



## Notice of Annual General Shareholders' Meeting of Far Eastern Textile Limited

**Date:** Friday, 26 June 2009

**Time:** 9:00 a.m. Taipei time

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

### Purpose:

1. To accept 2008 business report and financial statements
2. To approve proposed resolutions and election of Directors and Supervisors

### Proposed resolutions:

1. To accept 2008 business report and financial statements
2. To approve the proposal for distribution of 2008 profits
3. To approve amending the company bylaws
4. To approve the capitalization of 2008 stock dividends
5. To elect eleven Directors and three Supervisors
6. To approve the release of the relevant Directors from the non-competition restriction under the Company Law

### Attachments:

- I. 2008 business report
- II. Independent auditors' audit report by Deloitte & Touche
- III. Supervisors' report
- IV. 2008 financial statements
- V. 2008 profit allocation proposal
- VI. Overview of "Procedures for Lending of Capital to Others" amendments
- VII. Overview of "Procedures for Endorsements and Guarantees" amendments
- VIII. Information about the issuance of corporate bonds in year 2008
- IX. Information about the bonus of employees and compensation of Directors and Supervisors

### General Information

- I. Articles of Incorporation of Far Eastern Textile Limited; also available for viewing on the internet at [http://www.fetl.com.tw/en/company/company\\_process.aspx](http://www.fetl.com.tw/en/company/company_process.aspx)
- II. Meeting rules of stockholders for Far Eastern Textile Limited; also available for viewing on the internet at [http://www.fetl.com.tw/en/adm/download/download/shmr\\_EN\\_200703.pdf](http://www.fetl.com.tw/en/adm/download/download/shmr_EN_200703.pdf)
- III. Election procedures of Directors and Supervisors for Far Eastern Textile Limited; also available for viewing on the internet at [http://www.fetl.com.tw/en/adm/download/download/electionr\\_EN\\_200703.pdf](http://www.fetl.com.tw/en/adm/download/download/electionr_EN_200703.pdf)
- IV. The full English-version audited report on 2008 financial statements,

translated and prepared by the independent auditor Deloitte & Touche is available for viewing on the internet at [http://www.fetl.com.tw/en/investor/finance\\_data.aspx?DC\\_ID=8](http://www.fetl.com.tw/en/investor/finance_data.aspx?DC_ID=8)

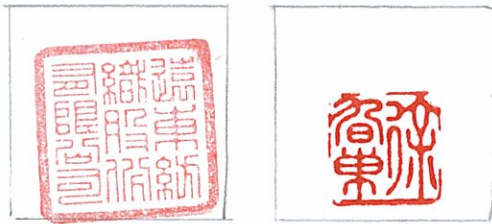
- V. The notice and the agenda for the upcoming 2009 annual general shareholders' meeting will be available for viewing on the internet at [http://www.fetl.com.tw/en/investor/finance\\_data.aspx?DC\\_ID=17](http://www.fetl.com.tw/en/investor/finance_data.aspx?DC_ID=17) on or about 26 May 2009.

If you do not have access to the internet and would like to obtain a hard copy of the meeting notice, the meeting agenda, and 2008 financial report, please write to:

Attention: IR team, 2009 AGM agenda  
Far Eastern Textile Limited  
34Fl, No. 207, Tun-Hwa South Road, Section 2  
Taipei 106, Taiwan

Or, you may also request for a hardcopy of the meeting notice, the meeting agenda, and 2008 financial report by contacting the following:

Joe Pai + 886-2-2737-8725; [joepai@mail.fetl.com.tw](mailto:joepai@mail.fetl.com.tw)  
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**Far Eastern Textile Limited**

# **Meeting Agenda for Annual General Shareholders' Meeting of Far Eastern Textile Limited**

## **1. Meeting start announced by chairperson**

## **2. To report:**

- a. 2008 business operations
- b. 2008 financial statements
- c. Supervisors' review report of 2008 business operations and financial statements
- d. Information of the issuance of corporate bonds in 2008

## **3. To discuss and approve proposed resolutions, and elect Directors and Supervisors**

- a. To accept 2008 business report and financial statements
- b. To approve the proposal for distribution of 2008 profits
- c. To approve amending the company bylaws on "Procedures for Lending of Capital to Others" and "Procedures for Endorsements and Guarantees"
- d. To approve the capitalization of 2008 stock dividends
- e. To elect eleven Directors and three Supervisors
- f. To approve the release of the relevant Directors from the non-competition restriction under Article 209 of the Company Law

## **4. Extemporary motion**

## **5. Meeting adjourned**

# Proposed resolutions and elections of Directors and Supervisors

## 1. To accept 2008 business report and financial statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of 2008 business report and financial statements.

Explanatory Notes:

- i. FETL's 2008 business report and financial statements, including balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, have been audited by independent auditors, Mr. Shih Ching-Pin and Mr. Wu En-Ming of Deloitte & Touche, and have been examined by and determined to be correct and accurate by Supervisors of FETL. We thereby submit this report.
- ii. The 2008 business report, independent auditors' audit report, Supervisors' report, and the abovementioned financial statements are attached as Attachments I, II, III, and IV.
- iii. Please accept the abovementioned business report and financial statements

## 2. To approve the proposal for distribution of 2008 profits

The Board of Directors proposes and recommends that each shareholder vote FOR the distribution of 2008 profits.

Explanatory Notes:

- i. Cash dividends to common share holders: Totaling NT\$3,655,963,060. Each common share holder will be entitled to receive a cash dividend of NT\$0.8 per share.
- ii. Stock dividends to common share holders: Totaling NT\$913,990,770. Each common share holder will be entitled to receive a stock dividend of 20 common shares for each 1,000 common shares held by such shareholder.
- iii. After being approved at the Annual General Shareholders' Meeting, the cash and stock dividends to common share holders will be distributed on a record date to be determined by the Board of Directors.
- iv. Should FETL subsequently repurchase its common shares or issue new common shares according to Article 28-2 of the ROC Securities and Exchange Law and other relevant regulations, the total number of common shares outstanding may change, and the ultimate cash and stock to be distributed to each common share may need to be adjusted accordingly. It is proposed that the Board of Directors of FETL be authorized to adjust the cash and stock to be distributed to each common share based on the total amount of profits resolved to be distributed, the amount of earnings resolved to be capitalized, and the number of actual common shares outstanding on the record date for distribution.
- v. The 2008 profit allocation proposal is attached as Attachment V.
- vi. Please approve the abovementioned proposal for the distribution of 2008 profits.

**3. To approve amending the Far Eastern Textile Limited Bylaws on “Procedures for Lending of Capital to Others” and “Procedures for Endorsements and Guarantees”**

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

Explanatory Notes:

- i. Pursuant to the newly promulgated regulations (Letter No. FSC6-0980000271) by the ROC Financial Supervisory Commission announced on 15 January 2009, it is proposed to amend Article 1, Article 2, Article 4, Article 5, Article 6, Article 8, and Article 9 of the company bylaw on “Procedures for Lending of Capital to Others”, and to amend the Article 2, Article 4, Article 8 and Article 9 of the company bylaw on “Procedures for Endorsements and Guarantees”.
- ii. The overview table for the “Procedures for Lending of Capital to Others” Before and After amendments is attached as Attachment VI.
- iii. The overview table for the “Procedures for Endorsements and Guarantees” Before and After amendments is attached as Attachment VII.
- iv. Please approve the proposal for the amendments of the abovementioned bylaws.

**4. To approve the capitalization of 2008 stock dividends**

The Board of Directors proposes and recommends that each shareholder vote FOR the capitalization of 2008 stock dividends.

Explanatory Notes:

- i. For the purpose of improving the financial and capital structure, it is proposed that FETL’s paid-in capital be increased by capitalizing the stock dividends to common share holders of NT\$913,990,770.
- ii. A total number of 91,399,077 common shares, at par value of NT\$10 each share, shall be issued for such capital increase. Each common share holder will be entitled to receive a stock dividend of 20 common shares for each 1,000 common shares held by such shareholder.
- iii. If the stock dividends include any fractional shares which are less than one full share, the distribution will be made in the form of cash rounded to the nearest dollar amount calculated at par value. Such fractional shares will be purchased by Far Eastern Recreation Center Employee’s Welfare Committee of FETL.
- iv. After being approved at the Annual General Shareholders’ Meeting and accepted by the regulatory authority in charge, the new shares will be distributed on a record date to be determined by the Board of Directors.
- v. The shareholders’ rights and obligations of the new shares are the same as those of the existing shares.
- vi. After the capitalization of 2008 stock dividends, the total number of issued common shares will be 4,661,352,901 shares, at par value of NT\$10 each share. The paid-in capital will amount to NT\$46,613,529,010.

vii. Please approve the proposal for the capitalization of 2008 stock dividends.

#### **5. To elect eleven Directors and three Supervisors**

The Board of Directors proposes and recommends that each shareholder vote FOR the re-election of eleven Directors and three Supervisors.

Explanatory Notes:

- i. The nineteenth Directors and twenty-twelfth Supervisors were elected and appointed at the 2006 Annual General Shareholders' Meeting, serving a term of three years. The tenure of all Directors and Supervisors will expire. The Board of Directors resolved that eleven Directors and three Supervisors be elected at this Annual General Shareholders' Meeting.
- ii. According to Article 16 and Article 17 of the Far Eastern Textile Limited Articles of Incorporation, each Director and Supervisor will serve a three year term beginning from the date being elected and appointed at the Annual General Shareholders' Meeting until the election and qualification of their successors.

#### **6. To approve the release of the relevant Directors from the non-competition restriction under the Company Law**

The Board of Directors proposes and recommends that each shareholder vote FOR the release of the relevant Directors from the non-competition restriction under Article 209 of the Company Law.

Explanatory Notes:

- i. This is processed in accordance with Paragraph 1 of Article 209 of the Company Law: "A director who acts for himself or on behalf of another person in a manner that is within the scope of the company's business shall explain to the shareholders' meeting the essential contents of such act and obtain its approval".
- ii. The new Directors of the company are investing in or managing other companies and also acting as directors of such companies which are in the same or similar business as FETL. It is proposed to seek approval at the shareholders' meeting to release new directors and their representatives from the non-competition restriction.
- iii. Please approve the above proposal.

## Attachment II



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### INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders  
Far Eastern Textile Ltd.

We have audited the accompanying balance sheets of Far Eastern Textile Ltd. (the "Company") as of December 31, 2008 and 2007 and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. However, we did not audit the financial statements of certain investees as of and for the years ended December 31, 2008 and 2007. The direct and indirect stock investments in these companies were all accounted for by the equity method. The carrying values of these investments, included in the accompanying balance sheets, were 1.38% (NT\$1,941,501 thousand) and 1.94% (NT\$2,830,233 thousand) of the Company's total assets as of December 31, 2008 and 2007, respectively. As shown in the accompanying statements of income, the Company's equity in net gain of NT\$181,150 thousand and loss of NT\$216,742 thousand of the foregoing investees were 3.93% and (1.92%), respectively, of the Company's income before income tax in 2008 and 2007, respectively. The financial statements of these investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts pertaining to the above investments, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the Company's financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Far Eastern Textile Ltd. as of December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As disclosed in Note 3 to the financial statements, in March 2007, the Accounting Research and Development Foundation of the Republic of China issued Interpretation No. 2007-052, which requires companies to recognize as compensation expenses bonuses paid to employees and remuneration paid to directors and supervisors beginning January 1, 2008. These bonuses and remuneration were previously recorded as appropriations from earnings. This accounting change resulted in decrease of NT\$343,975 thousand in net income and in after income tax earnings per share of NT\$0.08 in 2008. In addition, starting on January 1, 2007, the Company has adopted the newly-released ROC Statements of Financial Accounting Standards ("Statements" or SFAS) No. 37 - "Accounting for Intangible Assets" and revisions of previously released statements.

We have also audited the consolidated financial statements of Far Eastern Textile Ltd. for the years ended December 31, 2008 and 2007 (not presented herewith) and have expressed a modified unqualified opinion thereon in our report dated March 4, 2009 on the basis of our audits and the reports of the other auditors.

*Deloitte & Touche*

March 4, 2009

Notice to Readers

*The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.*

*For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.*



## Attachment III

### Supervisors' report

To the 2009 General Shareholders' Meeting of Far Eastern Textile Limited,

In accordance with Article 219 of the Company Law, we have examined the Business Report, the Resolution for Allocation of Surplus Profit, and Financial Statements submitted by the Board of Directors for the year ending 2008 which had been audited by Deloitte & Touche, and found them in order.

K.Y. Lee



Ching-Ing Hou



Alice Hsu



April 25<sup>th</sup>, 2009

# Attachment IV

## FAR EASTERN TEXTILE LTD.

BALANCE SHEETS  
DECEMBER 31, 2008 AND 2007  
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2008		2007		LIABILITIES AND STOCKHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash (Note 4)	\$ 5,275,744	4	\$ 7,090,598	5	Short-term bank loans (Notes 12, 19 and 20)	\$ 6,608,803	5	\$ 2,855,477	2
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	79,441	-	143,455	-	Notes payable	1,767	-	8,828	-
Notes receivable (Notes 2 and 5)	426,799	-	856,005	1	Accounts payable (Note 19)	1,973,753	1	3,465,635	2
Accounts receivable, net (Notes 2 and 19)	6,712,735	5	6,772,300	5	Accrued expenses (Note 19)	2,176,594	2	1,697,663	1
Inventories, net (Notes 2 and 6)	5,702,294	4	6,535,287	5	Financial liabilities at fair value through profit or loss - current (Notes 2, 5 and 13)	102,862	-	391,781	-
Other financial assets - current (Note 19)	472,777	1	275,904	-	Derivative financial liabilities for hedging - current (Notes 2 and 13)	7,656	-	-	-
Prepaid expenses (Note 19)	246,525	-	540,677	-	Receipts in advance	235,226	-	297,941	-
Deferred income taxes - current (Notes 2 and 15)	193,630	-	189,246	-	Current portion of long-term liabilities (Notes 13 and 20)	1,877,320	1	4,000,000	3
Other current assets	177,729	-	253,196	-	Other current liabilities	802,020	1	646,490	1
Total current assets	19,287,674	14	22,656,668	16	Total current liabilities	13,786,001	10	13,363,815	9
<b>MUTUAL FUNDS AND INVESTMENTS (Notes 2, 7, 8 and 20)</b>					<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION</b>				
Financial assets carried at cost - noncurrent	53,667	-	53,667	-	Bonds issued (Notes 2, 13 and 20)	9,884,012	7	6,525,680	4
Equity-method investments	105,870,248	75	106,612,437	73	Bank loans (Notes 13, 19 and 20)	29,818,170	21	31,356,800	22
Total mutual funds and investments	105,923,915	75	106,666,104	73	Derivative financial liabilities for hedging - noncurrent (Notes 2 and 13)	-	-	63,816	-
<b>PROPERTIES (Notes 2, 9, 16, 19 and 20)</b>					Total long-term liabilities	39,702,182	28	37,946,296	26
Cost					<b>RESERVE FOR LAND VALUE INCREMENT TAX (Note 9)</b>	1,018,899	1	1,018,899	1
Land	1,076,981	1	1,070,649	1	<b>OTHER LIABILITIES</b>				
Buildings and equipment	6,015,401	4	6,065,777	4	Accrued pension cost (Notes 2 and 18)	1,933,915	1	1,268,089	1
Machinery and equipment	39,946,885	28	40,250,461	28	Deferred income (Notes 2, 8 and 19)	52,773	-	50,194	-
Furniture and miscellaneous equipment	2,479,573	2	2,329,038	1	Guarantee deposits received	615	-	615	-
Total cost	49,518,840	35	49,715,925	34	Total other liabilities	1,987,303	1	1,318,898	1
Appreciation	3,022,867	2	3,085,669	2	Total liabilities	56,494,385	40	53,647,908	37
Total cost and appreciation	52,541,707	37	52,801,594	36	<b>STOCKHOLDERS' EQUITY</b>				
Less: Accumulated depreciation	39,813,686	28	39,923,463	27	Capital stock - NT\$10.00 par value				
	12,728,021	9	12,878,131	9	Authorized - 4,950,000 thousand shares in 2008 and 2007				
Constructions in progress	1,383,424	1	1,870,069	1	Issued and outstanding - 4,569,954 thousand shares in 2008 and 4,480,347 thousand shares in 2007	45,699,538	32	44,803,469	31
Prepayments for equipment	173,994	-	87,320	-	Capital surplus				
Net properties	14,285,439	10	14,835,520	10	Additional paid-in capital in excess of par	932,814	1	932,814	-
<b>INTANGIBLE ASSETS</b>					Equity in capital surplus reported by investees	9,120,172	6	8,386,464	6
Deferred pension cost (Notes 2 and 18)	66,286	-	-	-	Others	7,672	-	8,719	-
Others (Notes 2, 3 and 16)	28,422	-	59,880	-	Total capital surplus	10,060,658	7	9,327,997	6
	94,708	-	59,880	-	Retained earnings				
<b>OTHER ASSETS</b>					Legal reserve	8,196,285	6	7,061,162	5
Nonoperating properties, net (Notes 2, 10, 19 and 20)	676,640	1	590,281	1	Special reserve	3,034,766	2	3,034,766	2
Deferred income taxes - noncurrent (Notes 2 and 15)	369,241	-	373,625	-	Unappropriated earnings	6,535,276	5	13,247,308	9
Farmland (Note 11)	276,661	-	276,661	-	Total retained earnings	17,766,327	13	23,343,236	16
Miscellaneous (Notes 2, 16 and 19)	124,034	-	135,136	-	Other stockholders' equity				
Total other assets	1,446,576	1	1,375,703	1	Unrealized valuation gain on financial assets	(866,020)	(1)	4,268,337	3
<b>TOTAL</b>	<b>\$ 141,038,312</b>	<b>100</b>	<b>\$ 145,593,875</b>	<b>100</b>	Cumulative translation adjustments	3,696,557	3	1,706,254	1
					Unrealized revaluation increment on properties	8,843,128	6	8,566,640	6
					Net loss not recognized as pension cost	(656,261)	-	(69,966)	-
					Total other stockholders' equity	11,017,404	8	14,471,265	10
					Net stockholders' equity	84,543,927	60	91,945,967	63
					<b>TOTAL</b>	<b>\$ 141,038,312</b>	<b>100</b>	<b>\$ 145,593,875</b>	<b>100</b>

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

(With Deloitte & Touche audit report dated March 4, 2009)

**FAR EASTERN TEXTILE LTD.**

**STATEMENTS OF INCOME**

**YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

	2008		2007	
	Amount	%	Amount	%
<b>REVENUES</b>				
Sales (Notes 2 and 19)	\$ 51,241,328	101	\$ 49,720,776	101
Less: Sales returns and allowances	<u>641,497</u>	<u>1</u>	<u>574,165</u>	<u>1</u>
Net sales	50,599,831	100	49,146,611	100
Processing service income	<u>18,102</u>	<u>-</u>	<u>7,379</u>	<u>-</u>
Total revenues	<u>50,617,933</u>	<u>100</u>	<u>49,153,990</u>	<u>100</u>
<b>COSTS OF REVENUES</b>				
Cost of sales (Notes 16 and 19)	45,349,458	90	43,688,540	89
Cost of processing services	<u>21,409</u>	<u>-</u>	<u>6,714</u>	<u>-</u>
Total costs of revenues	<u>45,370,867</u>	<u>90</u>	<u>43,695,254</u>	<u>89</u>
GROSS PROFIT	<u>5,247,066</u>	<u>10</u>	<u>5,458,736</u>	<u>11</u>
<b>OPERATING EXPENSES (Notes 16 and 19)</b>				
Marketing	3,284,796	6	3,096,484	6
General and administrative	989,483	2	815,607	2
Research and development	<u>568,913</u>	<u>1</u>	<u>510,243</u>	<u>1</u>
Total operating expenses	<u>4,843,192</u>	<u>9</u>	<u>4,422,334</u>	<u>9</u>
OPERATING GAIN (LOSS)	<u>403,874</u>	<u>1</u>	<u>1,036,402</u>	<u>2</u>
<b>NONOPERATING INCOME AND GAINS</b>				
Equity in net income of investees, net (Notes 2 and 8)	5,542,190	11	11,282,355	23
Valuation gain on financial liabilities, net (Notes 2 and 5)	465,708	1	-	-
Interest (Note 19)	177,137	-	113,743	-
Foreign exchange gain, net (Note 2)	42,796	-	102,915	-
Gain on disposal of properties	19,912	-	5,331	-
Rental (Note 19)	11,227	-	10,148	-
Gain on sale of investments, net (Note 8)	9,726	-	3,033	-
Cash dividends	5,432	-	7,177	-
Reversal of loss on inventories (Notes 2 and 6)	-	-	144,736	-
Valuation gain on financial assets, net (Notes 2 and 5)	-	-	66,656	-
Others (Note 19)	<u>245,326</u>	<u>1</u>	<u>214,034</u>	<u>1</u>
Total nonoperating income and gains	<u>6,519,454</u>	<u>13</u>	<u>11,950,128</u>	<u>24</u>

(Continued)

## FAR EASTERN TEXTILE LTD.

### STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2008 AND 2007

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

	2008		2007	
	Amount	%	Amount	%
<b>NONOPERATING EXPENSES AND LOSSES</b>				
Interest (Notes 9 and 19)	\$ 1,217,020	2	\$ 964,040	2
Allowance for loss on inventories	273,094	1	-	-
Valuation loss on financial assets (Notes 2 and 5)	32,898	-	-	-
Impairment losses on nonoperating properties (Note 2)	29,713	-	65,452	-
Impairment loss on financial assets measured at holding cost (Notes 2 and 7)	-	-	2,957	-
Valuation loss on financial liabilities, net (Notes 2 and 5)	-	-	55,361	-
Others (Note 19)	<u>756,099</u>	<u>2</u>	<u>624,906</u>	<u>1</u>
Total nonoperating expenses and losses	<u>2,308,824</u>	<u>5</u>	<u>1,712,716</u>	<u>3</u>
INCOME BEFORE INCOME TAX	4,614,504	9	11,273,814	23
INCOME TAX BENEFIT (Notes 2 and 15)	<u>7,440</u>	<u>-</u>	<u>93,283</u>	<u>-</u>
NET INCOME	<u>\$ 4,621,944</u>	<u>9</u>	<u>\$ 11,367,097</u>	<u>23</u>
	2008		2007	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
EARNINGS PER SHARE (Note 17)				
Basic	<u>\$ 1.01</u>	<u>\$ 1.01</u>	<u>\$ 2.47</u>	<u>\$ 2.49</u>

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

(With Deloitte & Touche audit report dated March 4, 2009)

(Concluded)

**FAR EASTERN TEXTILE LTD.**

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
YEARS ENDED DECEMBER 31, 2008 AND 2007  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Capital Stock Issued and Outstanding (Note 14)		Capital Surplus (Notes 2 and 14)	Retained Earnings (Notes 2, 14 and 15)			Unrealized Valuation Gain (Loss) on Financial Instruments (Note 2)	Cumulative Translation Adjustments (Note 2)	Unrealized Revaluation Increment on Properties (Notes 2 and 9)	Net Loss not Recognized as Pension Cost (Note 2)	Total Stockholders' Equity	
	Shares in Thousand	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings						Total
BALANCE, JANUARY 1, 2007	4,349,851	\$43,498,513	\$ 7,820,117	\$ 6,231,874	\$ 3,378,850	\$ 9,864,900	\$ 19,475,624	\$ 1,823,497	\$ 845,490	\$ 8,848,431	\$ (60,797)	\$82,250,875
Provision for special reserve	-	-	-	-	(344,084)	344,084	-	-	-	-	-	-
Appropriation of the 2006 earnings												
Legal reserve	-	-	-	829,288	-	(829,288)	-	-	-	-	-	-
Stock dividends - NT\$0.3 per share	130,496	1,304,956	-	-	-	(1,304,956)	(1,304,956)	-	-	-	-	-
Cash dividends - NT\$1.3 per share	-	-	-	-	-	(5,654,807)	(5,654,807)	-	-	-	-	(5,654,807)
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-	(523,853)	(523,853)	-	-	-	-	(523,853)
Balance after appropriations	4,480,347	44,803,469	7,820,117	7,061,162	3,034,766	1,896,080	11,992,008	1,823,497	845,490	8,848,431	(60,797)	76,072,215
Net income in 2007	-	-	-	-	-	11,367,097	11,367,097	-	-	-	-	11,367,097
Adjustments due to changes in investees' equity in long-term investments	-	-	1,507,880	-	-	(15,869)	(15,869)	2,419,658	750,972	(281,791)	(9,169)	4,371,681
Unrealized loss on cash flow hedge	-	-	-	-	-	-	-	25,182	-	-	-	25,182
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	109,792	-	-	109,792
BALANCE, DECEMBER 31, 2007	4,480,347	44,803,469	9,327,997	7,061,162	3,034,766	13,247,308	23,343,236	4,268,337	1,706,254	8,566,640	(69,966)	91,945,967
Appropriation of the 2007 earnings:												
Legal reserve	-	-	-	1,135,123	-	(1,135,123)	-	-	-	-	-	-
Stock dividends - NT\$0.2 per share	89,607	896,069	-	-	-	(896,069)	(896,069)	-	-	-	-	-
Cash dividends - NT\$1.8 per share	-	-	-	-	-	(8,064,624)	(8,064,624)	-	-	-	-	(8,064,624)
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-	(674,461)	(674,461)	-	-	-	-	(674,461)
Balance after appropriations	4,569,954	45,699,538	9,327,997	8,196,285	3,034,766	2,477,031	13,708,082	4,268,337	1,706,254	8,566,640	(69,966)	83,206,882
Net income in 2008	-	-	-	-	-	4,621,944	4,621,944	-	-	-	-	4,621,944
Adjustments due to changes in investees' equity in long-term investments	-	-	696,871	-	-	(323,039)	(323,039)	(5,191,265)	1,761,305	276,491	(1,086)	(2,780,723)
Effect of change in ownership percentage due to investees' issuance of capital stock for cash	-	-	(9,971)	-	-	(240,880)	(240,880)	-	-	-	-	(250,851)
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	229,496	-	-	229,496
Reversal of net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	(585,239)	(585,239)
Unrealized loss on cash flow hedge	-	-	-	-	-	-	-	56,160	-	-	-	56,160
Adjustments on stockholders' equity due to the sale of long-term equity investments	-	-	45,761	-	-	220	220	748	(498)	(3)	30	46,258
BALANCE, DECEMBER 31, 2008	<u>4,569,954</u>	<u>\$45,699,538</u>	<u>\$10,060,658</u>	<u>\$ 8,196,285</u>	<u>\$ 3,034,766</u>	<u>\$ 6,535,276</u>	<u>\$17,766,327</u>	<u>\$ (866,020)</u>	<u>\$ 3,696,557</u>	<u>\$ 8,843,128</u>	<u>\$ (656,261)</u>	<u>\$84,543,927</u>

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

(With Deloitte & Touche audit report dated March 4, 2009)

# FAR EASTERN TEXTILE LTD.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 4,621,944	\$ 11,367,097
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,983,949	1,938,483
Amortization of deferred costs	33,569	48,261
Impairment loss on financial assets carried at cost	-	2,957
Provision (reversal of allowance) for losses on inventories	273,094	(144,736)
Amortization on discount of exchangeable bonds	58,332	17,337
Equity in net income of investees, net	(5,542,190)	(11,282,355)
Cash dividends received on equity-method investments	10,019,746	6,968,885
Provision for pension costs	14,301	113,047
Net gain on disposal of properties	(19,912)	(5,331)
Impairment losses on idle properties	29,713	65,452
Gain on sale of investments, net	(9,726)	(3,033)
Net changes in operating assets and liabilities		
Financial assets held for trading	64,014	(121,767)
Financial liabilities held for trading	(288,919)	378,750
Notes receivable	429,206	(219,859)
Accounts receivable	59,565	(1,260,880)
Inventories	559,899	(800,608)
Other financial assets - current	25,877	107,084
Prepaid expenses	294,152	(55,741)
Other current assets	75,467	(67,001)
Notes payable	(7,061)	(14,600)
Accounts payable	(1,491,882)	981,606
Accrued expenses	478,931	364,729
Receipts in advance	(62,715)	33,121
Other current liabilities	<u>19,496</u>	<u>10,567</u>
Net cash provided by operating activities	<u>11,618,850</u>	<u>8,421,465</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds of the disposal of long-term equity investments	287,739	-
Increase in long-term equity investments	(6,989,371)	(2,401,361)
Return of capital to the Company due to investees' capital reduction	-	23,978
Acquisition of properties	(1,600,471)	(1,458,201)
Proceeds of the disposal of properties	63,771	18,986
Increase in patents	(1,768)	-
Decrease (increase) in other assets	<u>10,759</u>	<u>(16,862)</u>
Net cash used in investing activities	<u>(8,229,341)</u>	<u>(3,833,460)</u>

(Continued)

## **FAR EASTERN TEXTILE LTD.**

### **STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)**

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	<b>2008</b>	<b>2007</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term bank loans	\$ 3,753,326	\$ (1,953,476)
Repayments on commercial paper issued	-	(599,232)
Payments of cash dividends, remuneration to directors and supervisors and bonus to employees	(8,596,379)	(6,078,983)
(Decrease) increase in long-term liabilities	(1,161,310)	6,376,800
Issuance of bonds	800,000	3,008,343
Decrease in other liabilities	<u>-</u>	<u>(267,442)</u>
Net cash provided by (used in) financing activities	<u>(5,204,363)</u>	<u>486,010</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	<u>(1,814,854)</u>	<u>5,074,015</u>
<b>CASH, BEGINNING OF YEAR</b>	<u>7,090,598</u>	<u>2,016,583</u>
<b>CASH, END OF YEAR</b>	<u>\$ 5,275,744</u>	<u>\$ 7,090,598</u>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Interest paid	\$ 1,157,996	\$ 1,236,278
Less: Capitalized interest	<u>54,439</u>	<u>70,602</u>
Interest paid (excluding capitalized interest)	<u>\$ 1,103,557</u>	<u>\$ 1,165,676</u>
Income tax paid	<u>\$ 61,981</u>	<u>\$ 10,424</u>
<b>CASH PAID FOR ACQUISITION OF PROPERTIES</b>		
Increase in properties	\$ 1,993,770	\$ 1,746,002
Add: Payables for acquisition of properties, beginning of year	38,994	35,819
Advances to suppliers of machine and equipment, end of year	173,994	87,320
Constructions in progress, end of year	1,383,424	1,870,069
Less: Advances to suppliers of machine and equipment, beginning of year	(87,320)	(55,465)
Constructions in progress, beginning of year	(1,870,069)	(2,186,550)
Payables for acquisition of properties, end of year	<u>(32,322)</u>	<u>(38,994)</u>
Cash paid for acquisition of properties	<u>\$ 1,600,471</u>	<u>\$ 1,458,201</u>
<b>NONCASH FINANCING ACTIVITIES</b>		
Current portion of long-term liabilities	<u>\$ 1,877,320</u>	<u>\$ 4,000,000</u>

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

(With Deloitte & Touche audit report dated March 4, 2009)

(Concluded)

## Attachment V

### Far Eastern Textile Limited Profit Allocation Proposal

Unit: NT dollar

<b>Net income of 2008</b>	<b>4,621,944,155</b>
Less:	
Unappropriated retained earnings booked by equity method from affiliates	563,698,622
10% legal reserve	405,824,553
Plus:	
Unappropriated retained earnings of previous years	2,477,030,917
<b>Earnings available for distribution as of 31 December 2008</b>	<b>6,129,451,897</b>
<b>Distribution items:</b>	
Cash dividends to common share holders (NT\$0.8 per share)	3,655,963,060
Stock dividends to common share holders (NT\$0.2 per share at par value, i.e., 20 shares for each 1,000 shares owned)	913,990,770
<b>Total distribution</b>	<b>4,569,953,830</b>
<b>Unappropriated earnings</b>	<b>1,559,498,067</b>

Note:

Year 2008 profits are distributed according to the Article 26 and Article 27 of the Far Eastern Textile Limited Articles of Incorporation. Bonus of employees and compensation for Directors and Supervisors are booked as company expenses and excluded from the net income.



# General information

## I. Articles of Incorporation of Far Eastern Textile Limited

### Chapter 1 General Provisions

Article 1 The Company is duly incorporated under the provisions of the Company Law of the Republic of China, and shall be called: Far Eastern Textile Ltd..

Article 2 The Company's businesses are as follows :

C301010 Yarn Spinning Mills

C302010 Knit Fabric Mills

C303010 Non woven Fabric Mills

C305010 Printing dyeing and finishing Mills

C306010 Outerwear Knitting Mill

C307010 Apparel, clothing accessories and other textile product manufacturing

C399990 Other textile products

C801120 Manmade fiber manufacturing

C801990 Other chemical material manufacturing

F104110 Wholesale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories and other textile products

F105050 Wholesale of Furniture, bedclothes, kitchen equipment and fixtures

F106020 Wholesale of articles for daily use

F107990 Wholesale of other chemical products

F204110 Retail sale of cloths, clothes, shoes, hat, umbrella and apparel, clothing accessories and other textile products

F205040 Retail sale of Furniture, bedclothes, kitchen equipment and fixtures

F206020 Retail sale of articles for daily use

F207990 Retail sale of other chemical products

F301010 Department stores

F401010 International trade

F501060 Restaurants

J701020 Amusement parks

J801030 Athletics and recreational sport stadium

H701010 Residence and buildings lease construction and development

H701020 Industrial factory buildings lease construction and development

H701040 Specialized field construction and development

H701050 Public works construction and investment

G202010 Parking garage business

G801010 Warehousing and storage  
J901011 International and general tourist hotels  
IZ06010 Cargos packaging  
G101061 Truck freight transportation  
C802120 Industrial catalyst manufacturing  
F102040 Wholesale of nonalcoholic beverages.  
F107030 Wholesale of cleaning preparations.  
F113070 Wholesale of telecom instruments  
F213060 Retail sale of telecom instruments  
CC01080 Electronic part and component manufacturing  
CF01011 Medical materials and equipment manufacturing  
F108031 Wholesale of drugs, medical goods  
F208031 Retail sale of medical equipments

Except where permits are required, to run operations not forbidden or limited by laws and regulations.

Article 3 The Company may, where its businesses require, provide guarantee.

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 Law, 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 Forty-Nine Billion and Five Hundred Million New Taiwan Dollar (NT\$49,500,000,000) divided into 4,950,000,000 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 The Company's shares shall be numbered and issued following the signatures or seals by 3 Directors or more and the authentication by the relevant authorities or the registration organizations as approved by the

authorities in compliance with law.

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. New shares issued by the Company may also be consolidated for the purposes of production of share certificates, subject to them being deposited at the Securities Central Depository Enterprises.

The Company may issue shares in large denominations upon demand by Securities Central Depository Enterprises.

The Company can issue special shares.

In the event of the Company merging with another company, matters relating to the merger need not be approved by way of a resolution of the special shareholders meeting.

Article 8 Matters relating to the Company's shares shall be dealt with according to the provisions of "Regulations Governing Handling of Stock Affairs by Public Companies" and the relevant laws and regulations.

Article 9 Registration of share transfer shall be closed within 60 days prior to General Shareholders' Meeting, or with 30 days prior to Extraordinary Shareholders' Meeting or within 5 days prior to the record date on which Company distributes the dividends or bonuses.

### **Chapter 3 Shareholders' Meeting**

Article 10 The Shareholders' Meetings shall be General or Extraordinary Shareholders' Meetings:

General Shareholders' Meeting shall be held once a year within 6 months of the end of the Company's financial year.

Extraordinary Shareholders' Meeting shall be convened by the Board of Directors where it thinks necessary or by way of written request by shareholders who have held continuously the Company's total issued shares for more than 1 year and whose shareholdings are greater than 3% of the Company's issued shares.

Other than where the Board of Directors has not convened or is unable to convene shareholders' meeting, the Supervisor may also convene

shareholders' meeting for the benefit of the Company.

Article 11 Notices of General Shareholders' Meeting shall be in writing and delivered to the shareholders along with a public notice 30 days before the General Shareholders' Meeting and 15 days before the Extraordinary Shareholders' Meeting. The said notices shall specify the date, place and reasons for calling the shareholders' meeting.

Article 12 Unless otherwise stipulated by the Company Law, 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 stamped with the seal of the Company 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 Law, attendance of shareholder's proxies shall be in accordance with the provisions of "Regulation Governing the Use of Proxies For Attendance of Shareholders' Meeting of Public Companies".

Article 14 Unless otherwise stipulated by the Company Law 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 11 Directors and 3 Supervisors of the Company, who are elected and appointed from the persons with legal capacity at the shareholders' meeting. The total shares number of the registered shares of the Company held by all of the Directors and Supervisors shall be determined according to the provisions of "Rules and Review Procedures for Director and Supervisor Ownership Ratios at Public Companies".
- Article 17 The respective appointments of Directors and Supervisors are for a period of 3 years. They may be reappointed following their re-election.
- Article 18 The Board of Directors of the Company shall comprise the directors. A Chairman and a Vice Chairman shall be elected from among the Directors to represent the Company. Where the Chairman has taken leave or is unable to perform his duties for any reasons, the Vice Chairman shall act in his place. Where the Vice Chairman is also unavailable, the Chairman shall appoint a Director to act on his behalf, failing which the Board of Directors shall nominate from among them a person to act on behalf of the Chairman of the Company.
- Article 19 Meetings of the Board of Directors, which shall be held quarterly, shall be convened by the Chairman. Unless otherwise stipulated by the Company Law, 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 where necessary 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.
- Article 20 The Supervisors shall perform their supervising duties in accordance with law; furthermore Supervisors may attend meetings of the Board of Directors and present their views, but may not have voting rights. Supervisors may elect from among them a Resident Supervisor to perform the daily supervisory duty.
- Article 21 The remuneration of Directors and Supervisors shall be decided by the shareholders' meeting.
- Article 22 The Company shall have a General Manager and a number of deputy general managers, a Chief Auditor and a Deputy Chief Auditor, a number of assistant managers, managers and factory managers.

The appointment and dismissal of the above staff shall be by way of a

majority at the meetings of the Board of Directors, subject to more than half of the Directors are in attendance of the said meetings.

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

## **Chapter 5 Accounting**

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

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

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

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

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;

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;

4% as employees' bonuses

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 Law 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,

\*In case of any discrepancy between this English translation and the Chinese text of this document,  
the Chinese text shall prevail.

## **II. Meeting rules of stockholders for Far Eastern Textile Limited**

As last amended on June 12, 2002

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 stockholders (or proxies) when attending the meeting shall wear admission badge and hand in signed attendance form to be used to calculate the number of attending shares.

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. 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 or video recorders and all the records shall be kept by the Company for a minimum period of at least one year.

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 the chairperson inquires and receives no objection. The validity of such approval has the same effect as if the resolution has been put to vote.

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 shall be reported 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 Law, 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.

\*In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.

### **III. Election procedures of Directors and Supervisors for Far Eastern Textile Limited**

- Article 1 The election of directors and supervisors shall be pursued in accordance with the procedures herein.
- Article 2 The election of directors and supervisors 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.
- Article 3 The election of directors and supervisors shall be pursued according to the number of position required and the candidates that obtain more number of votes shall be elected. If there are more than two candidates obtaining the same number of votes but the number of positions 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.
- Article 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.
- Article 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.
- Article 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 identification number 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 is more than one representative, all the representative names shall be listed.
- Article 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

Article 8 There shall be one ballot box for director and supervisor elections respectively. The ballot counting shall be pursued separately for the two elections.

Article 9 When all the ballots are cast in the box, the personnel of vote overseeing and counting shall simultaneously unseal the ballot boxes.

Article 10 The vote-overseeing personnel shall be present for vote counting.

Article 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.

Article 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.

Article 13 The elected directors and supervisors shall be given the election notification by the board of directors.

Article 14 The rules herein take effect after approval at the stockholders' meeting. The same apply for any amendments.

\*In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.