



Minutes of 2016 Annual General Shareholders' Meeting of Far Eastern Department Stores

Date: Friday, 17 June 2016

Time: 9:00 a.m. Taipei time

Place: Auditorium in the Taipei Hero House

No. 20, Changsha Street, Section 1, Taipei, Taiwan

Shareholders present:

Total shares (including e-voting) represented by shareholders present: 912,610,093 shares, which was 64.782% of total number of outstanding shares 1,408,733,585 shares.

Attendee Directors: Mr. Douglas T. Hsu, Mrs. Nancy Hsu, Mrs. Philby Lee, Mrs. Yvonne Li, Mrs. Jin Lin Lian, Mr. You Hsin Chien, Mr. Raymond R. M. Tai, Mr. Edward Yung Do Way

Chairman: Mr. Douglas T. Hsu, Chairman of the Board of Directors



Recorder: Mr. James Tang



The aggregate shareholding of the shareholders present constituted a quorum. The Chairman called the meeting to order.

The speech of Chairman (omitted)

The speech of invited observers (none)

I. Matters to be Discussed

1. Proposal to amend the certain provisions of the Company's "Articles of Incorporation".

The Board of Directors proposes and recommends that each shareholder votes for the amendments of certain provisions of the Company's "Articles of Incorporation".

Explanatory Notes:

- (1) Pursuant to Article 235 and 235-1 of Company Act, and the rule by Ministry of Economic Affairs, R.O.C. (Letter No. MEA-Shang-10402413890 on June 11, 2015, and Letter No. MEA-Shang-10402427800 on Oct. 15, 2015), it is proposed that the amended, added or deleted provisions of the Company's "Articles of Incorporation" are shown in the attached comparison table.
- (2) Please approve the proposed resolutions.

Resolution: the result of voting is as follows:

The number of shares represented by the shareholders present at the time of voting (including e-voting) was 912,610,093.

Number of votes (including e-voting)		% of votes represented by the shareholders present
Approval	874,889,720	95.9
Disapproval	314,098	-
Invalid	0	-
Abstention votes/No votes	37,406,275	4.1

RESOLVED, that the above proposals be and hereby were approved as proposed.

II. Matters to be Reported:

1. 2015 Messages to shareholders (please refer to P.8-P.14 of handbook for 2016 AGM)
2. Financial report of 2015 (please refer to P.15-P.30 of handbook for 2016 AGM)
3. Supervisors' audit report on 2015 business report and financial statements (please refer to P.31 of handbook for 2016 AGM)
4. Report of directors' and employees' compensation (please refer to P.32 of handbook for 2016 AGM)
5. Report of company's share buyback (please refer to P.32-P.33 of handbook for 2016 AGM)
6. Report of the amendment of certain provisions of the company's "Code of Ethic" and "Best Practice Principal of Ethical corporate management" (please refer to P.33~44 of handbook for 2016 AGM)

RESOLVED, that the above proposals were approved for reference.

III. Matters to be Approved:

1. **To accept the 2015 financial statements.**

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

Explanatory Notes:

- (1) FEDS' 2015 financial report, including balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, has been audited by independent auditors, Mr. Cho, Ming Hsing and Mr. Yu Hong-Bin of Deloitte & Touche (please refer to P.15-P.30), and has been examined by and determined to be correct and accurate by Supervisors of FEDS. We thereby submit this report.
- (2) Please approve the above-mentioned business report and financial statements.

Resolution: the result of voting is as follows:

The number of shares represented by the shareholders present at the time of voting (including e-voting) was 912,610,093.

Number of votes (including e-voting)		% of votes represented by the shareholders present
Approval	871,802,637	95.5
Disapproval	307,375	-
Invalid	0	-
Abstention votes/No votes	40,500,081	4.5

RESOLVED, that the above proposals be and hereby were approved as proposed.

2. To approve the proposal for the distribution of 2015 surplus earning.

The Board of Directors proposes and recommends that each shareholder votes for the distribution of 2015 surplus earning.

Explanatory Notes:

- (1) All the closing transactions as of December 31, 2015 have been completely closed, and have been audited by the accounting firm, Deloitte and Touche. We thereby submit the proposal for distribution of 2015 profits:

1. Unappropriated earnings of January 1, 2015	NT\$	1,333,107,643
2. Effect of retrospective application		<u>11,253,828</u>
3. Unappropriated earnings after adjustments of January 1, 2015 (=1+2)		1,344,361,471
4. The adjustments of retained earnings for by using	(45,129,905)

equity method	
5. Recognizing the re-measurements of defined benefit plans in retained earnings	(340,055,508)
6. Un-appropriated earnings after adjustments (=3-4-5)	959,176,058
7. Net Income for the year ended December 31, 2015	1,714,769,683
8. 10% legal reserve (=7*10%)	(171,476,968)
9 Special reserve	(68,426,138)
10. Distributable net profit (=6+7-8-9)	2,434,042,635
11. Earnings distribution (NT\$1.0 per share)	(1,416,940,589)
12. Un-appropriated earnings after distribution(=10-11)	<u>1,017,102,046</u>

- (2) The distribution of 2015 dividends composes of 2015 surplus earning in priority, and the undistributed profit from 1998 to 2014 in case 2015 surplus earning are insufficient to cover 2015 dividends, and then the undistributed profit before 1998 in case the surplus earning from 1998 to 2014 are insufficient to cover 2015 dividends.
- (3) After being approved at the annual General Shareholders' meeting (2016), the cash dividends to holders of common share will be distributed on the record date to be determined by Chairman authorized by the Board of Directors. Cash dividends allocated to each shareholder should be calculated to round down to full NT dollar (decimal places should be ignored). The sum of the amount lower than NT\$1 paid to each shareholder should be reclassified to other income. According to Article 28-2 of the ROC Securities and Exchange Law and other relevant regulations, the total numbers 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 FEDS be authorized to adjust the cash 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.
- (4) Please approve the above-mentioned proposal for the distribution of 2015 profits.

Resolution: the result of voting is as follows:

The number of shares represented by the shareholders present at the time of voting (including e-voting) was 912,610,093.

Number of votes (including e-voting)		% of votes represented by the shareholders present
Approval	874,946,864	95.9
Disapproval	318,302	-

Invalid	0	-
Abstention votes/No votes	37,344,927	4.1

RESOLVED, that the above proposals be and hereby were approved as proposed.

IV. Extemporany motion

None.

V. Motion to Adjourn

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Far Eastern Department Stores, Ltd.

We have audited the accompanying balance sheets of Far Eastern Department Stores, Ltd. (the "Company") 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 the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company 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, the Company applies the amendments to the 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 (FSC) starting in 2015. Thus, this accounting policy was retrospectively applied to prior Standards, Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC), and the items of the prior financial statements have been restated.

March 24, 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 DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2015		December 31, 2014 (Retrospectively Applied)		January 1, 2014 (Retrospectively Applied)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents	\$ 10,026,630	9	\$ 10,952,918	10	\$ 13,221,405	12
Financial assets at fair value through profit or loss - current	351,111	-	290,895	-	239,974	-
Available-for-sale financial assets - current	468,682	-	487,231	-	552,555	-
Debt investments with no active market - current	876,847	1	1,204,317	1	437,497	-
Notes receivable	3,393	-	2,410	-	28,119	-
Trade receivables	515,195	1	527,659	1	766,445	1
Trade receivables from related parties	182,970	-	191,931	-	57,302	-
Other receivables	1,687,802	2	1,508,732	1	1,779,487	2
Current tax assets	5,782	-	200,615	-	418,064	-
Inventories	2,997,240	3	2,870,727	3	2,976,244	3
Prepayments	871,542	1	975,457	1	1,090,656	1
Non-current assets held for sale	-	-	115	-	377	-
Other current assets	<u>90,102</u>	<u>-</u>	<u>102,260</u>	<u>-</u>	<u>83,987</u>	<u>-</u>
Total current assets	<u>18,077,296</u>	<u>17</u>	<u>19,315,267</u>	<u>17</u>	<u>21,652,112</u>	<u>19</u>
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current	3,689,341	3	4,989,668	4	4,986,339	4
Financial assets measured at cost - non-current	611,576	-	783,652	1	776,374	1
Debt investments with no active market - non-current	127,000	-	125,000	-	521,897	1
Investments accounted for using the equity method	9,163,153	9	9,546,534	9	9,050,368	8
Property, plant and equipment	45,612,886	43	47,426,385	43	52,166,888	46
Investment properties	10,036,266	9	9,667,344	9	3,070,495	3
Intangible assets	7,240,992	7	7,226,592	6	7,715,184	7
Deferred tax assets	727,394	1	926,612	1	940,225	1
Net defined benefit assets	-	-	185,782	-	222,615	-
Long-term prepayments for lease	9,177,719	9	9,472,460	8	9,464,677	8
Other non-current assets	<u>1,873,863</u>	<u>2</u>	<u>1,954,939</u>	<u>2</u>	<u>1,920,123</u>	<u>2</u>
Total non-current assets	<u>88,260,190</u>	<u>83</u>	<u>92,304,968</u>	<u>83</u>	<u>90,835,185</u>	<u>81</u>
TOTAL	<u>\$106,337,486</u>	<u>100</u>	<u>\$111,620,235</u>	<u>100</u>	<u>\$112,487,297</u>	<u>100</u>

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Short-term borrowings	\$ 9,499,733	9	\$ 6,674,285	6	\$ 7,462,340	7
Short-term bills payable	2,351,020	2	2,991,683	3	3,047,306	3
Notes payable	52,224	-	63,303	-	159,194	-
Trade payables	16,605,966	16	17,601,054	16	17,693,401	16
Trade payables and notes payable to related parties	119,754	-	153,238	-	151,909	-
Other payables	4,895,382	5	5,495,103	5	5,252,331	5
Current tax liabilities	182,997	-	512,116	-	401,874	-
Provisions - current	3,000	-	4,135	-	4,135	-
Deferred revenue - current	98,552	-	65,656	-	101,136	-
Advance receipts	8,063,527	7	7,829,288	7	7,720,500	7
Current portion of bonds payable	-	-	1,000,000	1	2,493,512	2
Current portion of long-term borrowings	1,959,200	2	1,764,429	2	1,445,159	1
Other current liabilities	309,764	-	265,157	-	252,891	-
Total current liabilities	<u>44,141,119</u>	<u>41</u>	<u>44,419,447</u>	<u>40</u>	<u>46,185,688</u>	<u>41</u>
NON-CURRENT LIABILITIES						
Bonds payable	994,419	1	992,560	1	1,990,702	2
Long-term borrowings	18,829,745	18	21,548,341	19	21,841,434	19
Provisions - non-current	31,058	-	31,222	-	30,483	-
Deferred tax liabilities	1,991,395	2	1,729,061	2	1,608,841	1
Net defined benefit liabilities	802,608	1	563,292	-	535,105	1
Other non-current liabilities	2,695,271	2	2,878,845	3	2,841,682	3
Total non-current liabilities	<u>25,344,496</u>	<u>24</u>	<u>27,743,321</u>	<u>25</u>	<u>28,848,247</u>	<u>26</u>
Total liabilities	<u>69,485,615</u>	<u>65</u>	<u>72,162,768</u>	<u>65</u>	<u>75,033,935</u>	<u>67</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital						
Common shares	14,169,406	13	14,391,956	13	14,109,761	13
Capital surplus	3,315,420	3	3,498,252	3	3,498,174	3
Retained earnings						
Legal reserve	2,728,379	3	2,575,473	2	2,358,917	2
Special reserve	2,461,168	2	2,461,168	2	1,931,285	2
Unappropriated earnings	2,673,946	3	2,936,463	3	4,107,920	3
Total retained earnings	7,863,493	8	7,973,104	7	8,398,122	7
Other equity	3,995,790	4	5,900,851	5	3,659,643	3
Treasury shares	(97,110)	-	(97,110)	-	(97,110)	-
Total equity attributable to owners of the Company	29,246,999	28	31,667,053	28	29,568,590	26
NON-CONTROLLING INTERESTS	7,604,872	7	7,790,414	7	7,884,772	7
Total equity	<u>36,851,871</u>	<u>35</u>	<u>39,457,467</u>	<u>35</u>	<u>37,453,362</u>	<u>33</u>
TOTAL	<u>\$106,337,486</u>	<u>100</u>	<u>\$111,620,235</u>	<u>100</u>	<u>\$112,487,297</u>	<u>100</u>

(With Deloitte & Touche audit report dated March 24, 2016)

FAR EASTERN DEPARTMENT STORES, LTD. 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 (Retrospectively Applied)	
	Amount	%	Amount	%
OPERATING REVENUES	\$44,998,319	100	\$45,928,793	100
OPERATING COSTS	<u>22,257,933</u>	<u>49</u>	<u>22,719,427</u>	<u>50</u>
GROSS PROFIT	<u>22,740,386</u>	<u>51</u>	<u>23,209,366</u>	<u>50</u>
OPERATING EXPENSES				
Selling and marketing expenses	1,197,658	3	1,218,973	3
General and administrative expenses	<u>18,613,897</u>	<u>41</u>	<u>18,667,206</u>	<u>40</u>
Total operating expenses	<u>19,811,555</u>	<u>44</u>	<u>19,886,179</u>	<u>43</u>
OPERATING PROFIT	<u>2,928,831</u>	<u>7</u>	<u>3,323,187</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	378,037	1	369,884	1
Other gains and losses	163,685	-	(276,669)	(1)
Finance costs	(461,215)	(1)	(465,191)	(1)
Share of profit of associates accounted for using the equity method	<u>405,335</u>	<u>1</u>	<u>133,207</u>	<u>-</u>
Total non-operating income and expenses	<u>485,842</u>	<u>1</u>	<u>(238,769)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	3,414,673	8	3,084,418	6
INCOME TAX EXPENSE	<u>1,261,372</u>	<u>3</u>	<u>925,000</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>2,153,301</u>	<u>5</u>	<u>2,159,418</u>	<u>4</u>
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(422,992)	(1)	(62,170)	-
Gains on property revaluation	-	-	2,328,026	5
Share of the other comprehensive loss of associates accounted for using the equity method	(3,313)	-	(2,893)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>72,026</u>	<u>-</u>	<u>(146,321)</u>	<u>-</u>

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. 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 (Retrospectively Applied)	
	Amount	%	Amount	%
	<u>(354,279)</u>	<u>(1)</u>	<u>2,116,642</u>	<u>5</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(24,562)	-	48,411	-
Unrealized loss on available-for-sale financial assets	(1,318,876)	(3)	(61,995)	-
Share of the other comprehensive (loss) income of associates accounted for using the equity method	<u>(566,750)</u>	<u>(1)</u>	<u>92,499</u>	<u>-</u>
	<u>(1,910,188)</u>	<u>(4)</u>	<u>78,915</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(2,264,467)</u>	<u>(5)</u>	<u>2,195,557</u>	<u>5</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (111,166)</u>	<u>-</u>	<u>\$ 4,354,975</u>	<u>9</u>
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	\$ 1,714,770	4	\$ 1,524,441	3
Non-controlling interests	<u>438,531</u>	<u>1</u>	<u>634,977</u>	<u>2</u>
	<u>\$ 2,153,301</u>	<u>5</u>	<u>\$ 2,159,418</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owner of the Company	\$ (530,347)	(1)	\$ 3,721,008	8
Non-controlling interests	<u>419,181</u>	<u>1</u>	<u>633,967</u>	<u>1</u>
	<u>\$ (111,166)</u>	<u>-</u>	<u>\$ 4,354,975</u>	<u>9</u>
EARNINGS PER SHARE				
Basic	<u>\$1.20</u>		<u>\$1.07</u>	
Diluted	<u>\$1.20</u>		<u>\$1.07</u>	

(With Deloitte & Touche audit report dated March 24, 2016)

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
	Retained Earnings					Exchange Differences on Translating Foreign Operations	Other Equity			Non-controlling Interests	Total Equity	
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized (Loss) Gain on Available-for-sale Financial Assets	Unrealized Revaluation Surplus	Treasury Shares			Total
BALANCE AT JANUARY 1, 2014	\$14,109,761	\$ 3,498,174	\$ 2,358,917	\$ 1,931,285	\$ 4,095,216	\$ 10,256	\$ 3,649,387	\$ -	\$ (97,110)	\$29,555,886	\$ 7,884,772	\$37,440,658
Effect of retrospective application and retrospective restatement	-	-	-	-	12,704	-	-	-	-	12,704	-	12,704
BALANCE AT JANUARY 1, 2014, RETROSPECTIVE APPLICATION	14,109,761	3,498,174	2,358,917	1,931,285	4,107,920	10,256	3,649,387	-	(97,110)	29,568,590	7,884,772	37,453,362
Special reserve provided under Rule No. 1030006415 issued by the FSC	-	-	-	529,883	(529,883)	-	-	-	-	-	-	-
Appropriation of the 2013 earnings												
Legal reserve	-	-	216,556	-	(216,556)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,622,623)	-	-	-	-	(1,622,623)	-	(1,622,623)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(728,353)	(728,353)
Share dividends distributed by the Company	282,195	-	-	-	(282,195)	-	-	-	-	-	-	-
Adjustments resulting from investments in associates accounted for using the equity method	-	78	-	-	-	-	-	-	-	78	28	106
Net profit for the year ended December 31, 2014	-	-	-	-	1,524,441	-	-	-	-	1,524,441	634,977	2,159,418
Other comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	(44,641)	60,743	9,495	2,170,970	-	2,196,567	(1,010)	2,195,557
BALANCE AT DECEMBER 31, 2014, RETROSPECTIVE APPLICATION	14,391,956	3,498,252	2,575,473	2,461,168	2,936,463	70,999	3,658,882	2,170,970	(97,110)	31,667,053	7,790,414	39,457,467
Appropriation of the 2014 earnings												
Legal reserve	-	-	152,906	-	(152,906)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,439,196)	-	-	-	-	(1,439,196)	-	(1,439,196)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(587,691)	(587,691)
Adjustments resulting from investments in associates accounted for using the equity method	-	(78)	-	-	(45,129)	-	-	-	-	(45,207)	(17,032)	(62,239)
Net profit for the year ended December 31, 2015	-	-	-	-	1,714,770	-	-	-	-	1,714,770	438,531	2,153,301
Other comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	(340,056)	(13,516)	(1,891,545)	-	-	(2,245,117)	(19,350)	(2,264,467)
Buy-back of treasury shares	-	-	-	-	-	-	-	-	(405,304)	(405,304)	-	(405,304)
Cancelation of treasury shares	(222,550)	(182,754)	-	-	-	-	-	-	405,304	-	-	-
BALANCE AT DECEMBER 31, 2015	\$14,169,406	\$ 3,315,420	\$ 2,728,379	\$ 2,461,168	\$ 2,673,946	\$ 57,483	\$ 1,767,337	\$ 2,170,970	\$ (97,110)	\$29,246,999	\$ 7,604,872	\$36,851,871

(With Deloitte & Touche audit report dated March 24, 2016)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2015	2014 (Retrospectively Applied)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 3,414,673	\$ 3,084,418
Adjustments for:		
Depreciation expenses	3,061,186	2,951,638
Amortization expenses	35,644	28,907
Reversal of impairment loss on receivables	(8,882)	(3,321)
Net gain on financial assets or liabilities at fair value through profit or loss	(16,658)	(46,651)
Finance costs	461,215	465,191
Interest income	(76,018)	(101,762)
Dividend income	(302,019)	(268,122)
Share of profit of associates accounted for using the equity methods	(405,335)	(133,207)
Loss on disposal of property, plant and equipment	36,518	18,330
Loss on disposal of intangible assets	820	-
Loss (gain) on disposal of non-current assets held for sale	97	(316)
Impairment loss recognized on financial assets	169,281	2,055
Unrealized loss on physical inventory and slow-moving inventories	(17,123)	13,041
Impairment loss recognized on intangible assets	-	495,605
Impairment loss recognized on property, plant and equipment	-	4,637
(Gain) loss on change in fair value of investment properties	(357,044)	21,931
Amortization of prepayments	15,087	14,145
Amortization of prepayments for lease	326,656	321,773
Reversal of provisions	(1,627)	-
Reversal of deferred revenue	(65,656)	(101,136)
Unrealized purchase discounts	14,033	(11,617)
Net changes in operating assets and liabilities		
Financial assets held for trading	(43,558)	(4,270)
Notes receivable	(983)	25,709
Trade receivables	30,923	276,947
Trade receivables and notes receivable from related parties	8,961	(134,629)
Other receivables	(174,547)	35,073
Inventories	(123,423)	104,093
Prepayments	84,092	115,264
Other current assets	12,158	(18,273)
Net defined benefit assets	8,351	7,975
Notes payable	(11,079)	(95,891)
Trade payables	(995,088)	(92,347)
Trade payables and notes payable to related parties	(33,484)	1,329
Other payables	(420,542)	(448,737)
Deferred revenue	98,552	65,656
Advance receipts	544,737	383,519

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

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

	For the Years Ended December 31	
		2014 (Retrospecti vely Applied)
	2015	2014
Other current liabilities	44,607	12,266
Net defined benefit liabilities	<u>62,552</u>	<u>29,166</u>
Cash generated from operations	5,377,077	7,018,389
Interest paid	(440,838)	(481,901)
Interest received	71,918	116,462
Income tax returned	19,246	210,212
Income tax paid	<u>(883,682)</u>	<u>(819,264)</u>
Net cash generated from operating activities	<u>4,143,721</u>	<u>6,043,898</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in debt investments with no active market	325,470	(369,923)
Purchase of investments accounted for using the equity method	(106,000)	(360,000)
Decrease in prepaid long-term investments	78,346	78,456
Proceeds from disposal of non-current assets held for sale	16	582
Payments for property, plant and equipment	(1,970,634)	(1,984,796)
Proceeds from disposal of property, plant and equipment	1,173	24,190
Decrease in other receivables	-	212,388
Payments for intangible assets	(45,745)	(34,958)
Payments for investment properties	(11,878)	-
Decrease (increase) in other non-current assets	82,382	(52,667)
Increase in prepayments for lease	(15,388)	(372,940)
Dividends received	<u>432,666</u>	<u>406,809</u>
Net cash used in investing activities	<u>(1,229,592)</u>	<u>(2,452,859)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	63,475,366	68,280,489
Repayments of short-term borrowings	(60,614,337)	(69,231,410)
Proceeds from short-term bills payable	25,892,479	23,851,586
Repayments of short-term bills payable	(26,533,142)	(23,907,209)
Repayments of bonds payable	(1,000,000)	(2,500,000)
Proceeds from long-term borrowings	47,315,604	48,618,177
Repayments of long-term borrowings	(49,840,000)	(48,592,000)
(Decrease) increase in other non-current liabilities	(19,375)	26,571
Dividends paid to owners of the Company	(1,439,211)	(1,622,612)
Payments for buy-back of treasury shares	(405,304)	-
Dividends paid to non-controlling interests	<u>(617,669)</u>	<u>(720,319)</u>
Net cash used in financing activities	<u>(3,785,589)</u>	<u>(5,796,727)</u>

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

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

	For the Years Ended December 31	
	2015	2014 (Retrospecti vely Applied)
EFFECTS OF EXCHANGE RATE CHANGES	<u>(54,828)</u>	<u>(62,799)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(926,288)	(2,268,487)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>10,952,918</u>	<u>13,221,405</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$10,026,630</u>	<u>\$10,952,918</u>

(With Deloitte & Touche audit report dated March 24, 2016)

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.

BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2015		December 31, 2014 (Retrospectively Applied)		January 1, 2014 (Retrospectively Applied)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash	\$ 522,970	1	\$ 453,650	1	\$ 516,953	1
Available-for-sale financial assets - current	247,350	-	251,769	1	285,698	1
Debt investments with no active market - current	-	-	192,371	-	191,594	-
Notes receivable	1,037	-	223	-	26,350	-
Trade receivables	254,301	-	245,217	-	242,626	-
Trade receivables from related parties	22,857	-	12,039	-	15,676	-
Other receivables	93,185	-	66,111	-	329,741	1
Current tax assets	4,270	-	20,163	-	20,163	-
Inventories	390,075	1	413,419	1	384,916	1
Prepayments	261,345	1	249,054	-	247,658	-
Other current assets	17,609	-	15,151	-	21,801	-
Total current assets	<u>1,814,999</u>	<u>3</u>	<u>1,919,167</u>	<u>3</u>	<u>2,283,176</u>	<u>4</u>
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current	2,185,496	4	2,993,608	5	2,968,556	5
Financial assets measured at cost - non-current	107,433	-	109,488	-	111,543	-
Investments accounted for using the equity method	17,866,126	30	19,188,257	31	19,555,805	32
Property, plant and equipment	26,098,891	44	27,090,806	43	31,227,060	51
Investment properties	9,144,466	15	8,734,944	14	1,771,695	3
Intangible assets	12,553	-	21,897	-	5,494	-
Deferred income tax assets	106,958	-	69,505	-	52,901	-
Net defined benefit assets	-	-	185,782	-	222,615	1
Long-term prepayments for lease	2,360,977	4	2,423,382	4	2,485,787	4
Other non-current assets	211,072	-	207,026	-	218,746	-
Total non-current assets	<u>58,093,972</u>	<u>97</u>	<u>61,024,695</u>	<u>97</u>	<u>58,620,202</u>	<u>96</u>
TOTAL	<u>\$59,908,971</u>	<u>100</u>	<u>\$62,943,862</u>	<u>100</u>	<u>\$60,903,378</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings	\$ 4,900,000	8	\$ 1,800,000	3	\$ 2,650,000	4
Short-term bills payable	1,049,686	2	1,649,460	3	1,598,491	3
Trade payables	3,355,590	6	3,345,297	5	3,328,710	5
Trade payables to related parties	66,998	-	65,002	-	65,113	-
Other payables	1,847,950	3	2,487,711	4	1,765,311	3
Current tax liabilities	65,194	-	166,765	-	40,192	-
Deferred revenue - current	38,775	-	14,892	-	6,257	-
Advance receipts	3,163,444	5	3,106,025	5	3,088,826	5
Current portion of bonds payable	-	-	1,000,000	2	2,493,512	4
Current portion of long-term borrowings	300,000	1	999,429	1	997,159	2
Other current liabilities	137,093	-	55,658	-	77,358	-
Total current liabilities	<u>14,924,730</u>	<u>25</u>	<u>14,690,239</u>	<u>23</u>	<u>16,110,929</u>	<u>26</u>
NON-CURRENT LIABILITIES						
Bonds payable	-	-	-	-	1,000,000	2
Long-term borrowings	13,596,945	23	14,846,606	24	12,749,762	21
Deferred tax liabilities	1,840,126	3	1,633,110	3	1,388,989	2
Net defined benefit liabilities	176,764	-	-	-	-	-
Other non-current liabilities	123,407	-	106,854	-	85,108	-
Total non-current liabilities	<u>15,737,242</u>	<u>26</u>	<u>16,586,570</u>	<u>27</u>	<u>15,223,859</u>	<u>25</u>
Total liabilities	<u>30,661,972</u>	<u>51</u>	<u>31,276,809</u>	<u>50</u>	<u>31,334,788</u>	<u>51</u>
EQUITY						
Share capital						
Common shares	14,169,406	24	14,391,956	23	14,109,761	23
Capital surplus	3,315,420	5	3,498,252	5	3,498,174	6
Retained earnings						
Legal reserve	2,728,379	5	2,575,473	4	2,358,917	4
Special reserve	2,461,168	4	2,461,168	4	1,931,285	3
Unappropriated earnings	2,673,946	4	2,936,463	5	4,107,920	7
Total retained earnings	<u>7,863,493</u>	<u>13</u>	<u>7,973,104</u>	<u>13</u>	<u>8,398,122</u>	<u>14</u>
Other equity	3,995,790	7	5,900,851	9	3,659,643	6
Treasury shares	(97,110)	-	(97,110)	-	(97,110)	-
Total equity	<u>29,246,999</u>	<u>49</u>	<u>31,667,053</u>	<u>50</u>	<u>29,568,590</u>	<u>49</u>
TOTAL	<u>\$59,908,971</u>	<u>100</u>	<u>\$62,943,862</u>	<u>100</u>	<u>\$60,903,378</u>	<u>100</u>

(With Deloitte & Touche audit report dated March 24, 2016)

FAR EASTERN DEPARTMENT STORES, LTD.
STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2015		2014 (Retrospectively Applied)	
	Amount	%	Amount	%
OPERATING REVENUES	\$10,348,566	100	\$10,193,869	100
OPERATING COSTS	<u>3,710,684</u>	<u>36</u>	<u>3,559,957</u>	<u>35</u>
GROSS PROFIT	<u>6,637,882</u>	<u>64</u>	<u>6,633,912</u>	<u>65</u>
OPERATING EXPENSES				
Selling and marketing expenses	481,701	4	470,142	4
General and administrative expenses	<u>4,625,049</u>	<u>45</u>	<u>4,578,721</u>	<u>45</u>
Total operating expenses	<u>5,106,750</u>	<u>49</u>	<u>5,048,863</u>	<u>49</u>
OPERATING PROFIT	<u>1,531,132</u>	<u>15</u>	<u>1,585,049</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	169,662	2	143,061	1
Other gains and losses	483,759	5	61,343	1
Finance costs	(228,199)	(2)	(214,344)	(2)
Share of profit of subsidiaries and associates accounted for using the equity methods	<u>142,971</u>	<u>1</u>	<u>213,916</u>	<u>2</u>
Total non-operating income and expenses	<u>568,193</u>	<u>6</u>	<u>203,976</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	2,099,325	21	1,789,025	18
INCOME TAX EXPENSE	<u>384,555</u>	<u>4</u>	<u>264,584</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>1,714,770</u>	<u>17</u>	<u>1,524,441</u>	<u>15</u>
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(354,195)	(3)	(28,858)	-
Gains on property revaluation	-	-	2,328,026	23
Share of other comprehensive loss of subsidiaries and associates accounted for using the equity methods	(46,074)	(1)	(21,133)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>60,213</u>	<u>1</u>	<u>(151,706)</u>	<u>(2)</u>

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Years Ended December 31			
	2015		2014 (Retrospectively Applied)	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Unrealized loss on available-for-sale financial assets	(812,531)	(8)	(8,877)	-
Share of other comprehensive (loss) income of subsidiaries and associates accounted for using the equity methods	<u>(1,092,530)</u>	<u>(11)</u>	<u>79,115</u>	<u>-</u>
	<u>(1,905,061)</u>	<u>(19)</u>	<u>70,238</u>	<u>-</u>
Other comprehensive (loss) income for the year	<u>(2,245,117)</u>	<u>(22)</u>	<u>2,196,567</u>	<u>21</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (530,347)</u>	<u>(5)</u>	<u>\$ 3,721,008</u>	<u>36</u>
EARNINGS PER SHARE				
Basic	<u>\$ 1.20</u>		<u>\$ 1.07</u>	
Diluted	<u>\$ 1.20</u>		<u>\$ 1.07</u>	

(With Deloitte & Touche audit report dated March 24, 2016)

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Retained Earnings					Other Equity				Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated	Exchange Differences on Translating Foreign Operations	Unrealized (Loss) Gain on Available-for-sale Financial Assets	Gain on Property Revaluation	Treasury Shares	
					Earnings					
BALANCE AT JANUARY 1, 2014	\$14,109,761	\$ 3,498,174	\$ 2,358,917	\$ 1,931,285	\$ 4,095,216	\$ 10,256	\$ 3,649,387	\$ -	\$ (97,110)	\$29,555,886
Effect of retrospective application and retrospective restatement	-	-	-	-	12,704	-	-	-	-	12,704
BALANCE AT JANUARY 1, 2014 RETROSPECTIVE APPLICATION	14,109,761	3,498,174	2,358,917	1,931,285	4,107,920	10,256	3,649,387	-	(97,110)	29,568,590
Special reserve provided under Rule No. 1030006415 issued by the FSC	-	-	-	529,883	(529,883)	-	-	-	-	-
Appropriation of the 2013 earnings										
Legal reserve	-	-	216,556	-	(216,556)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,622,623)	-	-	-	-	(1,622,623)
Share dividends	282,195	-	-	-	(282,195)	-	-	-	-	-
Adjustments resulting from investments in subsidiaries and associates accounted for using the equity method	-	78	-	-	-	-	-	-	-	78
Net profit for the year ended December 31, 2014	-	-	-	-	1,524,441	-	-	-	-	1,524,441
Other comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	(44,641)	60,743	9,495	2,170,970	-	2,196,567
BALANCE AT DECEMBER 31, 2014 RETROSPECTIVE APPLICATION	14,391,956	3,498,252	2,575,473	2,461,168	2,936,463	70,999	3,658,882	2,170,970	(97,110)	31,667,053
Appropriation of the 2014 earnings										
Legal reserve	-	-	152,906	-	(152,906)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,439,196)	-	-	-	-	(1,439,196)
Adjustments resulting from investments in subsidiaries and associates accounted for using the equity method	-	(78)	-	-	(45,129)	-	-	-	-	(45,207)
Net profit for the year ended December 31, 2015	-	-	-	-	1,714,770	-	-	-	-	1,714,770
Other comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	(340,056)	(13,516)	(1,891,545)	-	-	(2,245,117)
Buy-back of treasury shares	-	-	-	-	-	-	-	-	(405,304)	(405,304)
Cancelation of treasury shares	(222,550)	(182,754)	-	-	-	-	-	-	405,304	-
BALANCE AT DECEMBER 31, 2015	<u>\$14,169,406</u>	<u>\$ 3,315,420</u>	<u>\$ 2,728,379</u>	<u>\$ 2,461,168</u>	<u>\$ 2,673,946</u>	<u>\$ 57,483</u>	<u>\$ 1,767,337</u>	<u>\$ 2,170,970</u>	<u>\$ (97,110)</u>	<u>\$29,246,999</u>

(With Deloitte & Touche audit report dated March 24, 2016)

FAR EASTERN DEPARTMENT STORES, LTD.
STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2015	2014 Retrospectively Applied)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 2,099,325	\$ 1,789,025
Adjustments for:		
Depreciation expenses	1,287,152	1,252,030
Amortization expenses	11,107	5,377
Impairment loss recognized on receivables	19	-
Amortization of prepayments	8,363	8,786
Finance costs	228,199	214,344
Reversal of deferred revenue	(14,892)	(6,257)
Share of profit of subsidiaries and associates accounted for using the equity methods	(142,971)	(213,916)
Interest income	(991)	(2,966)
Dividend income	(168,671)	(140,095)
Loss on disposal of property, plant and equipment	4,994	2,662
Loss on disposal of investment properties	145	42
Impairment loss recognized on financial assets	2,055	2,055
Gain on change in fair value of investment properties	(398,179)	(4,469)
Net changes in operating assets and liabilities		
Notes receivable	(814)	26,127
Trade receivables	(9,103)	(2,591)
Trade receivables from related parties	(10,818)	3,637
Other receivables	(26,419)	19,084
Inventories	23,344	(28,503)
Prepayments	(12,512)	(1,580)
Other current assets	(2,458)	6,650
Net defined benefit assets	8,351	7,975
Notes payable and trade payables	10,293	16,587
Trade payables to related parties	1,996	(111)
Other payables	(95,057)	(43,450)
Deferred revenue	38,775	14,892
Advance receipts	271,148	196,800
Other current liabilities	81,435	(21,700)
Cash generated from operations	3,193,816	3,100,435
Interest paid	(263,830)	(268,123)
Interest received	336	995
Dividends received	632,296	1,226,802
Income tax returned	18,988	-
Income tax paid	(259,445)	(62,200)
Net cash generated from operating activities	<u>3,322,161</u>	<u>3,997,909</u>

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD.

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

	For the Years Ended December 31	
	2015	2014 (Retrospectively Applied)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (Increase) of debt investments with no active market	192,371	(777)
Purchase of investments accounted for using the equity method	(203,000)	(180,000)
Payments for property, plant and equipment	(953,756)	(1,044,231)
Payments for investment properties	(11,488)	(42)
Decrease in other non-current assets	2,224	6,692
Payments for intangible assets	(1,763)	(21,780)
Proceeds from disposal of property, plant and equipment	<u>726</u>	<u>375</u>
Net cash used in investing activities	<u>(974,686)</u>	<u>(1,239,763)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	17,300,000	24,100,000
Repayments of short-term borrowings	(14,200,000)	(24,950,000)
Proceeds from short-term bills payable	11,097,355	11,671,438
Repayments of short-term bills payable	(11,697,129)	(11,620,469)
Repayments of bonds payable	(1,000,000)	(2,500,000)
Proceeds from long-term borrowings	38,300,910	39,499,114
Repayments of long-term borrowings	(40,250,000)	(37,400,000)
Increase in other non-current liabilities	15,224	1,080
Dividends paid	(1,439,211)	(1,622,612)
Payments for buy-back of treasury shares	<u>(405,304)</u>	<u>-</u>
Net cash used in financing activities	<u>(2,278,155)</u>	<u>(2,821,449)</u>
NET INCREASE (DECREASE) IN CASH	69,320	(63,303)
CASH AT BEGINNING OF THE YEAR	<u>453,650</u>	<u>516,953</u>
CASH AT END OF THE YEAR	<u>\$ 522,970</u>	<u>\$ 453,650</u>

(With Deloitte & Touche audit report dated March 24, 2016)

(Concluded)

Amendment to the Articles of Incorporation of FEDS

Section	Proposed Changes	Current Articles	Reasons
Article 22	(Deleted)	<u>The compensation of Directors shall be decided by the Shareholders' Meeting.</u>	To be deleted in order to co-operate the amendment of Article 27.
Article 27	<p><u>If the Company profits for the year, the Company shall allocate from 2% to 3.5% of it for the employees' compensation, and the maximum of 2.5% of it for Directors' compensation. However, the company's accumulated losses shall reserve the amount of covering in advance.</u></p> <p><u>A 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, have the profit distributable as employees' compensation distributed in the form of shares or in cash, and the ratio, amount method and shares of actual distribution; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</u></p>	<p>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 <u>distributed at the ratio as set forth in these Articles of Incorporation</u> aimed at maintaining the stability of dividend distributions. When distributing dividends, the cash dividends shall not be less than 10% of the <u>aggregate sum of dividends and bonus distributed</u> in the same year.</p>	<p>1. Current Article 27 has been removed to second paragraph of Article 28, and has been amended.</p> <p>2. To add the first paragraph of Article 27, and distribute the Directors' and employee's compensation by the ratio of profit.</p> <p>3. To add the second paragraph of Article 27, and the relative affairs about the actual distribution of directors' and employees' compensation shall be adopted by majority vote at a meeting of Board of Directors, and be submitted to the shareholders' meeting.</p>
Article 28	Apart from paying all its	Apart from paying all its	1.Pursuant to

Section	Proposed Changes	Current Articles	Reasons
	<p>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 <u>the bonus which is the remainder based on shareholdings</u> after deducting special reserve as required by law together with undistributed profits from previous years.</p> <p>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 <u>paid</u> aimed at maintaining the stability of dividend distributions. When distributing dividends, the cash dividends shall not be less than 10% of bonus <u>to the shareholders</u></p>	<p>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 <u>in the following manner :</u></p> <p>a) <u>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;</u></p> <p>b) <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</p>	<p>amended Article 235 of Company Act, surplus earning distribution can not include employees' bonus and directors' compensation. In addition, in order to simplify and combine the dividend and shareholders' bonus, the relative rules of surplus earning distribution in the first paragraph of Article 28 have been amended and the second paragraph of Article 28 has been deleted.</p> <p>2. Current Article 27 has been removed to second paragraph of Article 28, and has been amended.</p>

Section	Proposed Changes	Current Articles	Reasons
	<p>distributed in the same year.</p>	<p>decided by the shareholders' meeting.</p> <p><u>c) 4% as employees' bonuses</u></p> <p><u>d) 3% as compensation 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>	
Article 30	<p>These Articles of Incorporation were drafted on August 2, 1967, and came into effect following its approval by a resolution of the General Shareholders' Meeting and the competent authorities. Amendments shall take effect following their approval at the Shareholders' Meetings.</p> <p><u>Forty-sixth amendment of June 17, 2016</u></p>	<p>These Articles of Incorporation were drafted on August 2, 1967, and came into effect following its approval by a resolution of the General Shareholders' Meeting and the competent authorities. Amendments shall take effect following their approval at the Shareholders' Meetings.</p> <p><u>Forty-fifth amendment of June 22, 2015</u></p>	<p>To add the date of amending the certain provisions of the Company's "Articles of Incorporation".</p>