</u>	<u>100</u>	<u>\$293,375,791</u>	<u>100</u>	<u>\$282,754,281</u>	<u>100</u>

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

(With Deloitte & Touche independent audit report dated March 25, 2016)

# 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			
	2015		2014 (Restated)	
	Amount	%	Amount	%
<b>OPERATING REVENUES</b>				
Net sales	\$46,837,024	100	\$58,095,688	100
Other operating revenue	<u>12,505</u>	<u>-</u>	<u>12,786</u>	<u>-</u>
Total operating revenues	<u>46,849,529</u>	<u>100</u>	<u>58,108,474</u>	<u>100</u>
<b>OPERATING COSTS</b>				
Cost of sales	42,559,154	91	53,419,481	92
Other operating cost	<u>13,759</u>	<u>-</u>	<u>17,294</u>	<u>-</u>
Total operating costs	<u>42,572,913</u>	<u>91</u>	<u>53,436,775</u>	<u>92</u>
GROSS PROFIT	<u>4,276,616</u>	<u>9</u>	<u>4,671,699</u>	<u>8</u>
<b>OPERATING EXPENSES</b>				
Selling and marketing	2,691,283	6	2,864,462	5
General and administrative	1,281,387	3	1,238,557	2
Research and development	<u>757,250</u>	<u>1</u>	<u>718,285</u>	<u>1</u>
Total operating expenses	<u>4,729,920</u>	<u>10</u>	<u>4,821,304</u>	<u>8</u>
OPERATING LOSS	<u>(453,304)</u>	<u>(1)</u>	<u>(149,605)</u>	<u>-</u>
<b>NONOPERATING INCOME AND EXPENSES</b>				
Share of the profit or loss of subsidiaries and associates	9,177,312	20	11,196,928	19
Interest income	137,142	-	129,615	-
Rental income	22,566	-	22,728	-
Dividend income	30,285	-	18,115	-
Other income	215,466	-	332,956	1
Gain on disposal of property, plant and equipment	11,352	-	12,902	-
Gain on disposal of investments, net	85,873	-	48	-
Exchange gain, net	92,332	-	287,254	1
Gain on financial assets (liabilities) at fair value through profit or loss, net	283,364	1	211,806	-
Gain on change in fair value of investment properties	33,138	-	26,418	-
Interest expense	(1,025,841)	(2)	(929,809)	(2)
Other expense	(203,712)	-	(199,931)	-
Loss on disposal of investment properties	(42,065)	-	-	-
Impairment loss	<u>(108,150)</u>	<u>-</u>	<u>(1,334)</u>	<u>-</u>

(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			
	2015		2014 (Restated)	
	Amount	%	Amount	%
Total nonoperating income and expenses	<u>8,709,062</u>	<u>19</u>	<u>11,107,696</u>	<u>19</u>
INCOME BEFORE INCOME TAX	8,255,758	18	10,958,091	19
INCOME TAX EXPENSE	<u>(221,067)</u>	<u>(1)</u>	<u>(105,000)</u>	<u>-</u>
NET INCOME	<u>8,034,691</u>	<u>17</u>	<u>10,853,091</u>	<u>19</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(1,381,087)	(3)	(215,814)	(1)
Share of other comprehensive income (loss) of subsidiaries and associates	(145,808)	-	483,213	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>234,785</u>	<u>-</u>	<u>63,528</u>	<u>-</u>
	<u>(1,292,110)</u>	<u>(3)</u>	<u>330,927</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Unrealized loss on available-for-sale financial assets	(13,951)	-	(107,134)	-
Share of other comprehensive income (loss) of subsidiaries and associates	<u>(3,015,844)</u>	<u>(6)</u>	<u>1,790,031</u>	<u>3</u>
	<u>(3,029,795)</u>	<u>(6)</u>	<u>1,682,897</u>	<u>3</u>
Total other comprehensive income (loss), net	<u>(4,321,905)</u>	<u>(9)</u>	<u>2,013,824</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 3,712,786</u>	<u>8</u>	<u>\$12,866,915</u>	<u>22</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)				
Basic	<u>\$ 1.61</u>		<u>\$ 2.17</u>	
Diluted	<u>\$ 1.60</u>		<u>\$ 2.16</u>	

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

(With Deloitte & Touche independent audit report dated March 25, 2016)

(Concluded)



# FAR EASTERN NEW CENTURY CORPORATION

## STATEMENTS OF CHANGES IN EQUITY

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

	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Other Equity					Total Equity
						Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	Gain on Property Revaluation	Treasury Shares	
BALANCE AT JANUARY 1, 2014	\$ 51,450,165	\$ 4,681,042	\$ 12,687,509	\$105,911,942	\$ 13,955,940	\$ 291,196	\$ 4,472,732	\$ (118,363)	\$ 8,161	\$ (25,063)	\$193,315,261
Effect of retrospective application and restatement	-	-	-	-	188,006	-	-	-	-	-	188,006
BALANCE AT JANUARY 1, 2014 AS RESTATED	<u>51,450,165</u>	<u>4,681,042</u>	<u>12,687,509</u>	<u>105,911,942</u>	<u>14,143,946</u>	<u>291,196</u>	<u>4,472,732</u>	<u>(118,363)</u>	<u>8,161</u>	<u>(25,063)</u>	<u>193,503,267</u>
Appropriation of the 2013 earnings											
Legal reserve	-	-	720,708	-	(720,708)	-	-	-	-	-	-
Cash dividends - NT\$1.3 per share	-	-	-	-	(6,688,522)	-	-	-	-	-	(6,688,522)
Stock dividends from capital surplus - NT\$0.2 per share	1,029,003	(1,029,003)	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2014	-	-	-	-	10,853,091	-	-	-	-	-	10,853,091
Other comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	(173,518)	2,580,664	(843,080)	(54,688)	504,446	-	2,013,824
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	<u>10,679,573</u>	<u>2,580,664</u>	<u>(843,080)</u>	<u>(54,688)</u>	<u>504,446</u>	-	<u>12,866,915</u>
Change in equity in associates	-	13,935	-	-	(30,548)	-	-	-	-	-	(16,613)
Effect on changes in percentage of ownership in associates	-	-	-	-	(35)	-	-	-	-	-	(35)
Change in capital surplus from dividends distributed to subsidiaries	-	974	-	-	-	-	-	-	-	-	974
BALANCE, DECEMBER 31, 2014	52,479,168	3,666,948	13,408,217	105,911,942	17,383,706	2,871,860	3,629,652	(173,051)	512,607	(25,063)	199,665,986
Appropriation of the 2014 earnings											
Legal reserve	-	-	1,103,342	-	(1,103,342)	-	-	-	-	-	-
Special reserve	-	-	-	4,348,583	(4,348,583)	-	-	-	-	-	-
Cash dividends - NT\$1.2 per share	-	-	-	-	(6,297,500)	-	-	-	-	-	(6,297,500)
Stock dividends from capital surplus - NT\$0.2 per share	1,049,583	(1,049,583)	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2015	-	-	-	-	8,034,691	-	-	-	-	-	8,034,691
Other comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	(1,481,533)	(597,177)	(2,509,725)	77,107	189,423	-	(4,321,905)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	<u>6,553,158</u>	<u>(597,177)</u>	<u>(2,509,725)</u>	<u>77,107</u>	<u>189,423</u>	-	<u>3,712,786</u>
Change in equity in associates	-	179,117	-	(10)	(20,015)	-	-	-	-	-	159,092
Effect on changes in percentage of ownership in associates	-	10,285	-	-	-	-	-	-	-	-	10,285
Change in capital surplus from dividends distributed to subsidiaries	-	916	-	-	-	-	-	-	-	-	916
Reversal of special reserve	-	-	-	(1,538,965)	1,538,965	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2015	<u>\$ 53,528,751</u>	<u>\$ 2,807,683</u>	<u>\$ 14,511,559</u>	<u>\$108,721,550</u>	<u>\$ 13,706,389</u>	<u>\$ 2,274,683</u>	<u>\$ 1,119,927</u>	<u>\$ (95,944)</u>	<u>\$ 702,030</u>	<u>\$ (25,063)</u>	<u>\$197,251,565</u>

The accompanying notes are an integral part of the financial statements.  
(With Deloitte & Touche independent audit report dated March 25, 2016)

# FAR EASTERN NEW CENTURY CORPORATION

## STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2015	2014 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 8,255,758	\$ 10,958,091
Adjustments for:		
Depreciation	2,145,777	1,795,070
Amortization	10,517	12,692
Interest expenses	1,025,841	929,809
Interest income	(137,142)	(129,615)
Dividend income	(30,285)	(18,115)
Share of the profit of subsidiaries and associates	(9,177,312)	(11,196,928)
Gain on disposal of property, plant and equipment	(11,352)	(12,902)
Loss on disposal of investment properties	42,065	-
Gain on disposal of investments	(85,873)	(48)
Impairment loss	108,150	1,334
Allowance for inventory valuation and obsolescence loss	146,280	106,122
Net (gain) loss on unrealized foreign currency exchange	(120,500)	20,500
Gain on change in fair value of investment properties	(33,138)	(26,418)
Reversal of allowance for doubtful accounts	-	(10,549)
Net changes in operating assets and liabilities		
Financial assets held for trading	(12,070)	(40,539)
Notes and accounts receivable	1,512,634	154,215
Other receivables	716,211	(315,032)
Inventories	4,234	(291)
Prepayments	67,759	286,338
Other current assets	(39,491)	142,352
Financial liabilities held for trading	-	(272)
Notes and accounts payable	(462,785)	(1,548,733)
Notes and accounts payable to related parties	(111,081)	(199,715)
Other payables	(410,918)	192,120
Provisions	(6,879)	(3,831)
Receipts in advance	14,845	15,390
Other current liabilities	35,824	(14,641)
Net defined benefit liabilities - non-current	<u>(178,932)</u>	<u>(116,178)</u>
Cash generated from operations	3,268,137	980,226
Interest received	137,577	129,033
Dividend received	7,628,632	8,602,565
Interest paid	(985,952)	(945,544)
Income tax received (paid)	<u>1,412</u>	<u>(13,760)</u>
Net cash generated from operating activities	<u>10,049,806</u>	<u>8,752,520</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (Increase) of debt investments with no active market	585,979	(440,032)

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION

## STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2015	2014 (Restated)
Acquisition of investments accounted for using the equity-method	(1,511,164)	(3,560,110)
Proceeds on sale of investments accounted for using the equity-method	53	-
Payments for property, plant, equipment and prepayment for equipment	(2,389,653)	(3,933,612)
Proceeds from disposal of property, plant and equipment	15,113	1,955
Decrease in refundable deposits	7,473	1,543
Decrease in other receivables	120,750	1,250
Payments for intangible assets	(9,532)	(17,907)
Increase in other financial assets	-	(13,824)
Decrease (increase) in other non-current assets	<u>45,766</u>	<u>(28,434)</u>
Net cash used in investing activities	<u>(3,135,215)</u>	<u>(7,989,171)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	(2,189,056)	(4,030,966)
Proceeds from issue of bonds	18,600,000	5,400,000
Repayments of bonds payable	(8,750,000)	(7,250,000)
Proceeds from long-term borrowings	164,439,396	167,007,094
Repayment of long-term borrowings	(168,133,779)	(155,104,745)
Decrease in guarantee deposits received	(16)	-
Dividends paid	<u>(6,297,468)</u>	<u>(6,696,807)</u>
Net cash used in financing activities	<u>(2,330,923)</u>	<u>(675,424)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	4,583,668	87,925
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>9,630,098</u>	<u>9,542,173</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 14,213,766</u>	<u>\$ 9,630,098</u>

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

(With Deloitte & Touche independent audit report dated March 25, 2016)

(Concluded)

## Attachment IV

### The Audit Committee's Review Report

To the 2016 General Shareholders' Meeting of Far Eastern New Century Corporation,

In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we have examined the Business Report, Financial Statements, and the Resolution for Allocation of Surplus Profit submitted by the Board of Directors for the year ending 2015 which had been audited by Deloitte & Touche, and found them in order.

The Convener of the Audit Committee: Bing Shen



10 May 2016

## Attachment V

### Information of the Corporate Bonds Issued in Year 2015

Offering Type	Domestic unsecured bonds (1 <sup>st</sup> of Year 2015)	Domestic unsecured bonds (2 <sup>nd</sup> of Year 2015)	Domestic unsecured bonds (3 <sup>rd</sup> of Year 2015)
<b>Total Amount</b>	NT\$ 8.0 billion	NT\$ 5.2 billion	NT\$ 2.8 billion
<b>Maturity</b>	5 years	5 years	5 years
<b>Coupon rate</b>	1.39% p.a.	1.28% p.a.	1.25% p.a.
<b>Repayment</b>	50% of the face value of the bond is repayable at the end of the 4 <sup>th</sup> and 5 <sup>th</sup> years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 <sup>th</sup> and 5 <sup>th</sup> years respectively. 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.
<b>Authority</b>	<b>Guarantor</b>	None	None
	<b>Approval Authority</b>	Financial Supervisory Commission	Financial Supervisory Commission
	<b>Approved Date</b>	22 April 2015	3 September 2015
<b>Approval Letter No.</b>	FSC -1040013588	FSC -1040035887	FSC -1040041320
<b>Use of proceeds</b>	To payback 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
<b>Remark</b>	To be issued at par value on 25 May 2015	To be issued at par value on 2 October 2015	To be issued at par value on 16 November 2015

# Attachment VI

## Amendments to “Code of Ethics for Far Eastern New Century Corporation”

Section	Proposed Changes	Current Articles
Article 1	<p><b>(Purpose of establishment)</b></p> <p>The purpose of the Code of Ethics (hereinafter referred to as the “Guidelines”) is to provide Directors, managers, and all other employees of Far Eastern New Century Corporation (hereinafter referred to as the “Company”) with guidelines to comply with the ethical standards of the Company, and make such standards better understood by the affiliated persons of the Company.</p>	<p><b>(Purpose of establishment)</b></p> <p>The purpose of the Code of Ethics (hereinafter referred to as the “Guidelines”) is to provide Directors, <u>Supervisors</u>, managers, and all other employees of Far Eastern New Century Corporation (hereinafter referred to as the “Company”) with guidelines to comply with the ethical standards of the Company, and make such standards better understood by the affiliated persons of the Company.</p>
Article 2	<p><b>(Application scope)</b></p> <p>The Guidelines enacted is applied to Directors, managers, and all other employees (hereinafter collectively referred to as “All Employees”) of the Company.</p>	<p><b>(Application scope)</b></p> <p>The Guidelines enacted is applied to Directors, <u>Supervisors</u>, managers, and all other employees (hereinafter collectively referred to as “All Employees”) of the Company.</p>
Article 4	<p><b>(Prevention of conflicts of interests)</b></p> <p>All Employees shall act in an objective and efficient manner when exercising duties on behave of the Company, preventing oneself, a spouse, direct family members, or <u>second degree of kinship</u> family relatives from obtaining inappropriate benefit as a result of one’s position and authority in the Company.</p> <p>Should the Company provide loans, endorsements and guarantees to the companies owned or associated with persons mentioned in the preceding paragraph, or sell/purchase material assets, sell/purchase goods and services to/from companies owned or associated with persons mentioned in the preceding paragraph, the individuals involved shall proactively report to the Company and explain if conflicts of interests occur, and shall act abiding by the Guidelines and other rules of the Company, in order to prevent conflicts of interests.</p>	<p><b>(Prevention of conflicts of interests)</b></p> <p>All Employees shall act in an objective and efficient manner when exercising duties on behave of the Company, preventing oneself, a spouse, direct family members, or <u>extended</u> family relatives from obtaining inappropriate benefit as a result of one’s position and authority in the Company.</p> <p>Should the Company provide loans, endorsements and guarantees to the companies owned or associated with persons mentioned in the preceding paragraph, or sell/purchase material assets, sell/purchase goods and services to/from companies owned or associated with persons mentioned in the preceding paragraph, the individuals involved shall proactively report to the Company and explain if conflicts of interests occur, and shall act abiding by the Guidelines and other rules of the Company, in order to prevent conflicts of interests.</p>
Article 10	<p><b>(To blow the whistle)</b></p> <p>The Company shall organize educational program to promote and reinforce the Guidelines <u>regularly</u>.</p> <p>All Employees who discover any violation or appearance of violation of the Guidelines, laws,</p>	<p><b>(To blow the whistle)</b></p> <p><u>At least once per year</u>, the Company shall organize educational program to promote and reinforce the Guidelines <u>to All Employees</u>.</p> <p>All Employees who discover any violation or appearance of violation of the Guidelines, laws,</p>

Section	Proposed Changes	Current Articles
	<p>and regulations shall proactively report to managers, head of internal audit department, or other properly authorized management <u>according to <i>The whistle-blowing and disciplinary method of violating ethical conduct and ethical management</i></u>, meanwhile provide sufficient information or evidences to make subsequent investigation and rectification possible.</p> <p>All information and evidences being reported shall be kept confidential, and investigated by an independent third entity, in order to protect the whistle-blower.</p>	<p>and regulations shall proactively report to <u>Supervisors</u>, managers, head of internal audit department, or other properly authorized management, meanwhile provide sufficient information or evidences to make subsequent investigation and rectification possible.</p> <p>All information and evidences being reported shall be kept confidential, and investigated by an independent third entity, in order to protect the whistle-blower.</p>
Article 11	<p><b>(Discipline and remedy)</b></p> <p>All Employees violating the Guidelines shall be disciplined by the Company pursuant to relevant laws, regulations, or internal rules of the Company.</p> <p>The Company tolerates no violation. Any of All Employees obtains, or intends to obtain, improper benefit for oneself and others at the cost of the Company by using one's position or authority shall be dismissed, and shall unconditionally indemnify the Company for all losses occurred.</p> <p><u><i>The whistle-blowing and disciplinary method of violating ethical conduct and ethical management</i></u> is established in the Company. Any of All Employees being accused to violate the Guidelines may appeal for remedy.</p>	<p><b>(Discipline and remedy)</b></p> <p>All Employees violating the Guidelines shall be disciplined by the Company pursuant to relevant laws, regulations, or internal rules of the Company.</p> <p>The Company tolerates no violation. Any of All Employees obtains, or intends to obtain, improper benefit for oneself and others at the cost of the Company by using one's position or authority shall be dismissed, and shall unconditionally indemnify the Company for all losses occurred.</p> <p><u>An appeal system</u> is established in the Company. Any of All Employees being accused to violate the Guidelines may appeal for remedy <u>via the system</u>.</p>
Article 13	<p><b>(Implementation)</b></p> <p>After receiving the approval from the Board of Directors, the Guidelines will be implemented, and the contents will be reported to the Annual General Shareholders' Meeting. The amendments of the Guidelines follow the same procedure.</p>	<p><b>(Implementation)</b></p> <p>After receiving the approval from the Board of Directors, the Guidelines will be implemented, <u>and a copy of the Guideline will be submitted to each Supervisor</u> and the contents will be reported to the Annual General Shareholders' Meeting. The amendments of the Guidelines follow the same procedure.</p>

## Attachment VII

### Amendments to “Best Practice Principles of Ethical Corporate Management for Far Eastern New Century Corporation”

Section	Proposed Changes	Current Articles
Article 1	<p><b>(Purpose of establishment, entities and scope of implementation)</b></p> <p>The purpose of the Best Practice Principles of Professional Corporate Management (hereinafter referred to as the “Principles”) is to cultivate an enterprise culture for Far Eastern New Century Corporation (hereinafter referred to as the “Company”) to sustain the development of the Company and ensure all businesses conducted with sincerity and integrity.</p> <p>The Principles shall be abided by directors, managers, <u>employees, mandataries,</u> and other entities with actual ability to control the Company (hereinafter referred to as the “Actual Controllers”). The aforementioned individuals and entities hereinafter are referred collectively to as the “Company Professionals”.</p> <p>The Principles shall be applied to subsidiaries, charity foundations which have accumulatively received, directly or indirectly from the Company, 50% of their total funds or more, and institutions, juridical entities, enterprises, and organizations that the Company may control effectively.</p>	<p><b>(Purpose of establishment, entities and scope of implementation)</b></p> <p>The purpose of the Best Practice Principles of Professional Corporate Management (hereinafter referred to as the “Principles”) is to cultivate an enterprise culture for Far Eastern New Century Corporation (hereinafter referred to as the “Company”) to sustain the development of the Company and ensure all businesses conducted with sincerity and integrity.</p> <p>The Principles shall be abided by Directors, <u>Supervisors,</u> managers, <u>other employees,</u> and other entities with actual ability to control the Company (hereinafter referred to as the “Actual Controllers”). The aforementioned individuals and entities hereinafter are referred collectively to as the “Company Professionals”.</p> <p>The Principles shall be applied to subsidiaries, charity foundations which have accumulatively received, directly or indirectly from the Company, 50% of their total funds or more, and institutions, juridical entities, enterprises, and organizations that the Company may control effectively.</p>
Article 7	<p><b>(Commitment and execution)</b></p> <p>The policy of ethical corporate management with sincerity and integrity shall be disclosed explicitly in the website and annual reports of the Company. Board of Directors and the management shall have strong and rigorous commitment to the execution of such policy, and enforce the policy to the internal management and external commercial activities.</p>	<p><b>(Commitment and execution)</b></p> <p>The policy of ethical corporate management with sincerity and integrity shall be disclosed explicitly in the website and annual reports of the Company. Board of Directors and the management shall have strong and rigorous commitment to the execution of such policy, and enforce the policy to the internal management and external commercial activities.</p>
Article 8	<p><b><u>(Prohibition against infringing intellectual property rights)</u></b></p> <p><u>Company Professionals shall comply with applicable laws and regulations, the Company's internal operational procedures, and contractual provisions concerning intellectual property, and may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights, such as management secrets, trademarks, patents, or publications, without the prior consent of the intellectual property rights holder.</u></p>	



Section	Proposed Changes	Current Articles
Article 9	<p><b>(Ethical commercial activities)</b></p> <p>The Company shall act with integrity and fairness when engaging in a commercial activity with counterparty <u>in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</u></p> <p>Prior to engaging in a commercial transaction, the Company shall take into consideration the legitimacy and legality of the counterparty such as agents, vendors, customers, and other entities, and their Misconduct record, if any. The Company shall avoid engaging in business with counterparty with any record of Misconducts.</p> <p>When entering into material contracts with counterparties, the Company shall include provisions in such contracts demanding the compliance of ethical corporate management policy. And such contracts shall also include clauses to terminate or cancel the contracts at any time by the Company, if Misconducts are performed, or suspected of being performed, by the counterparties.</p>	<p><b>(Ethical commercial activities)</b></p> <p>The Company shall act with integrity and fairness when engaging in a commercial activity with counterparty.</p> <p>Prior to engaging in a commercial transaction, the Company shall take into consideration the legitimacy and legality of the counterparty such as agents, vendors, customers, and other entities, and their Misconduct record, if any. The Company shall avoid engaging in business with counterparty with any record of Misconducts.</p> <p>When entering into material contracts with counterparties, the Company shall include provisions in such contracts demanding the compliance of ethical corporate management policy. And such contracts shall also include clauses to terminate or cancel the contracts at any time by the Company, if Misconducts are performed, or suspected of being performed, by the counterparties.</p>
Article 13	<p><b>(Prohibition against improper gifts, hospitality, or other improper Benefits)</b></p> <p><u>Directors, managers, and all other employees of the Company, shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.</u></p>	<p><b>(Prohibition against improper gifts, hospitality, or other improper Benefits)</b></p> <p><u>Company Professionals are prohibited from, directly or indirectly, requesting from those who have been conducting commercial transactions with the Company and those who seeks for opportunities to conducting transactions with the Company any gifts, preferential treatments, or other improper Benefits, including abnormal and super luxury banquet or other hospitality in any other means which are irrelevant to business activities and common social practices.</u></p> <p><u>Company Professionals are prohibited from receiving gifts or kickbacks from any vendor and agent. A gift perceived as necessary in accordance with local practices and common good manner and the value of such gift is less than NT\$2,000 shall be excluded. Souvenirs and promotion products with a printed logo by the relevant counterparties shall also be excluded. Cash and other sorts of gifts shall be rejected in a delicate and polite way, after explaining the compliance rules of the Company. When delicate rejection fails, the gift received shall be turn into Human Resources Department to make proper arrangement.</u></p>

Section	Proposed Changes	Current Articles
		<p><u>Unless reporting to the authorized manager of the business group by writing, Company Professionals shall not accept prizes and gifts from their business related counterparties when the Company holds festivals and celebrating activities.</u></p> <p><u>During the business trip, Company Professionals are prohibited from accepting hospitality in any sort during the trip from vendors, agents, and clients without the permission of the Company.</u></p> <p><u>During the business trip, the travelling Company Professionals are prohibited from accepting feast or hospitality which may be perceived as improper or may make the involved Company Professionals breach their duties. During the business trip, the travelling Company Professionals are expected to realize their behavior represents the image of the Company; therefore, shall act in a particularly prudent manner at all times. Wrongdoings and whatever can indemnify the reputation of the Company will result in rigorous discipline of the involved Company Professionals.</u></p> <p><u>Company Professionals shall not borrow money from, enter payable lease or non-payable lease arrangements, or arrange borrowing/lending in any kind and any name with vendors, agents, and clients.</u></p>
Article 14	<p><b><u>(Confidentiality agreement)</u></b></p> <p><u>Company Professionals shall comply with the Securities and Exchange Act, may not use undisclosed information to engage insider trading or disclose the information to others to engage insider trading.</u></p> <p><u>Any institution or personnel take part in the Company's merger, segmentation, share purchasing or transferring, important memorandum, strategic alliance, cooperation plan or important contract, shall sign a confidentiality agreement with the Company, promise not to disclose the Company's business secrets or other important information, and may not use the information without the prior consent of the Company.</u></p>	
Article 15	<p><b><u>(Organization and responsibility)</u></b></p> <p><u>Company Professionals shall exercise the due care of good administrators to urge the Company to prevent Misconducts, review the results of the preventive procedures at any time, and continually make adjustments so as to ensure thorough implementation of the ethical corporate management policies.</u></p>	<p><b><u>(Organization and responsibility)</u></b></p> <p><u>The Board of Directors of the Company shall exercise the due care of good administrators to urge the Company to prevent Misconducts, review the results of the preventive procedures at any time, and continually make adjustments so as to ensure thorough implementation of the ethical corporate management policies.</u></p>

Section	Proposed Changes	Current Articles
	To fulfill the best practices of the ethical corporate management, Human Resources Department of the Company is dedicated to be in charge of establishing and enforcing the ethical corporate management policies and prevention procedures, and shall report to the Board of Directors <u>if there is any material misconduct</u> .	To fulfill the best practices of the ethical corporate management, Human Resources Department of the Company is dedicated to be in charge of establishing and enforcing the ethical corporate management policies and prevention procedures, and shall report to the Board of Directors <u>on a regular basis</u> .
Article <u>16</u>	<p><b>(Compliance with laws and regulations)</b></p> <p>Company Professionals shall comply with laws, regulations, and the prevention procedures of the Company when conducting business.</p> <p>Company Professionals shall abide by all articles, rules, bylaws, operation procedures of the Company, and follow the orders from authorized superior management.</p>	<p><b>(Compliance with laws and regulations)</b></p> <p>Company Professionals shall comply with laws, regulations, and the prevention procedures of the Company when conducting business.</p> <p>Company Professionals shall abide by all articles, rules, bylaws, operation procedures of the Company, and follow the orders from authorized superior management.</p>
Article <u>17</u>	<p><b>(Prevention of conflicts of interests)</b></p> <p>The Company shall promulgate policies for preventing conflicts of interests and offer appropriate means for Company Professionals to proactively explain if their interests would potentially conflict with those of the Company.</p> <p>Directors of the Company shall exercise a high degree of self-discipline. A director may present his/her opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company; neither shall a director vote on such proposal as a proxy of another director in such circumstances. The directors shall practice self-discipline and must not support one another in improper manner.</p> <p>Company Professionals shall not take advantage of their positions in the Company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.</p>	<p><b>(Prevention of conflicts of interests)</b></p> <p>The Company shall promulgate policies for preventing conflicts of interests and offer appropriate means for Company Professionals to proactively explain if their interests would potentially conflict with those of the Company.</p> <p>Directors of the Company shall exercise a high degree of self-discipline. A director may present his/her opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company; neither shall a director vote on such proposal as a proxy of another director in such circumstances. The directors shall practice self-discipline and must not support one another in improper manner.</p> <p>Company Professionals shall not take advantage of their positions in the Company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.</p>
Article <u>18</u>	<p><b>(Accounting and internal control)</b></p> <p>For business activities which may be more likely than normal to be involved in Misconducts, the Company shall establish an effective accounting system and an internal control system, not have off-the-book accounts or keep secret accounts, and shall review the systems regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>Internal auditors of the Company shall periodically examine the results of compliance with the foregoing, and prepare audit reports submitted to the Board of Directors.</p>	<p><b>(Accounting and internal control)</b></p> <p>For business activities which may be more likely than normal to be involved in Misconducts, the Company shall establish an effective accounting system and an internal control system, not have off-the-book accounts or keep secret accounts, and shall review the systems regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>Internal auditors of the Company shall periodically examine the results of compliance with the foregoing, and prepare audit reports submitted to the Board of Directors.</p>

Section	Proposed Changes	Current Articles
Article 19	<p><b>(Educational training and performance evaluating system)</b></p> <p>The Company shall <u>periodically</u> organize training programs for Company Professionals, so that business departments shall be able to make the commitment, policy, prevention procedures of the Company to implement the Principles, and consequences of violating the Principles be informed and fully understood by their transaction counterparties.</p> <p>The management of the Company shall at all times evaluate the educational proficiencies, behaviors, capabilities, compliance with the Principles, and working performance of subordinates, and the evaluation records shall be incorporated into the annual performance appraisal system.</p>	<p><b>(Educational training and performance evaluating system)</b></p> <p><u>At least once per year</u>, the Company shall offer Company Professionals training programs to promote and reinforce the Principles. The Company shall periodically organize training programs for Company Professionals, so that business departments shall be able to make the commitment, policy, prevention procedures of the Company to implement the Principles, and consequences of violating the Principles be informed and fully understood by their transaction counterparties.</p> <p>The management of the Company shall at all times evaluate the educational proficiencies, behaviors, capabilities, compliance with the Principles, and working performance of subordinates, and the evaluation records shall be incorporated into the annual performance appraisal system.</p>
Article 20	<p><b>(Blow-the-whistle and discipline)</b></p> <p>For any violation of the Principles being found, Company Professionals shall proactively report to <u>the Audit Committee</u>, the management, head of internal audit, Human Resources Department, and other appropriate authorized managers. The Company shall strictly preserve the identity of the whistle-blower and the content of the report.</p> <p>The Company tolerates no violation. Any of the Company Professionals obtains, or intends to obtain, improper Benefits for oneself or others at the cost of the Company by using one's position and authority shall be dismissed, and unconditionally indemnify the Company for all losses, if occurred.</p> <p>Any of the Company Professionals found to be in violation of the Principles shall be disciplined in accordance with the reward and disciplinary rules of the Company. Those who as a result of violation are dismissed by the Company will no longer be employed again by the Company or its affiliates.</p> <p><u>The whistle-blowing and disciplinary method of violating ethical conduct and ethical management</u> is established in the Company. Any of Company Professionals being accused to violate the Principles may appeal for remedy via the system.</p>	<p><b>(Blow-the-whistle and discipline)</b></p> <p>For any violation of the Principles being found, Company Professionals shall proactively report to <u>Supervisors</u>, the Management, Head of Internal Audit, Human Resources Department, and other appropriate authorized managers. The Company shall strictly preserve the identity of the whistle-blower and the content of the report.</p> <p>The Company tolerates no violation. Any of the Company Professionals obtains, or intends to obtain, improper Benefits for oneself or others at the cost of the Company by using one's position and authority shall be dismissed, and unconditionally indemnify the Company for all losses, if occurred.</p> <p>Any of the Company Professionals found to be in violation of the Principles shall be disciplined in accordance with the reward and disciplinary rules of the Company. Those who as a result of violation are dismissed by the Company will no longer be employed again by the Company or its affiliates.</p> <p><u>An appeal system</u> is established in the Company. Any of Company Professionals being accused to violate the Principles may appeal for remedy via the system.</p>

Section	Proposed Changes	Current Articles
Article 23	<p><b>(Implementation)</b></p> <p>After receiving the approval from the Board of Directors, the Principles will be implemented, and the contents will be reported to the Annual General Shareholders' Meeting. The amendments of the Guidelines follow the same procedure.</p>	<p><b>(Implementation)</b></p> <p>After receiving the approval from the Board of Directors, the Principles will be implemented, <u>and a copy of the Principles will be submitted to each Supervisor</u> and the contents will be reported to the Annual General Shareholders' Meeting. The amendments of the Guidelines follow the same procedure.</p>

## Attachment VIII

### Current Shareholding of Directors

The list of the 22<sup>nd</sup> term of Board of Directors of Far Eastern New Century Corporation

Book closure date: 24 April 2016

Title	Name of persons or companies	Representatives appointed	Number of shares held	Percentage of shares held
Chairman	Douglas Tong Hsu	-	91,748,698	1.71%
Director	Asia Cement Corporation	Johnny Shih	1,272,277,085	23.77%
		Peter Hsu		
		Raymond Hsu		
		Shaw Y. Wang		
	Far Eastern Department Stores Ltd.	Richard Yang	19,964,370	0.37%
		Tonia Katherine Hsu		
	U-Ming Marine Transport Corporation	Kwan-Tao Li	31,181,470	0.58%
		Alice Hsu		
Far Eastern Y.Z. Hsu Science & Technology Memorial Foundation Representative	Champion Lee	8,493,237	0.16%	
Independent Director	Bing Shen	-	-	-
	Johnsee Lee	-	-	-
The combined shareholding of all Directors			1,423,664,860	26.59%
The minimum required combined shareholding of all Directors by law			85,646,004	1.60%

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.

# 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 in accordance with the relevant laws, rules and regulations of the Republic of China.

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 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 shall be determined according to the provisions of "Rules and Review Procedures for Director and Supervisor Ownership Ratios at Public Companies".

3 Independent Directors shall be elected from the list of persons with legal capacity.

Directors 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 and non-Independent Directors 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 16-1 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 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.

Article 17 The respective appointments of Directors 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 (deleted)

Article 21 The remuneration of Directors 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.

Article 23-1 The Company shall take out liability insurance for Directors and officers with respect to their liabilities resulting from exercising their duties during their terms of occupancy.

## **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 submit 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 for the current 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  
Sixty-fourth amendment on June 26, 2014  
Sixty-fifth amendment on June 26, 2015

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

The latest 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.



### III. Election Procedures of Directors for Far Eastern New Century Corporation

The latest amendment on June 26, 2015

- 1) The election of Directors shall be pursued in accordance with the procedures herein.
- 2) The election of Directors adopts the method of accumulated vote-counts. The attendance card number of the voters shall be used on the ballot instead of the name of the voters. The ballots shall be prepared by the Board of Directors, numbered according to the attendance card numbers and noted with share number represented for voting.
- 3) The election of Directors and Independent Directors shall be pursued according to the number of position required and shall be held together; provided, however, that the Independent and non-Independent Directors elected shall be calculated separately. The candidates that obtain more number of votes shall be elected. If there are more than two candidates obtaining the same number of vote but the number of position offered is limited, a draw shall be made amongst the two candidates to determine. The chairperson shall conduct the drawing for the candidate who is absent.

Directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of Company Act. Moreover, the professional qualifications, the assessment of independence and other matters of the Independent Directors shall be in compliance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" or other relevant regulations of ROC.

- 4) In the beginning of the election, the chairperson shall assign two personnel for vote overseeing and vote counting respectively. The personnel for vote overseeing shall be of the stockholder status.
- 5) The responsibility of the vote-overseeing personnel's responsibility shall be as follows:
  - Check and seal the ballot box in public before ballot casting.
  - Maintain the order and check for any negligence and illegality for voting.
  - Unseal the ballot box and check the ballot number after ballot casting.
  - Check for any invalid ballots and hand in the valid ballots to the vote-counting personnel.
  - Oversee the vote-counting personnel recording the ballot numbers received by each candidate.
- 6) If the candidate is a natural person with the stockholder status, the voters shall fill out the ballot with the name and stockholder number of the candidate. If the candidate is not of the stockholder status, the ballot shall be filled out with the name and the number of identity document of the candidate. If the candidate is the government or juristic stockholder, the ballot shall be filled out with the number, the name of government or juristic person and the representative name. If there are more than one representative, all the representative names shall be listed.
- 7) The ballot shall be considered invalid in any of the following situations:
  - Not the ballot provided under the rules herein
  - One ballot with more than two candidate names listed
  - Blank ballot
  - Ballot not filled out according to article 6 or ballot with unrelated writing to this election
  - Written characters blurred and not legible
  - Incorrect candidate information on the ballot

- 8) The ballot box is prepared by the Company, and examined publicly by the scrutineers before voting.
- 9) When all the ballots are cast in the box, the personnel of vote overseeing and counting shall simultaneously unseal the ballot boxes.
- 10) The vote-overseeing personnel shall be present for vote counting.
- 11) If there is any question about the ballot, the vote-overseeing personnel shall check whether it is invalid. The invalid ballots shall be collected and kept separately. The vote-overseeing personnel shall designate them as the invalid with signature and seal after ballot counting.
- 12) For the results of ballot counting, the vote-overseeing personnel shall make sure of correctness of the total ballot number after combining the numbers of the valid and invalid ballots. The numbers of the valid and invalid ballots shall be recorded separately and the chairperson shall announce the elected.
- 13) The elected Directors shall be given the election notification by the Board of Directors.
- 14) The rules herein take effect after approval at the stockholders' meeting. The same apply for any amendments.



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