

**Far Eastern New Century Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2012 and 2011 and  
Independent Auditors' Report**

## **REPRESENTATION LETTER**

The affiliates of Far Eastern New Century Corporation (FENC) that should be included in the combined financial statements of FENC and its affiliates as of and for the year ended December 31, 2012 in accordance with the “Regulations Governing the Preparation of Combined Financial Statements of Public Companies and their Affiliates” in the Republic of China (ROC) are the same as those already included in the consolidated financial statements of FENC and its subsidiaries as of and for the year ended December 31, 2012. The consolidated financial statements have been prepared under the ROC Statement of Financial Accounting Standards No. 7 - “Consolidated Financial Statements.” The information required to be disclosed in the combined financial statements has already been disclosed in the consolidated financial statements. Thus, preparing separate combined financial statements of FENC and its affiliates for the same period is not needed.

Very truly yours,

FAR EASTERN NEW CENTURY CORPORATION

By

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DOUGLAS TONG HSU  
Chairman

March 27, 2013

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders  
Far Eastern New Century Corporation

We have audited the accompanying consolidated balance sheets of Far Eastern New Century Corporation (the "Company") and subsidiaries as of December 31, 2012 and 2011 and the related consolidated income statements, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. However, we did not audit the financial statements of certain consolidated subsidiaries. These subsidiaries' total assets, as shown in their financial statements, were 3.87% (NT\$13,116,918 thousand) and 1.20% (NT\$3,941,434 thousand) of the consolidated total assets as of December 31, 2012 and 2011, respectively. Their total net operating revenues were 1.58% (NT\$3,807,268 thousand) and 1.31% (NT\$3,082,749 thousand) of the consolidated net operating revenues in 2012 and 2011, respectively. We also did not audit the financial statements of certain equity-method investees, as shown in the accompanying consolidated financial statements. The carrying values of these investments were 0.54% (NT\$1,822,306 thousand) and 0.55% (NT\$1,803,409 thousand) of the consolidated total assets as of December 31, 2012 and 2011, respectively. The Company's equity in net income was 1.57% (NT\$277,540 thousand) and 1.40% (NT\$297,660 thousand) of the consolidated income before income tax in 2012 and 2011, respectively. The financial statements of the foregoing consolidated subsidiaries and equity-method investees were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the consolidated subsidiaries and other equity-method investees, 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits 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 the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Far Eastern New Century Corporation and subsidiaries as of December 31, 2012 and 2011 and the results of their operations and their cash flows for the years then ended, in conformity with Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

As disclosed in Note 4 to the consolidated financial statements, starting on January 1, 2011, the Company changed its method of calculating depreciation expenses from the fixed-percentage-of-declining method to straight-line method, and changing main equipment's service lives from 7-15 years to 15 years. This accounting change resulted in increase of NT\$215,835 thousand in the net consolidated income portion that belongs to the parent company and of NT\$0.044 in after income tax basic earnings per share in 2011.

As disclosed in Note 34(9) of the financial statement, concerning the nullification by the Department of Commerce of Ministry of Economic Affairs ("DOC") of capital increase registrations in Pacific Liu Tung Investment Corporation ("PLT") by Far Eastern New Century Corporation and its subsidiaries, the Taipei High Administrative Court, on November 29, 2012, (Court Reference Number: Year 99 Letter Su No. 1258 verdict) revoked DOC's decision to nullify the aforesaid capital registrations and subsequent rejection (by Executive Yuan) of an administrative review. However, DOC did not agree with the decision of Taipei High Administrative Court and filed an appeal against the aforesaid court decision at the Highest Administrative Court on December 25, 2012. Therefore, final impact of this case on the Company's controlling interest and several capital injections by the Company and its subsidiaries in PLT is pending court decision.

As disclosed in Note 34(10) of the financial statement, on May 11, 2012, pursuant to referencing Letter Kan No. 92 verdict, Taipei District Court assigned Min-Qiu Jian, Kung Wang, Chen-Chuan Chiu, Chin-Yu Wu and Cheng-Xiong Chen as the interim administrators of PLT. Taipei High Court has ruled to abolish the aforesaid decision on December 27, 2012.

March 27, 2013

#### Notice to Readers

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

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

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**DECEMBER 31, 2012 AND 2011**

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

ASSETS	2012		2011		LIABILITIES AND STOCKHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 2 and 5)	\$ 33,790,201	10	\$ 28,330,882	9	Short-term bank loans (Notes 20 and 33)	\$ 25,209,168	7	\$ 27,371,719	8
Financial assets at fair value through profit or loss - current (Notes 2 and 6)	1,058,519	-	954,871	-	Hedging derivative financial liabilities - current (Note 2)	-	-	2,667	-
Hedging derivative financial assets - current (Note 2)	21,962	-	1,500	-	Commercial paper payables (Notes 21 and 33)	6,286,740	2	10,765,090	3
Held-to-maturity financial assets - current (Notes 2 and 15)	100,000	-	-	-	Financial liabilities at fair value through profit or loss - current (Notes 2 and 6)	619	-	4,708	-
Available-for-sale financial assets - current (Notes 2, 7 and 33)	2,272,149	1	3,496,456	1	Notes and accounts payable (Note 25)	19,257,918	6	21,855,631	7
Notes and accounts receivable, net (Notes 2, 4 and 25)	27,376,551	8	31,794,052	10	Notes and accounts payable to affiliates (Notes 25 and 32)	982,600	-	1,147,752	-
Notes and accounts receivable from affiliates (Notes 2, 25 and 32)	2,183,730	1	1,853,529	1	Income tax payable (Note 2)	2,688,208	1	1,700,572	1
Inventories, net (Notes 2 and 9)	19,394,865	6	21,179,616	6	Accrued expenses (Note 25)	11,143,508	3	9,573,072	3
Available-for-sale - buildings and land, net (Notes 2, 10 and 25)	1,035,526	-	1,690,502	-	Guarantee deposits received - current (Note 32)	401,798	-	504,806	-
Available for construction - land (Notes 2, 11, 25 and 33)	620,361	-	620,001	-	Payables to suppliers of machinery and equipment	4,012,183	1	2,210,448	1
Construction-in-progress (net of billings on construction-in-progress) (Notes 2, 12, 25, 32 and 33)	2,054,054	1	1,964,181	1	Receipts in advance	1,092,033	-	1,163,573	-
Other receivables	1,254,287	-	1,065,662	-	Advances on land and building (Notes 2, 10, 25 and 32)	14,037	-	990,147	-
Deferred income tax assets - current, net (Notes 2 and 28)	345,103	-	316,339	-	Unearned revenue (Notes 2 and 22)	2,579,679	1	2,776,205	1
Restricted assets (Notes 25 and 33)	2,874,067	1	3,187,326	1	Billings on construction-in-progress (net of construction-in-progress) (Notes 2, 23, 25 and 32)	160,779	-	504,941	-
Prepayments and other current assets (Notes 2, 12, and 25)	4,810,657	1	5,040,858	2	Current portion of long-term liabilities (Notes 24 and 33)	3,991,578	1	2,525,144	1
					Deferred income tax liabilities - current (Notes 2 and 28)	1,937	-	2,041	-
Total current assets	99,192,032	29	101,495,775	31	Other current liabilities (Note 2)	1,549,511	1	2,261,852	1
					Total current liabilities	79,372,296	23	85,360,368	26
<b>FUNDS AND INVESTMENTS (Notes 2, 7, 8, 13, 14, 15 and 33)</b>					<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION (Notes 2, 24 and 33)</b>				
Investments accounted for by the equity method	46,274,631	14	44,144,234	14	Long-term debt	32,232,012	10	33,124,195	10
Available-for-sale financial assets - noncurrent	4,489,491	1	4,032,047	1	Bonds payable	41,726,021	12	28,327,158	9
Held-to-maturity financial assets - noncurrent	99,871	-	199,768	-	Total long-term liabilities	73,958,033	22	61,451,353	19
Financial assets carried at cost - noncurrent	1,121,779	-	1,027,679	-	<b>RESERVE FOR LAND VALUE INCREMENT TAX (Note 16)</b>	8,660,653	2	8,660,653	3
Bond investments with no active market - noncurrent	256,508	-	261,384	-	<b>OTHER LIABILITIES</b>				
Total funds and investments	52,242,280	15	49,665,112	15	Accrued pension cost (Notes 2 and 31)	1,900,533	1	2,124,155	1
					Guarantee deposits received - noncurrent	739,923	-	630,861	-
<b>PROPERTIES (Notes 2, 16 and 33)</b>					Hedging derivative financial liabilities - noncurrent	287,522	-	-	-
Cost					Deferred income tax liabilities - noncurrent (Notes 2 and 28)	1,030,467	-	1,106,225	-
Land	11,953,295	4	11,258,491	3	Deferred income (Notes 2, 16 and 32)	212,766	-	151,296	-
Buildings	31,902,836	9	29,850,917	9	Other (Notes 2 and 14)	1,160,276	1	1,110,052	-
Machinery and equipment	105,728,340	31	103,683,905	32	Total other liabilities	5,331,487	2	5,122,589	1
Telecommunications equipment	140,162,711	41	138,886,643	42	Total liabilities	167,322,469	49	160,594,963	49
Computer equipment	26,550,817	8	23,057,973	7	<b>STOCKHOLDERS' EQUITY OF PARENT COMPANY</b>				
Leasehold improvements	3,823,361	1	3,152,607	1	Capital stock - NT\$10.00 par value				
Operating and miscellaneous equipment	16,952,777	5	15,573,377	5	Authorized - 6,000,000 thousand shares				
Total cost	337,074,137	99	325,463,913	99	Issued and outstanding - 5,044,134 thousand shares in 2012 and 4,897,217 thousand shares in 2011	50,441,338	15	48,972,173	15
Revaluation increment	32,238,723	10	32,242,769	10	Capital surplus				
Total cost and revaluation increment	369,312,860	109	357,706,682	109	Premium on capital stock	932,814	-	932,814	-
Less: Accumulated depreciation	224,971,278	66	215,445,231	66	From long-term investments	9,138,169	3	9,421,242	3
Accumulated impairment	5,902,497	2	5,894,686	2	Others	8,884	-	7,672	-
	138,439,085	41	136,366,765	41	Total capital surplus	10,079,867	3	10,361,728	3
Construction-in-progress and prepayments for equipment	14,118,422	4	14,688,373	5	Retained earnings				
Repayment on land	-	-	391,216	-	Legal reserve	11,820,720	4	10,710,699	3
Net properties	152,557,507	45	151,446,354	46	Special reserve	3,152,365	1	3,152,529	1
					Unappropriated earnings	11,472,883	3	13,709,450	4
<b>INTANGIBLE ASSETS</b>					Total retained earnings	26,445,968	8	27,572,678	8
Deferred pension cost (Note 2)	20,488	-	44,968	-	Other stockholders' equity				
Goodwill (Notes 2 and 17)	11,648,351	4	11,971,406	4	Unrealized gains on financial instruments	4,221,652	1	2,716,548	1
3G license fee (Notes 1, 2 and 18)	4,403,689	1	5,114,945	1	Cumulative translation adjustments	186,739	-	2,915,415	1
Land use rights, net (Notes 2 and 33)	2,304,931	1	1,862,024	1	Unrealized revaluation increment on properties	19,166,737	6	19,167,218	6
Other intangible assets (Notes 2 and 17)	834,936	-	859,236	-	Net loss not recognized as pension cost	(166,360)	-	(130,034)	-
Total intangible assets	19,212,395	6	19,852,579	6	Treasury stock - 734 thousand shares in 2012 and 713 thousand shares in 2011	(25,063)	-	(25,063)	-
					Total other stockholders' equity	23,383,705	7	24,644,084	8
<b>OTHER ASSETS</b>					Total stockholders' equity of parent company	110,350,878	33	111,550,663	34
Nonoperating properties, net (Notes 2, 16 and 33)	5,257,840	2	4,330,871	2	<b>MINORITY INTEREST</b>	61,474,219	18	56,859,561	17
Deferred income tax assets - noncurrent, net (Notes 2 and 28)	649,294	-	381,707	-	Total stockholders' equity	171,825,097	51	168,410,224	51
Refundable deposits (Note 25)	582,788	-	499,731	-	<b>TOTAL</b>	\$ 339,147,566	100	\$ 329,005,187	100
Deferred charges, net (Note 2)	1,333,979	1	726,234	-					
Restricted assets (Notes 25 and 33)	7,543,319	2	115,805	-					
Farmland (Note 19)	276,661	-	276,661	-					
Other (Notes 2 and 32)	299,471	-	214,358	-					
Total other assets	15,943,352	5	6,545,367	2					

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

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

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED INCOME STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 32)				
Net sales	\$ 154,310,076	64	\$ 159,889,095	68
Telecommunications service income	67,674,377	28	63,072,609	27
Gain on disposal of investments, net (Note 14)	4,212,074	2	-	-
Construction revenues, net	7,237,182	3	9,415,462	4
Other operating revenues	<u>6,983,313</u>	<u>3</u>	<u>3,184,080</u>	<u>1</u>
Total operating revenues	<u>240,417,022</u>	<u>100</u>	<u>235,561,246</u>	<u>100</u>
OPERATING COSTS (Notes 2, 4, 9, 29 and 32)				
Cost of sales	153,531,595	64	149,995,328	64
Cost of telecommunications services	29,231,099	12	30,348,098	13
Loss on disposal of investments, net	-	-	54,911	-
Construction cost	5,429,425	2	7,494,698	3
Other operating cost	<u>3,820,417</u>	<u>2</u>	<u>1,357,161</u>	<u>1</u>
Total operating costs	<u>192,012,536</u>	<u>80</u>	<u>189,250,196</u>	<u>81</u>
GROSS PROFIT, EXCLUDING REALIZED CONSTRUCTION INCOME				
	48,404,486	20	46,311,050	19
REALIZED CONSTRUCTION INCOME (Notes 2 and 32)				
	<u>556</u>	<u>-</u>	<u>555</u>	<u>-</u>
GROSS PROFIT				
	<u>48,405,042</u>	<u>20</u>	<u>46,311,605</u>	<u>19</u>
OPERATING EXPENSES (Notes 2, 4, 29 and 32)				
Selling	22,266,871	9	19,780,636	8
General and administrative	9,136,917	4	8,021,618	4
Research and development	<u>701,324</u>	<u>-</u>	<u>732,281</u>	<u>-</u>
Total operating expenses	<u>32,105,112</u>	<u>13</u>	<u>28,534,535</u>	<u>12</u>
OPERATING INCOME				
	<u>16,299,930</u>	<u>7</u>	<u>17,777,070</u>	<u>7</u>
NONOPERATING INCOME AND GAINS				
Interest income (Note 32)	450,941	-	329,734	-
Investment income recognized under the equity-method investees, net (Notes 2)	3,137,757	2	3,984,785	2
Dividend income	208,190	-	312,935	-
Exchange gain, net (Note 2)	-	-	812,958	1
Rental income	89,495	-	81,140	-
Valuation gain on financial assets, net (Notes 2 and 6)	95,188	-	-	-

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED INCOME STATEMENTS YEARS ENDED DECEMBER 31, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
Valuation gain on financial liabilities, net (Notes 2 and 6)	\$ 75,876	-	\$ 35,081	-
Other (Note 2)	<u>680,245</u>	<u>-</u>	<u>669,031</u>	<u>-</u>
Total nonoperating income and gains	<u>4,737,692</u>	<u>2</u>	<u>6,225,664</u>	<u>3</u>
<b>NONOPERATING EXPENSES AND LOSSES</b>				
(Note 32)				
Interest expense (Notes 12, 16 and 32)	1,414,238	1	1,346,924	1
Impairment loss on assets (Note 2)	200,440	-	567,833	-
Loss on disposal of properties, net (Notes 16 and 32)	1,095,330	1	178,932	-
Valuation loss on financial assets, net (Notes 2 and 6)	-	-	150,788	-
Exchange loss, net (Note 2)	244,111	-	-	-
Other (Note 32)	<u>454,109</u>	<u>-</u>	<u>488,902</u>	<u>-</u>
Total nonoperating expenses and losses	<u>3,408,228</u>	<u>2</u>	<u>2,733,379</u>	<u>1</u>
<b>CONSOLIDATED INCOME BEFORE INCOME TAX</b>				
	17,629,394	7	21,269,355	9
<b>INCOME TAX EXPENSE</b> (Notes 2 and 28)	<u>2,640,678</u>	<u>1</u>	<u>3,594,952</u>	<u>1</u>
<b>CONSOLIDATED NET INCOME</b>	<u>\$ 14,988,716</u>	<u>6</u>	<u>\$ 17,674,403</u>	<u>8</u>
<b>BELONG TO:</b>				
Stockholders of parent company	\$ 8,713,177	4	\$ 11,087,496	5
Minority interest	<u>6,275,539</u>	<u>2</u>	<u>6,586,907</u>	<u>3</u>
	<u>\$ 14,988,716</u>	<u>6</u>	<u>\$ 17,674,403</u>	<u>8</u>
	<b>2012</b>		<b>2011</b>	
	<b>Before Income Tax</b>	<b>After Income Tax</b>	<b>Before Income Tax</b>	<b>After Income Tax</b>
<b>CONSOLIDATED EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Notes 4 and 30)</b>				
Basic	<u>\$ 1.71</u>	<u>\$ 1.73</u>	<u>\$ 2.35</u>	<u>\$ 2.20</u>
Diluted	<u>\$ 1.71</u>	<u>\$ 1.72</u>	<u>\$ 2.34</u>	<u>\$ 2.19</u>

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

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

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

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

	Capital Stock Issued and Outstanding (Note 26)		Capital Surplus (Notes 2 and 26)	Retained Earnings (Notes 2, 26 and 28)				Other Stockholders' Equity				Total Stockholders' Equity		
	Shares in Thousands	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Unrealized Gain (Loss) on Financial Instruments (Note 2)	Cumulative Translation Adjustments (Note 2)	Unrealized Revaluation Increment on Properties (Notes 2 and 16)	Net Loss Not Recognized as Pension Cost (Note 2)		Treasury Stock (Notes 2 and 27)	Minority Interest
BALANCE, JANUARY 1, 2011	4,754,580	\$ 47,545,799	\$ 10,228,131	\$ 9,413,371	\$ 3,034,766	\$ 14,842,096	\$ 27,290,233	\$ 5,370,206	\$ (492,626)	\$ 8,705,127	\$ (98,259)	\$ -	\$ 51,499,413	\$ 150,048,024
Appropriation of the 2010 earnings														
Legal reserve	-	-	-	1,297,328	-	(1,297,328)	-	-	-	-	-	-	-	-
Cash dividends - NT\$2.0 per share	-	-	-	-	-	(9,509,160)	(9,509,160)	-	-	-	-	-	-	(9,509,160)
Stock dividends - NT\$0.3 per share	142,637	1,426,374	-	-	-	(1,426,374)	(1,426,374)	-	-	-	-	-	-	-
	4,897,217	48,972,173	10,228,131	10,710,699	3,034,766	2,609,234	16,354,699	5,370,206	(492,626)	8,705,127	(98,259)	-	51,499,413	140,538,864
Consolidated net income in 2011	-	-	-	-	-	11,087,496	11,087,496	-	-	-	-	-	6,586,907	17,674,403
Adjustments due to changes in investees' equity in long-term investments	-	-	133,607	-	117,763	12,720	130,483	(2,471,548)	2,697,436	8,905,010	(31,775)	-	-	9,363,213
Translation adjustment on foreign-currency equity-method investments	-	-	-	-	-	-	-	-	710,603	-	-	-	-	710,603
Change in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	(182,082)	-	-	-	-	-	(182,082)
Adjustments on stockholders' equity due to exchangeable bonds	-	-	(10)	-	-	-	-	(28)	2	-	-	-	-	(36)
Company's shares held by subsidiaries - treasury stock (713 thousand shares)	-	-	-	-	-	-	-	-	-	-	-	(25,063)	-	(25,063)
Land revaluation increment	-	-	-	-	-	-	-	-	-	1,557,081	-	-	-	1,557,081
Decrease in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	(1,226,759)	(1,226,759)
BALANCE, DECEMBER 31, 2011	4,897,217	48,972,173	10,361,728	10,710,699	3,152,529	13,709,450	27,572,678	2,716,548	2,915,415	19,167,218	(130,034)	(25,063)	56,859,561	168,410,224
Appropriation of the 2011 earnings														
Legal reserve	-	-	-	1,110,021	-	(1,110,021)	-	-	-	-	-	-	-	-
Cash dividends - NT\$1.7 per share	-	-	-	-	-	(8,325,270)	(8,325,270)	-	-	-	-	-	-	(8,325,270)
Stock dividends - NT\$0.3 per share	146,917	1,469,165	-	-	-	(1,469,165)	(1,469,165)	-	-	-	-	-	-	-
	5,044,134	50,441,338	10,361,728	11,820,720	3,152,529	2,804,994	17,778,243	2,716,548	2,915,415	19,167,218	(130,034)	(25,063)	56,859,561	160,084,954
Consolidated net income in 2012	-	-	-	-	-	8,713,177	8,713,177	-	-	-	-	-	6,275,539	14,988,716
Adjustments due to changes in investees' equity in long-term investments	-	-	(262,703)	-	(1)	(45,639)	(45,640)	1,438,925	(1,589,068)	704	(36,418)	-	-	(494,200)
Translation adjustment on foreign-currency equity-method investments	-	-	-	-	-	-	-	-	(1,135,115)	-	-	-	-	(1,135,115)
Change in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	67,003	-	-	-	-	-	67,003
Adjustments on stockholders' equity due to the disposal of long-term investments	-	-	(20,370)	-	(163)	351	188	(824)	(4,493)	(1,185)	92	-	-	(26,592)
Subsidiaries' cash dividends distributed by the Company	-	-	1,212	-	-	-	-	-	-	-	-	-	-	1,212
Decrease in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	(1,660,881)	(1,660,881)
BALANCE, DECEMBER 31, 2012	5,044,134	50,441,338	10,079,867	11,820,720	3,152,365	11,472,883	26,445,968	4,221,652	186,739	19,166,737	(166,360)	(25,063)	61,474,219	171,825,097

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

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



# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated net income	\$ 14,988,716	\$ 17,674,403
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Amortization of 3G concession	743,686	730,706
Depreciation and amortization	16,327,154	15,404,812
Allowance (reversal of allowance) for losses on inventories	(311,289)	348,076
(Gain) loss on disposal of investments, net	(4,217,687)	37,537
Allowance for doubtful accounts	270,219	203,244
Unrealized exchange (gain) loss on financial assets	(307)	522
Cash dividends received from equity-method investments	2,991,565	2,701,976
Impairment loss on assets	200,440	567,833
Deferred income (loss) on hedging derivative financial assets	63,708	(4,483)
Investment income recognized under the equity-method investees, net	(3,137,757)	(3,984,785)
Gain on redemption of exchangeable bonds	-	(219)
Loss on disposal of properties, net	1,095,330	178,932
Realized deferred rental income	-	(49,622)
Accrued pension costs	(204,240)	(19,948)
Deferred income tax	(372,213)	1,332,785
Realized construction income	(556)	(555)
Loss on disposal of deferred charges	-	3,340
Casualty loss	9,350	-
Net changes in operating assets and liabilities		
Financial assets held for trading	(103,648)	1,755,049
Financial liabilities held for trading	(4,089)	247
Notes and accounts receivable	4,147,282	(6,145,283)
Notes and accounts receivable from affiliates	(166,447)	(170,359)
Inventories	2,096,040	(5,498,989)
Available-for-sale - buildings and land	1,042,545	-
Construction-in-progress, net	(337,856)	2,066,539
Available for construction-land	(360)	12
Other receivables	(467,912)	342,645
Prepayments and other current assets	213,234	(130,718)
Notes and accounts payable	(2,597,713)	4,145,854
Notes and accounts payable to affiliates	(139,711)	(293,405)
Income taxes payable	987,636	(369,083)
Accrued expenses	1,570,436	(284,400)
Receipts in advance	(71,540)	189,285
Advance on land and building	(976,110)	(348,894)
Unearned revenue	(196,526)	751,377
Billings on constructions-in-progress, net	(356,465)	(391,142)
Other current liabilities	<u>(686,870)</u>	<u>971,237</u>
Net cash provided by operating activities	<u>32,398,045</u>	<u>31,714,526</u>

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

	2012	2011
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in receivables from affiliates	\$ (163,754)	\$ (319,149)
Proceeds of disposal of investments accounted for by the equity method	-	268,135
Acquisition of investments accounted for by the equity method	(1,709,258)	(2,024,867)
Proceeds of the disposal of available-for-sale financial assets	1,190,384	3,367,040
Acquisition of available-for-sale financial assets	(288,262)	(3,384,194)
Proceeds of the disposal of financial assets carried at cost	980	11,804
Acquisition of financial assets carried at cost	(126,000)	(270,000)
Proceeds of the disposal of properties	217,194	126,710
Acquisition of properties	(18,194,861)	(18,167,118)
Increase in intangible assets	(108,531)	(14,074)
Cash payment for the acquisition of subsidiaries	-	(236,342)
Cash prepayment for the acquisition of land	-	(391,216)
Increases in land use rights	(547,794)	-
(Increase) decrease in restricted assets	(7,114,255)	36,197
(Increase) decrease in refundable deposits	(66,090)	10,946
Increase in deferred charges	(946,061)	(251,768)
Increase in other assets	<u>(276,996)</u>	<u>(126,618)</u>
Net cash used in investing activities	<u>(28,133,304)</u>	<u>(21,364,514)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term bank loans	(2,162,551)	(1,585,986)
(Decrease) increase in commercial paper payables	(4,478,350)	2,283,001
Decrease in payable to affiliates	(25,441)	(147,311)
Decrease in long-term liabilities	(526,797)	(185,275)
Increase in bonds payable	14,460,855	6,750,348
Increase (decrease) in guarantee deposits	6,054	(43,028)
Payments of cash dividends	(14,929,534)	(15,888,262)
Cash received from subsidiaries' issuing of new shares	2,236,172	1,535,090
Increase (decrease) in minority interest	6,749,463	(1,695,294)
Decrease in other liabilities	<u>(102,957)</u>	<u>(105,824)</u>
Net cash provided by (used in) financing activities	<u>1,226,914</u>	<u>(9,082,541)</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>(32,336)</u>	<u>(105,309)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,459,319	1,162,162
CASH AND CASH EQUIVALENTS ARISING FROM INCREASE IN SUBSIDIARIES	-	912,597
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>28,330,882</u>	<u>26,256,123</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 33,790,201</u>	<u>\$ 28,330,882</u>

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

	2012	2011
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Interest paid	\$ 1,574,048	\$ 1,436,734
Less: Capitalized interest	<u>103,783</u>	<u>89,305</u>
Interest paid (excluding capitalized interest)	<u>\$ 1,470,265</u>	<u>\$ 1,347,429</u>
Income tax paid	<u>\$ 2,112,722</u>	<u>\$ 2,696,896</u>
<b>NONCASH FINANCING ACTIVITIES</b>		
Current portion of long-term liabilities	<u>\$ 3,991,578</u>	<u>\$ 2,525,144</u>
Total land revaluation increment	\$ -	\$ 11,843,257
Deduct: Reserve for land value increment tax	-	(2,405,988)
Unrealized land revaluation increment	<u>\$ -</u>	<u>\$ 9,437,269</u>

In April 2011, a subsidiary, Far Eastern Tech-info (Shanghai) Ltd. (FETI) acquired 55% of the common shares of Far Eastern New Century Information Technology (Beijing) Ltd (FECIT). The fair values of total assets and total liabilities at the time of acquisition were as follows:

Cash	\$ 56,930
Prepaid expenses	257
Other current assets	134
Intangible assets	241,046
Accrued expenses	<u>(16)</u>
	298,351
Percentage of ownership acquired	<u>55%</u>
	164,093
Goodwill	<u>57,615</u>
Cash payment for the acquisition of FECIT	<u>\$ 221,708</u>

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

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

(Concluded)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

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### 1. ORGANIZATION AND OPERATIONS

Far Eastern New Century Corporation (FENC or the “Company”), which was incorporated in 1954, manufactures and sells polyester materials, semifinished products and finished goods such as cotton, synthetic or blended fabrics, towels and bedsheets, and woven and knitted garments; PET (polyethylene terephthalate) bottles and PET sheets; and natural, synthetic or blended yarns and polyester textured yarns. It also does yarn, silk and cloth printing and dyeing as well as manufactures wide-view film, antiglare film, antireflection film and other optical films. The Company’s stock is listed on the Taiwan Stock Exchange. On October 19, 1999, the Company issued global depositary receipts (GDRs), which became listed on the Luxembourg Stock Exchange. On October 13, 2009, the stockholders resolved to change their company’s name of Far Eastern Textile Ltd. to Far Eastern New Century Corporation; thus, the original stock symbol of FETL was changed to FENC.

Far EasTone Telecommunications Co., Ltd. (Far EasTone) was incorporated in the Republic of China on April 11, 1997 and began commercial operations on January 20, 1998. Far EasTone’s shares began to be traded on Taiwan Over-the-Counter Securities Exchange (known as Gre Tai Securities Market) on December 10, 2001. Later, Far EasTone’s shares ceased to be traded on the Gre Tai Securities Market and became listed on the Taiwan Stock Exchange on August 24, 2005. Far EasTone provides wireless communications, leased circuit, Internet and international simple resale (ISR) services and also sells cellular phone equipment and accessories.

Far EasTone provides 2G (second-generation wireless communications services) by geographical sector under two type I licenses - GSM900 for the northern region of Taiwan and GSM1800 island-wide (“GSM” means “global system for mobile communications”) - issued by the Directorate General of Telecommunications (DGT) of the ROC. These licenses allow Far EasTone to provide services for 15 years from 1997, in February 2012, Far EasTone applied for the renewal of the license and the renewed license is valid from the application date to June 30, 2017, with an annual license fee of 2% of total 2G wireless communications service revenues.

The DGT also issued to Far EasTone a type II license to provide Internet and ISR services until December 2015 and to pay annual license fees based on the regulations for each service. Far EasTone is also licensed to provide local/domestic long-distance land cable leased circuit services for 15 years from January 2003, for an annual license fee of 1% of leased circuit service revenues.

Far EasTone merged with Yuan-Ze Telecommunications Co., Ltd. (Yuan-Ze Telecom) on May 2, 2005. In 2005, Yuan-Ze Telecom received from the DGT the 3G (third-generation wireless communications system) concession, with a bidding price of \$10,169,000 thousand, included in intangible assets - 3G concession. On January 24, 2005, the DGT issued to Yuan-Ze Telecom a 3G license, which is valid through December 31, 2018. Through the completion of the merger with Yuan-Ze Telecom, Far EasTone became licensed to provide 3G wireless communications service and began commercial operations from 2005.

In 2004, Far EasTone incorporated KG Telecommunication Co., Ltd., (KG Telecom, formerly Yuan Ho Telecommunications Co., Ltd.) to proceed with the merger with the former KG Telecommunications Co., Ltd. (the “former KGT”) in 2004. Through the completion of the merger with the former KGT, KG Telecom became licensed to provide island-wide 2G wireless communications services under a type I license - GSM1800. In February 2012, Far EasTone applied for the renewal of the license and the renewed license is valid from the application date to June 30, 2017, with an annual license fee at 2% of total 2G wireless communications service revenues. The DGT also issued the former KGT a type I license to

provide local/domestic long distance land cable leased circuit services for 15 years from September 2000, with an annual license fee of 1% of leased circuit service revenues. To integrate the resources and enhance the operating efficiency of Far EasTone and KG Telecom (formerly Far EasTone's 100% subsidiary), the boards of directors of both companies resolved to approve their merger on February 26, 2009, with Far EasTone as the survivor entity. On August 28, 2009, the National Communications Commission (NCC) approved this merger, and the record date of this merger was January 1, 2010.

On December 28, 2009, NCC awarded Far EasTone the WiMAX (worldwide interoperability for microwave access) license, which is valid for six years, in the southern region of Taiwan, and Far EasTone began its commercial operation of WiMAX service soon after. Far EasTone has to pay an annual license fee that is equal to WiMAX service revenues multiplied by the bidding percentage (4.18%), but the annual license fee should not be less than a specified minimum amount.

On June 13, 2012, the stockholders of Far EasTone resolved to issue up to 444,341 thousand common shares by private placement, with a total issuance amount of up to \$17,773,641 thousand and the private placement price setting at NT\$40.00 per share, to catch up on industry development trends and to meet Far EasTone's future operating needs. This resolution replaced their private placement resolution made on June 9, 2011, June 15, 2010 and June 16, 2009. The subscriber for these privately placed shares will be China Mobile Limited's 100% indirect subsidiary incorporated in the ROC. However, based on certain agreements, if the volume weighted average price of Far EasTone's common shares falls below NT\$35.00 or exceeds NT\$50.00 within 14 consecutive trading days prior to and including the date on which either China Mobile Limited or Far EasTone sends the notice to the other party of the settlement date of the private placement, Far EasTone's board of directors has the authorization of the stockholders' meeting to discuss in good faith and set a new private placement price, provided that any upward or downward adjustment is not more than NT\$5 per Far EasTone's share and the new price should not be lower than 70% of the reference price on that date. The private placement will proceed after obtaining the authorities' approval under the related regulation. And the actual amount of the decree issued within the scope of authority of the Board of Directors decided.

Far Eastern Electronic Toll Collection Co., Ltd. (FETC), which is owned by Yuan Tong Investment Corp. (Yuan Tong) and Far EasTone, provides electronic toll collection (ETC) services on national freeways. As of June 30, 2011, the utilization rate of ETC did not reach the requirement sated in the contract of the Electronic Toll Collection BOT Project (ETC Project). Thus, FETC entered into a negotiation with the Taiwan Area National Freeway Bureau (TANFB) and proposed an improvement plan. TANFB consented to the improvement plan and set six inspection points. On August 14, 2012, the Negotiation Committee made a conclusion that TANFB should be in compliance with the six inspection points of the above-mentioned improvement plan during 2012 and check the utilization rate of ETC reach the requirement regulated in the contract or not. FETC accomplished the six inspection points during 2012.

On a taximeter system infrastructure that FETC committed to complete as part of the above ETC project, there was a delay in completion. On January 31, 2013, the Negotiation Committee concluded that the reasons for the delay in construction could not be foreseen or controlled; thus, both the FETC and TANFB should allow for a reasonable extension of the construction period. However, the amount of the required penalty for the construction delay (\$500 thousand for each day of construction delay) could not be calculated because the determination of the starting date and ending date of the penalty period depends on whether FETC can complete the infrastructure by June 30, 2013. As of March 27, 2013, the date of the accompanying auditors' report, FETC was still negotiating with TANFB through the Negotiation Committee on the amount of penalty, therefore, the final result of the penalty FETC should pay can not be reasonably estimated.

The Company issued new shares to acquire 100% equity in Far Eastern Resources Development Co. (FERD), a spin-off of the Company's real estate development business, including some fixed assets, nonoperating assets and farmland for investment purposes. FERD aims to carry out the following projects:

- a. Taipei Far Eastern Telecom Park Project: FERD has an approximately 73.7 thousand-pings land located in Banciao. To use this property productively, FERD signed a public construction BOO (build-own-operate) contract with the Ministry of Economic Affairs of the ROC. It is the first private-development BOO project in the telecom field in northern Taiwan. The Taipei Far Eastern Telecom Park plans to recruit tenants comprising new generation CPE (customer premises equipment), broadband service and equipment providers, digital content service providers, and broadband equipment providers. This park had been approved by the Urban Planning Commission of the Ministry of the Interior of the ROC and is now under construction. The first building started to operate in August 2010.
- b. The Yilan Jiaosi Resort hotel project: This project involves land rezoning so that industrial/commercial areas can be established. After a land rezoning process, the construction was cleared to start in 2009.

FENC and its consolidated subsidiaries (collectively, the "Group") had 28,557 and 26,372 employees as of December 31, 2012 and 2011, respectively.

The intercompany relationships, percentages of ownership and major operations of subsidiaries as of December 31, 2012 are shown in Schedules A and B.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China ("ROC"). Significant accounting policies are summarized as follows:

### **Consolidation**

FENC's direct and indirect subsidiaries (i.e., investees with more than 50% of their voting shares owned by FENC or over which there is de facto control) are included in the consolidated financial statements. For subsidiaries acquired during the reporting period, their revenues and expenses generated before the acquisition date need not be consolidated. If FENC loses control over its subsidiaries during the reporting period, their revenues and expenses generated after the control loss date need not be consolidated.

All significant intercompany transactions and balances were excluded from the consolidation.

To prepare for service convergence, Far EasTone aims to enhance the business cooperation between its mobile and fixed-line components by group integration to provide more comprehensive telecom services to consumers as well as to reach long-term synergy in operating costs. In 2011 and 2010 Yuan Cing Infocomm Tech Co., Ltd. (YCIC) (dissolved due to the merger on March 1, 2011) resolved to conduct a tender offer and cash to acquire the common shares of New Century InfoComm Tech Co., Ltd. (NCIC).

To simplify investment structure and enhance operation efficiency, NCIC had acquired the common shares of ADCast Interactive Marketing Co., Ltd. (ADCast) from related parties and minority interests in 2011, with the ownership of ADCast to be increased from 20.63% to 90.57%. On January 16, 2012, the board of directors of both companies resolved to approve the merger of NCIC and ADCast under the regulation of Article 19 of Business Mergers and Acquisitions Act. NCIC merged with ADCast, with NCIC as the surviving entity. The record date of this merger was set on March 31, 2012, and completed the registration with the Department of Commerce (DOC) on April 26, 2012.

In addition, Far Eastern Industries (Shanghai) Ltd. sold its subsidiary, Shanghai Far Eastern IT Co., to Far Eastern New Century (China) Investment Ltd. (FENCI) in 2011. Thus, Shanghai Far Eastern IT became a 100% subsidiary of FENCI.

FENC's subsidiary, Yuan Tong, bought the new shares issued by Sino Belgium (Holding) Ltd. (SINO) in December 2011. Thus, the interest of Yuan Tong in SINO increased from 87.5% to 91.39%.

On March 1, 2012, Q-ware Communications Co., Ltd. (Q-ware Com.) signed a contract with Taipei City Government for Taipei Free WiFi project. On April 20, 2012, in order to strengthen Q-ware Com.'s capital structure and fulfill the operating cash needs for Taipei Free WiFi project, Far Eastone's board of directors resolved to subscribe for Q-ware Com.'s new shares in the amount of \$336,183 thousand and then Far Eastone's ownership was increased to 81.46%.

FENC's subsidiary, Far Eastern Tech-Info (Shanghai) Ltd., had control over an investee, Far Eastern New Century Information Technology (Beijing) Limited. Thus, the accounts of this investee began to be included in the consolidated financial statements on April 1, 2011.

FENC's subsidiary, Far Eastern Polytex (Holding) Ltd. acquired 3.63% and 0.17% equity in Wuhan Far Eastern New Material Ltd. from Far Eastern Industries (Shanghai) Ltd. in September 2011; and, Far Eastern Apparel (Suzhou) Ltd., respectively.

FENC's subsidiaries, Jing Yuan Technology Co., Ltd. and Home Master Technology Co., Ltd., established by DE Infotech in 2011. They mainly provide information processing services and wholesale telecommunications products, respectively.

FENC's subsidiary, Sugian Far Eastern Apparel Co., Ltd., was established by Far Eastern Apparel (Suzhou) in July 2011. It mainly produces and sells textiles and knitwear and other garments.

FENC's subsidiary, Worldwide Polychem (HK) Ltd., was established by Far Eastern Investment (Holding) Ltd. (FEIH) in August 2011 and officially began to operate in October 2011. It mainly sells fiber, silk and polychem products and does other general investments.

FENC's subsidiary, Far Eastern Yihua Petrochemical Co., was co-established by Far Eastern Polytex (Holding) Ltd. and Sinpec Yizheng Chemical Fibre Co., Ltd. (YCF) in December 2011 which acquired 60% of registered capital. It mainly produces PTA (purified terephthalic acid) and does related business.

FENC's subsidiary, Far Eastern Textile Limited was established by FENC in December 2011. It mainly manufactures and sells knitwear and other garments and textiles.

FENC's subsidiary, Far Eastern Industries Co., Ltd. (Yangzhou), was established by FENC's subsidiary, Far Eastern Polychem Industries Ltd. (FEPI), in May 2012. It mainly manufactures and sells PET resins, PET sheets, and PET preforms.

FENC's subsidiary, Far Eastern Union Petrochemical (Yangzhou) Corporation, (FEUPY) was co-established by PET Far Eastern (Holding) Ltd. (PETH) and affiliated company, Pacific Petrochemical (Holding) Ltd. in August 2012 which acquired 50% each of registered capital. However, as of December 31, 2012, PETH held more than half of the board of directors' seats of FEUPY; thus, FEUPY was included in the consolidated financial statements. It mainly produces epoxyethane (EO) and ethylene glycol.

To enhance the operating efficiency of the Group's resources and profit, to support the government's strategy of a distance-based toll scheme with the expected boost of the use of electronic toll collection (ETC) lanes and to increase the use of Far EasTone's properties through the provision by FETC of telecommunications services, on April 20, 2012, the Group participated in FETC's capital increase through injecting cash of \$11,479,259 thousand. Thus, the Group's interest in FETC increased from 58.14% to 58.89%. In addition, Yuan Ding Co., Ltd. (Yuan Ding) and Yuan Tong bought 41,519 thousand common shares issued by FETC for NT\$444,254 thousand during the six months ended December 31, 2012. Thus, the Group's interest in FETC increased from 58.89% to 66.33%

In 2012, FENC's subsidiaries, Kai Yuan Investment Co, Ltd. (Kai Yuan), An Ho Garment Co., Ltd. (An Ho) and Yuan Tong sold 104,223 thousand shares of Far EasTone for NT\$6,528,313 thousand. In addition, Yuan Tong bought 322 thousand shares of Far EasTone for NT\$20,332 thousand, also in 2012. Thus, the Group's interest in Far EasTone decreased from 41.44% to 37.25%.

In March 2012, the Company sold 5,502 thousand common shares of Yuan Ding Investment Co., Ltd. (YDI) to Da Ju Fiber Co., Ltd. for NT\$235,491 thousand; thus the Company's equity interest in YDI decreased from 99.7% to 99.4%.

FENC's subsidiary, Far EasTone, Yuan Ding, and Ding Ding Integrated Marketing Services (DDIMS) Co., Ltd. expected to provide consumers with an alternative microcredit payment instrument and to help in the development of digital content business. Thus, Far EasTone and DDIMS intended to establish Yuan Hsin Digital Payment Co., Ltd. and the estimated subscription amounts to NT\$650,100 thousand, with the Group's interest to be at 65.01%.

FENC's subsidiary, YDI, bought 20,939 thousand shares of Oriental Resources Development Co., Ltd. (ORD) for NT\$209,397 thousand in 2012. Thus, the Group's interest in ORD decreased from 70.32% to 70%.

FENC appointed the general manager of Yuan Ding, and approved December 28, 2011 as the start date of his term. Thus, Yuan Ding and its subsidiaries, Far Eastern Electronic Commerce Co. (FEEC), DDIMS, Ding Ding Hotel (DDH) Co., Ltd., FET Consulting Engineers Co., Ltd., YDT Technology International Co., Ltd., Far Eastern Technical Consultant Co., Ltd., DDIM (Virgin Islands) Ltd., YDC (Virgin Islands) Ltd., Yuan Ding Integrated Information Service Inc., and Speedy (Shanghai) Digital Tech. Co., Ltd., have been included in the consolidated financial statements since December 28, 2011.

FENC's subsidiary, DDIM (Virgin Island) Ltd., participated in the issuance of new capital stock of Yuan Ding Integrated Information Service (Shanghai) Inc. in the first quarter of 2011. Thus, the interest of DDIM (Virgin Island) Ltd. in Yuan Ding Integrated Information Service (Shanghai) Inc. increased to 98.61%. The original stockholder of DDIM (Virgin Island) Ltd., YDC (Virgin Island), did not participate in this issuance of new capital stock; thus, YDC (Virgin Island)'s ownership of DDIM (Virgin Island) Ltd. decreased from 100% to 1.39%.

The entities in the "Combined Financial Statements of Affiliates" are the same as those in the consolidated financial statements required to be prepared under Statement of Financial Accounting Standards No. 7 - "Consolidated Financial Statements"; thus, the combined financial statements of affiliates will not be compiled. That is, the information needed for the combined financial statements of affiliates is already in the consolidated financial statements.

### **Foreign Currencies**

The financial statements of foreign operations are translated into New Taiwan dollars at the following exchange rates:

- a. Assets and liabilities - at exchange rates prevailing on the balance sheet date;
- b. Stockholders' equity - at historical exchange rates;



- c. Dividends - at the exchange rate prevailing on the dividend declaration date; and
- d. Income and expenses - at average exchange rates for the year.

Exchange differences arising from the translation of the financial statements of foreign operations are recognized as a separate component of stockholders' equity. These exchange differences are recognized in profit or loss in the year in which the foreign operations are disposed of.

Nonderivative foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange differences arising from the settlement of foreign-currency assets and liabilities are recognized in profit or loss.

At the balance sheet date, foreign-currency monetary assets and liabilities are revalued using prevailing exchange rates, and the exchange differences are recognized in profit or loss.

At the balance sheet date, foreign-currency nonmonetary assets (such as equity instruments) and liabilities that are measured at fair value are revalued using prevailing exchange rates, with the exchange differences treated as follows:

- a. Recognized in stockholders' equity if the changes in fair value are recognized in stockholders' equity;
- b. Recognized in profit and loss if the changes in fair value are recognized in profit or loss.

Foreign-currency nonmonetary assets and liabilities that are carried at cost continue to be stated at exchange rates at trade dates.

If the functional currency of an equity-method investee is a foreign currency, translation adjustments will result from the translation of the investee's financial statements into the reporting currency of the Company. Such adjustments are accumulated and reported as a separate component of stockholders' equity.

### **Accounting Estimates**

Under the above guidelines, law and principles, certain estimates and assumptions have been used for the allowance for doubtful accounts; allowance for loss on inventories; depreciation of properties, idle and rental assets; impairment loss on assets; asset retirement obligations; product warranty reserve; income tax; pension cost; bonuses to employees, directors and supervisors; etc. Actual results may differ from these estimates.

For readers' convenience, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the financial statements shall prevail.

### **Current and Noncurrent Assets and Liabilities**

Current assets are unrestricted cash or cash equivalents, assets held mainly for trading and other assets to be converted into cash or consumed within 12 months after the balance sheet date. All other assets such as properties and intangible assets are classified as noncurrent. Current liabilities are obligations to be settled within 12 months after the balance sheet date. All other liabilities are classified as noncurrent.

Far Eastern Construction Co., Ltd. (FECC) authorizes constructors to build houses for sale or rent. Far Eastern General Contractor Inc. (FEGC) engages in civil engineering construction. The operating cycles of the two companies are over one year. Thus, the contract-related assets and liabilities are classified as current or noncurrent depending on their operating cycles.

## **Cash Equivalents**

Commercial paper and bonds purchased under resell agreements with maturities of up to three months from the date of purchase are classified as cash equivalents. Their carrying values approximate their fair values.

## **Financial Instruments at Fair Value through Profit or Loss**

Financial instruments at fair value through profit or loss (FVTPL) include financial assets or liabilities held for trading and those designated on initial recognition as at FVTPL.

The Group recognizes a financial asset or a financial liability on its balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Group has lost control of its contractual rights over the financial asset. A financial liability is derecognized when the obligation specified in the relevant contract is discharged, canceled or expired.

On initial recognition, the financial instruments are measured at fair value plus transaction costs directly attributable to the acquisition of the assets. Subsequent changes in fair value are recognized as current gain or loss. Cash dividends received within a year from the investment acquisition date and received in subsequent years are all accounted for as investment income. When the financial instruments are derecognized, the difference between selling price and carrying value or the amount paid and carrying amount is recognized as current gain or loss. The regular purchase or sale of financial instruments is recognized or de-recognized using trade date accounting.

If derivative financial instruments do not meet the criteria for hedge accounting, they are classified as financial assets or liabilities held for trading. They are classified as financial assets when their fair value is positive; otherwise, they are classified as financial liabilities.

The fair values of listed securities and mutual funds are determined at their closing prices and net asset values, respectively, as of the balance sheet date. The fair values of cotton futures contracts, currency option contracts and forward exchange contracts are determined at their market quotation on the balance sheet date. The fair values of financial instruments with no quoted market prices are determined at estimates made using valuation techniques.

## **Available-for-sale Financial Assets**

Available-for-sale financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are remeasured at fair value, with changes in fair value recognized in equity until the financial assets are disposed of, at which time, the cumulative gain or loss previously recognized in equity is included in profit or loss for the year. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

The recognition, derecognition and the fair value bases of available-for-sale financial assets are the same as those of financial assets at FVTPL.

The fair values of listed securities and mutual funds are determined at their closing prices and net asset values, respectively, as of the balance sheet date.

Any cash dividends received are recognized as income on the date of the stockholders' meeting or on the ex-dividend date, but dividends declared from earnings before investment acquisition are recognized as a reduction of the carrying value of the investments. Stock dividends received are accounted for only as an increase in the number of shares held but are not recognized as investment income. The carrying amount of shares held is recalculated on the basis of the total number of shares held after stock dividends are received.

An impairment loss should be recognized if there is objective evidence showing that an available-for-sale financial asset is impaired. This impairment loss can be reversed to the extent of the original carrying value and recognized as an adjustment to stockholders' equity.

### **Held-to-maturity Financial Assets**

Held-to-maturity financial assets are carried at amortized cost using the effective interest method. These assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition. Profit or loss is recognized when the financial assets are derecognized, impaired, or amortized. All regular way purchases or sales of financial assets are accounted for using a trade date basis.

An impairment loss is recognized when there is objective evidence that the investment is impaired. The impairment loss is reversed if an increase in the investment's recoverable amount is due to an event which occurred after the impairment loss was recognized; however, the adjusted carrying amount of the investment may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the investment in prior years.

### **Hedge Accounting**

Derivatives that are designated and effective as hedging instruments are measured at fair value, with subsequent changes in fair value recognized either in profit or loss, or in stockholders' equity, depending on the nature of the hedging relationship.

Hedge accounting recognizes the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item. Three Company subsidiaries, Far Eastone, NCIC, and FETC use cross-currency swap contracts, foreign exchange swap contract and interest rate swap contracts to hedge against the adverse effects of exchange rate fluctuations of foreign currency-denominated assets or floating rate long-term borrowings due to fluctuations in interest rates.

For the cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in stockholders' equity. The amount recognized in stockholders' equity is recognized in profit or loss in the same year or years during which the hedged forecast transaction or an asset or liability arising from the hedged forecast transaction affects profit or loss. However, if all or a portion of a loss recognized in stockholders' equity is not expected to be recovered in the future, the amount that is not expected to be recovered is reclassified to profit or loss.

### **Financial Assets Carried at Cost**

Investments in equity instruments with no quoted prices in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks are measured at their original cost. The accounting treatment for dividends on financial assets carried at cost is the same as that for dividends on available-for-sale financial assets. An impairment loss is recognized when there is objective evidence that the asset is impaired. A reversal of this impairment loss is disallowed.

### **Bond Investments with No Active Market**

Bond investments with fixed or determinable payments and with no quoted prices in an active market are carried at amortized cost using the effective interest method. The accounting treatment for these bond investments is the same as that for held-to-maturity financial assets, except for the absence of restriction on the timing of their disposal.

## **Impairment of Accounts Receivable**

Accounts receivable are assessed for impairment at the end of each reporting period and considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the accounts receivable, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- Significant financial difficulty of the debtor;
- Accounts receivable becoming overdue; or
- It becoming probable that the debtor will enter into bankruptcy or undergo financial reorganization.

Accounts receivable that are assessed as not impaired individually are further assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of accounts receivable could include the Group's past experience of collecting payments and an increase in the number of delayed payments as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

The amount of the impairment loss recognized is the difference between the asset carrying amount and the present value of estimated future cash flows, after taking into account the related collaterals and guarantees, discounted at the receivable's original effective interest rate.

The carrying amount of the accounts receivable is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, they are written off against the allowance account. Recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognized as bad debt in profit or loss.

## **Impairment of Assets**

If the recoverable amount of an asset (mainly properties, intangible assets, idle assets, leased assets, 3G license fee, goodwill, land use rights, deferred expenses and investments accounted for by the equity method) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is charged to earnings unless the asset is carried at a revalued amount, in which case the impairment loss is first treated as a reduction of the unrealized revaluation increment, and any remaining loss is charged to earnings.

If an impairment loss reverses, the carrying amount of the asset is increased accordingly, but the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in earnings, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is first recognized as gain to the extent that an impairment loss on the same revalued asset was previously charged to earnings. Any excess amount is treated as an increase in the unrealized revaluation increment.

For the purpose of impairment testing, goodwill is allocated to each of the relevant cash-generating units (CGUs) that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually or whenever there is an indication that the CGU may be impaired. If the recoverable amount of the CGU becomes less than its carrying amount, the impairment is allocated to first reduce the carrying amount of the goodwill allocated to the CGU and then to the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU. A reversal of an impairment loss on goodwill is disallowed.

For long-term equity investments on which the Group has significant influence but over which it has no control, the carrying amount (including goodwill) of each investment is compared with its own recoverable amount for the purpose of impairment testing.

## **Inventories**

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

## **Real Estate**

An FENC subsidiary, Far Eastern Construction Co., Ltd. (FECC), uses the completed-contract method for its construction projects. The amount of presold real estate is recognized as advances on land and building. After completion of the construction, the ownership is transferred to a proprietor or owner, and the proceeds of this transfer are recognized as current revenues. The calculation of the construction cost is based on the size of the land used, the actual size of the house and the construction cost incurred. House ownership fully or partly transferred to customers is recognized as current construction cost; any remaining construction costs are recognized as available for sale - building and land.

FECC's presold property under the percentage-of-completion method is recognized in the balance sheet and is calculated on an accrual basis. If the accumulated construction gain exceeds total construction gain, the excess will be recognized as current revenues; otherwise, current loss is recognized. If the construction is estimated to result in a loss, the full loss has to be recognized immediately. When the estimated loss decreases in the following periods, the cumulative loss recognized in excess of the estimated loss is recognized as revenues.

FECC recognizes construction by the percentage-of-completion method. The construction account is calculated depending on the construction cost actually incurred (including land acquisition costs and capitalized interests) plus or minus the estimated construction revenues or losses. After each construction completion, the sold parts of construction and related advances on land and building are netted out; the net amount is recognized as operating revenue. The unsold parts under the current construction projects are reclassified to real estate available for sale.

FECC states its property as available for sale - building and land or available for construction - land at the lower of cost or market.

FECC treats its marketing expenses for presold real estate as deferred marketing expenses and recognizes them as current expenses when the construction is completed but the ownership of real estate has not yet been transferred to customers.

## **Long-term Construction Contracts**

Revenues and costs of long-term construction contracts of FEGC are recognized by the percentage-of-completion method. Under this method, the stage of completion of each contract is measured as a ratio of cumulative construction costs to total estimated contract costs. If contract price or construction contract costs cannot be reasonably estimated, the completed method is required.

Construction revenues and costs for the current year of FEGC are the cumulative construction revenue and costs, determined using the percentage-of-completion method, in excess of the cumulative construction revenue and costs recognized in prior years. An estimated loss on a construction contract is recognized immediately; any adjustment of this loss is recognized as either income or loss in the year of adjustment. The adjustment of the construction contract price of the prior year's completed construction is added to or deducted from the construction profit or loss of the year of adjustments. Under the completed-contract method, when construction is completed, billings on construction-in-progress and construction-in-progress are reclassified to construction revenues and construction costs.

Long-term construction in progress of FEGC is carried at cost plus estimated construction profit or less estimated losses. Installment payments or collections received on construction projects are credited to advances from construction. Upon completion of each project, these advances are offset against construction-in-progress.

At year-end, the balances of construction-in-progress and advances on construction of FEGC are netted out, and the result is classified as current asset or current liability.

### **Investments Accounted for by the Equity Method**

Investments in which the Group holds 20 percent or more of the investees' voting shares or exercises significant influence over the investees' operating and financial policy decisions are accounted for by the equity method.

On the acquisition date or the adoption of the equity method for the first time, the cost of acquisition is subjected to an initial analysis. The investment cost in excess of the fair value of identifiable net assets is recognized as goodwill, which is no longer amortized. If the fair value of identifiable net assets acquired exceeds the cost of investments, the excess should be assigned to noncurrent assets in proportion to their respective fair values (except for financial assets not under the equity method, assets for disposal, deferred income tax assets and prepaid pension costs or other retirement benefit costs). If these assets are all reduced to zero, the remaining excess should be recognized as extraordinary gain.

Profits from downstream transactions with an equity-method investee are eliminated in proportion to the Group's percentage of ownership in the investee; however, if the Group has control over the investee, all the profits are eliminated. Profits from upstream transactions with an equity-method investee are eliminated in proportion to the Group's percentage of ownership in the investee.

An increase in the Group's proportionate share in the net assets of its investee resulting from its subscription for additional shares of stock issued by the investee at a rate different from its current equity ownership in the investee is credited to capital surplus. If the subscription results in a decrease in the Group's equity in an investee's net assets, capital surplus is debited. If capital surplus is not enough for debiting purposes, the difference is debited to unappropriated earnings.

When the Group's share in losses of an investee over which the Group has control exceeds its investment in the investee, unless the other stockholders of the investee have assumed legal or constructive obligations and have demonstrated the ability to make payments on behalf of the investee, the Group has to bear all of the losses in excess of the capital contributed by stockholders of the investee. If the investee subsequently reports profits, such profits are first attributed to the Group to the extent of the excess losses previously borne by the Group.

The Group's share in the equity-method investees' net income or net loss is recognized using the treasury stock method if there are reciprocal holdings between investors and investees.

When the Group receives stock dividends, the Group does not recognize these dividends as investment income but as an increase in the number of shares held. In addition, the Group should add the received stock dividends to the total number of shares held to recalculate the carrying value per share.

### **Properties, Rental Assets and Idle Assets**

Properties and rental and idle assets are stated at cost plus revaluation increment less accumulated depreciation and accumulated impairment losses. Major additions and improvements to properties are capitalized, while costs of repairs and maintenance are expensed currently.

Interest on borrowings used to finance the acquisition of properties and the construction of production facilities up to the time those properties are ready for their intended use is capitalized and included in the cost of the related assets.

Properties, rental assets and idle assets are depreciated using the straight-line method.

Depreciation expenses are computed over service lives originally estimated as follows: buildings and equipment, 3 to 55 years; machinery and equipment, 3 to 20 years; telecommunications equipment, 2 to 15 years; computer equipment, 3 to 10 years; and leasehold improvements and miscellaneous equipment, 3 to 15 years. Depreciation on appreciation is computed over the remaining service lives of the assets on the revaluation date. When properties, rental assets and idle assets reach their residual value and are still being used, they are further depreciated over their newly estimated service lives.

When properties, rental and idle assets are retired or disposed of, their costs or costs plus appreciation and related accumulated depreciation, accumulated impairment loss are removed from the accounts, and the resulting gains or losses are credited or charged to nonoperating income or loss.

Properties not currently used in operations are transferred to idle assets at the lower of net carrying value or fair value. However, starting from January 1, 2006, based on related regulations, idle assets should be depreciated over the estimated useful lives of the properties.

The Group estimated and capitalized the cost of dismantling, removing and restoring properties in which they are located. The Group recorded these costs as properties and accrued asset retirement cost.

### **Intangible Assets**

The 3G concession, which was stated at cost, is amortized on a straight-line basis from the issuance date of the concession license to the license expired.

Land leasehold rights are amortized over 50 years.

Patents and computer software costs were stated at cost and amortized over three to seven years on a straight-line basis.

Operating rights and dealership are identified by evaluation the fair value of a subsidiary's net asset value, which is included in intangible assets - other.

Operating rights are measured in accordance with the integrated network business license issued by the National Communications Commission. Operating rights are amortized by the straight-line method, based on the useful life of the fixed network telecommunications business license. Dealership is also amortized by the straight-line method, based on the expected duration of dealer agreements.

### **Goodwill**

Goodwill is the difference (the source of which cannot be identified) between investment costs and the equity in investees' net assets, which is amortized using the straight-line method over 3 to 15 years. However, effective January 1, 2006, in accordance with the revised ROC Statement of Financial Accounting Standards, goodwill is no longer amortized; instead, it is tested for impairment annually.

### **Deferred Charges**

Deferred charges, which are derived mainly from costs of routers provided to customers, retail store renovation and computer software of Far EastOne are amortized using the straight-line method over the shorter of the (a) terms of lease or duration of dealer agreement or (b) service lives. Other deferred charges are amortized by the straight-line method over five to seven years. FETC's network setup fees, decorating expenses, acquisition expenses and eTag purchase expenditures are amortized over three to five years and are combined with the book value of the Group's fixed assets, which are subject to assessments for impairment, as needed. Other deferred charges are amortized over five to seven years.

## **Pension Costs**

Pension cost under a defined benefit plan is determined by actuarial valuations. Contributions made under a defined contribution plan are recognized as pension cost during the year in which employees render services.

Curtailment or settlement gains or losses on the defined benefit plan are recognized as part of the net periodic pension cost for the year.

The pension plans of subsidiaries in China are based on the Chinese government's regulations. The subsidiaries make monthly contributions to employees' individual pension accounts at a fixed percentage of salaries and wages and recognize these contributions as pension costs. The domestic and overseas holding companies with no employees do not have pension plans.

## **Income Tax**

The inter-period and intra-period allocation methods are used for income taxes. Deferred income tax assets are recognized for the tax effects of deductible temporary differences, unused loss carryforwards and unused investment tax credits; and deferred tax liabilities are recognized for the tax effects of taxable temporary differences. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. Deferred income tax assets and liabilities are classified as current or noncurrent on the basis of the classification of the related assets and liabilities for financial reporting. A deferred asset or liability not related to an asset or a liability in the financial statements is classified as current or noncurrent on the basis of the expected length of the realization or settlement period.

If the Group can control the timing of the reversal of a temporary difference arising from the difference between the book value and the tax basis of a long-term equity investment in a foreign subsidiary or joint venture and if the temporary difference is not expected to reverse in the foreseeable future and will, in effect, exist indefinitely, then a deferred tax liability or asset is not recognized.

Tax credits for certain purchases of telecommunications and other equipment, research and development expenses, personnel training expenses and investments in shares of stock are accounted for as a reduction of the current period's income tax expense.

Adjustments of prior years' tax payables include the current period's income tax expenses.

Income taxes (10%) on undistributed earnings generated since January 1, 1998 are recorded as expense in the year when the stockholders resolve to retain the earnings.

The Company and Far Eastern Resources Development Co. adopted the linked-tax system for tax filings. Differences between current and deferred income tax expenses on consolidated entity basis and those on nonconsolidated entity basis are adjusted in the Company's income tax expenses. Related reimbursement and appropriation are recognized as receivables and payables.

## **Treasury Stock**

The Company accounts for its stock held by subsidiaries as treasury stock. The recorded cost of the stock is based on its carrying amount as of December 31, 2011.



## **Revenue Recognition, Accounts Receivable and Allowance for Doubtful Accounts**

Revenue is recognized when the earnings process is completed or virtually completed and the revenue is realizable and measurable. The costs of providing services are recognized as incurred. The recognition of revenues by revenue category is follows:

Revenue from sales of goods is recognized when the Group has transferred significant risks and rewards of ownership of the goods to the buyer, primarily upon shipment, because the earnings process has been completed and the economic benefits associated with the transactions have been realized or are realizable. Sales returns and allowances are subtracted from gross sales, and the related costs are then deducted from cost of goods sold as these costs are incurred.

For FETC, service revenue is recognized in accordance with the related contracts when users pass the electronic toll collection machines, or “E-toll.” When citizens pay the tolls to FETC, they were classified as payable before being paid to Taiwan Area National Freeway Bureau (TANFB); toll fee prepayments from enterprise are classified as unearned receipts and subsequently paid to TANFB on the basis of actual passing times at a predetermined fee rate.

Operating revenues are measured at fair values based on the prices negotiated between the Group and the customers. Since the future values of operating revenues resulting from receivables within one year approximate the fair values of these receivables, the fair values are not recalculated using the pro forma interest rate method.

Usage revenues from fixed network service, cellular services and interconnection and call transfer fees from other telecommunications companies and carriers are billed in arrears and are recognized based upon minutes of traffic processed when the services are provided in accordance with contract terms.

Other revenues are recognized as follows: (a) monthly fees are accrued every month, and (b) prepaid and recharge services are recognized as income based upon actual usage by customers.

Where the Group enters into transactions which involve both the provision of air time bundled with products such as 3G data card and handset, the total consideration received from handsets in these arrangements are allocated and measured using units of accounting within the arrangement based on relative fair values limited to the amount that is not contingent upon the delivery of other items or services.

Rental revenues are recognized when the service is rendered and the earnings process is virtually completed and revenues are realized or realizable.

The Company and Far Eastern Apparel Co., Ltd. do not recognize revenues on transactions involving the delivery of materials to subcontractors for further processing since these transactions do not involve a transfer of ownerships and the risks on materials.

## **Exchangeable Bonds**

If bondholders have the right to exchange bonds into the Company’s holding shares at an agreed-upon price and/or amount, the exchangeable bonds are measured at the issue price after deducting the fair value of embedded derivatives. The liability component of nonderivative instruments is measured at amortized cost using the effective interest method (the straight-line method may be used if the difference between using the effective interest method and the straight-line method is not material) and the related interest or redemption loss or gain is charged to profit or loss. If bondholders exercise their exchange rights before the maturity date, the Company should remeasure the bond liability components (including bond and embedded derivative component) to fair value. The Company uses the adjusted aggregate carrying amount of the liability and equity components of the bonds at the time of exchange as a basis to record the exchange gain or loss. If the bonds are redeemed on the maturity date, the Company should recognize the fair value of embedded derivatives as gain of the current year.

## Promotion Expenses

Commissions and cellular phone equipment subsidy costs related to the Group's promotions are treated as marketing expenses in the year when the service to a subscriber is activated.

## Government Grant

When received, the government grant is included in restricted assets and in deferred revenue at the same time. The restricted asset is reclassified as cash or cash equivalent when Far EastOne uses the grant under the terms of the related agreement. The deferred revenue is recognized as follows: (1) if the grant is related to depreciable assets, it should be recognized as revenue over the asset economic lives in proportion to the depreciation expenses for these assets; and (2) if the grant is related to income, the grant should be deducted from the related expense when the expenses are incurred.

## Indefeasible Right of Use

An indefeasible right of use (IRU) is an irrevocable or noncancelable right to use a specified amount of capacity for a specific period. Costs of IRU acquisition are included in properties and depreciated over the economic useful life of the IRU, using the straight-line method. The estimated useful life of the IRU is 15 to 25 years. IRUs still being used beyond their initial estimated service lives are depreciated over the reestimated remaining service lives.

### 3. PRO-FORMA FINANCIAL INFORMATION

Assuming that the Company and its subsidiaries acquired majority interests in Yuan Ding, FEEC, DDIMS, DDH, FET Consulting Engineers Co., Ltd., YDT Technology International Co., Ltd., Far Eastern Technical Consultant Co., Ltd., DDIM (Virgin Islands) Ltd., YDC (Virgin Islands) Ltd., Yuan Ding Integrated Information Service (Shanghai) Inc., Speedy (Shanghai) Digital Tech Co., Ltd., and Far Eastern New Century Information Technology (Beijing) Ltd. on January 1, 2011, the pro forma financial information of the Company and its subsidiaries in 2011 would have been as follows:

(In Thousands, Except EPS)

	<b>Year Ended December 31, 2011</b>
Operating revenue	\$ 240,133,650
Income before income tax	21,407,515
Consolidated net income	17,805,446
After tax basic earnings per share (EPS)	2.28

The pro forma financial information above is only for reference. It does not completely represent both the financial results of the Group after acquiring a majority interests in Yuan Ding, FEEC, DDIMS, DDH, FET Consulting Engineers Co., Ltd., YDT Technology International Co., Ltd., Far Eastern Technical Consultant Co., Ltd., DDIM (Virgin Islands) Ltd., YDC (Virgin Islands) Ltd., Yuan Ding Integrated Information Service (Shanghai) Inc., Speedy (Shanghai) Digital Tech Co., Ltd., and Far Eastern New Century Information Technology (Beijing) Ltd. on January 1, 2011.

#### 4. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

##### Financial Instruments

On January 1, 2011, the Company and its subsidiaries adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34 - "Financial Instruments: Recognition and Measurement." The main revisions include (1) finance lease receivables are now covered by SFAS No. 34; (2) the scope of the applicability of SFAS No. 34 to insurance contracts is amended; (3) loans and receivables originated by the Company and its subsidiaries are now covered by SFAS No. 34; (4) additional guidelines on impairment testing of financial assets carried at amortized cost when a debtor has financial difficulties and the terms of obligations have been modified; and (5) accounting treatment by a debtor for modifications in the terms of obligations. This accounting change had no significant effect on the Company's consolidated net income and earnings per share for 2011.

##### Operating Segments

On January 1, 2011, the Company and its subsidiaries adopted the newly issued SFAS No. 41 - "Operating Segments." The requirements of the statement are based on the information about the components of the Company and its subsidiaries that management uses to make decisions about operating matters. SFAS No. 41 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Company and its subsidiaries' chief operating decision maker in order to allocate resources to the segments and assess their performance. This statement supersedes SFAS No. 20 - "Segment Reporting." For this accounting change, the Company and its subsidiaries restated the segment information as of and for the year ended December 31, 2011 to conform to the disclosures as of and for the year ended December 31, 2012.

##### Change of Depreciation Method and Service Lives

Under an approval based on Rule No. 1000001624 issued by the Financial Supervisory Commission (FSC) under the Executive Yuan, the Company changed its method of calculating depreciation expenses from the fixed-percentage-of-declining method to the straight-line method and also changed the service lives of major equipment from 7 to 15 years to 15 years, effective January 1, 2011. This accounting change resulted in increases of NT\$215,835 thousand in the Company's consolidated net income and NT\$0.044 in after tax basic earnings per share for 2011.

#### 5. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Cash		
Cash on hand	\$ 42,237	\$ 33,108
Demand and checking accounts	11,071,486	14,366,514
Time deposits: Interest - 0.60%-3.15% in 2012 and 0.10%-5.50% in 2011	<u>18,818,498</u>	<u>12,118,198</u>
	<u>29,932,221</u>	<u>26,517,820</u>
Cash equivalents		
Commercial paper purchased under resell agreements: 0.68%-0.82% in 2012	1,978,629	-
Treasury bills purchased under resell agreements: Interest - 0.70%-0.80% in 2012 and 0.45%-0.83% in 2011	<u>1,789,141</u>	<u>1,729,494</u>
	<u>3,767,770</u>	<u>1,729,494</u>
Management discretionary accounts		
Demand accounts	<u>90,210</u>	<u>83,568</u>
	<u>\$ 33,790,201</u>	<u>\$ 28,330,882</u>

As of December 31, 2012 and 2011, demand deposits in foreign banks were as follows:

<b>Deposits in Foreign Bank</b>	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Belgium (US\$601 thousand in 2012 and US\$1,141 thousand in 2011)	\$ 17,453	\$ 34,544
China - Hong Kong (US\$1 thousand in 2011)	-	30
U.S.A. - New York (US\$9 thousand in 2012 and US\$9 thousand in 2011)	<u>261</u>	<u>259</u>
	<u>\$ 17,714</u>	<u>\$ 34,833</u>

## 6. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

Financial assets held for trading and financial assets at fair value through profit or loss were as follows:

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
<u>Financial assets held for trading</u>		
Mutual funds - beneficial certificates	\$ 642,699	\$ 375,346
Domestic quoted stocks	387,107	530,617
Cotton futures contracts	25,345	46,209
Forward exchange contracts	<u>3,368</u>	<u>2,699</u>
	<u>\$ 1,058,519</u>	<u>\$ 954,871</u>
<u>Financial liabilities held for trading</u>		
Forward exchange contracts	\$ 619	\$ -
Exchangeable bonds	<u>-</u>	<u>4,708</u>
	<u>\$ 619</u>	<u>\$ 4,708</u>

YDI, Far Eastone (terminated the authorization on October 20, 2011) and Yuan Tong individually contracted and fully authorized Oriental Securities Investment Advisory Co., Ltd. (trustee) to manage discretionary funds. Moreover, NCIC individually contracted and fully authorized Oriental Securities Investment Advisory Co., Fuh Hwa Securities Investment Trust Co., Ltd., SinoPac Securities Investment Trust Co., Ltd., Prudential Financial Securities Investment Trust Enterprise, Jin Sun Securities Investment Trust Co., Ltd. and Yuanta Securities Investment Trust Co., Ltd. to manage discretionary funds and then terminated the authorization on October 20, 2011. As of December 31, 2012 and 2011, all the funds placed with the trustee were both NT\$750,000 thousand. Investment targets excluded shares of related parties. In addition, investment targets of Far Eastone excluded shares of domestic companies within the telecommunications industry (except Chunghwa Telecom Co., Ltd.) and their related derivative instruments. Deposits included in the discretionary funds were NT\$90,210 thousand in 2012 and NT\$83,568 thousand in 2011, which were classified under cash equivalents (Note 5).

The Company entered into cotton futures contracts and forward exchange contracts to hedge against the adverse fluctuations of cotton prices and exchange rates on account receivables in 2012 and 2011. The strategy was to hedge against the Company's market risk exposure. Since these transactions did not meet the criteria for hedge accounting, they were classified as held for trading.

The Company had no outstanding cotton futures contracts as of December 31, 2012.

The outstanding cotton futures contracts as of December 31, 2011 were as follows:

	<b>Delivery Date</b>	<b>Amount</b>	<b>Contract Amount (In Thousands)</b>
<u>December 31, 2011</u>			
Cotton futures contracts	March 2012	60	USD3,000/NTD90,272

The Company entered into put option contracts and non-hedging forward exchange contracts mainly to profit on royalties and on the difference between exchange rate fluctuations in 2012 and 2011.

The Company had no outstanding option contracts as of December 31, 2012 and 2011.

The outstanding forward exchange contracts as of December 31, 2012 and 2011 were as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<u>December 31, 2012</u>			
Sell	EUR/USD	2013.1.30-2013.2.26	EUR4,000/USD5,235
	USD/NTD	2013.1.28-2013.2.26	USD14,620/NTD424,992
	JPY/USD	2013.1.30	JPY342,185/USD4,000

December 31, 2011

Sell	EUR/USD	2012.1.30-2012.2.24	EUR9,000/USD11,702
	USD/NTD	2012.1.11-2012.1.30	USD9,280/NTD280,967

For the exchangeable bonds issued in 2007, the Company separately recognized the embedded derivatives and the host debt instruments. In addition, the derivatives were measured at fair value and recognized as financial assets and liabilities at fair value through profit or loss. The exchangeable bonds were fully repaid in September 2012.

A Company subsidiary, Far Eastern Investment (Holding) Ltd. (FEIH), used forward contracts to hedge against the effect of adverse exchange rate fluctuations on liabilities denominated in foreign currencies in 2012 and 2011.

FEIH had no outstanding forward contract as of December 31, 2012.

The outstanding forward contract as of December 31, 2011 was as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<u>December 31, 2011</u>			
Sell	USD/CAD	2012.1.20	USD1,000/CAD1,018

An FENC subsidiary, Oriental Petrochemicals (Taiwan) Co., Ltd. (OPTC), used forward exchange contracts in 2012 and 2011 and entered into combined foreign exchange options in 2012 to hedge against foreign exchange risks on foreign currency-denominated assets and liabilities.

The outstanding forward exchange contracts as of December 31, 2012 was as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<u>December 31, 2012</u>			
Sell forward contracts	NTD/USD	2013.01.07-2013.03.08	NTD1,188,275/USD40,913

OPTC had no outstanding forward exchange contracts as of December 31, 2011 and had no combined foreign exchange options as of December 31, 2012.

An FENC subsidiary, Far Eastern Fibertech Co., Ltd. (FEFC), used forward exchange contracts in 2012 and 2011 to hedge against foreign exchange risks on foreign currency-denominated assets and liabilities.

FEFC had no outstanding forward contract as of December 31, 2012.

All the unsettled forward exchange contracts as of December 31, 2011 were as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<u>December 31, 2011</u>			
Sell	USD/NTD	2012.01.03	USD1,500/NTD45,428

An FENC subsidiary, Far Eastern Industries Polychem Industries Ltd. (FEPI), used forward exchange contracts in 2012 and 2011 to hedge against foreign exchange risks on foreign currency-denominated assets and liabilities.

FEPI had no outstanding forward exchange contracts as of December 31, 2012.

All the unsettled forward exchange contracts as of December 31, 2011 were as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<u>December 31, 2011</u>			
Sell	USD/RMB	2012.02.21-2012.04.05	USD10,000/RMB63,888

A FENC subsidiary, PET Far Eastern (Holding) Ltd. (PETH), used forward exchange transactions in 2012 to hedge against foreign exchange risks on foreign currency-denominated assets. All forward exchange contracts had been settled as of the end of 2012.

A FENC subsidiary, Pet Far Eastern (M) Sdn Bhd. (PFEM), used forward exchange transactions in 2012 to hedge against foreign exchange risks on foreign currency-denominated assets and liabilities. All forward exchange contracts had been settled as of the end of 2012.

On financial assets, the Group's net gain was NT\$92,182 thousand in 2012 and net loss was NT\$138,859 thousand in 2011. On financial liabilities, net gains were NT\$75,876 thousand in 2012 and NT\$35,081 thousand in 2011.

## 7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2012	2011
Current		
Open-end mutual funds - beneficial certificates	\$ 204,336	\$ 1,178,595
Private funds - beneficial certificates	1,877,246	2,140,566
Domestic quoted stocks	<u>190,567</u>	<u>177,295</u>
	<u>\$ 2,272,149</u>	<u>\$ 3,496,456</u>
Noncurrent		
Domestic quoted stocks	\$ 4,489,491	\$ 2,791,718
Private placement shares	<u>-</u>	<u>1,240,329</u>
	<u>\$ 4,489,491</u>	<u>\$ 4,032,047</u>

In 1999, the Company and its subsidiaries bought private placement common shares of Far Eastern International Bank Co., Ltd. (FEIB), which were not be traded in subject to the restriction under Article 43-8 of the Securities and Exchange Act. However, bank enterprise was not apply in such restriction since December 31, 2012.

## 8. BOND INVESTMENTS WITH NO ACTIVE MARKET

	December 31	
	2012	2011
Noncurrent		
Convertible bonds - Bockhold N.V.	<u>\$ 256,508</u>	<u>\$ 261,384</u>

On February 26, 2009, an FENC subsidiary, Yuan Tong Investment Co., Ltd., bought convertible bonds amounting to EUR6,670 thousand and issued by Bockhold N.V. The maturity date of the bond is February 26, 2014. The 7.5% interest on these three-year convertible bonds is payable semiannually, and the bonds can be converted proportionally to a total of 933 common shares of Bockhold N.V. The amount of the host debt contract was recognized as bond investment with no active market.

## 9. INVENTORIES, NET

	December 31	
	2012	2011
Merchandise	\$ 3,370,419	\$ 3,116,002
Finished goods	4,646,465	5,282,432
Work in process	2,138,420	2,518,902
Raw materials	8,611,484	9,549,766
Supplies	<u>628,077</u>	<u>712,514</u>
	<u>\$ 19,394,865</u>	<u>\$ 21,179,616</u>

The allowances for inventory devaluation as of December 31, 2012 and 2011 were NT\$767,341 thousand and NT\$1,043,625 thousand, respectively.

The costs of goods sold were NT\$153,531,595 thousand in 2012 and NT\$149,995,328 thousand in 2011. The cost of goods sold due to write-downs of inventories was NT\$348,076 thousand in 2011. For 2012, the cost of goods sold due to the reversal of write-downs of inventories was NT\$311,289 thousand. Previous write-downs had been reversed as a result of increased selling prices in certain markets.

#### 10. AVAILABLE-FOR-SALE BUILDING AND LAND

	<u>December 31</u>	
	2012	2011
Yuan Yang California	<u>\$ 1,035,526</u>	<u>\$ 1,690,502</u>

Yuan Yang California completed the construction of Yuan Yang New Station in 2011; thus, the unsold units of building and land were reclassified to available-for-sale building and land, amounting to NT\$1,035,526 thousand in 2012 and NT\$1,690,502 thousand in 2011. The advances on building and land was NT\$14,037 thousand in 2012 and NT\$990,147 thousand for 2011.

#### 11. AVAILABLE FOR CONSTRUCTION - LAND

	Area (Square Meters)	<u>December 31</u>	
		2012	2011
Guang Ming Section No. 201, Shi Tuen, Taichung	12,036	\$ 411,977	\$ 411,617
Bai An Section No. 877, Ta Chih, Taipei	472	125,099	125,099
B5 Xin Yi section	199	75,555	75,555
Jen Ai Section No. 732, Taipei	19	<u>7,730</u>	<u>7,730</u>
		<u>\$ 620,361</u>	<u>\$ 620,001</u>

#### 12. CONSTRUCTION-IN-PROGRESS (NET OF BILLINGS ON CONSTRUCTION-IN-PROGRESS)

Construction-in-progress, advances on land and building and deferred marketing expenses (these expenses were classified under other current assets) of Far Eastern Construction Co., Ltd. (FECC) as of December 31, 2012 and 2011 were as follows:

Project by Accounting Method	Contract Price	Estimated Construction Cost	<u>Construction-in-Progress</u>			Deferred Marketing Expense	Billings on Construction-in- -progress	Percentage of Completion	Expected Year of Completion	
			Land	Construction Cost	Recognized Cumulative (Loss) Profit					Total
<u>December 31, 2012</u>										
Completed-contract method Ban Ciao - Zong Ben	\$ -	\$ -	<u>\$ 214,578</u>	<u>\$ 287,790</u>	<u>\$ -</u>	<u>\$ 502,368</u>	<u>\$ -</u>	<u>\$ -</u>	-	2013
<u>December 31, 2011</u>										
Completed-contract method Ban Ciao - Zong Ben	-	-	<u>\$ 208,240</u>	<u>\$ 183,696</u>	<u>\$ -</u>	<u>\$ 391,936</u>	<u>\$ -</u>	<u>\$ -</u>	-	2013

The land in section number 9 of the new station in Ban Ciao and Ban Ciao Zhong Ben (2) had been jointly developed by FECC and Far Eastern Department Store Co., Ltd. (FEDS). The allocation of housing units was based on percentages of land ownership (36.07% for FECC and 63.93% for FEDS).

For 2012 and 2011, FECC's capitalized interests which generally referred to construction-in-progress and prepaid construction, were NT\$13,341 thousand and NT\$23,252 thousand, respectively, and the capitalization rates were from 1.4542% to 1.9177% and from 1.2191% to 2.1262%, respectively.



Construction-in-progress (net of billings on construction-in-progress) of FEGC as of December 31, 2012 and 2011 was as follows:

Project by Accounting Method	Contract Price	Estimated Construction Cost	Construction-in-progress	Billings on Construction-in-progress	Percentage of Completion	Expected Year of Completion	Recognized Cumulative (Loss) Gain
<u>December 31, 2012</u>							
a. Percentage of completion method							
Kaohsiung Rapid Transit	\$ 8,119,754	\$ 7,283,088	\$ 8,035,460	\$ 7,929,278	99	2013	\$ 828,300
Zhong-Ben	2,568,919	2,618,919	1,632,151	1,308,040	92	2013	(50,000)
Er-chung Flood Spillway Bridge	136,551	138,799	136,628	136,551	-	2013	(2,248)
Tainan Science Park - Taipower Company	894,236	1,007,357	894,993	894,236	99	2013	(113,121)
Yuan Yang California	2,810,212	2,676,392	47,167 (Note)	- (Note)	99	2013	132,482
Wu Yang C904B	3,312,512	3,271,084	3,149,200	3,000,362	95	2013	39,357
Wu Yang C905	2,768,282	2,816,638	2,520,725	2,346,129	91	2013	(48,356)
Wu Yang C908	2,245,789	2,328,513	2,052,259	2,029,653	92	2013	(82,724)
Zhong-Ben (2)	2,687,838	2,687,838	1,600,525	898,867	60	2013	-
Hsinchu Big City	291,421	282,650	266,200	251,421	91	2013	7,982
b. Completed-contract method							
Taichung Station	2,005,714	-	11,988	4,156	-	2017	-
Taipei Metro CF660B	4,053,333	-	3,083	-	-	2017	-
			<u>20,350,379</u>	<u>\$ 18,798,693</u>			<u>\$ 711,672</u>
			<u>\$ 1,551,686</u>				
<u>December 31, 2011</u>							
Percentage of completion method							
Kaohsiung Rapid Transit	\$ 8,119,754	\$ 7,233,088	\$ 8,033,315	\$ 7,929,278	99	2012	\$ 877,800
Zhong-Ben	2,568,919	2,618,919	1,536,442	1,212,435	86	2012	(50,000)
Headquarter, Bank of Panhsin	3,687,619	3,458,324	2,224,122	2,156,162	96	2012	220,123
Panhsin Decoration	1,701,724	1,505,250	981,696	977,844	89	2012	174,862
Yuan Yang California	2,836,976	2,676,392	161,862 (Note)	- (Note)	97	2012	155,766
Wu Yang C904B	3,288,552	3,227,684	2,203,013	2,146,144	67	2013	40,782
Wu Yang C905	2,768,282	2,816,638	1,617,596	1,526,516	59	2013	(48,356)
Wu Yang C908	2,245,789	2,328,513	1,295,062	1,252,323	59	2013	(82,724)
Zhong-Ben (2)	1,706,781	1,706,781	640,666	168,810	38	2013	-
Far Eastern Communication Park	271,438	264,150	247,983	-	91	2012	2,314
			<u>18,941,757</u>	<u>\$ 17,369,512</u>			<u>\$ 1,290,567</u>
			<u>\$ 1,572,245</u>				

Note: The internal transactions amounting to NT\$2,749,143 thousand and NT\$2,588,263 thousand were eliminated in 2012 and 2011, respectively.

### 13. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	December 31			
	2012		2011	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
With quoted market prices				
Ding Shen investment Corp.	\$ 396,000	18	\$ 270,000	18
Bockhold N.V.	223,533	13	223,533	13
Hantech Venture Capital Corp.	104,713	7	104,713	7
Chung Nan Textile Corp.	81,405	5	81,405	5
Albert & Orient Glycol Company Ltd.	49,994	25	78,190	25
Nippon Parison Co.	63,460	10	66,020	10
Dah Chung Bills Finance Corp.	30,669	1	30,669	1

(Continued)

	<b>December 31</b>			
	<b>2012</b>		<b>2011</b>	
	<b>Carrying Value</b>	<b>% of Ownership</b>	<b>Carrying Value</b>	<b>% of Ownership</b>
Yi Tong Fiver Co., Ltd.	\$ 28,519	4	\$ 28,519	4
Ya-Li Precast Prestressed Concrete Industries Corp.	25,142	16	25,142	16
Taiwan Stock Exchange	22,493	-	22,493	-
Ya Li Transport Corp.	16,240	10	16,240	10
Universal Venture Capital Investment Corp.	14,000	1	14,000	1
THI Consultants Inc.	13,729	18	13,729	18
Overseas Investment Corp.	10,000	1	10,000	1
Kaohsiung Rapid Transit Corp.	-	5	-	5
Others	<u>33,987</u>	-	<u>35,131</u>	-
	<u>1,113,884</u>		<u>1,019,784</u>	
Convertible bonds				
Bockhold N.V.	<u>7,895</u>		<u>7,895</u>	
	<u>\$ 1,121,779</u>		<u>\$ 1,027,679</u>	

The above equity and fund investments, which had no quoted prices in an active market and had fair values that could not be reliably measured, were carried at cost.

Investment in Alberta & Orient Glycol Co., Ltd. was accounted for by the cost method since the Group could not exercise significant influence over this investee although the Group owned more than 20% of this investees' voting stock.

Under Interpretation 1998-150 issued by the Accounting Research and Development Foundation, Far Eastern General Contractor Inc., the build-operate-transfer (BOT) - chartered investor of Kaohsiung Rapid Transit Corporation (KRTC), should transfer all KRTC's assets to the government without any condition at the end of the charter period and the amortization of this investment should be completed within the charter period. KRTC started the construction of the KRTC system on October 31, 2001 and then began commercial operation in April 2008. The 36-year charter period will end on October 31, 2037. The investment amortization period, which started in April 2008, is 29 years and 7 months. However, because an assessment showed KRTC's poor performance for many years, Far Eastern General Contractor Inc. recognized impairment losses as of December 31, 2011.

An FENC subsidiary, Yuan Tong Investment Co., Ltd., established Ding Shen Investment on October 11, 2011 through an investment of NT\$270,000 thousand, representing an 18% equity interest. In April 2012, Yuan Tong participated in issuance of new capital stock for a total amount of NT\$126,000 thousand.

## 14. EQUITY-METHOD INVESTMENTS

	December 31			
	2012		2011	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Listed companies				
Asia Cement Corp.	\$ 15,734,475	26	\$ 15,943,103	25
Far Eastern Department Stores	6,355,285	21	5,557,960	20
Oriental Union Chemical Corp.	4,973,963	27	4,847,705	26
Everest Textile Co., Ltd.	<u>1,074,321</u>	27	<u>919,856</u>	27
	<u>28,138,044</u>		<u>27,268,624</u>	
Unlisted companies				
Oriental Securities Corp.	4,822,216	46	4,726,976	46
Pacific Liu Tong Investment Co., Ltd.	3,885,734	40	3,607,295	40
Yu Yuan Investment Co.	3,524,050	44	2,926,568	44
Far Eastern International Leasing Corp.	2,365,665	34	2,203,436	34
Liquid Air Far East Co., Ltd.	1,253,704	35	1,264,186	35
Da Ju Fiber Corp.	462,017	42	439,925	42
Yuan Ding Leasing Corp.	428,460	46	400,754	46
Yu Ding Industry Co., Ltd.	389,242	31	362,256	31
Kowloon Cement Corp.	361,010	49	353,697	49
Freudenberg Far Eastern Spunweb Co., Ltd.	351,586	30	303,259	30
FEDS Asia Pacific Development Co., Ltd.	122,590	5	120,642	5
Yue Ming Corp.	70,976	47	73,279	47
Malaysia Garment Manufactures PET Ltd.	56,967	38	45,746	38
Com 2B Corporation	22,293	20	24,953	20
iScreen	18,568	40	21,094	40
Opas Fund Segregated Portofolio Company	1,509	34	1,544	34
Cemtex Apparel Inc.	(10,453)	50	(8,538)	50
Far Eastern International Garments	<u>(11,904)</u>	41	<u>(11,535)</u>	41
	18,114,230		16,855,537	
Credit balance on the carrying value of long-term investments reclassified to other receivables	<u>22,357</u>		<u>20,073</u>	
	<u>\$ 46,274,631</u>		<u>\$ 44,144,234</u>	

Investments in Far Eastern Department Stores Ltd. (FEDS), DDIMS, DDH and Com2B Corporation in 2012 and 2011 were accounted for by the equity method since the Group exercised significant influence on them even though the Group owned less than 20% of each investee's voting stock. Since the Company appointed the general manager of Yuan Ding and approved December 28, 2011 as the start of his term, Yuan Ding and its subsidiaries, DDIMS and DDH have been included in the consolidated financial statements since this approval date. In addition, FEDS Asia Pacific Development Co., Ltd. was accounted for by the equity method since the Yuan Ding had significant influence on it.

An FENC subsidiary, Yuan Ding Investment Co., Ltd. (YDI), sold 500 thousand common shares of Yu Yuan Investment Co. for NT\$11,804 thousand. FENC appointed the general manager of Yuan Ding Co., Ltd. and approved December 28, 2011 as the start of his term. Thus, Yuan Ding has been included in the consolidated financial statements since December 28, 2011. FENC and its subsidiary acquired over 20% equity in Yu Yuan Investment, which was reclassified to investee of equity-method.

The Group decided to support the operation of Far Eastern International Garments and Cemtex Apparel Inc. despite losses on these investees; thus, the Group had a credit balance on the book value of these equity-method investments bring forth credit balance and the losses on the investments were classified under other liabilities - other.

In 2012, YDI, Yuan Tong, Kai Yuan and An Ho bought a total 17,046 thousand shares of Asia Cement Corp. (ACC) for NT\$624,196 thousand; thus, the Group's equity in ACC increased from 25.11% to 25.65%.

In 2011, YDI, Yuan Tong and Ding Yuan International Corp. bought 26,930 thousand shares of Oriental Union Chemical Corp. (OUCC) for NT\$1,146,920 thousand. Thus, the Group's equity in OUCC increased from 22.73% to 26.08%. In 2012, YDI, Yuan Tong, and Kai Yuan bought 7,448 thousand shares of OUCC for NT\$291,486 thousand. Thus, the Group's equity in OUCC increased from 26.08% to 27.02%.

In 2011, Yuan Tong and Ding Yuan International Investment Corp. bought 12,900 thousand shares of FEDS for NT\$506,714 thousand. Two FENC subsidiaries, Kai Yuan and Ding Yuan International Investment Corp., sold 5,698 thousand shares of FEDS for NT\$256,332 thousand. Thus, the Group's equity in FEDS increased from 19.01% to 19.73%. In 2012, Kai Yuan, Yuan Tong, Ding Yuan and An Ho bought 22,184 thousand shares of FEDS for NT\$655,726 thousand; thus, the Group's equity in FEDS increased from 19.73% to 21.40%.

Market prices of the equity-method investments were as follows:

	<u>December 31</u>	
	2012	2011
Listed companies	<u>\$ 48,990,026</u>	<u>\$ 44,873,377</u>

The difference between the investment cost and the equity in the investees' net assets was recognized as goodwill, which had changes in the years ended December 31, 2012 and 2011, as follows

	<b>Beginning Balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Ending Balance</b>
<u>2012</u>				
Goodwill	<u>\$ 1,655,069</u>	<u>\$ 537,126</u>	<u>\$ -</u>	<u>\$ 2,192,195</u>
<u>2011</u>				
Goodwill	<u>\$ 690,706</u>	<u>\$ 1,004,538</u>	<u>\$ 40,175</u>	<u>\$ 1,655,069</u>

#### 15. HELD-TO-MATURITY FINANCIAL ASSETS - NONCURRENT

	<u>December 31</u>	
	2012	2011
Corporate bonds		
Asia Cement Corporation (ACC)	\$ 199,871	\$ 199,768
Less: Due within one year	<u>(100,000)</u>	<u>-</u>
	<u>\$ 99,871</u>	<u>\$ 199,768</u>

In September 2009, an FENC subsidiary, Far Eastone, bought five-year corporate bonds of ACC, amounting to NT\$199,540 thousand (par value of NT\$200,000 thousand), with the effective interest rate of 2.004% and coupon interest rate of 1.95%. The interest is payable on September 22 annually.

## 16. PROPERTIES

a. Accumulated depreciation consisted of:

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Cost		
Buildings and equipment	\$ 12,512,380	\$ 11,040,949
Machinery and equipment	67,878,785	67,084,629
Telecommunications equipment	107,627,634	103,141,879
Computer equipment	22,001,991	19,665,214
Leasehold improvements	2,710,650	2,499,295
Miscellaneous equipment	<u>11,847,092</u>	<u>11,622,210</u>
	<u>224,578,532</u>	<u>215,054,176</u>
Appreciation		
Buildings and equipment	227,125	220,407
Machinery and equipment	160,748	165,663
Miscellaneous equipment	<u>4,873</u>	<u>4,985</u>
	<u>392,746</u>	<u>391,055</u>
Total accumulated depreciation	<u>\$ 224,971,278</u>	<u>\$ 215,445,231</u>

Accumulated impairment losses consisted of:

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Cost		
Land	\$ 96,557	\$ 96,557
Buildings and equipment	207,002	187,463
Machinery and equipment	3,218,030	3,201,022
Telecommunications equipment	2,055,671	2,176,101
Computer equipment	237,760	185,960
Leasehold improvements	25,279	24,167
Miscellaneous equipment	<u>60,404</u>	<u>21,622</u>
	<u>5,900,703</u>	<u>5,892,892</u>
Appreciation		
Buildings and equipment	<u>1,794</u>	<u>1,794</u>
Total accumulated impairment losses	<u>\$ 5,902,497</u>	<u>\$ 5,894,686</u>

Under government regulations, the Company revalued the properties and properties leased to others (excluding land) in 1983 and the lands in 1994. In 2011, the Company and its subsidiaries revalued the land at NT\$11,843,257 thousand and for a net amount of NT\$9,437,269 thousand after deducting the provision for the land value increment tax amounting NT\$2,405,988 thousand in 2011. The resulting appreciation was accounted for as an increase in the carrying value of lands. A reserve for incremental land value increment tax was also recognized, and the net appreciation was credited to unrealized revaluation increment on properties.

The Company and Asia Cement Corporation (ACC) co-own land located on Dunhua South Road in Taipei. Under an agreement with the Company and ACC on March 31, 1989, Yuan Ding paid for the construction of a multifunctional building on this land and owned the 30-year right of superficies. However, the ownership of the building was registered in the name of the Company, ACC and Yuan Ding at 12%, 12% and 76%, respectively. Upon expiration of the agreement, the Company and ACC will acquire Yuan Ding's 76% ownership of the building based on the carrying value of the building.

On September 2, 2003, the Company transferred the real estate development rights (including those on operating and nonoperating properties and farmland) from the investment department to its wholly owned subsidiary, Far Eastern Resources Development Co. (FERD), which was a company newly set up. When the contract described in the preceding paragraph is terminated, the property right on the co-owned building will also be transferred to FERD.

At the end of 2007, FERD granted Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation a 35-year superficies right on nine lots on Yongfeng Road in Bade City in Taoyuan County and received royalties of NT\$228,571 thousand, recognized as deferred income, for this right. The rental revenue will be recognized periodically during the superficies period. In 2011, FERD sold the 9 parcels of land in Yongfeng Road and the land in Yuan-Tung Road, Chung-Li City, Taoyuan County to Foundation for NT\$330,473 thousand and the gain of land disposal amounting to NT\$273,065 thousand. In addition, both parties agreed to terminate the superficies right contract and offset the remaining superficies right as part of foundation's payment. The ownership of this land has been transferred on August 31, 2011.

Capitalized interests on properties were NT\$66,053 thousand in 2011, with an interest rate of 0.01% to 1.36%, and NT\$90,442 thousand in 2012, with an interest rate of 0.03% to 4.59.

Depreciation expenses were NT\$15,536,508 thousand in 2012 and NT\$14,840,091 thousand in 2011.

## **17. GOODWILL**

### **a. Goodwill**

If an investment acquisition cost exceeds the fair value of identifiable net assets acquired, and the source of this excess cannot be identified, this excess should be recorded as goodwill. Goodwill mainly resulted from the mergers and acquisitions of Far EasTone, which obtained large percentage of companies with which it had merged.

In conformity with SFAS No. 35 - "Impairment of Assets," Far EasTone and its subsidiaries were divided into several identifiable cash-generating units: For the enhanced operating effectiveness and integration of their telecommunications resources, the identifiable cash-generating units were defined as mobile telecommunications service business, telecommunications equipment business, WiFly business and integrated network business.

On December 31, 2012 and 2011, the carrying values of the tangible and intangible assets used by FENC subsidiaries, specifically Far EasTone and its subsidiaries, were NT\$67,732,310 thousand and NT\$69,166,301 thousand, respectively. Far EasTone and its subsidiaries' management estimated the recoverable amounts of core assets at their expected useful lives and thus based the cash flow forecast on the following discount rates as of December 31, 2012 and 2011: Mobile telecommunications service business - 7.20% and 9.31%, respectively; telecommunications equipment business - 5.60% and 7.01%, respectively; WiFly business - 8.48% and 10.00%, respectively; and the integrated network business - 6.52% and 4.54%, respectively. The operating revenue forecast was based on the expected future growth rate of the telecom industry along with the prospective advancement of Far EasTone and its subsidiaries' own businesses.

The principal assumptions and the relevant measurement of the recoverable amounts of Far EasTone and its subsidiaries are summarized as follows:

- 1) Expected future growth rate of the telecommunications industry
  - a) Mobile voice service (MVS): The anticipated MVS is measured on the basis of the actual effective customer base and minutes of usage of previous years, with the development trend of the market taken into account.
  - b) Mobile data service (MDS): The anticipated MDS is measured on the basis of the proportion of MDS to the total telecommunications service revenues of previous years, with the demands and changes of the market taken into account.
  - c) Business of selling cellular phone units: The anticipated selling cellular phone is based on the historical sales revenues and quantities of previous years, with the trend of the market taken into account.
  - d) WiFly business: The anticipated Wifly is based on present operating experience and the demand of WiFly, with the trend of the market taken into account.
  - e) Integrated network business (INB): The anticipated INB is measured on the basis of the actual effective customer base and service revenues of previous years, with the trend of the market taken into account.
- 2) Expected ratio of service EBITDA (earnings before interest, taxes, depreciation and amortization) to operating revenue: The expected ratio is anticipated on the basis of the historical ratio of EBITDA to operating revenues, with the possible influence of each revenue, cost and expense are taken into account.

The management of Far EasTone and its subsidiaries believed that any reasonable changes in the principal assumptions would not result in the carrying values exceeding the recoverable amounts. As of December 31, 2012 and 2011, there was no indication of impairment loss.

b. Operating rights (accounted for as other intangible assets)

Under SFAS No. 25 - "Business Combinations" and SFAS No. 37 - "Intangible Assets," Far EasTone and its subsidiaries should measure the fair value of their acquired assets and identify major intangible assets as well as the amortization periods. As Far EasTone and its subsidiaries acquired the common stock of NCIC, Data Express and FENCIT, each acquired company's cash-generating units has been identified as the major intangible assets; operating rights of integrated network business and dealership or customer relationship were identified and recognized accordingly.

**18. INTANGIBLE ASSETS - 3G CONCESSION, NET**

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Cost	<u>\$ 10,201,430</u>	<u>\$ 10,169,000</u>
Accumulated amortization		
Beginning balance	5,054,055	4,323,349
Amortization	<u>743,686</u>	<u>730,706</u>
Ending balance	<u>5,797,741</u>	<u>5,054,055</u>
3G Concession, net	<u>\$ 4,403,689</u>	<u>\$ 5,114,945</u>

## 19. FARMLAND

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Cost	\$ 232,121	\$ 232,121
Appreciation	<u>44,540</u>	<u>44,540</u>
Total cost and appreciation	<u>\$ 276,661</u>	<u>\$ 276,661</u>

The titles to the land are temporarily registered in the name of trustees who have either signed an agreement showing the farmlands belong to the Company or have pledged the land to the Company.

## 20. SHORT-TERM BANK LOANS

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Unsecured loans: Interest - 0.75%-6.16% in 2012 and 0.74%-9.18% in 2011	\$ 24,362,749	\$ 26,356,424
Secured loans: Interest - 1.05%-4.43% in 2012 and 1.1%-2.6% in 2011	<u>846,419</u>	<u>1,015,295</u>
	<u>\$ 25,209,168</u>	<u>\$ 27,371,719</u>

On December 17, 2009, Far Eastern Construction Co., Ltd. (FECC) got a syndicated loan of NT\$4,000,000 thousand from Mega International Commercial Bank and four other banks. A lot under development (No. 17 in the Shin Ya Section), amounting to NT\$4,800,000 thousand and intended for a new residential construction project named Far Eastern California, had been pledged to the creditor banks to guarantee FECC's debt repayment. In 2011, the construction was completed in 2011 and this loan was fully repaid.

## 21. COMMERCIAL PAPER

Commercial paper instruments guaranteed by financial institutions and with less than one-year maturities were issued at discount rates ranging from 0.83% to 2.34% in 2012 and 0.45% to 2.18% in 2011.

## 22. UNEARNED REVENUES

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Unearned telecom revenues from prepaid cards	\$ 1,244,525	\$ 1,085,681
Unearned telecom revenues from postpaid cards	1,106,282	1,408,591
Other	<u>228,872</u>	<u>281,933</u>
	<u>\$ 2,579,679</u>	<u>\$ 2,776,205</u>



Two FENC subsidiaries, Far EasTone and NCIC, entered into contracts with Far Eastern International Bank Co., Ltd. (FEIB) in accordance with the National Communications Commission's standard contracts on the provision of telecommunications products (services), which contained mandatory and prohibitory provisions on the handling of local and international prepaid phone call cards. In 2010, Far EasTone and NCIC placed with FEIB the proceeds of the sale of all their local and international prepaid cards to FEIB as trust funds, which were included in restricted assets - current. FEIB was designated as trustee of the funds to protect Far EasTone's prepaid cards customers and NCIC's international calling cards customers' rights under the trust deeds. Moreover, Far EasTone provided a performance guarantee amounting to NT\$45,000 thousand to KG Telecom for the customers who already bought the prepaid card.

Q-ware Com. placed a pledged certificate of deposit amounting to \$9,000 thousand in China Trust Bank as a collateral for performance guarantee provided by China Trust Bank in accordance with NCC's prepaid card related regulation stated in the mandatory and prohibitory provisions of standard contracts of telecommunication products (services) certificates.

### 23. BILLINGS ON CONSTRUCTION-IN-PROGRESS (NET OF CONSTRUCTION-IN-PROGRESS)

Billings on construction-in-progress of Far Eastern General Contractor Inc. were as follows:

Contract Name	Contract Price	Estimated Construction Cost	Construction in Progress	Billings on Construction-in-progress	Percentage of Completion	Expected Completion Year	Recognized Cumulative Construction Profit (Loss)
<u>December 31, 2012</u>							
Percentage of completion method							
Taichung C704	\$ 2,455,857	\$ 2,330,082	\$ 2,429,148	\$ 2,441,406	99	2013	\$ 124,517
Far Eastern Memorial Hospital	708,947	687,678	430,208	473,389	61	2014	12,974
Kaohsiung Port CM01	4,009,524	3,914,286	1,101,109	1,206,192	27	2016	25,714
Completed-contract method							
Flora Exposition	-	-	21,013	21,270	-	2013	-
			<u>\$ 3,981,478</u>	<u>4,142,257</u>			<u>\$ 163,205</u>
				<u>\$ 160,779</u>			
<u>December 31, 2011</u>							
Percentage of completion method							
Er-Chung	136,551	138,799	\$ 136,528	\$ 136,551	-	2012	\$ (2,248)
Tainan Science Park - Taipower Company	894,236	1,007,357	892,209	894,236	99	2012	(113,121)
Taichung C704	2,314,286	2,159,356	1,989,020	2,025,749	86	2012	133,240
Taichung C709A	3,271,562	2,788,031	3,079,582	3,243,068	94	2012	454,519
Far Eastern Memorial Hospital	692,381	670,244	293,658	318,561	42	2012	9,297
Hsinchu Big City	240,564	238,629	176,233	194,232	73	2012	1,413
Kaohsiung Port CM01	4,009,524	3,914,286	385,210	644,984	10	2016	9,524
			<u>\$ 6,952,440</u>	<u>7,457,381</u>			<u>\$ 492,624</u>
				<u>\$ 504,941</u>			

### 24. LONG-TERM LIABILITIES

	Current	Long-term	Total
<u>December 31, 2012</u>			
Long-term debts			
Bank loans	<u>\$ 1,011,899</u>	<u>\$ 32,232,012</u>	<u>\$ 33,243,911</u>
Bonds			
Nonconvertible bonds	2,980,000	41,800,000	44,780,000
Discounted nonconvertible bonds	<u>(321)</u>	<u>(73,979)</u>	<u>(74,300)</u>
	<u>2,979,679</u>	<u>41,726,021</u>	<u>44,705,700</u>
	<u>\$ 3,991,578</u>	<u>\$ 73,958,033</u>	<u>\$ 77,949,611</u>

(Continued)

	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
<u>December 31, 2011</u>			
Long-term debts			
Bank loans	\$ 646,513	\$ 33,124,195	\$ 33,770,708
Bonds			
Nonconvertible bonds	660,000	28,380,000	29,040,000
Discounted nonconvertible bonds	-	(52,842)	(52,842)
	<u>660,000</u>	<u>28,327,158</u>	<u>28,987,158</u>
Exchangeable bonds	1,239,000	-	1,239,000
Discounted exchangeable bond	(20,369)	-	(20,369)
	<u>1,218,631</u>	<u>-</u>	<u>1,218,631</u>
	<u>1,878,631</u>	<u>28,327,158</u>	<u>30,205,789</u>
	<u>\$ 2,525,144</u>	<u>\$ 61,451,353</u>	<u>\$ 63,976,497</u>
			(Concluded)

### **Bank Loans**

The foregoing loans are repayable through a lump sum payment on maturity in New Taiwan dollars or U.S. dollars. The Company and its subsidiaries had been allowed to make loans within the credit line limit. Except for the following companies mentioned in the next paragraphs, the Company's credit line limit in 2012 was due between June 2014 and November 2025; and the Company's credit line limit in 2011 was due between June 2012 and September 2014. Bank interest rates were from 0.63% to 2.08% and from 0.76% to 4.2% as of December 31, 2012 and 2011, respectively.

On September 12, 2008, the Company entered into a medium-term syndicated loan agreement with banks led by Hua Nan Commercial Bank. The total loan agreement amounted to NT\$5,700,000 thousand. Under this agreement, the Company should keep its current, liability, tangible asset-equity and interest cover within certain ranges. The Company's stand-alone financial reports of 2012 and 2011 showed that the Company was in compliance with these ratio requirements.

On July 1, 2008, a Company subsidiary, Sino Belgium (Holding) Ltd. (SINO), reached a medium-term syndicated loan agreement with banks led by Chinatrust Commercial Bank. The total loan agreement amounted to US\$5,000 thousand. Under this agreement, another subsidiary of the Company, Yuan Tong, served as the guarantor of SINO and thus committed to keep its current, liability, tangible asset-equity and interest cover within certain ranges. Yuan Tong's stand-alone financial reports of 2012 and 2011 showed that Yuan Tong was in compliance with these ratio requirements.

On March 22, 2011, a Company subsidiary, Far Eastern Construction Co., Ltd. (FECC), entered into a NT\$4,000,000 thousand credit agreement with Hua Nan Bank and other financial institutions. FECC pledged its land pertaining to the Zhong Ben and Zhong Ben (2) project (Ban Ciao - New Section No. 9) and amounting to NT\$4,800,000 thousand as first mortgage to the creditor banks. The agreement terms are as follows:

	<b>Credit Line</b>	<b>Maturity Period</b>	<b>Interest Rate</b>	<b>Repayment</b>
A	NT\$ 2,000,000 thousand	Twenty years after use of the credit	Hua Nan Bank's periodic savings interest rate plus 0.40% then over 0.946	Revolving credit within the period and no repayment in the first five years; quarterly repayments of NT\$30,000 thousand quarterly from the sixth year and redemption of rest on maturity
B	NT\$ 2,000,000 thousand	Five years after use of the credit	Reference interest rate plus 0.433%	Revolving credit within the period; lump sum repayment on maturity
	<u>NT\$ 4,000,000</u> <u>thousand</u>			

Note: The reference interest rate is based on Taiwan's second market 90 days' commercial paper fixing rate on page 6165 of the Telerate interest rate index at 11:00 a.m.

On December 4, 2009, an FENC subsidiary, Oriental Petrochemicals (Taiwan) Co., Ltd. (OPTC), got a five-year syndicated loan of NT\$4,200,000 thousand from Mega International Commercial Bank ("Mega") and Chinatrust Commercial Bank ("Chinatrust"). OPTC committed that, during the contract period, its financial statements should show it was keeping its liability ratio within a certain range. Once OPTC fails to meet its commitment, it should issue new shares for cash, fully repay the loan, or put the liability ratio back within the required range by the end of the next year. Otherwise, OPTC should pay fees monthly at 0.2% per day of the outstanding amounts during the period between the maturity date and one day before the fee payment date and the banks would assess OPTC's condition to determine the new deadline for the settlement of the principal and the interests.

OPTC's stand-alone financial reports of 2012 and 2011 showed that OPTC was in compliance with the ratio requirement.

## **Bonds**

### FENC

On May 28, 2008, the Company issued three-year unsecured bonds (the 1st tranche). The bonds have an aggregate face value of NT\$2,600,000 thousand, with each unit having a face value of NT\$1,000 thousand. The bonds were repayable in lump sum on maturity. Interest was calculated by the simple interest method starting from the issuance date and was paid annually. In May 2011, the Company redeemed its bonds.

On June 20, 2008, the Company issued five-year unsecured bonds (the 2nd tranche). The bonds had an aggregate face value of NT\$1,000,000 thousand, with each unit having a face value of NT\$1,000 thousand. These bonds were repayable at the end of the third, fourth, and fifth year from the issuance date at 30%, 30% and 40%, respectively, of the total issued amounts, with 2.83% interest payable annually. On December 31, 2012, the Company redeemed NT\$600,000 thousand bonds.

On July 18, 2008, the Company issued five-year unsecured bonds (the 3rd tranche). The bonds had an aggregate face value of NT\$1,200,000 thousand, with each unit having a face value of NT\$1,000 thousand. These bonds were repayable at the end of the third, fourth, and fifth year from the issuance date at 30%, 30% and 40%, respectively, of the total issued amounts, with 2.95% interest payable annually. On December 31, 2012, the Company redeemed NT\$720,000 thousand bonds.

On October 29, 2009, the Company issued unsecured bonds (the 1st tranche) amounting to NT\$3,000,000 thousand, with a unit face value of NT\$1,000 thousand. The five-year bonds will be repaid at 50% of the aggregate value at the end of the 4th and 5th year of bond issuance, and the simple interest of 1.85% is payable annually.

On May 27, 2010, the Company issued five-year unsecured bonds (the 1st tranche) amounting to NT\$5,500,000 thousand at a unit face value of NT\$1,000 thousand. The five-year bonds will be repaid at 50% of the total amount at the end of the 4th year and at another 50% of the total amount at the end of the 5th year, with a 1.68% interest rate. The interest was calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and was payable annually.

On September 16, 2010, the Company issued five-year unsecured bonds (the 2nd tranche) amounting to NT\$6,000,000 thousand at a unit face value of NT\$1,000 thousand. These five-year bonds will be repaid at 50% of the total amount at the end of the 4th year and at another 50% of the total amount at the end of the 5th year, with a 1.59% interest rate. The interest was calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and was payable annually.

On May 27, 2011, the Company issued five-year unsecured bonds (the 1st tranche) amounting to NT\$3,800,000 thousand at a unit face value of NT\$1,000 thousand. The five-year bonds will be repaid at 50% of the total amount at the end of the 4th year and at another 50% of the total amount at the end of the 5th year, with a 1.50% interest rate. The interest was calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and was payable annually.

On September 29, 2011, the Company issued five-year unsecured bonds (the 2nd tranche) amounting to NT\$2,200,000 thousand at a unit face value of NT\$1,000 thousand. These five-year bonds will be repaid at 50% of the total amount at the end of the 4th year and at another 50% of the total amount at the end of the 5th year, with a 1.55% interest rate. The interest was calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and was payable annually.

On February 15, 2012, the Company issued five-year unsecured bonds (the 3rd tranche) amounting to NT\$6,000,000 thousand at a unit face value of NT\$1,000 thousand. These five-year bonds will be repaid at 50% of the total amount at the end of the 4th year and at another 50% of the total amount at the end of the 5th year, with a 1.36% interest rate. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

On June 7, 2012, the Company issued five-year unsecured bonds (the 1nd tranche) amounting to NT\$3,200,000 thousand at a unit face value of NT\$1,000 thousand. These five-year bonds will be repaid at 50% of the total amount at the end of the 4th year and at another 50% of the total amount at the end of the 5th year, with a 1.35% interest rate. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

On November 26, 2012, the Company issued five-year unsecured bonds (the 2nd tranche) amounting to NT\$4,200,000 thousand at a unit face value of NT\$1,000 thousand. These five-year bonds will be repaid at 50% of the total amount at the end of the 4th year and at another 50% of the total amount at the end of the 5th year, with a 1.3% interest rate. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

## Exchangeable Bonds

On September 14, 2007, the Company issued five-year unsecured exchangeable bonds amounting to NT\$2,500,000 thousand, with 0% coupon rate and maturity on September 14, 2012. These bonds are repayable in lump sum on maturity, with a 2.512% interest. Under SFAS No. 36 - "Financial Instruments: Disclosure and Presentation," the Company recognized the call and put options of these exchangeable bonds as assets and liabilities, respectively (Note 6).

Other bond issuance terms are as follows:

a. Exchangeable period:

Under the bond terms, the bondholders would exchange their bonds for Asia Cement Corporation's (ACC) common shares at any time between October 15, 2007, the 31st day after the issuance date, and September 4, 2012, the 10th day before the maturity date, except for the period starting from (a) the third day before the ex-dividend date of stock dividend issuance, (b) the third day before the ex-dividend date of cash dividend issuance, (c) the third day before the ex-dividend date of new share issuance, or (d) the third day before the ex-dividend date of capital decrease to the effective date of dividend (or new share) distribution. In addition, bondholders are not allowed to convert the bonds into ACC's common shares in the period specified by the law.

b. Exchange price

- 1) The exchange price was NT\$57.88 per share on the issuance date.
- 2) After the issue of the exchangeable bonds, except for the convertible or exchangeable securities issued by ACC, the exchange price of the issued bonds will be adjusted in any one of these situations: (a) the number of ACC's common shares increases in the market (including capital increases through share issuance for cash; capitalization of earnings; capitalization of capital reserve; capitalization of employee bonus; enterprise mergers and acquisitions and stock splits; stock split and the issuance of global depository receipts); (b) ACC issues new convertible or exchangeable securities at a price lower than the market conversion price; (c) the number of ACC's common shares decreases because of capital reduction (excluding the cancellation of ACC's treasury shares); or (d) the ratio of cash dividends to the market value of the common stock is higher than 1.5%.

c. Call option:

If the closing price of ACC's shares on each of 30 consecutive trading days on the Taiwan Stock Exchange reaches more than 50% of the exchange price between October 15, 2007, one month after the issuance date of the exchangeable bonds, and August 5, 2012, the 40th day before the maturity date of the exchangeable bonds, the Company will send a bond redemption notice to the bondholders and redeem the outstanding bonds at face value within 30 business days. In addition, if the total amount of the outstanding bonds is less than NT\$250,000 thousand (10% of the total amount of the bonds), the Company has the right to send a bond redemption notice to the bondholders and redeem the outstanding bonds at face value in cash at any time.

d. Put option:

Bondholders had the option to request the Company to redeem their bond holdings at 100% of face value on September 14, 2010, three years after the issuance date. As of September 14, 2010, the put options of the bonds had expired.

e. On July, 2011, the bondholders exchanged \$300 thousand bonds for 6,858 ACC common shares at the exchange price NT\$43.74. As of September 2012, the Company redeemed its exchangeable bonds.

## YDI

YDI issued five-year nonconvertible bonds (the 5th tranche) on October 11, 2006. The bonds, which is repayable annually, have an aggregate face value of NT\$2,000,000 thousand, with each unit having a face value of NT\$1,000 thousand and annual interest of 2.30%. Maturity will be in 2010 and 2011, i.e., in two batches at NT\$1,000,000 thousand each. The bonds were fully redeemed in 2011.

On August 14, 2009, an FENC subsidiary, YDI, made a domestic private placement of unsecured bond with an aggregate value of NT\$1,000,000 thousand and a par value of NT\$10,000 thousand. This three-year unsecured bond will be repayable in lump sum on maturity, with a 2.00% interest payable annually. The bondholders of the domestic private placement of unsecured bonds are FENC subsidiaries, NCIC and ARCOA. NCIC and ARCOA had NT\$990,000 thousand and NT\$10,000 thousand unsecured bonds, respectively. Above transactions were not included in the consolidated financial statements, since ARCOA and NCIC became FENC's subsidiaries. The bonds were fully redeemed in 2012.

On July 19, 2010, YDI and its first issuance of unsecured bonds in 2010, with an aggregate value of NT\$2,000,000 thousand and par value of NT\$1,000 thousand. These five-year unsecured bonds will be paid at 30%, 30% and 40% of aggregate value at the end of 3rd year, 4th year and 5th year, respectively; and the simple interest will be calculated at 1.62% and paid annually.

On July 20, 2011, YDI made its first issuance of unsecured bonds in 2011, with an aggregate value of NT\$3,000,000 thousand and a par value of NT\$1,000 thousand. These five-year unsecured bonds will be paid at 30%, 30% and 40% of the aggregate value at the end of 3rd year, 4th year and 5th year, respectively, and the simple interests will be calculated at 1.5% and paid annually.

YDI issued five-year nonconvertible bonds (the 2nd tranche) on December 15, 2011. The bonds, which are repayable annually, have aggregate values of NT\$2,000,000 thousand and a par value of NT\$1,000 thousand. These five-year nonconvertible bonds will be paid at 50% and 50% of aggregate value at the end of 4th year and 5th year, respectively, and the simple interests will be calculated at 1.45% and paid annually.

On August 6, 2012, YDI issued three-year and five-year unsecured/nonconvertible boards. The total amount are NT\$3,000,000 thousand, with a par value of NT\$1,000 thousand. The three-year bonds have an aggregate amount of NT\$1,900,000 thousand and will be repaid the total issuance amounts at the due date, with 1.25% annual interest rate. The five-year bonds have an aggregate amount of NT\$1,100,000 thousand and will be repaid at 50% of the total amount at the end of the 4th year and at another 50% of the total amount at the end of the 5th year, with a 1.4% annual interest rate. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

## 25. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The contract-related assets and liabilities of Far Eastern Construction Co., Ltd. (FECC) and Far Eastern General Contractor Inc. (FEGC) are classified as current or noncurrent depending on the operating cycle. Amounts expected to be received or paid within one year or less were as follows:

	<b>December 31, 2012</b>		
	<b>Within One Year</b>	<b>Over One Year</b>	<b>Total</b>
<b>Assets</b>			
Accounts and notes receivable	\$ 255,283	\$ 20,520	\$ 275,803
Receivable from related parties	39,378	-	39,378
Available-for-sale - land and buildings	1,035,526	-	1,035,526
Available for construction - land	-	620,361	620,361
Prepayment for construction (Note)	-	64,000	64,000
Construction in progress, net	2,043,139	10,915	2,054,054
Restricted assets - current	577,703	474,337	1,052,040
Guarantee deposit - current (Note)	4,096	3,358	7,454
<b>Liabilities</b>			
Accounts and notes payable	1,504,635	105,338	1,609,973
Account payable to affiliates	176,204	-	176,204
Accrued expense	150,370	47,403	197,773
Advances on land and building	14,037	-	14,037
Billings on construction-in-progress, net	12,515	148,264	160,779
<b>December 31, 2011</b>			
	<b>Within One Year</b>	<b>Over One Year</b>	<b>Total</b>
<b>Assets</b>			
Accounts and notes receivable	\$ 189,650	\$ 172,132	\$ 361,782
Receivable from related parties	86,330	-	86,330
Available-for-sale - land and buildings	1,690,502	-	1,690,502
Available for construction - land	-	620,001	620,001
Prepayment for construction (Note)	-	64,000	64,000
Construction in progress, net	909,701	1,054,480	1,964,181
Restricted assets - current	511,765	1,163,585	1,675,350
Guarantee deposit - current (Note)	5,240	1,566	6,806
Restricted assets (classified under other liabilities - other)	-	16,000	16,000
<b>Liabilities</b>			
Accounts and notes payable	2,971,553	66,753	3,038,306
Account payable to affiliates	258,247	-	258,247
Accrued expense	193,397	23,835	217,232
Advances on land and building	990,147	-	990,147
Billings on construction-in-progress, net	245,167	259,774	504,941

Note: Accounted for prepayments and other current assets.

## 26. STOCKHOLDERS' EQUITY

The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of common shares in excess of par, conversion of bonds and treasury stock transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

The capital surplus from long-term investments may not be used for any purpose.

Under the Company's Articles of Incorporation, net income should be used to pay its business income tax and offset deficits. From any remaining net income will be appropriated 10% as legal reserve and a special reserve as required by government regulations. After adding prior years' unappropriated earnings, the Company would retain a certain amount for expansion plans and then make the following appropriations:

	%
a. Dividends	60.0
b. Bonus for stockholders	33.0
c. Bonus for employees	4.0
d. Remuneration for directors and supervisors	3.0

All appropriations are approved by the stockholders in the year, and disclosed in the financial statements of the year, following the year of earnings generation. The Company's dividends should be appropriated at a percentage based on the Company's Articles of Incorporation in order to keep a stable dividend distribution while taking into account the future economic condition, cash demands and taxation. The cash dividends should be at least 10% of total dividends declared, unless cash is required for investments, productivity expansion, any significant future capital expenditures or plans to improve financial structure.

The bonus to employees was NT\$325,428 thousand in 2012 and NT\$421,266 thousand in 2011, and the remuneration to directors and supervisors was NT\$244,071 thousand in 2012 and NT\$315,950 thousand in 2011. Under on the Company's Articles of Incorporation, the bonus to employees and the remuneration to directors and supervisors are estimated at 4% and 3%, respectively, of the distributable earnings. If the actual amounts subsequently resolved by the stockholders differ from the estimates, the differences are recorded as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the stockholders' meeting.

Legal reserve should be appropriated from earnings until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriation and distribution from the 2011 and 2010 earnings were approved by the stockholders on June 28, 2012 and June 24, 2011, respectively.

	<u>Appropriation and Distribution</u>		<u>Dividend Per Share (Dollars)</u>	
	2011	2010	2011	2010
Legal reserve	\$ 1,110,021	\$ 1,297,328		
Cash dividends	8,325,270	9,509,160	\$ 1.7	\$ 2.0
Stock dividends	<u>1,469,165</u>	<u>1,426,374</u>	0.3	0.3
	<u>\$ 10,904,456</u>	<u>\$ 12,232,862</u>		



Of the appropriation and distribution of the 2011 earnings as stock dividends, a capital increase of NT\$1,469,165 thousand from retained earnings was approved by the Financial Supervisory Commission. After this approval, the Company's board of directors set August 28, 2012 as the effective date of this distribution and completed the distribution registration on September 19, 2012.

The bonus to employees and the remuneration to directors and supervisors for 2011 and 2010 approved in the stockholders' meetings on June 28, 2012 and June 24, 2011, respectively, were as follows:

	<b>Years Ended December 31</b>			
	<b>2011</b>		<b>2010</b>	
	<b>Bonus to Employee Bonus</b>	<b>Remuneration to Directors and Supervisors</b>	<b>Bonus to Employee Bonus</b>	<b>Remuneration to Directors and Supervisors</b>
Amounts approved in stockholders' meetings	<u>\$ 421,266</u>	<u>\$ 315,950</u>	<u>\$ 470,346</u>	<u>\$ 352,759</u>
Amounts recognized in respective financial statements	<u>\$ 421,266</u>	<u>\$ 315,950</u>	<u>\$ 470,346</u>	<u>\$ 352,759</u>

The approved amounts of the bonus to employees and the remuneration to directors and supervisors were the same as the accrual amounts reflected in the financial statements for the years ended December 31, 2012 and 2011. The total bonus to employees was paid by cash.

The appropriations and distribution of the 2012 earnings had been proposed by the board of directors on March 27, 2013. The appropriations and dividends per share were as follows:

	<b>Appropriation and Distribution</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 866,789	
Cash dividends	6,557,374	\$1.3
Stock dividends	1,008,827	0.2

The proposed amount of the appropriation and distribution, the bonus to employees and the remuneration to director and supervisors will be presented to the stockholders for their approval in their meeting on June 25, 2013.

Information on the bonus of employees approved at stockholders' meetings can be accessed online through the Market Observation Post System on the Web site of the Taiwan Stock Exchange Corporation (<http://emops.tse.com.tw>).

## 27. TREASURY STOCK

(Shares in Thousands)

Purpose of Treasury Stock	Number of Shares, Beginning of Year	Addition During the Year	Reduction During the Year	Number of Shares, End of Year
<u>2012</u>				
Company's shares held by its subsidiaries	<u>713</u>	<u>21</u>	<u>-</u>	<u>734</u>
<u>2011</u>				
Company's shares held by its subsidiaries	<u>-</u>	<u>713</u>	<u>-</u>	<u>713</u>

The Company consolidated its subsidiary, Yuan Ding (Note 2(1)), on December 28, 2011. As of December 31, 2011, the Company's shares held by Yuan Ding had a carrying value of NT\$25,063 thousand. On December 31, 2012, the Company had 734 thousand treasury shares valued at NT\$24,309 thousand.

## 28. INCOME TAX

Under pronouncement No. 9145839 issued by the Ministry of Finance, R.O.C. on Article 49 of the Financial Holding Company Act and Article 40 of the Business Mergers and Acquisitions Law (the "Law"), if a company carries out a merger/consolidation, division or acquisition in accordance with Articles 27 through 29 of this Law and the subsidiary's shares held by the Company are 90 percent or more of the total number of the subsidiary's issued shares, the Company may opt, from after a year of acquiring the subsidiary's shares, to serve as taxpayer for both itself and the subsidiary (i.e., use the linked-tax system) and file a combined final business income tax return.

Since 2005, the Company and a subsidiary, Far Eastern Resources Development Co. (FERD), have used the linked tax system and to file business income tax returns and income tax returns on unappropriated earnings from 2004.

Certain income tax information is as follows:

a. Income tax expense components:

	2012	2011
Income tax expenses - current	\$ 2,914,471	\$ 2,205,467
Income tax benefits - deferred	(372,213)	1,319,087
Prior year's adjustments	79,293	21,142
10% tax on undistributed earnings	19,609	73,647
Additional tax effects of the Company and subsidiaries' using the linked-tax system for filing returns	<u>(482)</u>	<u>(24,391)</u>
Income tax expense	<u>\$ 2,640,678</u>	<u>\$ 3,594,952</u>

The Legislative Yuan passed Article 10 of the Statute for Industrial Innovation in April 2010, which states a profit-seeking enterprise may deduct up to 15% of its research and development expenditures from its income tax payable for the fiscal year in which these expenditures are incurred, but this deduction should not exceed 30% of the income tax payable for that fiscal year; this incentive is effective from January 1, 2010 till December 31, 2019.

b. Deferred income taxes:

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
<b>Current</b>		
Deferred income tax assets - current, net		
Bad-debt expense in excess of tax - deductible amount	\$ 356,482	\$ 346,665
Loss carryforwards	110,628	12,845
Investment tax credit	87,147	85,993
Allowance for losses on inventories	83,637	28,502
Others	<u>73,580</u>	<u>45,501</u>
	711,474	519,506
Less: Valuation allowance	<u>(366,270)</u>	<u>(203,240)</u>
	345,204	316,266
Deferred income tax liability		
Unrealized exchange gains	(1,851)	(1,968)
Others	<u>(187)</u>	<u>-</u>
	<u>(2,038)</u>	<u>(1,968)</u>
Deferred income tax asset, net	<u>\$ 343,166</u>	<u>\$ 314,298</u>
<b>Noncurrent</b>		
Deferred income tax assets:		
Loss carryforwards	\$ 3,556,343	\$ 3,446,651
Allowance for impairment losses on assets	1,051,827	1,323,012
Accrued pension liabilities	322,376	371,723
Investment tax credit	37,861	55,449
Realized losses on long-term investment in shares of stock	33,828	33,828
Deferred income - sale of building and land	19,740	19,834
Others	<u>389,239</u>	<u>117,002</u>
	5,411,214	5,367,499
Less: Valuation allowance	<u>(4,204,351)</u>	<u>(4,463,574)</u>
	<u>1,206,863</u>	<u>903,925</u>
Deferred income tax liabilities		
Investment income recognized on equity-method investments	(644,813)	(820,941)
Goodwill amortization	(941,292)	(806,822)
Others	<u>(1,931)</u>	<u>(680)</u>
	<u>(1,588,036)</u>	<u>(1,628,443)</u>
Deferred income tax assets (liabilities), net	<u>\$ (381,173)</u>	<u>\$ (724,518)</u>
Deferred income tax assets, net - current	\$ 345,103	\$ 316,339
Deferred income tax liabilities, net - current	<u>(1,937)</u>	<u>(2,041)</u>
	<u>\$ 343,166</u>	<u>\$ 314,298</u>
Deferred income tax assets, net - noncurrent	\$ 649,294	\$ 381,707
Deferred income tax liabilities, net - noncurrent	<u>(1,030,467)</u>	<u>(1,106,225)</u>
	<u>\$ (381,173)</u>	<u>\$ (724,518)</u>

c. Unused investment tax credits and loss carryforwards as of December 31, 2012:

FENC

<b>Regulatory Basis of Tax Credits</b>	<b>Items</b>	<b>Deductible Amount</b>	<b>Remaining Deductible Amount</b>	<b>Expiry Year</b>
Statute for Upgrading Industries	Purchase of automated machinery and equipment	\$ 738	\$ 738	2013
	Research development	51,722	51,722	2013
	Personnel training	<u>2,090</u>	<u>2,090</u>	2013
		<u>\$ 54,550</u>	<u>\$ 54,550</u>	

Information Security Service Digital United Co., Ltd. (ISSDU)

<b>Regulatory Basis of Tax Credits</b>	<b>Items</b>	<b>Total Investment Tax Credits</b>	<b>Unused Investment Tax Credits</b>	<b>Expiry Year</b>
Statute for Upgrading Industries	Research development	<u>\$ 1,708</u>	<u>\$ 1,708</u>	2012

New Century InfoComm Tech Co., Ltd. (NCIC)

<b>Regulatory Basis of Tax Credits</b>	<b>Items</b>	<b>Total Investment Tax Credits</b>	<b>Unused Investment Tax Credits</b>	<b>Expiry Year</b>
Statute for Upgrading Industries	Purchase of automated equipment or technology	<u>\$ 6,930</u>	<u>\$ 6,590</u>	2012

Oriental Petrochemicals (Taiwan) Co., Ltd. (OPTC)

<b>Regulatory Basis of Tax Credits</b>	<b>Items</b>	<b>Total Investment Tax Credits</b>	<b>Unused Investment Tax Credits</b>	<b>Expiry Year</b>
Statute for Upgrading Industries	Machinery and equipment	<u>\$ 800</u>	<u>\$ 800</u>	2013

Far Eastern Electronic Toll Collection Co. (FETC)

<b>Regulatory Basis of Tax Credits</b>	<b>Items</b>	<b>Total Investment Tax Credits</b>	<b>Unused Investment Tax Credits</b>	<b>Expiry Year</b>
Act for Promotion of Private Participation in Infrastructure Projects	Operating equipment or technique	<u>\$ 99</u>	<u>\$ 99</u>	2013

Yuan Ding Co., Ltd.

<b>Regulatory Basis of Tax Credits</b>	<b>Items</b>	<b>Total Investment Tax Credits</b>	<b>Unused Investment Tax Credits</b>	<b>Expiry Year</b>
Act for Promotion of Private Participation in Infrastructure Projects	Original subscription of a registered stock	<u>\$ 15,166</u>	<u>\$ 15,166</u>	2015

Yuan Tong Investment Co., Ltd.

<b>Regulatory Basis of Tax Credits</b>	<b>Items</b>	<b>Total Investment Tax Credits</b>	<b>Unused Investment Tax Credits</b>	<b>Expiry Year</b>
Act for Promotion of	Original subscription of a registered stock	\$ 23,400	\$ 23,400	2013
Private Participation in Infrastructure Projects	Original subscription of a registered stock	22,695	22,695	2015
		<u>\$ 46,095</u>	<u>\$ 46,095</u>	

Loss carryforwards of subsidiaries as of December 31, 2012 were as follows:

<b>Expiry Year</b>	<b>Unused Investment Tax Credits</b>
2013	\$ 110,628
2014	473,899
2015	316,773
2016	454,666
2017	349,642
2018	756,685
2019	452,338
2020	148,860
2021	118,841
2022	<u>484,639</u>
	<u>\$ 3,666,971</u>

d. Information on the integrated income tax system:

	<b>FENC</b>	<b>Fu Kwok Garment Manufacturing Co.</b>	<b>OPTC</b>	<b>Far Eastern Fibertech Co., Ltd.</b>	<b>YDI</b>
Year-end balances of the imputation credit account (ICA)					
December 31, 2012	\$ 259,904	\$ 25,078	\$ 11	\$ 25,802	\$ 15,765
December 31, 2011	\$ 256,961	\$ 23,989	\$ 11	\$ 30,059	\$ 12,685
Creditable tax ratios of imputation tax credits to undistributed earnings					
2012 (estimated)	2.31%	42.17%	-	20.48%	0.38%
2011 (actual)	9.08%	44.05%	-	20.48%	15.98%
Unappropriated earnings (up to 1997)					
December 31, 2012	\$ 236,793	\$ -	\$ -	\$ -	\$ 31,981
December 31, 2011	\$ 236,793	\$ -	\$ -	\$ -	\$ 89,889
Latest year of income tax return that tax authorities had examined and cleared	2007	2010	2010	2010	2010

	<b>Far EasTone</b>	<b>Yuan Faun Ltd.</b>	<b>Far Eastern Apparel Co., Ltd.</b>	<b>Linkwell</b>	<b>Yuan Cheng Human Resources Consultant Corp.</b>	<b>Yuan Cing Co., Ltd.</b>
Year-end balances of the ICA						
December 31, 2012	\$ 852,163	\$ 19,504	\$ 14,906	\$ 4,191	\$ 581	\$ 10,492
December 31, 2011	\$ 1,070,825	\$ 18,612	\$ 16,567	\$ 196	\$ 313	\$ 8,909
Creditable tax ratios of imputation tax credits to undistributed earnings						
2012 (estimated)	16.87%	45.84%	21.38%	20.48%	20.99%	-
2011 (actual)	19.44%	46.69%	21.42%	20.48%	20.48%	-
Unappropriated earnings (up to 1997)						
December 31, 2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
December 31, 2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Latest year of the returns examined and cleared by the tax authorities	2010	2010	2010	2010	2009	2010

	<b>Kai Yuan International Investment Co.</b>	<b>Ding Yuan International Investment Corp.</b>	<b>Yuan Tone Investment Corp.</b>	<b>An Ho Garment Co., Ltd.</b>	<b>FERD</b>
Year-end balances of the ICA					
December 31, 2012	\$ 10,313	\$ 58,780	\$ 351,328	\$ 2,156	\$ -
December 31, 2011	\$ 1,460	\$ 80,627	\$ 279,311	\$ 10,091	\$ -
Creditable tax ratios of imputation tax credits to undistributed earnings					
2012 (estimated)	0.43%	20.49%	20.48%	0.13%	-
2011 (actual)	10.18%	20.48%	-	12.02%	-
Unappropriated earnings (up to 1997)					
December 31, 2012	\$ -	\$ -	\$ -	\$ -	\$ -
December 31, 2011	\$ -	\$ -	\$ -	\$ -	\$ -
Latest year of the returns examined and cleared by the tax authorities	2010	2010	2010	2010	2007

	<b>ARCOA</b>	<b>FETC</b>	<b>FECC</b>	<b>FEGC</b>	<b>NCIC</b>
Year-end balances of the ICA					
December 31, 2012	<u>\$ 25,996</u>	<u>\$ 1,823</u>	<u>\$ 6,144</u>	<u>\$ 102,656</u>	<u>\$ 235,005</u>
December 31, 2011	<u>\$ 11,420</u>	<u>\$ 1,823</u>	<u>\$ 4,296</u>	<u>\$ 60,106</u>	<u>\$ 233,310</u>
Creditable tax ratios of imputation tax credits to undistributed earnings					
2012 (estimated)	21.41%	-	0.76%	20.52%	17.64%
2011 (actual)	13.26%	-	7.16%	20.50%	-
Unappropriated earnings (up to 1997)					
December 31, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,872</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,872</u>	<u>\$ -</u>	<u>\$ -</u>
Latest year of the returns examined and cleared by the tax authorities	2010	2010	2010	2010	2010
	<b>New Diligent Co., Ltd.</b>	<b>Simple Infocomm Co., Ltd.</b>	<b>KGEx.com Co., Ltd.</b>	<b>Data Express Info tech Co., Ltd.</b>	<b>Ming Ding Co., Ltd.</b>
Year-end balances of the ICA					
December 31, 2012	<u>\$ 5,391</u>	<u>\$ 177</u>	<u>\$ 3</u>	<u>\$ 12,293</u>	<u>\$ 1,194</u>
December 31, 2011	<u>\$ 5,391</u>	<u>\$ 177</u>	<u>\$ 3</u>	<u>\$ 6,445</u>	<u>\$ 1,149</u>
Creditable tax ratios of imputation tax credits to undistributed earnings					
2012 (estimated)	-	-	-	20.48%	20.48%
2011 (actual)	-	-	-	20.48%	20.48%
Unappropriated earnings (up to 1997)					
December 31, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Latest year of the returns examined and cleared by the tax authorities	2010	2010	2010	2010	2010
	<b>Yuan Ding Investment Co., Ltd.</b>	<b>FET Consulting Engineer Co., Ltd.</b>	<b>Ding Ding Hotel Co., Ltd.</b>	<b>Far Eastern Technical Consultant Co., Ltd.</b>	<b>Far Eastern Electronic Commerce Co., Ltd.</b>
Year-end balances of the ICA					
December 31, 2012	<u>\$ 57,494</u>	<u>\$ 2,575</u>	<u>\$ 2</u>	<u>\$ 8,165</u>	<u>\$ -</u>
December 31, 2011	<u>\$ 46,336</u>	<u>\$ 2,575</u>	<u>\$ 2</u>	<u>\$ 7,493</u>	<u>\$ -</u>
Creditable tax ratios of imputation tax credits to undistributed earnings					
2012 (estimated)	17.72%	-	-	20.48%	-
2011 (actual)	18.78%	-	-	20.48%	-
Unappropriated earnings (up to 1997)					
December 31, 2012	<u>\$ 1,504,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2011	<u>\$ 1,504,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Latest year of the returns examined and cleared by the tax authorities	2010	2010	2010	2011	2010

	DDIMS	YDT Technology International Co., Ltd.
Year-end balances of the ICA		
December 31, 2012	\$ -	\$ 1,574
December 31, 2011	\$ -	\$ 3,358
Creditable tax ratios of imputation tax credits to undistributed earnings		
2012 (estimated)	-	1.21%
2011 (actual)	-	12.19%
Unappropriated earnings (up to 1997)		
December 31, 2012	\$ -	\$ 31,652
December 31, 2011	\$ -	\$ 31,652
Latest year of the returns examined and cleared by the tax authorities	2010	2010

As of December 31, 2012 and 2011, the following had no unappropriated earnings: (a) 2012 - Oriental Petrochemical (Taiwan) Co., Ltd.; Yuan-Cing Co.; KG Telecom; Information Security Service Digital United Co., Ltd.; NCIC; New Diligent Co., Ltd.; Simple InfoComm Co., Ltd.; FEETC; FET Consulting Engineers Co., Ltd.; DDH; and FEETC and (b) 2011 - Yuan-Cing Co.; ORDL; KGEx.com; NCIC; New Diligent; Simple Infocomm; DataExpress Infotech Co., Ltd.; Yuan Tong; FEETC; FET Consulting Engineers Co., Ltd.; DDH; and DDIM. The tax credits will be accumulated until the date of dividend distribution. Upon dividend distribution, the ratio of the imputed tax credits to unappropriated earnings based on the prevailing imputed credit account balance will be used by the Group to allocate tax credits to the respective companies' stockholders.

Based on the Income Tax Law, the imputation tax credits allocable to each stockholder are based on the ICA balance as of the date of dividend distribution. Thus, the estimated creditable ratio for the 2012 earnings appropriation may be adjusted when the imputation credits are distributed.

- e. The reexamination status of income tax returns is as follows:

Far EasTone

Income tax returns through 2006 and 2010 have been assessed and cleared by the tax authorities. Far EasTone disagreed with the tax authorities' assessment of its 2005, 2006 and 2010 return. Thus, Far EasTone filed appeals for the reexamination of its 2005, 2006 and 2010 return. Nevertheless, Far EasTone accrued the related tax expense.

KG Telcom (merged with Far EasTone on January 1, 2010)

The tax returns through 2006 of KG Telecom and the former KG Telecom had been assessed and cleared by the tax authorities. However, KG Telecom disagreed with the tax authorities' assessment of its 2001 to 2006 returns and thus filed appeals for the reexamination of these returns. Nevertheless, KG Telecom accrued the related tax expense.

ARCOA

Income tax returns through 2010 of ARCOA have been assessed by the tax authorities. However, ARCOA disagreed with the tax authorities' assessment of its 2002 return; thus, ARCOA filed for a reexamination. Nevertheless, ARCOA accrued the related income tax expense.

Digital United Inc. (merged with NCIC on March 16, 2009)

Income tax returns through 2008 of Digital United Inc. had been examined by the tax authorities. However, Digital United Inc. disagreed with the tax authorities' assessment of its 2006 and 2008 returns. Thus, Digital United Inc. filed an appeal for the reexamination of these returns. Nevertheless, Digital United Inc. accrued the related tax expense.



## OPTC

On OPTC's 2003 income tax return, the tax authorities declared in February 2006 that OPTC's operating cost, operating expense, other expenses, interest expense, investment tax credits - researchers' salaries and other reported items should be decreased. This assessment resulted in an increase in tax payable by NT\$7,551 thousand and a decrease in investment tax credits by NT\$3,810 thousand. In addition, the assessment of the 2002 tax return showed that OPTC should pay extra NT\$6,556 thousand. OPTC disagreed with the tax authorities' assessment and thus filed an appeal for reexamination. On August 11, 2008, the tax authorities agreed that OPTC could recognize NT\$5,000 thousand more in operating cost and NT\$3,311 thousand more in transportation expense than the filed amounts but rejected the other items that were reexamined after OPTC's appeal. On September 12, 2008, OPTC filed an appeal on the additional tax payable but the tax authorities again rejected this appeal on March 31, 2009. On April 10, 2009, OPTC filed an administrative lawsuit with the Taipei High Administrative Court (THAC) but lost the lawsuit on December 24, 2009. On February 22, 2010, OPTC filed a lawsuit with the Supreme Administrative Court (SAC). On December 29, 2011, the SAC nullified THAC's judgment and remanded this case to the THAC for reexamination. On April 10, 2012, the THAC ruled in favor of OPTC but the tax authorities also filed a lawsuit with the SAC. As of March 27, 2013, the date of the accompanying auditors' report, the SAC had not handed down its decision. Believing it will win this lawsuit, OPTC did not show the related accrued tax expense in its 2012 financial statements.

On OPTC's 2004 tax return, the tax authorities assessed in March 2007 that OPTC should decrease other expenses, tax-exempt income, investment tax credits - researchers' salaries, investment tax credits - personnel training and other reported items. The assessment resulted in an increase in tax payable by NT\$268,485 thousand and a decrease in investment tax credits by NT\$3,076 thousand. OPTC refused the tax authorities' assessment and filed for reexamination. On June 4, 2009, the tax authorities decided to recover the untaxed income of NT\$905,356 thousand and rejected other items claimed in the reexamination. In addition, OPTC was required to settle an underpayment of NT\$42,146 thousand. OPTC filed an appeal for the reduction of other tax liabilities but the tax authorities rejected it on October 27, 2009. On December 25, 2009, OPTC filed an administrative lawsuit with the Taipei High Administrative Court. On January 13, 2011, the Taipei High Administrative Court ruled in favor of OPTC. However, the tax authorities filed a lawsuit with the SAC. On October 13, 2011, the SAC nullified THAC's judgment and returned the case to the THAC for reexamination. As of March 27, 2013, the date of the accompanying auditors' report, the THAC had not handed down its decision. Believing it will win this lawsuit, OPTC did not show the related accrued tax expense in its 2012 financial statements.

On OPTC's 2005 tax return, the tax authorities assessed in January 2008 that OPTC should decrease other expense, tax-exempt income, investment tax credits - researchers' salaries and other certain reported items. The assessment resulted in decreases in loss carryforward by NT\$13,122 thousand and in investment tax credits by NT\$2,859 thousand. OPTC refused the tax authorities' assessment and filed for a reexamination. On June 4, 2009, the tax authorities rejected the reexamination. OPTC filed an appeal for the reversal of the authorities' decision to cut tax deductibles given its fiscal losses, but the tax authorities rejected the appeal on October 27, 2009. On December 25, 2009, OPTC filed an administrative lawsuit with the Taipei High Administrative Court. On January 13, 2011, the Taipei High Administrative Court ruled in favor of OPTC. However, tax authorities filed a lawsuit with the Supreme Administrative Court. On October 13, 2011, the SAC nullified THAC's judgment and remanded the case to the THAC for reexamination. As of March 27, 2013, the date of the accompanying auditors' report, the THAC had not handed down its decision. Nevertheless, OPTC decreased the amount of deferred income tax assets in case THAC's decision is not favorable to OPTC.

On OPTC's 2006 income tax return, the tax authorities declared in November 2008 that OPTC's other expenses should have been cut and that the tax deductibles resulting from fiscal losses should decrease by NT\$11,984 thousand. OPTC refused the tax authorities' assessment and filed for a reexamination. On July 15, 2009, the tax authorities decided not to make the reexamination. OPTC filed an appeal for the reversal of the decision to cut tax deductibles given its fiscal losses but the tax authorities rejected the appeal on October 27, 2009. On December 25, 2009, OPTC filed an administrative lawsuit with the Taipei High Administrative Court. On January 13, 2011, the Taipei High Administrative Court ruled in favor of OPTC. However, tax authorities filed a lawsuit with the Supreme Administrative Court. On October 13, 2011, the Supreme Administrative Court abandoned the judgment of Taipei High Administrative Court and returned the case to Taipei High Administrative Court for reexamination. As of March 27, 2013, the date of the accompanying auditors' report, the Taipei High Administrative Court had not handed down its decision. Nevertheless, OPTC decreased the amount of deferred income tax assets in compliance with the result of the tax examination.

On OPTC's 2007 tax return, the tax authorities declared on July 6, 2009 that OPTC's other expenses should be cut; thus, the tax deductions resulting from the fiscal losses decreased by NT\$9,716 thousand after the tax examination. OPTC refused the tax authorities' assessment and filed for a reexamination. On October 8, 2009, the tax authorities rejected the appeal for reexamination. OPTC filed an appeal for the reversal of the decision to cut tax deductibles given its fiscal losses but the tax authorities rejected the appeal on December 28, 2009. On February 26, 2010, OPTC filed an administrative lawsuit with the Taipei High Administrative Court. On April 14, 2011, the Taipei High Administrative Court ruled in favor of OPTC. However, tax authorities filed a lawsuit with the Supreme Administrative Court. Tax authorities loss the lawsuit on November 30, 2011. OPTC made adjustment the amount of deferred income tax asset in compliance with the result of the lawsuit.

The income tax returns of Q-ware Com., ADCast, ISSDU and Linkwell have been examined and cleared by tax authorities. In addition, the tax returns through 2011 of YCIC and O-music have been examined and cleared by tax authorities. NCIC's tax returns through 2010, except 2009, have been examined and cleared by tax authorities. No tax returns of Homet Master Technology Co., Ltd. and Jing Yuan Technology Co., Ltd. have been examined by tax authorities since they were established only in 2011.

## 29. EMPLOYEE, DEPRECIATION AND AMORTIZATION EXPENSES

	<b>2012</b>		
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
Employee expenses			
Salaries	\$ 6,991,910	\$ 7,223,889	\$ 14,215,799
Insurance	572,978	586,161	1,159,139
Pension	157,369	320,062	477,431
Miscellaneous	<u>388,672</u>	<u>441,163</u>	<u>829,835</u>
	<u>\$ 8,110,929</u>	<u>\$ 8,571,275</u>	<u>\$ 16,682,204</u>
Depreciation	<u>\$ 13,359,327</u>	<u>\$ 2,177,181</u>	<u>\$ 15,536,508</u>
Amortization	<u>\$ 348,662</u>	<u>\$ 360,363</u>	<u>\$ 709,025</u>

	<b>2011</b>		
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
Employee expenses			
Salaries	\$ 6,328,251	\$ 5,866,523	\$ 12,194,774
Insurance	422,430	443,613	866,043
Pension	201,609	269,608	471,217
Miscellaneous	<u>334,145</u>	<u>359,344</u>	<u>693,489</u>
	<u>\$ 7,286,435</u>	<u>\$ 6,939,088</u>	<u>\$ 14,225,523</u>
Depreciation	<u>\$ 13,489,086</u>	<u>\$ 1,351,005</u>	<u>\$ 14,840,091</u>
Amortization	<u>\$ 286,232</u>	<u>\$ 187,690</u>	<u>\$ 473,922</u>

### 30. CONSOLIDATED EARNINGS PER SHARE

The numerators and denominators used in calculating earnings per share (EPS) were as follows:

	<u>Amounts (Numerator)</u>		<u>Shares in Thousands (Denominator)</u>	<u>Earnings Per Share (NT\$)</u>	
	<u>Income Before Income Tax</u>	<u>Net Income</u>		<u>Income Before Income Tax</u>	<u>Net Income</u>
<u>2012</u>					
Consolidated basic EPS					
Earnings for the year attributable to the parent company's stockholders	\$ 8,631,607	\$ 8,713,177	5,044,134		
Deduct: Company's shares held by its subsidiaries	-	-	<u>(734)</u>		
			5,043,400	<u>\$ 1.71</u>	<u>\$ 1.73</u>
Add: Effect of potential dilutive common shares - employees' bonus	<u>-</u>	<u>-</u>	<u>17,725</u>		
Consolidated diluted EPS					
Earning for the year attributable to the parent company's stockholders plus effect of potential dilutive common shares	<u>\$ 8,631,607</u>	<u>\$ 8,713,177</u>	<u>5,061,125</u>	<u>\$ 1.71</u>	<u>\$ 1.72</u>
<u>2011</u>					
Consolidated basic EPS					
Earning for the year attributable to the parent company's stockholders	\$ 11,861,602	\$ 11,087,496	5,044,134	<u>\$ 2.35</u>	<u>\$ 2.20</u>
Add: Effect of potential dilutive common shares - employees bonus	<u>-</u>	<u>-</u>	<u>18,401</u>		
Consolidated diluted EPS					
Earning for the year attributable to the parent company's stockholders plus effect of potential dilutive common shares	<u>\$ 11,861,602</u>	<u>\$ 11,087,496</u>	<u>5,062,535</u>	<u>\$ 2.34</u>	<u>\$ 2.19</u>

The Accounting Research and Development Foundation issued Interpretation 2007-052, which requires companies to recognize bonuses to employees, directors and supervisors as expenses instead of earning appropriations from January 1, 2008. If the Company decides to settle the employee bonus in cash or stock, it should presume that the entire amount of the bonus would be settled in the term of shares, and if the resulting potential shares would have a dilutive effect, these shares should be included in the weighted-average number of shares outstanding to be used in the calculation of the diluted EPS. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. The dilutive effect of the potential shares should be included in the calculation of the diluted EPS until the stockholders resolve the number of shares to be distributed to employees at their meeting in the following year.

The weighted average number of shares outstanding for EPS calculation has been retroactively adjusted for the issuance of employee stock bonuses distributed out of earnings and stock dividends. This adjustment caused the basic and diluted after income tax EPS for the year ended December 31, 2011 decreased from NT\$2.26 to NT\$2.20 and from NT\$2.26 to NT\$2.19, respectively.

On December 28, 2011, the Group started to include Yuan Ding in its consolidated financial statements (Note 2). The Group's shares held by Yuan Ding accounts as treasury stock had no potential dilutive effect on basic and dilutive EPS. If the Group's shares held by Yuan Ding accounts been treated as investment rather than treasury stock, the pro forma basic and dilutive EPS would have been equal to the basic and dilutive EPS.

Had the Group's shares held by Yuan Ding been treated as investment rather than treasury stock, the pro forma basic and dilutive EPS for the year ended December 31, 2012 would have been as follows:

	<u>Amounts (Numerator)</u>			<u>Earnings Per Share (NT\$)</u>	
	<u>Income Before Income Tax</u>	<u>Net Income</u>	<u>Shares in Thousands (Denominator)</u>	<u>Income Before Income Tax</u>	<u>Net Income</u>
<u>2012</u>					
Consolidated basic EPS					
Earning for the year attributable to the parent company's stockholders	\$ 8,631,607	\$ 8,713,177	5,044,134	<u>\$ 1.71</u>	<u>\$ 1.73</u>
Add: Effect of potential dilutive common shares - employees bonus	-	-	<u>17,275</u>		
Consolidated diluted EPS					
Earning for the year attributable to the parent company's stockholders plus effect of potential dilutive common shares	<u>\$ 8,631,607</u>	<u>\$ 8,713,177</u>	<u>5,061,409</u>	<u>\$ 1.71</u>	<u>\$ 1.72</u>

### 31. PENSION PLAN

- The pension plan under the Labor Pension Act (LPA) is a defined contribution plan. Based on the LPA, rate of monthly contributions by the Group to the employees' individual pension fund accounts is at 6% of monthly wages and salaries. The pension costs under the defined contribution plan were NT\$449,544 thousand for the years ended December 31, 2012 and NT\$329,374 thousand for the years ended December 31, 2011.
- The Company, Far Eastone, ARCOA, NCIC, ISSDU, ORDL, Far Eastern Apparel Co., Ltd., FERD, Yuan Cheng Human Resources Consultant Corp., Fu Kwok Garment Manufacturing Co., FECC, FEGC, FETC, OPTC, FEFC, Yuan Ding, YDT Technology International, DDIMS, Far Eastern Technical Consultant Co., Ltd., and DDH, have a defined benefit pension plan for all regular employees under the Labor Standards Law. Under this pension plan, employees can accumulate two base points

for every service year within the first 15 service years and one base point for every service year thereafter. Employees can accumulate up to 45 base points. The foregoing companies accrue pension costs on the basis of actuarial calculations and make monthly contributions to their respective pension funds, which are administered by their respective pension plan committees and deposited in each committee's name in the Bank of Taiwan.

c. Other information on the defined benefit pension is as follows:

1) Net pension cost consisted of:

	<b>Years Ended December 31</b>	
	<b>2012</b>	<b>2011</b>
Service cost	\$ 142,531	\$ 142,347
Interest cost	148,498	156,738
Expected return on plan assets	(254,352)	(267,569)
Amortization of net transition obligation and unrecognized pension loss	(5,818)	112,564
Deferred pension cost	<u>(28)</u>	<u>56</u>
Net pension cost	<u>\$ 30,831</u>	<u>\$ 144,136</u>

Note: Pension costs capitalized to fixed assets were NT\$2,977 thousand in 2012 and NT\$2,207 thousand in 2011. In addition, the amount the Group paid directly to its employees was NT\$33 thousand in 2012. The pension cost shared by related-parties was NT\$86 thousand in 2011.

2) Reconciliation of the fund status of the plans and accrued pension cost (prepaid pension cost) is as follows:

	<b>December 31</b>	
	<b>2012</b>	<b>2011</b>
Benefit obligation		
Vested benefit obligation	\$ 3,580,081	\$ 3,105,094
Non-vested benefit obligation	<u>3,376,128</u>	<u>3,304,360</u>
Accumulated benefit obligation	6,956,209	6,409,454
Additional benefits based on projected and future salaries	<u>1,635,984</u>	<u>1,155,876</u>
Projected benefit obligation	8,592,193	7,565,330
Fair value of plan assets	<u>(5,500,694)</u>	<u>(5,075,216)</u>
Fund status	3,091,499	2,490,114
Unrecognized net transition obligation	(67,204)	(66,913)
Unamortized prior service cost	234,231	257,987
Unamortized pension loss	(1,472,318)	(691,228)
Additional liability	88,850	109,365
Included in prepaid pension cost	<u>36,004</u>	<u>35,359</u>
Accrued pension cost	<u>\$ 1,911,062</u>	<u>\$ 2,134,684</u>

Note: YCIC conducted a tender offer to acquire the common shares of NCIC; therefore, both the accrued pension costs of NT\$10,529 thousand in 2012 and 2011 were not included in the consolidated financial statements.

3) Vested benefit

<b>December 31</b>	
<b>2012</b>	<b>2011</b>
<u>\$ 4,133,210</u>	<u>\$ 4,194,881</u>

4) Actuarial assumptions were as follows:

<b>Year Ended December 31</b>		
	<b>2012</b>	<b>2011</b>
Discount rate used in determining present value	1.50%-2.00%	2.00%
Rate of future salary increase	1.50%-4.00%	1.50%-4.00%
Expected rate of return on plan assets	1.75%-6.00%	2.00%-6.00%

### 32. RELATED-PARTY TRANSACTIONS

The Group had significant transactions with related parties. Beside the transactions had been mentioned in the other notes, the transactions in 2012 and 2011 and the related balances as of the balance sheet dates are summarized in the accompanying Schedules C, D, and E.

### 33. ASSETS PLEDGED OR MORTGAGED

The following assets had been pledged or mortgaged as collaterals for short-term bank loans, commercial paper, credit lines, and long-term liabilities or for meeting requirements for certain projects or tariff duties.

<b>December 31</b>		
	<b>2012</b>	<b>2011</b>
Available-for-sale financial assets - current	\$ -	\$ 51,667
Available-for-sale financial assets - noncurrent	-	21,375
Available for construction - land	612,631	612,271
Construction-in-progress	280,240	208,240
Restricted assets - current		
Pledged deposits	1,233,279	1,688,722
Others	191,040	190,191
Equity-method investments	1,563,038	1,574,071
Properties, net	18,507,120	24,639,061
Land use rights	427,625	499,305
Nonoperating properties, net	2,768,188	3,504,667
Restricted assets - noncurrent		
Pledged deposits	124,952	115,805
Others	<u>7,418,367</u>	<u>-</u>
	<u>\$ 33,126,480</u>	<u>\$ 33,105,375</u>

As of December 31, 2012 and 2011, FENC and some of its subsidiaries had provided 145,972 thousand shares and 206,024 thousand shares, respectively, of the common shares of Far EasTone; and 16,500 thousand common shares of Yuan Ding Co., Ltd., as collaterals for short-term bank loans, commercial paper and long-term liabilities.

### 34. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Significant commitments and contingencies of the Group as of December 31, 2012:

- a. Issued but unused letters of credit aggregating approximately NT\$2,467,655 thousand
- b. Unpaid building construction and equipment installation contracts amounting to approximately \$11,196,576 thousand, and of properties and cellular phone equipment acquired for \$6,236,051 thousand and \$7,992,370 thousand, respectively, \$839,153 thousand and \$3,581,443 thousand, respectively, had been paid
- c. Undelivered cotton contracts amounting to NT\$648,929 thousand and the loss on purchasing contract payable amounting to NT 2,581 thousand determined by the year-ended market price
- d. Project contracts already signed by Far Eastern General Contractor Inc. (FEGC) amounting to NT\$39,068,889 thousand
- e. Endorsement and guarantees provided to the related parties: Schedule G (attached).
- f. The Group's rental payments for land, buildings and cell sites for the next five years under operating lease agreements summarized as follows:

Year	Amount
2013	\$ 3,548,750
2014	3,572,996
2015	3,588,966
2016	3,619,182
2017	3,657,896

- g. On December 29, 2005, the board of directors of Tai Ya International Telecommunications Co., Ltd. (TYIT) resolved to merge TYIT with Mobitai Communications Ltd. ("Mobitai"), in accordance with Article 19 of the Business Mergers and Acquisitions Act and set January 1, 2006 as the record date of the merger. TYIT was the successor company after the merger. Under the resolution of TYIT's board, the Company received NT\$167,863 thousand from Mobitai in exchange for Mobitai's 11,469 thousand common shares (NT\$14.68 per share) held by the Company. For its disposal of its investment in Mobitai, the Company recognized a gain of NT\$31,814 thousand. However, the Company regarded Mobitai's purchase price was too low and raised an objection to Mobitai. Afterwards, the Company filed a lawsuit against TYIT. As of March 27, 2013, the date of the accompanying auditors' report, the lawsuit was pending before Taipei district court.
- h. Ming-Chiung Chang filed an incidental civil suit, in connection with the criminal case of forgery, against Ming-chung Kuo (an FENC employee) and Hua-de Lin, Hung-Long Li and Yung-gi Lai (the fiduciaries of Pacific Liu Tung Investment Co. or PLT, an equity-method investee of the Company). Chang claimed that Kuo and Hua-de Lin, Hung-Long Li and Yung-gi Lai colluded and used their positions to carry out transactions that resulted in his losses and asked the Taiwan High Court to declare that the ownership of PLT held by FEDS, FEDS's subsidiaries, the Company and its subsidiaries was just a fabrication, i.e., it never existed. In October 2009, Chang lost the suit and then appealed to a higher court. The Supreme Court did not adjudicate this case and remanded the case to the Taiwan High Court for reexamination and As of March 27, 2013, the date of the accompanying auditors' report, the lawsuit was pending before Taipei High court.
- i. The registered capital of PLT, an investee of the Company, was originally NT\$4,010,000 thousand, representing 401,000 thousand shares at a par value of NT\$10.00. On February 3, 2010, following a letter from the Taiwan High Prosecutors Office (THPO), DOC decided to nullify PLT registrations of the amendments of its Articles of Incorporation, the PLT registrations of its elected and appointed

members of its Board of Directors and Supervisors and registrations of several tranches of capital increases given to PLT on November 13, 2002; May 1, 2003; August 8, 2005; August 3, 2006; June 6, 2007; and July 16, 2008. As a result, the capital amount of PLT reverted to the original NT\$10,000 thousand, representing 1 million common shares.

On January 27, 2010, PLT filed an administrative appeal against the THPO and pleaded for the revocation of the letter sent to the DOC on the registration nullifications and requested the stay of execution of registration cancellation. On March 9, 2010, referencing Article 77-8 of the Administrative Appeal Act, the Petitions and Appeals Committee (PAC) of the Executive Yuan declared that the letter was not subject to administrative disposition and thus beyond the scope of administrative appeal. On May 18, 2010, PLT filed a suit against THPO with the Taipei High Administrative Court. Later, however, the former PLT chairman, Heng-lung Lee withdrew this lawsuit.

On February 10, 2010, PLT filed an administrative appeal against the DOC for the revocation of the decision on administrative disposition and requested the stay of execution of registration cancellation. On May 20, 2010, referencing Article 79-1 of the Administrative Appeal Act, PAC dismissed the administrative appeal. On July 26, 2010, referencing Article 4-1 of the Administrative Procedure Law, PLT filed a suit against the DOC with the Taipei High Administrative Court. Later, however, the former PLT chairman, Heng-lung Lee withdrew this lawsuit.

On February 24, 2010, Far Eastern Department Stores (FEDS, an equity-method investee of the Company) filed an administrative appeal with the DOC for the withdrawal of the administrative disposition and requested the stay of execution of registration cancellation. On April 14, 2010, referencing Article 77-3 of the Administrative Appeal Act, PAC decided that the appeal had no merit because FEDS was not a party to whom an administrative disposition was issued nor was it an interested party at stake. Thus, on June 15, 2010, referencing Article of 4-1 of the Administrative Procedure Law, FEDS filed a suit against the DOC with the Taipei High Administrative Court. On November 29, 2012, Taipei High Administrative Court (Court Referencing Number: Year 2010 Letter Su No. 1258 verdict) ruled in favor of FEDS and the capital increase registrations referencing letter shang No. 09901000210 nullified by DOC was invalidated and revoked subsequent rejection of an administrative review. However, the DOC did not conform the decision and filed a lawsuit with Supreme Administrative Court on December 25, 2012.

Referencing Article 4-3 of the Administrative Procedure Law, Far Eastern Department Stores (FEDS, an equity-method investee of the Company), as an interested party of PLT, filed a lawsuit against THPO with the Taipei High Administrative Court on July 27, 2010. On November 30, 2010, the Taipei High Administrative Court dismissed the lawsuit, commenting that this lawsuit was the same case as the suit FEDS filed against the DOC on June 15, 2010 and thus did not conform to Article 4-3 of the Administrative Procedure Law.

On February 10, 2010, FEDS filed a suit against PLT to confirm the existence of FEDS's rights as PLT stockholder. However, FEDS notified the Taipei District Court on June 25, 2010 that FEDS and PLT had agreed by consent to suspend the case proceedings for a certain period. Before the end of this suspension period, FEDS applied for a resumption of the legal proceeding. This suit is tried by the Taipei High Administrative Court.

After consulting its legal counsel on the DOC's decision, the Company was advised that the DOC's nullification of the registration of capital increase and other relevant registrations did not change the Company's controlling interests in PLT. Any doubt about the Company's interests in PLT should be brought to the court and decided under a civil litigation process. Based on these legal opinions, the DOC's decision has not invalidated the capital increases made by the Company and the Company's subsidiaries. Thus, the Company retains its economic control over PLT.

The percentage ownership of PLT held by the Group reached 39.68%. Based on the local GAAP, these holdings were accounted for by the equity method.



- j. On July 4, 2011, the Taipei City Government issued a letter requiring PLT, an investee of the Company, to elect a new board of directors before September 30, 2011. As a result, the Company held a special stockholders' on August 1, 2011 and appointed Shu-ton Hsu, Mao-te Huang (representative of Far Eastern Department Store Asia Pacific Development Co., Ltd.) and Shih-ching Lo (representative of Far Eastern Department Store New Century Development Co., Ltd.) as members of the Board of Directors and Sze-ching Du (representative of Da Ju Fiber Co., Ltd.) as a supervisor. However, when the Company registered the change of representatives of Board of Directors and Supervisors, both the Taipei City Government and DOC did not claimed that neither of them should approve the PLT's registration change. After negotiations, the Executive Yuan instructed the DOC to handle this registration change.

The former chairman of PLT, Heng-lung Lee, claimed that he changed the appointed representatives to the Board of Directors and Supervisors of Pacific Sogo Department Store (PSDS) from Ching-wen Huang, Tetsu Inoue, Shu-ton Hsu, Shaw Y. Wang, and Mao-te Huang, to Chung-Ze Wong, Jaw-Chyuan Chu, Shen-Yi Lee, Rui-Cun Liu and Yu-ying Jin. Then, the foregoing five representatives of the Board of Directors of PSDS appointed the new representatives of the Board of PLT.

On August 1, 2011, PLT held a special stockholders' meeting and reelected the board members and the chairman of the board. However, after this election, PLT did not recognize Heng-lung Lee as PLT's chairman and disagreed with Lee's decision to replace the representatives to the board of directors and supervisors. This dispute was awaiting resolution under civil litigation process.

The former chairman of PLT, Heng-lung Lee claimed that PLT had not conformed to the letter of Taipei City Government's No. 10085214000 to reelect the representatives of board of directors and supervisors and completed the registration. All the representatives of board of directors and supervisors according to Lee's claim, did not have legitimacy to carry out their board functions; and Lee claimed this situation may cause damage to PLT. Heng-lung Lee claimed with Taipei District Court (TDC) to appointed interim administrators. Thus, referencing No. 333, the TDC appointed Rong-Chuan Chen, Kung Wang, Min-Qiu Jian as the interim administrators of PLT on February 13, 2012. However, Far Eastern Department Store Co., Ltd. (FEDS, an equity-method investee of the Company) and other interested parties of PLT, did not agree with the TDC's action and filed a suit against TDC during the statutory period.

On May 11, 2012, referencing the Year 2012 No. 92 verdict, the TDC revoked the previous decision on interim administrators and reappointed Min-Qiu Jian, Kung Wang, Chen-Chuan Chiu, Chin-Yu Wu and Cheng-Xiong Chen as the interim administrators of PLT. On the basis of this new decision, TDC rejected the withdrawal appeal of FEDS and other interested parties of PLT. DOC accepted the newly appointed PLT's interim administrators on May 18, 2012. However, FEDS and other interested parties of PLT did not agree with the TDC's decision and filed an appeal against TDC's decision with the Taiwan High Court on May 24, 2012. On December 27, 2012, referencing the Year 2012 No. 72 and Year 2012 No. 73 verdicts, the Taipei High Court revoked TDC's decision shown in the Year 2012 No. 92 verdict and Year 2011 No. 333 verdict. In addition, based on the fact that the decision on interim administrators of PLT had been nullified, there was no need to file an appeal to dismiss Min-Qiu Jian and Kung Wang for their incompetence as interim administrators; thus, FEDC withdrew on January 11, 2013 the appeal filed with the TDC.

- k. A subsidiary of FENC, FEGC, contracted the Southern Taiwan Science Park (STSP) to do underground cable construction. During the construction period, material costs rose to NT\$300,000 thousand because of adverse economic factors and the rising prices of stainless steel and cable materials. Although the contract amount had been adjusted for price inflation, FEGC still incurred a great loss in 2008 and got no indemnification. Thus, FEGC filed for conciliation with the Public Construction Commission (PCC) and claimed that STSP should pay NT\$125,100 thousand in damages. However, the conciliation still failed because STSP and FEGC could not reach any compromise. FEGC filed a lawsuit for indemnification to the Tainan District Court and appealed to decrease the indemnification to NT\$95,400 thousand after receiving the certification of conciliation failure. On September 21, 2011, the Tainan District Court sentenced that STSP should paid FEGC NT\$35,546 thousand plus 5% interests arising from sentencing date to the date of payment. STSP disagreed with the result then filed a lawsuit with Taiwan High Court Tainan Branch court. However, the aforesaid lawsuit has been dismissed. STSC did not agree with the result then filed a lawsuit with Supreme Court.

Additionally, the construction contract further stated that the construction would be started with manual excavation. However, on the request by people living in the vicinity of the construction, STSP instructed FEGC to obtain a third-party notarization unit's evaluation of tunnel construction safety before starting the construction. The evaluation report showed that manual excavation would result in land collapse. In consideration of public safety, FEGC requested STSP to do mechanical excavation instead. But STSP refused the request because of its insistence that the contractor should assume all the responsibility and related expenses for any contract change. Nevertheless, FEGC started the construction with mechanical excavation and incurred an additional operating expense of NT\$14,315 thousand. Thus, FEGC applied for conciliation with the PCC, but the conciliation failed because FEGC and STSP could not reach a compromise. FEGC filed a civil lawsuit for indemnification with the Tainan District Court on December 18, 2009 after receiving the certification of conciliation failure. On December 20, 2011, referencing Year 2009 No. 33 civil verdict, Tainan District Court dismissed FEGC's appeal. FEGC did not agree with the result of aforesaid civil verdict then appealed to a higher court during the statutory period.

Additionally, several constructing problems which were not FEGC's responsibilities incurred during the pipe jacking construction, FEGC suggested to postpone the construction completion date to April 6, 2009. However, STSP disagreed with this extension, imposed overdue fine of NT\$39,406 thousand for FEGC's construction delay and refused to pay the extra costs of NT\$3,080 thousand for FEGC's removal of the scrap piles. FEGC applied for conciliation with the PCC, but the conciliation failed since FEGC and STSP failed to reach any compromise. FEGC filed a lawsuit with the Tainan District Court for indemnification after receiving the certification of conciliation failure and also asked STSP pay all of the extra costs and overdue fine for FEGC's construction delay. The extra costs and fine were totaled NT\$42,486 thousand.

Additionally, several new constructing items were added to the construction which cost FEGC additional operating expense of NT\$30,997 thousand during the construction. Beside, as settlement of construction payment, STSP underpaid the contract amount by NT\$4,121 thousand without any reasonable excuses and STSP refused to pay as contracted with FEGC. FEGC filed a lawsuit with the Tainan District Court.

The original construction period of 840 days was decided and then was extended by 601 days because of several force majeure incidents (560 days out of 601 days had been approved by STSP and the remaining 41 days was still controversial). However, the extension which had reached 80% of the original construction period entailed more operating expenses of NT\$37,510 thousand, but STSP was not willing to pay these added expenses; thus, FEGC filed a suit with the Tainan District Court.

Overall, FEGC recognized a construction loss of NT\$119,949 thousand in 2008.

- l. An FENC subsidiary, FEGC, together with Pan Asia Corporation (Pan Asia) and Iwata Chizaki Construction Corporation, Taipei Branch (Iwata) entered into a contract to undertake “Area CR3 of Kaohsiung Rapid Transit-Red line” (KRT). FEGC claimed that, under Article 20.2 of the contract, KRT should pay an amount of NT\$312,844 thousand subject to the price adjustment clause and paid extra costs such as the management fees of NT\$164,857 thousand resulting from several problems, not attributable to FEGC that delayed the completion date for 277 days. Since KRT did not make the foregoing payments, FEGC, Pan Asia and Iwata have applied for mediation in the Kaohsiung District Court. During the mediation process, both parties mutually agreed to suspend temporarily the mediation proceedings. They also agreed to determine the next course of action only after the completion of the arbitration between KRT and the Kaohsiung City Government
- m. For a construction Taiwan Power Company (TPC) subcontracted to FEGC, FEGC had to pay a certain fine of NT\$23,000 thousand for a bid deposit call. This fine was based on the Government Procurement Act and TPC’s construction contract. FEGC has applied for mediation to the Complaint Review Board for Government Procurement, PCC but, on October 24, 2008, PCC made a decision not to hear the case. TPC thus requested the Administrative Enforcement Agency to enforce the penalty concerned. On May 5, 2011, the Administrative Enforcement Agency made an order of enforcement. Thus, FEGC had to pay NT\$23,000 thousand to the court, and this amount was included in restricted assets on July 12, 2011. Based on aforesaid dispute, FEGC filed a civil lawsuit with the Taipei High administrative Court.
- n. FENC’s subsidiaries, FEGC entered into a contract with the Taiwan Area National Expressway Engineering Bureau (TANEEB) to be part of the construction of the “Taichung Living Circle Route 4 North Section and Dali Access Road.” Based on the original design, the P43 and P44 abutments need to be constructed in the Tsau Hu River; this the construction project plan was passed by Taiwan Water Resources Agency (TWRA). Nevertheless, during the construction period, TWRA asked TANEEB to redesign the location of the P44 abutment which was located at the convergence of Tsau Hu River and Gan River. FENC discussed TWRA’s concern with TANEEB and redesigned the plan by integrating the two abutments into one (P41), enlarging the anchor arm and removing the projecting abutment away from the convergence. Moreover, in considering the structural construction and the principle underlying the arrangement of the abutments, FENC redesigned the two river-crossing anchor arms (145 meters), securing them with small arches (93 mters). Therefore, the distance between bridge arches was extended and the coordinates of the bridge were changed from 2K+665 from 2k+763. In order to finish the construction in time, TANEEB required FENC to increase the number of construction vehicles from two to six and have them work simultaneously. During the construction, the contracts with additional items that entailed extra costs were renegotiated six times. The contract amount which TANEEB agreed with was NT\$126,524 thousand lower than what FENC suggested. FEGC applied for conciliation with the TANEEB, but the conciliation failed since FEGC and TANEEB could not reach any compromises. After receiving the certification of conciliation failure, FEGC filed a lawsuit for appealing NT\$126,524 thousand with the Tainan District Court. The appealing amount has been changed to NT\$93,641 thousand in the proceeding.
- o. FETC was entrusted by the TANFB to collect electronic tolls on freeways and had signed a third-party benefit trust contract with Far Eastern International Bank Co., Ltd. (FEIB) to manage the tolls collected. The trust property for this agreement had amounted to NT\$2,040,046 thousand as of December 31, 2012.

### **35. SUBSEQUENT EVENTS**

- a. The Company issued unsecured bonds on March 27, 2013. The bonds have an aggregate face value of NT\$8,000,000 thousand, with each unit having a face value of NT\$1,000 thousand and the term of bond is less than ten years.

- b. A subsidiary, FEPI acquired an added equity interest in Isizuka Green Pet for JPY120,000 thousand. Thus, the interest of subsidiary, FEPI in Isizuka Green Pet increased to 80%. In addition, Ishizuka Green Pet was renamed Far Eastern Ishizuka Green Pet.

### 36. FINANCIAL INSTRUMENTS

- a. The fair values of financial instruments were as follows:

	December 31			
	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative financial instruments</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 33,790,201	\$ 33,790,201	\$ 28,330,882	\$ 28,330,882
Financial assets at fair value through profit or loss - current	1,029,806	1,029,806	905,963	905,963
Available-for-sale financial assets - current	2,272,149	2,272,149	3,496,456	3,496,456
Notes and accounts receivable, net	27,376,551	27,376,551	31,814,893	31,814,893
Receivables from related parties	2,183,730	2,183,730	1,832,688	1,832,688
Other financial assets	1,254,287	1,254,287	1,065,662	1,065,662
Available-for-sale financial assets - noncurrent	4,489,491	4,489,491	4,032,047	4,032,047
Financial assets carried at cost - noncurrent	1,121,779	-	1,029,223	-
Held-to-maturity financial assets - noncurrent	199,871	199,871	199,768	199,768
Bond investments with no active market-noncurrent	256,508	-	261,384	-
Restricted assets (including current portion)	10,417,386	10,417,386	3,303,131	3,303,131
Refundable deposits (including current portion)	630,995	630,995	564,905	564,905
<u>Liabilities</u>				
Short-term bank loans	25,209,168	25,209,168	27,371,719	27,371,719
Commercial paper	6,286,740	6,286,740	10,765,090	10,765,090
Notes and accounts payable	19,257,918	19,257,918	21,882,422	21,882,422
Payables to related parties	982,600	982,600	1,120,961	1,120,961
Accrued expenses	11,143,508	11,143,508	9,573,072	9,573,072
Payable for acquisition on properties	4,012,183	4,012,183	2,210,448	2,210,448
Bonds payable (including current portion)	44,705,700	45,021,374	30,205,789	30,450,496
Long-term bank loans (including current portion)	32,243,911	32,243,911	33,770,708	33,770,708
Guarantee deposits (including current portion)	1,141,721	1,141,721	1,135,667	1,138,667
<u>Derivative financial assets (liabilities)</u>				
Financial assets at fair value through profit and loss - current	28,713	28,713	48,908	48,908
Hedging derivative financial assets - current	21,962	21,962	1,500	1,500
Financial liabilities at fair value through profit and loss - current	(619)	(619)	(4,708)	(4,708)
Hedging derivative financial liabilities - current	-	-	(2,667)	(2,667)
Hedging derivative financial liabilities - noncurrent	(287,522)	(287,522)	-	-

- b. The methods and assumptions used in estimating fair values are as follows:

- 1) The carrying values of short-term instruments reported in the balance sheet approximate the fair values of these assets because of the short maturities of these instruments
- 2) If quoted market prices are available, these are used as fair values of derivatives. Otherwise, the fair value is evaluated by the Group using the same estimates and assumptions used by other market participants (e.g., banks or derivative sellers) to value the derivatives.

- 3) If quoted market prices are available, these are used as fair values of available-for-sale financial assets. The fair values of financial assets carried at cost - noncurrent and bond investments with no active market-noncurrent, which have no quoted prices in an active market and entail an unreasonably high cost to obtain verifiable fair values, are not presented.
  - 4) If quoted market prices are available, these are used as fair values of held-to-maturity financial assets - noncurrent; otherwise, fair values are measured at carrying values.
  - 5) Fair values of long-term loans, and commercial paper are measured at the present values of expected cash flows, which are discounted at the interest rates for bank loans with similar maturities. The fair values of publicly traded bonds (all including current portion) are measured at trading prices
  - 6) Refundable deposits (including the current portion) and guarantee deposit (including the current portion) are recorded at their carrying values because the fair value approximates the carrying value.
- c. Fair values of financial assets and financial liabilities of the Company and its subsidiaries, which were determined at their quoted prices in an active market or at estimated prices, were as follows:

	<u>Quoted Price</u>		<u>Estimated Price</u>	
	<u>December 31</u>		<u>December 31</u>	
	2012	2011	2012	2011
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss	\$ 1,029,806	\$ 905,963	\$ 28,713	\$ 48,908
Hedging derivative financial assets - current	-	-	21,962	1,500
Available-for-sale financial assets - current	2,272,149	3,496,456	-	-
Available-for-sale financial assets - noncurrent	4,489,491	2,791,718	-	1,240,329
Liabilities				
Financial liabilities at fair value through profit or loss	-	-	(619)	(4,708)
Hedging derivative financial liabilities - current	-	-	-	(2,667)
Hedging derivative financial liabilities - noncurrent	-	-	(287,522)	-

- d. As of December 31, 2012 and 2011, on the financial instruments with fair value risk resulting from interest rate fluctuations, financial assets amounted to NT\$32,898,795 thousand and NT\$16,918,952 thousand, respectively, and financial liabilities amounted to NT\$84,598,539 thousand and NT\$86,248,626 thousand, respectively. As of December 31, 2012 and 2011, on financial instruments with cash flow risk resulting from interest rate fluctuations, financial assets amounted to NT\$10,791,874 thousand and NT\$14,672,114 thousand, respectively, and the financial liabilities amounted to NT\$25,582,321 thousand and NT\$16,605,754 thousand, respectively.

e. Financial risks

1) Market risk

Forward exchange contracts and currency option contracts

The Group uses forward exchange contracts and currency option contracts to hedge against the effects of adverse exchange rate fluctuations on net foreign currency-denominated assets or net liabilities (Note 6).

Cross-currency swap contracts

FENC subsidiaries, Far Eastone, used cross-currency swap contracts to hedge against the adverse effects of exchange rate fluctuations on foreign currency-denominated assets in 2012 and 2011. The gains or losses on the changes in fair values on these contracts will offset the results of the exchange rate fluctuations of the hedged items. Thus, market risk is expected to be immaterial.

An FENC subsidiary, NCIC, used cross-currency swap contracts to hedge against the adverse effects of exchange rate fluctuations on foreign currency-denominated assets in 2012 and 2011. The gains or losses on the changes in fair values on these contracts will offset the results of the exchange rate fluctuations of the hedged items. Thus, market risk is expected to be immaterial.

Cotton futures contracts

The Group uses cotton futures contracts to hedge against adverse fluctuations of cotton prices (Note 6).

Others

Fair values of mutual funds and domestic quoted stocks held by the Company and its subsidiaries are determined at their quoted prices in an active market; thus, market price fluctuations would cause changes in the fair values of these investments. However, market risk is expected to be immaterial because the performance of these investments is periodically evaluated by the Company and its subsidiaries.

2) Credit risk

Credit risk represents the potential loss that would be incurred by the Group if the counter-parties or third parties breach financial instrument contracts. For risk management, financial instruments with positive fair values at the balance sheet date are evaluated for credit risk. The counter-parties to the financial instruments are reputable financial institutions and business organizations. Thus, management does not expect the Group's exposure to default by those parties to be material.

3) Liquidity risk

The Company and its subsidiaries have sufficient operating capital to meet cash flow requirements. Thus, the Company and its subsidiaries do not have liquidity risk. However, financial assets carried at cost and some investments in equity have no active market; thus, material liquidity risk on these assets is anticipated.

On February 26, 2009, an FENC subsidiary, Yuan Tong, bought convertible bonds issued by Bockhold N.V. The purchase amount was recognized as bond investments with no active market-noncurrent; the value of the conversion right was recognized as a financial asset carried at cost because of the inactive market. Thus, liquidity risk on this investment is expected.

FENC and some of its subsidiaries invested in domestic quoted stocks, bonds and mutual funds that have quoted prices in active markets and can be sold immediately at prices close to their fair values. However, Far EasTone also invested in some private funds with no quoted prices in an active market; thus, this investment was expected to have material liquidity risks. However, the subsidiary, ARCOA invested some bonds and equity instruments with no quoted prices in an active market; thus, these investments could expose the AROCA to liquidity risks.

The subsidiaries of YDI and Kai Yuan acquired privately placed shares of FEIB. Under Article 43-8 of the Securities and Exchange Law, the privately placed securities are subjected to restrictions on holding period and trading volume. As a result, liquidity risk on these securities is anticipated.

The subsidiaries of Far EasTone used cross-currency swap contracts in 2012 and 2011, which will result in simultaneous cash inflows and outflows upon maturity; thus, the cash demand is not expected to be significant.

An FENC subsidiary, NCIC, used forward exchange contracts in 2012 and 2011, which will result in simultaneous cash inflows and outflows upon maturity; thus, the cash demand is not expected to be significant.

An FENC subsidiary, NCIC, used forward exchange contracts in 2012 and 2011, which resulted in simultaneous cash inflows and outflows upon maturity; thus, the cash demand is not expected to be significant.

#### 4) Cash-flow risk from interest rate fluctuations

A subsidiaries, Far EasTone had foreign-currency denominated assets in 2012 and 2011, which may cause material cash flow risks because these instruments have floating interest rates; thus, Far EasTone used cross-currency swaps to hedge against adverse cash flow fluctuations on its foreign currency-denominated assets.

The subsidiaries of FETC had bank deposits and short-term and long-term debts with floating interest rates. As a result, the effective interest rates on these loans will change as market interest rates vary, and future cash flows will also fluctuate.

#### f. Cash flow hedge

A subsidiaries, Far EasTone had foreign-currency denominated assets which may cause material cash flow risks because these instruments have floating interest rates; thus, Far EasTone used cross-currency swaps to hedge against adverse cash flow fluctuations on its foreign currency-denominated assets.

A subsidiary, NCIC, used forward exchange contracts to hedge against adverse cash flow fluctuations on its foreign currency-denominated assets.

A subsidiary, FETC had long-term debts with floating rates, which may cause material cash flow risks; thus, FETC used interest rate swaps to hedge against adverse cash flow fluctuations on these liabilities.

Hedged Items	Instruments	Designated Hedging Instruments		Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses
		Fair Value			
		December 31			
		2012	2011		
Foreign-currency denominated assets	Cross-currency swap FET	\$ 4,650	\$ (75)	2013	2013
	Forward exchange contract NCIC	17,312	1,500	2013	2013
	Forward exchange contract NCIC	-	(2,592)	2013	2013
Floating rate long-term debts	Interest rate swap FETC	(287,522)	-	2025	2025

### 37. OTHER

The Group's significant foreign currency-denominated assets and liabilities as of December 31, 2012 and 2011 were as follows:

(In Thousands, Except Exchange Rate)

	December 31					
	2012			2011		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
Monetary items						
USD	\$ 492,678	29.035	\$ 14,304,906	\$ 698,114	30.275	\$ 21,135,401
EUR	31,727	38.457	1,220,125	38,461	39.162	1,506,210
RMB	3,191,088	4.6285	14,769,951	3,890,501	4.806	18,695,803
Malaysian ringgit	64,661	9.101	588,480	40,624	9.148	371,628
JPY	3,289,678	0.3362	1,105,990	1,665,391	0.3906	650,502
Equity-method investments						
HKD	96,372	3.746	361,010	90,761	3.897	353,697
Nonmonetary items						
USD	64,643	29.035	1,877,246	70,704	30.275	2,140,566
EUR	5,000	44.71	223,533	5,000	44.71	223,533
<u>Financial liabilities</u>						
Monetary items						
USD	843,506	29.035	24,491,197	814,898	30.275	24,671,037
RMB	1,101,579	4.6285	5,098,658	1,363,833	4.806	6,554,581
Malaysian ringgit	49,790	9.101	453,139	34,358	9.148	314,307

### 38. ADDITIONAL DISCLOSURES

a. Following are the additional disclosures required by the Securities and Futures Bureau for the Company and investees and b. Reinvestment information:

- 1) Financing provided: Schedule F (attached)
- 2) Endorsement/guarantee provided: Schedule G (attached)
- 3) Marketable securities and investments in share of stock held: Schedule H (attached)



- 4) Securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the capital stock: Schedule I (attached)
  - 5) Acquisition of individual real states at costs of at least NT\$100 million or 20% of the capital stock: Schedule J (attached)
  - 6) Disposal of individual real states at prices of at least NT\$100 million or 20% of the capital stock: Schedule K (attached)
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the capital stock: Schedule L (attached)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the capital stock: Schedule M (attached)
  - 9) Names, locations, and related information of investees on which the Company exercises significant influence: Schedule N (attached)
  - 10) Derivative financial transactions: Notes 6 and 36
- c. Investments in Mainland China
- 1) Investee company name, the description of the primary business activity and products, issued capital, nature of the relationship, capital inflow or outflow, ownership interest, gain or loss on investment, amounts received on investment, and the limitation on investment: Schedule O and O-1 (attached)
  - 2) Significant direct or indirect transactions with the investee company, prices, payment terms, and unrealized gain or loss: Note 32 and Schedules L and M (attached)
- d. Additional disclosure for consolidated financial statements:
- 1) Significant transactions between the Group and among subsidiaries: Schedule P (attached)
  - 2) Reasons, amounts, number of shares held and subsidiaries' names, which owns FENC's shares: Note 27

### **39. SEGMENT INFORMATION**

a. Industry information

The information provided to the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance focuses on types of goods delivered or services provided. Thus, under Statement of Financial Accounting Standards No. 41 - "Operating Segments," the Group defined its operating segments as follows: Petrochemical business, chemical fiber business, textile business, mobile services business, real estate business, investment and other business.

Segment operating income represents the profit generated by each operating segment, which exclude equity in investees' net income, interest revenue, exchange gain or loss, interest expense and income tax expense. Segment operating income is the measure reported to the chief operating decision maker to allocate resources to the segments and assess their performance. However, information on segment assets is not regularly provided to the chief operating decision maker.

The analysis of the Group's revenues and operating results by operating segment as follows:

	Segments Revenue		Segments Profit	
	Year Ended December 31		Year Ended December 31	
	2012	2011	2012	2011
Petrochemical business			\$ (2,897,016)	\$ 3,392,577
Revenues generated from non-affiliates	\$ 27,906,557	\$ 34,274,384		
Revenues generated by the Group	<u>23,699,974</u>	<u>26,382,172</u>		
	<u>51,606,531</u>	<u>60,656,556</u>		
Chemical fiber business			591,799	1,615,321
Revenues generated from non-affiliates	79,068,618	83,910,136		
Revenues generated by the Group	<u>1,896,189</u>	<u>1,459,397</u>		
	<u>80,964,807</u>	<u>85,369,533</u>		
Textile business			138,487	278,876
Revenues generated from non-affiliates	23,481,404	24,641,470		
Revenues generated by the Group	<u>5,015,221</u>	<u>5,365,897</u>		
	<u>28,496,625</u>	<u>30,007,367</u>		
Mobile services business			13,822,513	11,331,446
Revenues generated from non-affiliates	86,729,217	75,453,245		
Revenues generated by the Group	<u>105,853</u>	<u>295,636</u>		
	<u>86,835,070</u>	<u>75,748,881</u>		
Real estate development			1,616,811	1,696,518
Revenues generated from non-affiliates	11,295,546	9,857,635		
Revenues generated by the Group	<u>501,564</u>	<u>31,786</u>		
	<u>11,797,110</u>	<u>9,889,421</u>		
Investment and other			<u>3,027,336</u>	<u>(537,668)</u>
Revenues generated from non-affiliates	11,935,680	7,424,376		
Revenues generated by the Group	<u>4,018,978</u>	<u>411,771</u>		
	<u>15,954,658</u>	<u>7,836,147</u>		
Adjustment and elimination	<u>(35,237,779)</u>	<u>(33,946,659)</u>		
Total revenue	<u>\$ 240,417,022</u>	<u>\$ 235,561,246</u>	<u>16,299,930</u>	<u>17,777,070</u>
Interest revenue			450,941	329,734
Investment income recognized under the equity method			3,137,757	3,984,785
Exchange gain (loss)			(244,111)	812,958
Interest expense			(1,414,238)	(1,346,924)
Other expenses and losses			<u>(600,885)</u>	<u>(288,268)</u>
Earnings before income tax			<u>\$ 17,629,394</u>	<u>\$ 21,269,355</u>

b. Geographic information

The Group operates mainly in three geographical areas: Taiwan, China and Overseas. The Group's revenue from continuing operations from external customers and information on its noncurrent assets by geographical location shown below:

	Revenue from External Customers		Noncurrent Assets	
	December 31		December 31	
	2012	2011	2012	2011
Taiwan	\$ 180,117,226	\$ 174,722,158	\$ 192,365,957	\$ 186,977,062
Chian	44,358,288	47,194,804	31,179,660	32,601,168
Overseas	<u>15,941,508</u>	<u>13,644,284</u>	<u>1,646,379</u>	<u>1,368,093</u>
	<u>\$240,417,022</u>	<u>\$ 235,561,246</u>	<u>\$ 225,191,996</u>	<u>\$ 220,946,323</u>

Noncurrent assets excluded the assets classified as non-current assets held for sale, financial instruments, deferred tax assets, post-employment benefit assets, and assets arising from insurance contracts.

c. Major customers

No revenue from any individual customer was at least 10% of the Group's revenue for the years ended December 31, 2012 and 2011.

#### 40. PLAN FOR THE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Under Rule No. 0990004943 issued by the Financial Supervisory Commission (FSC) on February 2, 2010, the Group pre-discloses the following information on the adoption of International Financial Reporting Standards (IFRSs) as follows and the pre-disclosure amount of some subsidiaries and equity-method investments, were based on the unreviewed financial statements.

- a. On May 14, 2009, the FSC announced the "Framework for the Adoption of International Financial Reporting Standards by Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange (TSE) or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their financial statements in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, and the Interpretations as well as related guidance translated by the Accounting Research and Development Foundation (ARDF) and issued by the FSC. To comply with this framework, the Group has set up a project team and made a plan to adopt the IFRSs. The main contents of the plan, anticipated schedule and status of execution as of December 31, 2012 were as follows:

<b>Contents of Plan</b>	<b>Responsible Department</b>	<b>Status of Execution</b>
1) Build a project team	IFRS project team	Completed
2) Establish a training plan	IFRS project team	Completed
3) Establish an IFRSs implementation plan	IFRS project team	Completed
4) Identify the consolidated entities under IFRSs	IFRS project team	Completed
5) Identify the differences between ROC GAAP and IFRSs	IFRS project team	Completed
6) Evaluate optional exemptions under IFRS based on IFRS 1	IFRS project team	Completed
7) Evaluate the possible impact on information systems	IFRS project team	Completed
8) Evaluate the possible modification of internal control systems	IFRS project team	Completed
9) Select accounting policy under IFRS	IFRS project team	Completed
10) Select optional exemptions under IFRS 1 - "First-time Adoption of International Financial Reporting Standards"	IFRS project team	Completed
11) Prepare the opening balance sheet in conformity with the IFRSs	IFRS project team	Completed

(Continued)

<b>Contents of Plan</b>	<b>Responsible Department</b>	<b>Status of Execution</b>
12) Prepare the 2012 IFRS comparative financial statements	IFRS project team	Completed
13) Modify related internal control systems (including financial reporting process and information systems)	IFRS project team	Completed (Concluded)

b. The Company and its subsidiaries assessed the material differences, shown below, between the existing accounting policies and the accounting policies to be adopted under IFRSs:

1) Reconciliation of the consolidated balance sheet on January 1, 2012 was as follows:

	<b>ROC GAAP</b>	<b>Amount</b>	<b>IFRSs</b>	<b>Note</b>
<u>Assets</u>				
Cash and cash equivalent	\$ 28,330,882	\$ (9,025,221)	\$ 19,305,661	a)
Bond investments with no active market - current	-	9,025,221	9,025,221	a)
Prepaid rent - current	-	124,181	124,181	c)
Deferred income tax assets - current	316,339	(316,339)	-	h)
Construction-in-progress net of billings on construction-in-progress	1,964,181	(1,572,245)	391,936	q)
Construction contract receivables	-	1,572,245	1,572,245	q)
Land leasehold rights	1,862,024	(1,862,024)	-	c)
Equity-method investments	44,144,234	368,319	44,512,553	p), d.
Investment properties	-	35,174,136	35,174,136	d), e), f)
Property, plant and equipments, net	151,446,354	(33,786,532)	117,659,822	d), e), f), k), o)
Nonoperating properties, net	4,330,871	(4,330,871)	-	d)
Intangible assets - service concession arrangements	-	493,991	493,991	k)
Deferred pension costs	44,968	(44,968)	-	i)
Deferred charges, net	726,234	(726,234)	-	e)
Deferred income tax assets - noncurrent	381,707	1,020,766	1,402,473	h), i)
Long-term prepayments	-	1,203,040	1,203,040	e), o)
Farmland	276,661	(276,661)	-	f)
Prepaid rents - noncurrent	-	1,737,843	1,737,843	c)
<u>Liabilities</u>				
Deferred income tax liabilities - current	2,041	(2,041)	-	h)
Accrued expenses	9,573,072	142,069	9,715,141	j), l)
Provision - current	-	73,833	73,833	l)
Billings on construction-in-progress net of construction-in-progress	504,941	(504,941)	-	q)
Construction contracts payable	-	504,941	504,941	q)
Provision - noncurrent	-	509,799	509,799	l)
Reserve for land value increment tax	8,660,653	(8,660,653)	-	g)
Deferred income tax liabilities - noncurrent	1,106,225	9,199,095	10,305,320	g), h), i)
Accrued pension cost	2,124,155	876,618	3,000,773	i)
<u>Stockholders' equity</u>				
Capital surplus from long-term investments	9,421,242	(9,421,242)	-	p)
Special reserve	3,152,529	22,320,076	25,472,605	p), c.
Unappropriated earnings	13,709,450	7,927,829	21,637,279	b), i), j), m), n), p), c.
Cumulative translation adjustments	2,915,415	(2,915,415)	-	n)

(Continued)

	ROC GAAP	Amount	IFRSs	Note
Net loss not recognized as pension cost	\$ (130,034)	\$ 130,034	\$ -	i)
Unrealized gain on financial instruments	2,716,548	778,898	3,495,446	m), p)
Unrealized revaluation increment on properties	19,167,218	(19,167,218)	-	b)
Treasury stocks	(25,063)	-	(25,063)	d.
				(Concluded)

a) Cash and cash equivalent

Under ROC GAAP, certificates of deposits that are cancellable without any loss of principal are recognized as cash and cash equivalents. Transition to IFRSs, cash equivalents are investments that can be transferred to cash at any time with immaterial risk on value. Thus, certificates of deposits with maturity over three months from the date of acquisition will be separately disclosed from cash and cash equivalents and reclassified as other financial assets - time deposits in the balance sheet. As of January 1, 2012, the Group reclassified NT\$9,025,221 thousand cash and cash equivalent to bond investments with no active market.

b) Deemed cost

Under ROC GAAP, all property, plant, and equipment may be revaluated after its initial acquisition based on the regulation they are subjected. Land revaluation increments are adjusted by current listed price and the recognition of revaluation increments is net of land revaluation increments and reserve for land value increment tax. Transition to IFRSs, property, plant and equipment cannot recognized the change of aforesaid land revaluation increments. As of January 1, 2012, the Group recognized the balance of land which accounted as property, plant and equipment and investment properties by using the deemed cost on revaluating day. Thus, the adjustment of unrealized revaluation increments on properties decreased NT\$19,167,218 thousand and unappropriated earnings increased NT\$19,167,218 thousand.

c) Land leasehold right reclassification

Under ROC GAAP, the land leasehold right was classified as intangible assets. Transition to IFRSs, the land leasehold right is applied to IAS 17 Leas 0065s and separately disclosed as prepaid rent. Thus, the Group reclassified NT\$1,862,024 thousand from the land leasehold right to prepaid rent - current and prepaid rent - noncurrent, NT\$124,181 thousand and NT\$1,737,843 thousand, respectively.

d) Classification of idle and leased properties

Under ROC GAAP, the Group's properties and buildings held to earn rentals are applied to the definition of long-term usages for operating purposes, therefore, classified under property, plant and equipment. In addition, the Group recognized idle properties and part of rental properties as non-operating assets. Under IFRSs, the aforementioned items are classified as property, plant and equipment or investment properties according to their nature. Therefore, the Group decreased NT\$30,821,669 thousand from property, plant and equipment and NT\$4,294,039 thousand from non-operating properties and increased NT\$35,115,708 thousand in investment properties.

e) Reclassification of deferred charges

Under ROC GAAP, deferred charges are classified under other assets. Transition to IFRSs, deferred charges are classified under investment properties, property, plant and equipment and long-term prepayments according to the nature. Thus, the Group decreased NT\$726,234 thousand from deferred charges and increased NT\$20,197 thousand, NT\$639,597 thousand, NT\$55,624 thousand and NT\$10,816 thousand in investment properties, properties, plant and equipment, intangible assets and long-term prepayment, respectively.

f) Reclassification of farmland

Under ROC GAAP, farmland accounted under other assets - farmland. Transition to IFRSs, the farmland are reclassified under investment properties or property, plant and equipment according to their nature. Thus, the Group reclassified farmland and increased NT\$38,231 thousand and NT\$238,430 thousand in investment properties and property, plant and equipment, respectively.

g) Reclassification of reserve for the land value increment tax

Under Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the reserve for the land value increment tax liability resulting from land revaluation were classified as reserve for land value increment tax. Transition to IFRS, the Group chose to adopt the book value after land revaluation as deemed cost and reclassified the related items of reserve for land value increment tax as deferred income tax liabilities - noncurrent. As of January 1, 2012, the Group reclassified NT\$8,660,653 thousand reserve for land value increment tax to deferred income tax liabilities - noncurrent.

h) Classification of deferred income tax assets or liabilities and valuation allowance

Under ROC GAAP, valuation allowances are provided to the extent, if any, that it is more likely that deferred income tax assets will not be realized. Transition to IFRSs, a deferred income tax assets is recognized only if realization of tax benefit is probable. Thus, valuation allowance is no longer used.

In addition, a deferred income tax asset and liability are classified as current or noncurrent on the basis of the classifications of the related assets and liabilities for financial reporting under ROC GAAP. A deferred asset or liability that cannot be related to an asset or a liability in the financial statements is classified as current or noncurrent according to the expected realization date of the temporary difference. Transition to IFRSs, a deferred income tax asset and liability is always classified as noncurrent.

Under ROC GAAP, deferred current income tax liabilities and assets belong to the same taxable entity should be offset and settle on net basis and so was applied to deferred non-current income tax liabilities and assets. Transition to IFRS, deferred tax assets and deferred tax liabilities should be offset only if the entity has a legally enforceable right to settle on a net basis and they are levied by the same taxing authority on the same taxable entity (or different taxable entities which intend either to settle material current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period).

Thus, the Group decreased NT\$316,339 thousand in deferred income tax assets - current and NT\$2,041 thousand in deferred income tax liabilities - current, and increased NT\$850,223 thousand in deferred income tax assets - noncurrent and NT\$535,925 thousand in deferred income tax liabilities - noncurrent.

i) Employee benefits

Under ROC GAAP, unrecognized net transition obligation from first-adoption of SFAS No. 18, “Accounting for Pensions”, should be amortized by expected average remaining service lives of the employees who are still in service and expected to receive pension benefits using the straight-line method and recorded in net pension cost. Transition to IFRSs, the Group is not subject to the transition requirements of IAS 19. Thus, unrecognized net transition obligation should be recognized immediately to unappropriated earnings.

Under ROC GAAP, actuarial gains and losses are recognized under corridor approach. The portion of those actuarial gains and losses to be recognized is calculated as the excess divided by the expected average remaining service lives of the employees who are still in service and expected to receive pension benefits. Transition to IFRSs, actuarial gains and losses should be recognized immediately in other comprehensive income and unappropriated earnings in statement of changes in equity and should not be recycled to profit or loss in a subsequent period.

In addition, under ROC GAAP, minimum pension liabilities is an excess portion of accumulated benefit obligation over fair value of the plan assets. The entity should make up the deficit portion when the pension liabilities are less than the minimum pension liabilities. In transition to IFRS, there is no limit on minimum pension liabilities.

As of January 1, 2012, the Group reperformed the actuarial valuation under IAS No. 19, “Employee Benefits,” and recognized the valuation difference directly to unappropriated earnings under the requirement of IFRS 1, “First-time Adoption of International Financial Reporting Standards”; prepaid pension cost, deferred pension cost, unrecognized net loss on pension cost, unappropriated earning and non-controlling interest were adjusted for a decrease of NT\$3,944 thousand, NT\$44,968 thousand, NT\$43,744 thousand, NT\$653,802 thousand and NT\$143,292 thousand, respectively. Other assets - other, accrued pension liabilities, deferred income tax assets - noncurrent and deferred income tax liabilities - noncurrent were adjusted for an increase of NT\$4,154 thousand, NT\$876,618 thousand, NT\$170,543 thousand and NT\$2,517 thousand, respectively.

j) Short-term accumulating compensated absences

Short-term accumulating compensated absences are not specifically addressed under ROC GAAP and usually recognized as salary expense while distributed. Transition to IFRSs, accumulating compensated absences are recognized as salary expense when the employees render services that increase their entitlements to future compensated absences. As of January 1, 2012, the Group accrued NT\$184,262 thousand of short-term accumulating compensated absences, and decreased NT\$128,419 thousand and NT\$55,843 thousand of unappropriated earnings and non-controlling interest, respectively.

k) Service concession arrangements

In practice, the Group has difficulties in retrospective application of IFRIC 12, “Service Concession Arrangements”, as of January 1, 2012. Therefore, the Group reclassified the amount of the specific service concession arrangements of NT\$493,991 thousand from property, plant and equipment to the intangible assets - service concession arrangements under IFRSs.

l) Product warranty and dismantling obligation

As of January 1, 2012, the Group reclassified product warranty and dismantling obligation (were accounted NT\$10,986 thousand as accrued expenses, NT\$59,206 thousand as other current liabilities and NT\$505,330 thousand as other liabilities - other) to provisions - current and provisions - noncurrent, amounting to NT\$70,192 thousand and NT\$505,330 thousand, respectively.

m) Loss of significant influence

Under ROC GAAP, if the Group loses the significant influence over an investee because of a decrease in ownership or any other reasons, the Group should stop using the equity method and, at the same time, recognize the carrying value as the investment cost. If there is additional capital surplus or other equity items arising from the equity-method investment, the Group should consider the related items in calculating the gain or loss when disposal of the investments.

Under IFRS, the Group needs to compare the fair value of the remaining investments plus proceeds from disposal of equity-method investments with the book value of the investment before disposal and recognize the gain or loss on the disposal. The Group shall account for all amounts recognized in other comprehensive income in relation to that associate on the same accounting treatment as it would be required if the associate had directly disposed of the related assets or liabilities

The Group accounted equity-method investment which had lost significant influence as available-for-sale financial assets - noncurrent. Thus, the Group increased unrealized gain on financial instrument and decreased unappropriated earnings by NT\$785,102 thousand, respectively.

n) Cumulative translation adjustments

On January 1, 2012, the Group has elected to recognize all cumulative translation adjustments arising from foreign operations as unappropriated earnings. Thus, the Group deducted the cumulative translation adjustment from other adjustments included in stockholders' equity on transition date while calculating the gain or loss of any foreign operations after the transition date. As of January 1, 2012, the Group had decreased cumulative translation adjustments by NT\$2,915,415 thousand and increased unappropriated earnings by NT\$2,915,415 thousand.

o) Prepayment for equipment disclosure

The prepayment of purchasing equipment is classified as prepayment for equipment under property, plant and equipment. Transition to IFRS, the prepayment of purchasing equipment is classified as long-term prepayments. As of January 1, 2012, the Group reclassified NT\$1,192,224 thousand from prepayment for equipment to long-term prepayments.

p) Adjustment in long-term equity investments

The evaluation of significant differences between current accounting policies and future IFRS adoption used in the Group are also adopted in the associates of equity method.

According to ROC GAAP, the changes of investment percentage arise from the investment company not subscribing for new shares issued by the investee in accordance with its percentage of ownership before the new subscription; the resulting increase or decrease in the investment company's equity in investee is adjusted in the "capital surplus - from long-term investments" and "equity-method investment."



Under IFRSs, changes in equity in associates in which significant influence over the associates is retained are regarded as acquisition or disposal of shares in associates; however, changes in equity in subsidiaries in which control over the subsidiaries is retained are regarded as equity transactions. In addition, according to IFRS 1, “First-time Adoption of International Financial Reporting Standards” and “Q&A for adopting IFRSs” issued by the TSE, the Group does not need to retroactively adjust the accounts as it is not feasible in reality, but should reclassify capital surplus - from long-term investment to unappropriated earnings. As of January 1, 2012, the capital surplus - from long-term investments decreased by NT\$9,421,242 thousand and unappropriated earnings increased by NT\$9,421,242 thousand.

As of January 1, 2012, the equity-method investment of the Group was increased NT\$368,319 thousand by the effect of changes in IFRSs from investees, unrealized gain or loss on financial instrument and unrecognized net loss of pension cost were decreased NT\$6,204 thousand and NT\$86,290 thousand, respectively. The special reserve, unappropriated earnings and non-controlling interest were adjusted in an increase of NT\$32,147 thousand, NT\$250,898 thousand and NT\$5,188 thousand, respectively.

q) Reclassification of construction contract

Under ROC GAAP, when the construction-in-progress exceeds the billings on construction-in-progress, the billings on construction-in-progress will be the credit balance of construction-in-progress, and an excess portion of construction-in-progress over billings on construction-in-progress was classified under current assets; in the other way, when the billings on construction-in-progress exceeds the construction-in-progress, the construction-in-progress will be the credit balance of billings on construction-in-progress and an excess portion of billings on construction-in-progress over construction-in-progress was classified under current liabilities. Transition to IFRS, construction contracts is classified as construction contract receivables if the contract cost performed plus recognized profit of the construction contract is over the billings of contract; otherwise, the construction contracts is classified as construction contract payable when billings of contract is over the contract cost performed plus recognized profit of the construction contract.

As of January 1, 2012, the Group reclassified NT\$1,572,245 thousand from the construction-in-progress net of billings on construction-in-progress to construction contract receivables, and reclassified NT\$504,941 thousand from billings on construction-in-progress net of construction-in-progress to construction contract payable.

2) Reconciliation of the consolidated balance sheet on December 31, 2012 was as follows:

	ROC GAAP	Amount	IFRSs	Note
<u>Asset</u>				
Cash and cash equivalent	\$ 33,790,201	\$ (3,145,035)	\$ 30,645,166	a)
Bond investments with no active market - current	-	3,145,035	3,145,035	a)
Prepaid rent - current	-	85,075	85,075	c)
Deferred income tax assets - current	345,103	(345,103)	-	h)
Construction-in-progress net of billings on construction-in-progress	2,054,054	(1,551,686)	502,368	r)
Construction contract receivables	-	1,551,686	1,551,686	r)
Land leasehold rights	2,304,931	(2,304,931)	-	c)
Equity-method investments	46,274,631	402,459	46,677,090	p)
Investment properties	-	36,589,465	36,589,465	d), e), f)
Property, plant and equipments, net	152,557,507	(35,881,366)	116,676,141	d), e), f), k), o)
Nonoperating properties, net	5,257,840	(5,257,840)	-	d)
Intangible assets - service concession arrangements	-	686,760	686,760	k)

(Continued)

	ROC GAAP	Amount	IFRSs	Note
Deferred pension costs	\$ 20,488	\$ (20,488)	\$ -	i)
Deferred charges, net	1,333,979	(1,333,979)	-	e)
Deferred income tax assets - noncurrent	649,294	1,185,035	1,834,329	h), i)
Long-term prepayments	-	2,944,835	2,944,835	e), o)
Farmland	276,661	(276,661)	-	f)
Prepaid rents - noncurrent	-	2,219,856	2,219,856	c)
<u>Liabilities</u>				
Deferred income tax liabilities - current	1,937	(1,937)	-	h)
Accrued expenses	11,143,508	157,942	11,301,450	j), l)
Provision - current	-	100,202	100,202	l)
Billings on construction-in-progress net of construction-in-progress	160,779	(160,779)	-	r)
Construction contracts payable	-	160,779	160,779	r)
Provision - noncurrent	-	654,791	654,791	l)
Reserve for the land value increment tax	8,660,653	(8,660,653)	-	g)
Deferred income tax liabilities - noncurrent	1,030,467	9,236,840	10,267,307	g), h), i)
Accrued pension cost	212,766	(62,026)	150,740	q)
Deferred income tax liabilities - current	1,900,533	1,486,679	3,387,212	i)
<u>Stockholders' equity</u>				
Capital surplus from long-term investments	9,138,169	(9,138,169)	-	p), q)
Special reserve	-	3,457,841	3,457,841	q)
Unappropriated earnings	3,152,365	22,319,229	25,471,594	p), c.
Cumulative translation adjustments	11,472,883	3,629,203	15,102,086	b), i), j), m), n), p), q), c.
Net loss not recognized as pension cost	186,739	(2,721,706)	(2,534,967)	n), p), q)
Unrealized gain on financial instruments	(166,360)	166,360	-	i), p), q)
Unrealized revaluation increment on properties	4,221,652	743,740	4,965,392	m), p)
Treasury stocks	19,166,737	(19,166,737)	-	b), p), q)

3) The reconciliation of consolidated income statement for the year ended December 31, 2012

	ROC GAAP	Amount	IFRSs	Note
Gain on disposal of investments, net	\$ 4,212,074	\$ (4,108,544)	\$ 103,530	q)
Income tax expense	2,640,678	(414,211)	2,226,467	i), q)
Actuarial loss on defined benefit plans	-	(508,128)	(508,128)	i), p)

a) Cash and cash equivalent

Under ROC GAAP, certificates of deposits that are cancellable without any loss of principal are recognized as cash and cash equivalents. Transition to IFRSs, cash equivalents are investments that can transfer to cash at any time with immaterial risk on value. Thus, certificates of deposits with maturity over three months from the date of acquisition will be separately disclosed from cash and cash equivalents and reclassified as other financial assets - bond investment without active market in the balance sheet. As of December 31, 2012, the Group reclassified NT\$3,145,035 thousand cash and cash equivalent to bond investment without active market - current.

b) Deemed cost

Under ROC GAAP, all property, plant, and equipment could be revalued after its initial acquisition based on the regulation they are subjected. Land revaluation increments are adjusted by current listed price and the recognition of revaluation increments is net of land revaluation increments and land reserve for land value increment tax. Transition to IFRSs, property, plant and equipment cannot recognized the change of aforesaid land revaluation increments. As of January 1, 2012, the Group recognized the balance of land which accounted as property, plant and equipment and investment properties by using the deemed cost on revaluating day. Thus, the adjustment of unrealized revaluation increments on properties decreased NT\$19,167,218 thousand and unappropriated earnings increased NT\$19,167,218 thousand. For the year ended December 31, 2012, the Group has already increased NT\$831 thousand in depreciation expense, based on reversal of remaining service years of part of depreciating properties; therefore, the Group increased \$831 thousand in unrealized revaluation increments.

c) Land leasehold right reclassification

Under ROC GAAP, the land leasehold right was classified as intangible assets. Transition to IFRSs, the land leasehold right is applied to IAS 17 Leases and be separately disclosed as prepaid rent. Thus, the Group reclassified NT\$2,304,931 thousand from the land leasehold right to prepaid rent - current and prepaid rent - noncurrent, NT\$85,075 thousand and NT\$2,219,856 thousand, respectively.

d) Classification of fixed, leased and idle properties

Under ROC GAAP, the Group's properties and buildings held to earn rentals are applied to the definition of long-term usages for operating purposes, therefore, classified under property, plant and equipment. In addition, the Group recognized idle properties and part of rental properties as non-operating assets. Under IFRSs, the aforementioned items are classified as property, plant and equipment or investment properties according to their nature. Therefore, the Group decreased NT\$31,513,325 thousand from property, plant and equipment and NT\$5,016,529 thousand from non-operating properties and increased NT\$36,529,854 thousand in investment properties.

e) Reclassification of deferred charges

Under ROC GAAP, deferred charges are classified under other assets. Transition to IFRSs, deferred charges are classified under investment properties, property, plant and equipment and long-term prepayments according to the nature. Thus, the Group decreased NT\$1,333,979 thousand from deferred charges and increased NT\$21,380 thousand, NT\$597,676 thousand, NT\$611,794 thousand and NT\$103,129 thousand in investment properties, properties, plant and equipment, intangible assets and long-term prepayment, respectively.

f) Reclassification of farmland

Under ROC GAAP, farmland accounted under other assets - farmland. Transition to IFRSs, the agricultural land are classified as investment properties or property, plant and equipment according to their nature. Thus, the Group reclassified farmland and increased NT\$38,231 thousand and NT\$238,430 thousand in investment properties and property, plant and equipment, respectively.

g) Reclassification of reserve for the land value increment tax

Under Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the reserve for the land value incremental tax liability resulting from land revaluation were classified as reserve for land value increment tax. Transition to IFRS, the Group chose to adopt the book value after land revaluation as deemed cost and reclassified the related items of reserve for land value increment tax as deferred income tax liabilities - noncurrent. As of December 31, 2012, the Group reclassified NT\$8,660,653 thousand reserve for land value increment tax to deferred income tax liabilities - noncurrent.

h) Classification of deferred income tax assets or liabilities and valuation allowance

Under ROC GAAP, valuation allowances are provided to the extent, if any, that it is more likely that deferred income tax assets will not be realized. Transition to IFRSs, a deferred income tax assets is recognized only if realization of tax benefit is probable. Thus, valuation allowance is no longer used.

In addition, a deferred income tax asset and liability is classified as current or noncurrent on the basis of the classifications of the related assets and liabilities for financial reporting under ROC GAAP. A deferred asset or liability that cannot be related to an asset or a liability in the financial statements is classified as current or noncurrent according to the expected realization date of the temporary difference. Transition to IFRSs, a deferred income tax asset and liability is always classified as noncurrent.

Under ROC GAAP, deferred current income tax liabilities and assets belong to the same taxable entity should be offset and settle on net basis and so was applied to deferred non-current income tax liabilities and assets. Transition to IFRS, deferred tax assets and deferred tax liabilities should be offset only if the entity has a legally enforceable right to settle on a net basis and they are levied by the same taxing authority on the same taxable entity (or different taxable entities which intend either to settle material current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period).

Thus, the Group decreased NT\$345,103 thousand in deferred income tax assets - current and NT\$1,937 thousand in deferred income tax liabilities - current, and increased NT\$919,506 thousand in deferred income tax assets - noncurrent and NT\$576,340 thousand in deferred income tax liabilities - noncurrent.

i) Employee benefits

Under ROC GAAP, unrecognized net transition obligation from first-adoption of SFAS No. 18, "Accounting for Pensions", should be amortized by expected average remaining service lives of the employees who are still in service and expected to receive pension benefits using the straight-line method and recorded in net pension cost. Transition to IFRSs, the Group is not subject to the transition requirements of IAS 19. Thus, unrecognized net transition obligation should be recognized immediately to unappropriated earnings.

Under ROC GAAP, actuarial gains and losses are recognized under corridor approach. The portion of those actuarial gains and losses to be recognized is calculated as the excess divided by the expected average remaining service lives of the employees who are still in service and expected to receive pension benefits. Transition to IFRSs, actuarial gains and losses should be recognized immediately in other comprehensive income and unappropriated earnings in statement of changes in equity and should not be recycled to profit or loss at a subsequent period.

In addition, under ROC GAAP, minimum pension liabilities is an excess of the present value of the defined benefit obligation over fair value of the plan assets. The entity should make up the deficit portion when the pension liabilities are less than the minimum pension liabilities. In transition to IFRS, there is no limit on minimum pension liabilities.

As of December 31, 2012, the Company performed the actuarial valuation under IAS No. 19, "Employee Benefits," and recognized the valuation difference directly to unappropriated earnings under the requirement of IFRS 1, "First-time Adoption of International Financial Reporting Standards"; deferred pension cost, unrecognized net loss on pension cost, unappropriated earning, non-controlling interest and deferred income tax liabilities - noncurrent were adjusted for a decrease of NT\$20,488 thousand, NT\$125,284 thousand, NT\$1,190,891 thousand, NT\$172,217 thousand and NT\$153 thousand, respectively. Other assets - other, accrued pension cost and deferred income tax assets - noncurrent were adjusted for an increase of NT\$3,661 thousand, NT\$1,486,679 thousand and NT\$265,529 thousand, respectively.

Additionally, for the year ended December 31, 2012, the Group decreased pension cost amounting to NT\$32,688 thousand, and increase unrealized loss on defined benefit pension plan amounting to NT\$472,062 thousand, and increase consolidated net income belongs to non-controlling interest and income tax expense amounting to NT\$7,430 thousand and NT\$3,994 thousand, respectively.

j) Short-term accumulating compensated absences

Short-term accumulating compensated absences are not specifically addressed under ROC GAAP and usually recognized as salary expense while distributed. Transition to IFRSs, accumulating compensated absences are recognized as salary expense when the employees render services that increase their entitlements to future compensated absences. As of December 31, 2012, the Group accrued NT\$187,388 thousand of short-term accumulating compensated absences, and decreased NT\$129,131 thousand and NT\$58,257 thousand of unappropriated earnings and non-controlling interest, respectively.

k) Service concession arrangements

In practice, the Group has difficulties in retrospective application of IFRIC 12, "Service Concession Arrangements", as of December 31, 2012. Therefore, the Group reclassified the amount of the specific service concession arrangements of NT\$686,760 thousand from property, plant and equipment to the intangible assets - service concession arrangements under IFRSs.

l) Product warranty and dismantling obligation

As of December 31, 2012, the Group reclassified product warranty and dismantling obligation (were accounted NT\$13,402 thousand as accrued expenses, NT\$82,904 thousand as other current liabilities and NT\$650,648 thousand as other liabilities - other) to provisions - current and provisions - noncurrent, amounting to NT\$96,306 thousand and NT\$650,648 thousand, respectively.

m) Loss of significant influence

Under ROC GAAP, if the Group loses the significant influence over an investee because of a decrease in ownership or any other reasons, the Group should stop using the equity method and, at the same time, recognize the carrying value as the investment cost. If there is additional capital surplus or other equity items arising from the equity-method investment, the Group should consider the related items in calculating the gain or loss when disposal of the investments.

Under IFRS, the Group needs to compare the fair value of the remaining investments plus proceeds from disposal of equity-method investments with the book value of the investment before disposal and recognize the gain or loss on the disposal. The Group shall account for all amounts recognized in other comprehensive income in relation to that associate on the same accounting treatment as it would be required if the associate had directly disposed of the related assets or liabilities

The Group accounted equity-method investment which had lost significant influence under available-for-sale financial assets - noncurrent. Thus, the Group increased unrealized gain on financial instrument and decreased unappropriated earnings by NT\$785,102 thousand, respectively on January 1, 2012.

n) Cumulative translation adjustments

On January 1, 2012, the Group has elected to recognize all cumulative translation adjustments arising from foreign operations as unappropriated earnings. Thus, the Group deducted the cumulative translation adjustment from other adjustments included in stockholders' equity on transition date while calculating the gain or loss of any foreign operations after the transition date. As of January 1, 2012, the Group had decreased cumulative translation adjustments by NT\$2,915,415 thousand and increased unappropriated earnings by NT\$2,915,415 thousand.

o) Prepayment for equipment disclosure

The prepayment of purchasing equipment is classified as prepayment for equipment under property, plant and equipment. In transition to IFRS, the prepayment of purchasing equipment is classified as long-term prepayments. As of December 31, 2012, the Group reclassified NT\$2,841,706 thousand from prepayment for equipment to long-term prepayments.

p) Adjustment in long-term equity investments

The evaluation of significant differences between current accounting policies and future IFRS adoption used in the Group are also adopted in the associates of equity method.

According to ROC GAAP, the changes of investment percentage arise from the investment company not subscribing for new shares issued by the investee in accordance with its percentage of ownership before the new subscription; the resulting increase or decrease investment company's equity in investee is adjusted in the "capital surplus - from long-term investments" and "equity-method investment."

Under IFRSs, changes in equity in associates in which significant influence over the associates is retained are regarded as acquisition or disposal of shares in associates; however, changes in equity in subsidiaries in which control over the subsidiaries is retained are regarded as equity transactions. In addition, according to IFRS 1, "First-time Adoption of International Financial Reporting Standards" and "Q&A for adopting IFRSs" issued by the TSE, the Group does not need to retroactively adjust the accounts as it is not feasible in reality, but should reclassify capital surplus - from long-term investment to unappropriated earnings. As of January 1, 2012, the capital surplus - from long-term investments decreased by NT\$9,421,242 thousand and unappropriated earnings increased by NT\$9,421,242 thousand.

As of December 31, 2012, the equity-method investment of the Group was increased NT\$402,459 thousand by the effect of changes in IFRSs from investees, capital surplus - from long-term investment, unrealized gain or loss on financial instruments, unrecognized net loss of pension cost, unrealized revaluation increments on properties, investment income from equity-method investees, and consolidated net income belongs to non-controlling interest, net were decreased NT\$6,433 thousand, NT\$41,362 thousand, NT\$41,169 thousand, NT\$1,535 thousand, NT\$79,888 thousand, and NT\$757 thousand, respectively. The unappropriated earnings, special reserve, non-controlling interest, cumulative translation adjustments, and unrealized loss on defined benefit plans were adjusted in an increase of NT\$227,337 thousand, NT\$32,131 thousand, NT\$5,218 thousand, NT\$145,934 thousand, and NT\$36,066 thousand, respectively.

q) Changes in parent's ownership interest in a subsidiary

Under ROC GAAP, the parent company do not need to identify whether the controls over subsidiaries is retained or not when recognize any difference arising between the fair value of disposing of the interest in the subsidiaries and the carrying amount of the investment as disposing gain and loss. Under IFRSs, changes in equity in subsidiaries in which control over the subsidiaries is retained are regarded as equity transactions. Thus, on December 31, 2012, the Group increased NT\$3,457,841 thousand in capital surplus - the difference between fair value of disposing ownership interest and carrying amount of the subsidiary, NT\$289,506 thousand in capital surplus - from long-term investments and NT\$4,992 thousand in cumulative translation adjustments, NT\$93 thousand in unrecognized net loss of pension cost and NT\$1,185 thousand in unrealized revaluation increments on properties. The unappropriated earnings and deferred income were adjusted decreases of NT\$3,691,405 thousand and NT\$62,026 thousand, respectively. In addition, for the year ended December 31, 2012, gain on disposal of investments, net and income tax expense were adjusted a decrease of NT\$4,108,544 thousand and NT\$418,205 thousand, respectively.

r) Reclassification of construction contract

Under ROC GAAP, when the construction-in-progress exceeds the billings on construction-in-progress, the billings on construction-in-progress will be the credit balance of construction-in-progress, and an excess portion of construction-in-progress over billings on construction-in-progress was classified under current assets; in the other way, when the billings on construction-in-progress exceeds the construction-in-progress, the construction-in-progress will be the credit balance of billings on construction-in-progress and an excess portion of billings on construction-in-progress over construction-in-progress was classified under current liabilities. Transition to IFRS, construction contracts is classified as construction contract receivables if the contract cost performed plus recognized profit of the construction contract is over the billings of contract; otherwise, the construction contracts is classified as construction contract payable when billings of contract is over the contract cost performed plus recognized profit of the construction contract.

As of December 31, 2012, the Group reclassified NT\$1,551,686 thousand from the construction-in-progress net of billings on construction-in-progress to construction contract receivables, and reclassified NT\$160,779 thousand from billings on construction-in-progress net of construction-in-progress to construction contract payable.

#### 4) Optional exemptions

IFRS 1, “First-time Adoption of International Financial Reporting Standards” sets out the procedures that the Group must follow when it adopts IFRS for the first time as the basis for preparing its consolidated financial statements. The Group is required to establish its IFRS accounting policies on January 1, 2012 and, in general, apply these retrospectively to determine the IFRS opening balance sheet on transition date. This standard provides a number of optional exceptions to this general principle. The description in each case of the exception to be adopted by the Group are set out below:

##### a) Business combinations

The Group has elected not to apply IFRS 3, “Business Combinations”, which took place before transition date of IFRSs. As a result, in the consolidated balance sheet as of January 1, 2012, goodwill arising from past business combinations and the related assets, liabilities and non-controlling interest of the Group remains the same as stated under ROC GAAP as of December 31, 2011. The exemption is also used for the associates of the Group acquired before the transition date.

##### b) Employee benefits

The Group has elected to recognize all cumulative unrecognized actuarial gains and losses in relation to employee benefit schemes into unappropriated earnings at the date of transition.

##### c) Cumulative translation adjustments

The Group has elected to recognize all cumulative translation adjustments arising from foreign operations into unappropriated earnings at the date of transition.

##### d) Deemed cost

On transition date, the Group elected to recognize deemed cost of some lands and building based on revaluated value under ROC GAAP on revaluating day.

##### e) Compound financial instruments

The liability components of the compound financial instruments issued before is no longer outstanding at the date of transition to IFRSs, thus the Group has elected not to separate these two portions.

##### f) Service concession arrangements

In practice, the Group has difficulties in retrospective application of IFRIC 12, “Service Concession Arrangements”, as of January 1, 2012. The Group has elected the recorded amount of specific service concession agreement under ROC GAAP as the recorded amounts of intangible assets under IFRSs and tests for any impairment of the intangible assets at the date of transition.



c. Special reserve recognized at the date of transition

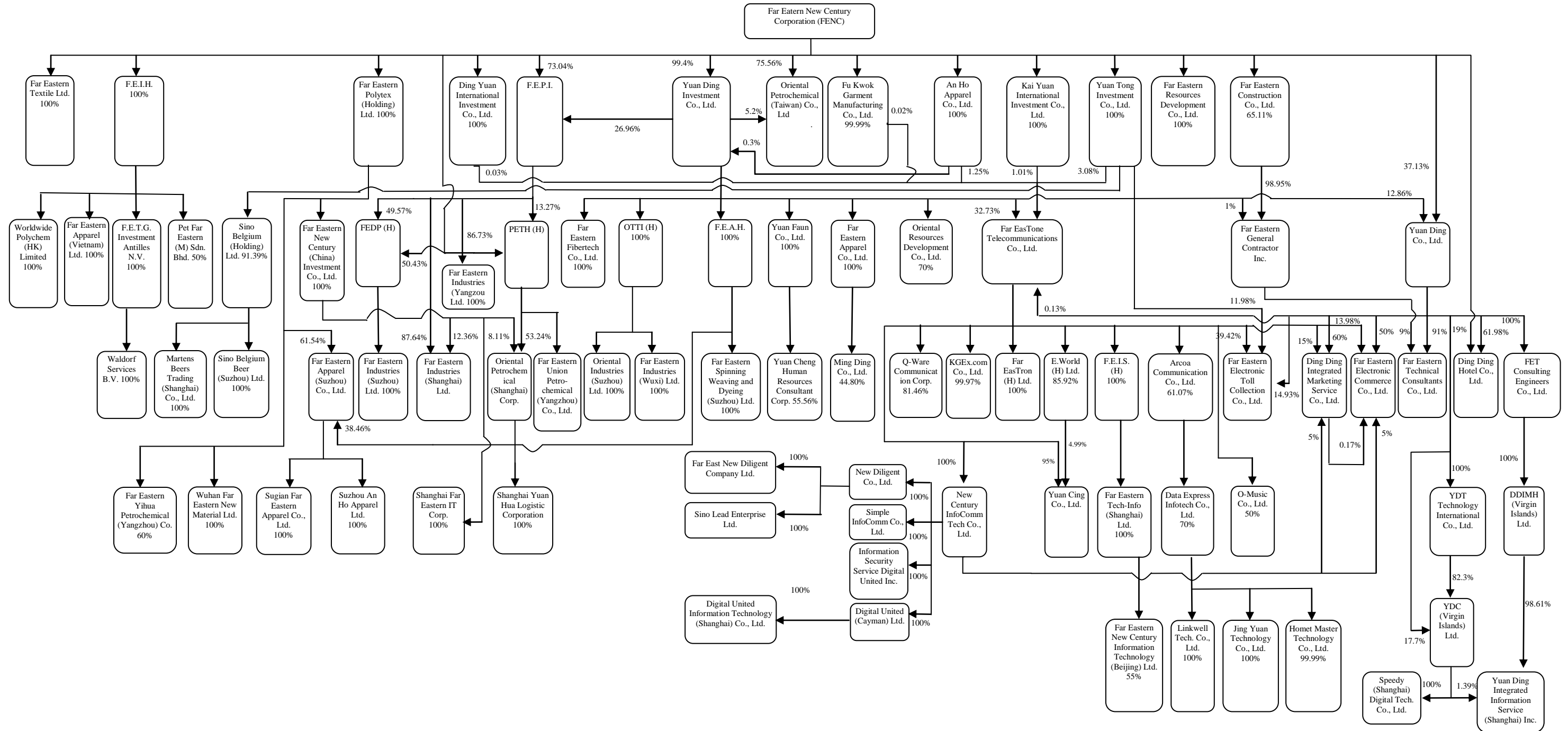
According to Rule No. 1010012865 issued by the Financial Supervisory Commission (FSC) on April 6, 2012, in the first-time adoption of IFRSs, the Company is required to record special reserve equal to the amount of unrealized revaluation increments and cumulative translation adjustments (gain) under stockholders' equity reclassified to unappropriated earnings in accordance with IFRS 1; however, if the total amount of the credit adjustments to unappropriated earnings at the date of transition under the first adoption of IFRSs is smaller than the amount of unrealized revaluation increments and cumulative translation adjustments (gain), only the amount of the credit adjustments to unappropriated earnings is reclassified to special reserve. The special reserve is reversed proportionately when using, disposing and reclassifying the related assets. On January 1, 2012, the amount of unrealized revaluation increments, cumulative translation adjustments and unappropriated earning rising from the investment properties of equity-method investees which used revalued fair value as deemed cost were NT\$19,167,218 thousand, NT\$2,915,415 thousand and NT\$205,296 thousand, respectively; and, the Group recorded the aforesaid same amount to special reserve. For the year ended December 31, 2012, the Group decreased unrealized revaluation increments amounting to NT\$831 thousand and increased unappropriated earnings by NT\$831 thousand based on reversal of remaining service years of part of depreciating properties.

- d. The Company's aforementioned assessment is based on the 2010 version of IFRSs translated by the ARDF and issued by FSC and on the Guidelines Governing the Preparation of Financial Reports by Securities Issuers issued by the FSC on December 22, 2011. However, the assessment result may be impacted as the FSC may issue new rules governing the adoption of IFRSs, and as other laws and regulations may be amended to comply with IFRSs. Actual results may differ from these assessments.

The Group adjusted consolidated balance sheet on January 1, 2012 according to "Q&A for adopting IFRSs" issued by TSE on August 20, 2012: It were forbidden to disclose the equity-method investment which there are reciprocal holdings between investors and investees and accounted for by treasury stock method as treasury stock.

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND PERCENTAGES OF OWNERSHIP  
DECEMBER 31, 2012



**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES****OPERATIONS  
DECEMBER 31, 2012**

<b>Consolidated Entity</b>	<b>Setup Date</b>	<b>Location</b>	<b>Operations</b>
Far Eastern New Century Corporation	1954/01/13	36F, No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, R.O.C.	Manufacture and distribution of petrochemical-fiber materials, semifinished and finished goods of spinning yarn (fabric), blended yarn (fabric), draw textured yarn, pre-oriented yarn, PET filament, PET staple and various knitted and woven garments
Yuan Ding Investment Co., Ltd.	1986/11/07	34F, No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, R.O.C.	Investment
Kai Yuan International Investment Co., Ltd.	1998/10/06	34F, No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, R.O.C.	Investment
Ding Yuan International Investment Co., Ltd.	1998/10/02	34F, No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, R.O.C.	Investment
Yuan Tong Investment Co., Ltd.	1999/12/03	34F, No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, R.O.C.	Investment
An Ho Garment Co., Ltd.	1977/01/24	34F, No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, R.O.C.	Manufacture and distribution of various knit and woven garments
Fu Kwok Garment Manufacturing Co., Ltd.	1971/03/06	No. 110, Neihuan S. Rd., Nanzi District, Kaohsiung City 811, Taiwan, R.O.C.	Manufacture and distribution of various woven garments
Far Eastern Construction Co., Ltd.	1978/09/04	5F, No. 267, Dunhua S. Rd., Sec. 2, Da-an District, Taipei City 106, Taiwan, R.O.C.	Real estate construction and selling
Far Eastern General Contractor Inc.	1982/10/04	5F, No. 267, Dunhua S. Rd., Sec. 2, Da-an District, Taipei City 106, Taiwan, R.O.C.	Real estate construction and selling
Far Eastern Resources Development Co.	2003/09/30	34F, No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, R.O.C.	Real estate construction, industrial park construction and leasing, participating in public infrastructure projects
Far Eastern Apparel Co., Ltd.	1976/02/27	36F, No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, R.O.C.	Selling of underwear, sportswear, shirts, towels, fabrics, suits, beddings and casual wear

(Continued)

<b>Consolidated Entity</b>	<b>Setup Date</b>	<b>Location</b>	<b>Operations</b>
Ming Ding Co., Ltd. (Had go into liquidation procedure on December 18, 2012)	1990/08/07	1F, No. 389, Sihchuan Rd., Sec. 1, Banciao City, Taipei County 220, Taiwan, R.O.C.	Selling of underwear, sportswear, shirts, towels, fabrics, suits, beddings and casual wear
Oriental Resources Development Ltd.	1988/06/27	34F, No. 207, Dunhua S. Rd. Sec. 2, Taipei City 106, Taiwan, R.O.C.	Waste recycling and processing
Yuan Faun Co., Ltd.	1980/12/13	33F, No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, R.O.C.	International trading, business consulting, machinery design and installation and computer software
Yuan Cheng Human Resources Consultant Corp.	1999/06/08	7F, No. 665, Bannan Rd., Zhonghe Dist., New Taipei County, Taiwan, R.O.C.	Providing manpower services
Oriental Textile (Holding) Ltd. (OTTI)	2001/01/10	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment
Sino Belgium (Holding) Ltd.	2007/08/10	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment
Far Eastern Investment (Holding) Ltd. (FEIH)	1989/08/29	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment
PET Far Eastern (Holding) Ltd. (PETH)	1996/10/01	Clarendon House 2 Church street, Hamolton HM 11, Bermuda	Investment
FEDP (Holding) Ltd. (FEDP)	2002/03/20	Clarendon House 2 Church street Hamilton HM 11, Bermuda	Investment
F.E.T.G. Investment Antilles N.V. (FETG)	1989/10/05	Kaya W.F.G Mensing 14, Curacao, Nederlandse Antillen	Investment
Waldorf Services B.V. (Waldorf)	1990/01/10	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	Investment
PET Far Eastern (M) Sdn Bhd (PFEM)	1995/07/22	Plo 69, Kawasan Perindustrian Senai 3, 81400 Senai, Johor Bahru, Johor Malaysia	Manufacture and distribution of PET bottle and PET perform
Far Eastern Polytex (Holding) Ltd.	2006/03/22	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment
Far Eastern Apparel (Holding) Ltd. (FEAH)	1996/10/01	Clarendon House 2 Church street, Hamolton HM 11, Bermuda	Investment
Far Eastern Polychem Industries Ltd. (FEPI)	1995/04/13	Clarendon House 2 Church street, Hamolton HM 11, Bermuda	Investment
Far Eastern Industries (Shanghai) Ltd. (FEIS)	1996/09/25	Mainland China	Manufacture and distribution of PET staple, PET filament, polyester top, PET performs, raw textured yarns, spinning yarns, and knitted and woven fabrics and garments
Far Eastern Apparel (Vietnam) Ltd.	2002/07/04	No. 11, VSIP Street 4, Vietnam Singapore Industrial Park Thuan An District, Binh Duong Province, Vietnam	Manufacture and distribution of various knitted and woven garments, beddings garments and accessories

(Continued)

<b>Consolidated Entity</b>	<b>Setup Date</b>	<b>Location</b>	<b>Operations</b>
Wu Han Far Eastern New Material Ltd.	2003/07/09	Mainland China	Retail and wholesale of PET staple, PET filament, polyester top, PET performs, raw textured yarns, spinning yarns, and knitted and woven fabrics and garments.
Shanghai Far Eastern IT Corp.	2003/04/15	Mainland China	Computer software programming and MIS maintenance and consultancy.
Far Eastern Apparel (Suzhou) Ltd. (FEAZ)	1996/10/21	Mainland China	Manufacture and distribution of various knitted and woven garments, beddings, garments and accessories
Sugian Far Eastern Apparel Co., Ltd.	2011/07/05	Mainland China	Manufacture and distribution various garment, bedding and clothes accessories
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd. (FEDZ)	2003/10/22	Mainland China	Manufacture and distribution of woven, dyed and novelty fabrics, high-value engineered textiles, industrial woven fabrics and scraps
Sino Belgium Beer (Suzhou) Ltd. (SBBZ)	2007/09/04	Mainland China	Brewer
Far Eastern New Century (China) Investment Corp.	2007/06/18	Mainland China	Investment
Far Eastern Industries (Wuxi) Ltd. (FEIW)	2002/06/05	Mainland China	Manufacture and distribution of combed cotton yarn, 60/40 poly/cotton blended yarns, 65/35 poly/cotton blended yarns, spun yarns, and woven, greige woven, print woven, piece dyed woven and bleached woven fabric
Oriental Industries (Suzhou) Ltd. (OTIZ)	2005/06/24	Mainland China	Manufacturing and distribution of PET performs, industrial fabrics and related products
Oriental Petrochemical (Shanghai) Corporation (OPSC)	2003/01/21	Mainland China	Manufacture and distribution of PTA and its by-products
Far Eastern Industries (Suzhou) Ltd. (FEIZ)	2004/03/22	Mainland China	Manufacture and distribution of polyester chips and partially oriented, fully oriented and polyester yarns
Shanghai Far Eastern Petrochemical Logistic Ltd.	2006/03/02	Mainland China	Logistic
Suzhou An Ho Apparel Ltd.	2008/01/31	88 Tian Ling Rd. Wuzhong District Economic Development Zone. Su Zhou	Manufacture and distribution of various woven garments.

(Continued)

<b>Consolidated Entity</b>	<b>Setup Date</b>	<b>Location</b>	<b>Operations</b>
Far Eastern Fibertech Co., Ltd.	1995/04/10	No. 17, Gongye 5th Rd., Gonyin Industry District Gonyin Township, Taoyuan County 328, Taiwan, R.O.C.	Manufacture and distribution of nylon-fiber materials
Oriental Petrochemical (Taiwan) Co., Ltd.	1987/01/26	No. 47, Jingjian 4th Rd., Shuren Village Gonyin Township, Taoyuan County 328, Taiwan, R.O.C.	Manufacture and distribution of PTA
Martens Beer Trading (Shanghai) Ltd.	2007/10/26	Mainland China	Beer sales
Far Eastern Electronic Toll Collection Co., Ltd.	2004/04/07	28F., Ln. 207, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan R.O.C.	Information software, electronic information, telecommunications and automated control systems
Worldwide Polychem (HK) Ltd.	2011/08/30	11F, Lippo Leighton Tower, 103-109 Leighton Road, Causeway Bay, Hong Kong	Export nylon-fiber materials
Far Eastern Textile Co., Ltd.	2011/12/28	34F, Ln. 207, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan R.O.C.	Manufacture and distribution of various garments
Far Eastern Yihua Petrochemical (Yangzou) Co.	2011/12/09	Mainland China	Manufacture and distribution of xylene and PTA
Far Eastern Industries (Yangzou) Ltd.	2012/05/10	Mainland China	Manufacture and distribution of PTA
Far Eastern Union Petrochemical (Yangzhou) Corporation	2012/05/23	Mainland China	Manufacture and distribution of PTA
Yuan Ding Co., Ltd.	1984/09/18	23F, Ln. 207, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan R.O.C.	Real Estate sales
Ding Ding Hotel Co., Ltd.	1983/03/22	1-5F, Ln. 201 and 203, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan R.O.C.	Hotel
Ding Ding Integrated Marketing Service Co., Ltd.	2004/10/22	23F, Ln. 207, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan R.O.C.	Market research and advertisement
Far Eastern Electronic Commerce Co., Ltd.	2010/12/10	12F, Ln. 268, Sec. 2, Fuxing S. Rd., Da'an Dist., Taipei City 106, Taiwan R.O.C.	Retailing
YDT Technology International Co., Ltd.	1989/08/04	23F, Ln. 207, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan R.O.C.	Electronics, telecommunications, electronic material wholesale
Far Eastern Technical Consultants Co., Ltd.	1996/01/17	23F., Ln. 207, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan R.O.C.	Constructing management consulting
FET Consulting Engineers Co., Ltd.	1999/12/13	23F, Ln. 207, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan R.O.C.	Enterprise management consulting firm

(Continued)

<b>Consolidated Entity</b>	<b>Setup Date</b>	<b>Location</b>	<b>Operations</b>
DDIM (Virgin Islands) Ltd.	2011/08/31	P.O. Box. 957 Offshore Incorporations Centre, Road Town Tortola, British Virgin Islands	Investments
YDC (Virgin Islands) Ltd.	1998/02/11	Columbus Centre Building, Wickhams Cay, Road Town Tortola, British Virgin Islands	Investments
Yuan Ding Integrated Information Service (Shanghai) Inc.	2011/08/10	Mainland China	Computing software and Internet technical skill design and development
Speedy (Shanghai) Digital Tech. Co., Ltd.	2004/04/27	Mainland China	Intelligence control and securing technology products
Far EasTone Telecommunications Co., Ltd.	1997/04/11	28F, No. 207, Dunhua S. Rd. Sec. 2, Da'an Dist., Taipei City 106, Taiwan, R.O.C.	Telecommunication
Far Eastern Info Service Holding Ltd.	2002/07/17	Clarendon House 2 Church Street, Hamilton HM11, Bermuda	International investment holding
Far Eastern Tech-Info (Shanghai) Ltd.	2002/11/18	Mainland China	Computer software programming and MIS maintenance and consultancy
E. World Holdings Ltd.	2000/04/07	4F, One Capital Place. P.O. Box 847 G.T., Grand, Cayman Island	Investment holding business.
Yuan Cing Co., Ltd.	2000/08/05	28F, Ln. 207, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan R.O.C.	Electronic information providing services and information processing services
KGEx.com Co., Ltd.	2000/08/09	4F, No. 468, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan, R.O.C.	Providing Type II communications services
Arcoa Communication Co., Ltd.	1981/05/04	36F, No. 207, Dunhua S. Rd. Sec. 2, Da'an Dist., Taipei City 106, Taiwan, R.O.C.	Distribution of cellular phones and other communications equipment and accessories and providing related maintenance services
Far EasTron Holding Ltd.	2005/08/30	Marguee Place, Suite 300,430 West Bay Road, P.O. Box 30691 SMB, Grand Cayman, Cayman Islands, British West Indies.	Investment holding
Q-Ware Communication Corp.	2007/02/13	8F., No. 220, Gangqian Rd., Neihu Dist., Taipei City 114, Taiwan, R.O.C.	Providing Type II communications service.
New Century InfoComm Tech Co., Ltd.	2000/06/01	1F-11F., No. 218, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan, R.O.C.	Providing Type II communications services, integrated network business and sale of phone equipment and accessories
New Diligent Co., Ltd.	2001/05/02	1F., No. 207, Dunhua S. Rd. Sec. 2, Da'an Dist., Taipei City 106, Taiwan, R.O.C.	Business consulting and souvenir selling

(Continued)

<b>Consolidated Entity</b>	<b>Setup Date</b>	<b>Location</b>	<b>Operations</b>
Simple InfoComm Co., Ltd.	2001/10/23	12F, No. 468, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan, R.O.C.	Providing Type II communications service
Information Security Service Digital United Co., Ltd.	2004/12/22	6F, No. 71, Zhouzi St., Neihu Dist., Taipei City 114, Taiwan, R.O.C.	Providing Internet information security and monitoring
Digital United (Cayman) Ltd.	2000/8/16	P.O. Box 2681, Zephyt House, Mary Street, George Town, Grand Cayman, British West Indies	Investment
Sino Lead Enterprise Ltd.	2006/4/11	Hong Kong Trade Centre, 7/F 161-167 Des Voeux Road Central, Hong Kong	Providing Internet, information software and electronic information providing services
Digital United Information Technology (Shanghai) Co., Ltd.	2005/8/23	Mainland China	Design and research of computer systems
O-music Co., Ltd.	2010/10/5	12F, No. 468, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan, R.O.C.	Providing electronic information services
Data Express Infotech Co., Ltd.	2004/7/22	6F-1, No. 778, Sec. 4, Bade Rd., Nangang Dist., Taipei City 115, Taiwan, R.O.C.	Communications products wholesale
Linkwell Tech. Co., Ltd.	2005/4/8	2F, No. 2, Guanqian Rd., Zhongzheng Dist., Taipei City 100, Taiwan, R.O.C.	Communication products wholesale.
Far East New Diligent Company Ltd.	2010/07/27	British Virgin Islands	Electronic information providing services.
Far Eastern New Century Information Technology (Beijing) Limited	2010/07/23	Mainland China	Electronic information providing services.
Homet Master Technology Co., Ltd.	2011/08/11	1F, No. 24, Ln. 241, Jingping Rd., Zhonghe Dist., New Taipei City 235, Taiwan R.O.C.	Telecommunication devices wholesale
Jing Yuan Technology Co., Ltd.	2011/09/05	4F, No. 18, Aly. 1, Ln. 768, Bade Rd., Sec. 4, Nangang Dist., Taipei City 115, Taiwan R.O.C.	Data processing services

(Concluded)



**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**RELATED PARTIES**  
**DECEMBER 31, 2012**

No.	Related Party	Relationship with Far Eastern New Century Corporation (Note)
1	Oriental Securities Co., Ltd.	a
2	Frendenberg Far Eastern Spunweb Co., Ltd.	a
3	Everest Textile Co., Ltd.	a
4	Pacific Liu Tung Investment Corporation	a
5	Air Liquide Far Eastern Ltd.	a
6	Yue Ding Industry Co., Ltd.	a
7	Far Eastern International Leasing Corp. (FEILC)	a
8	Da Ju Fiber Co., Ltd.	a
9	Yue Ming Co., Ltd.	a
10	Malaysia Garment Manufactures Pte. Ltd.	a
11	Far Eastern. Y. Z. Hsu Science and Technology Memorial Foundation	b
12	U-Ming Marine Transport Corp.	b
13	Tranquil Enterprise Ltd.	b
14	Yuan-Ze University	b
15	Oriental Institute of Technology	b
16	Far Eastern Memorial Hospital	b
17	Far Eastern Department Stores Co., Ltd.	a and b
18	Oriental Union Chemical Corporation	a and b
19	Asia Cement Corporation	b and c
20	Yu Chang Technical & Commercial Vocational Senior High School	c
21	Pacific SOGO Department Stores	d
22	Far Eastern Recreation Center Employee's Welfare Committee	e
23	Far Eastern Recreation Center Employee's Welfare Committee of FENC-Golf Club	e
24	Pacific Petrochemical (Holding) Ltd.	f
25	Oriental Petrochemical (Yangzhou) Corporation	f
26	F.E. Memorial Foundation	g
27	Far Eastern Medical Foundation	g
28	TECO Electronic & Machinery Co., Ltd.	h
29	Systemex Corporation	h
30	MITAC Inc.	h
31	Telecommunication & Transportation Foundation	i
32	Ding Ding Management Consultants Co.	j
33	Oriental Securities Investment Consultant Co., Ltd.	j
34	Everest Textile (Shanghai) Ltd.	k
35	Everest Investment (Holding) Ltd.	k
36	Far Eastern Asset Management Co., Ltd.	l

(Continued)

No.	Related Party	Relationship with Far Eastern New Century Corporation (Note)
37	Far Eastern Property Insurance Agency Co., Ltd.	l
38	Far Eastern International Bank	m
39	Yuan Ding Co., Ltd.	n
40	Ding Ding Hotel Co., Ltd.	n
41	Ding Ding Integrated Marketing Service Co., Ltd.	n
42	Far Eastern Electronic Commerce Co., Ltd.	n
43	Far Eastern Technical Consultants Co., Ltd.	n
44	YDT Technology International Co., Ltd.	n
45	Ya Tung Ready-mixed Concrete Corp.	o
46	Ya-Li Precast Prestressed Concrete Industries Corp.	o
47	Chiahui Power Corporation	o
48	Fu Ming Transport Corp.	o
49	Fu Dar Transportation Corporation	o
50	Ya Sing Ready-Mixed Concrete Corp.	o
51	Far Eastern Citysuper Ltd.	p
52	Ya Tung Department Store Ltd.	p
53	Far Eastern Ai Mai Co., Ltd.	p
54	Hsinchu Big City	p

Note:

- a. Investee accounted for by the equity method.
- b. Same chairman or general manager.
- c. The Chairman is consanguinity within second degree to the chairman of the Company.
- d. Subsidiary of Pacific Liu Tung Investment Co., Ltd.
- e. The chairman of the organization is FENC's vice chief auditor.
- f. Subsidiary of Oriental Union Chemical Corporation.
- g. The member of the board is the Chairman of FENC.
- h. The member of the board of Far Eastern Electronic Toll Collection Co., Ltd.
- i. Far EastOne's donation is over one third of the foundation's fund.
- j. The chairman is the general manager or vice general manager of FENC.
- k. Subsidiary of Everest Textile Co., Ltd.
- l. Subsidiary of Far Eastern International Bank
- m. The vice chairman is the chairman of FENC.

(Continued)

- n. Subsidiaries were included in consolidation financial statement on December 28, 2011.
- o. Subsidiary of Asia Cement Corporation.
- p. Subsidiary of Far Eastern Department Stores Ltd.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED RELATED-PARTY TRANSACTIONS**

**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**(In Thousands of New Taiwan Dollars)**

	Notes	2012		2011	
		Amount	% to Total	Amount	% to Total
<b>Sales</b>					
Far Eastern Medical Foundation	b.	\$ 1,783,974	1	\$ 6,416	-
Far Eastern Department Stores Ltd.		939,025	-	1,175,576	-
Others	c.	<u>3,843,232</u>	<u>2</u>	<u>3,380,559</u>	<u>2</u>
		<u>\$ 6,566,231</u>	<u>3</u>	<u>\$ 4,562,551</u>	<u>2</u>
<b>Operating cost</b>					
Oriental Union Chemical Corp.		\$ 1,059,513	-	\$ 1,383,971	1
Others	c.	<u>1,593,578</u>	<u>1</u>	<u>1,358,434</u>	-
		<u>\$ 2,653,091</u>	<u>1</u>	<u>\$ 2,742,405</u>	<u>1</u>
<b>Operating expense</b>					
Ding Ding Integrated Marketing Service Co., Ltd.		\$ 154,809	1	\$ 137,146	-
Yuan Ding Co., Ltd.	d.	-	-	163,181	1
Others	c.	<u>388,203</u>	<u>1</u>	<u>558,759</u>	<u>2</u>
		<u>\$ 543,012</u>	<u>2</u>	<u>\$ 859,086</u>	<u>3</u>

Note:

- a. For the relationships between FENC and subsidiaries, please refer to Schedule C.
- b. An FENC's subsidiary, Far Eastern Construction Co., Ltd., sold some units of building of Yuan Yang California (accounted under available-for-sale building and land) to Far Eastern Medical Foundation, amounting to NT\$1,782,128 thousand.
- c. The transaction amount between related parties was not over 5% of the total amount of the account.
- d. The Companies were acquired in the consolidation financial statement on December 28, 2011.
- e. The Group donated NT\$1,773 thousand and NT\$80,000 thousand to Yuan Ze University as of December 31, 2012 and 2011, respectively. In addition, FENC donated NT\$4,412 thousand to Far Eastern Memorial Foundation in 2011, and Far EastOne donated NT\$7,000 thousand to the Telecommunication and Transportation Foundation (TTF) for telecommunications technology study in as of December 31, 2012 and 2011.
- f. The terms of sales to and purchases from the related parties were based on agreements.

(Continued)

g. Compensation of director, supervisors and executives:

	<b>2012</b>	<b>2011</b>
Salary and bonus (employees' bonus were included)	\$ 158,233	\$ 136,222
Remunerations of directors and supervisors	349,928	407,756
Operating fees - directors and supervisors	<u>9,029</u>	<u>8,172</u>
	<u>\$ 517,190</u>	<u>\$ 552,150</u>
		(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED RELATED-PARTY TRANSACTIONS**

**YEARS ENDED DECEMBER 31, 2012 AND 2011**

**(In Thousands of New Taiwan Dollars)**

	Notes	December 31			
		2012		2011	
		Amount	%	Amount	%
<b>Accounts and notes receivable from affiliates</b>					
Everest Textile (Shanghai) Ltd.		\$ 292,523	13	\$ 320,094	17
Far Eastern Department Stores Co., Ltd.		174,912	8	170,208	9
Pacific SOGO Department Stores Co., Ltd.		161,200	8	160,153	9
Freundenberg Far Eastern Spunweb Co., Ltd.		70,869	3	112,249	6
Others	b.	<u>506,586</u>	<u>23</u>	<u>276,939</u>	<u>15</u>
		<u>\$ 1,206,090</u>	<u>55</u>	<u>\$ 1,039,643</u>	<u>56</u>
<b>Refundable deposits</b>					
Da Ju Fiber Co., Ltd.		\$ 8,000	1	\$ 8,000	2
Others	b.	<u>2,642</u>	<u>-</u>	<u>2,624</u>	<u>-</u>
		<u>\$ 10,642</u>	<u>1</u>	<u>\$ 10,624</u>	<u>2</u>
<b>Accounts and notes payable to affiliates</b>					
Ya Tung Ready Mixed Concrete Co., Ltd.		\$ 168,436	17	\$ 251,491	22
Oriental Union Chemical Corp.		4,413	-	91,621	8
Others	b.	<u>211,527</u>	<u>22</u>	<u>180,975</u>	<u>16</u>
		<u>\$ 384,376</u>	<u>39</u>	<u>\$ 524,087</u>	<u>46</u>
<b>Advance on real estate receipts</b>					
Far Eastern Department Stores, Ltd.		\$ 2,202,643	10	\$ 1,376,981	6
Others	b.	<u>728,229</u>	<u>3</u>	<u>512,793</u>	<u>2</u>
		<u>\$ 2,930,872</u>	<u>13</u>	<u>\$ 1,889,774</u>	<u>8</u>
<b>Advance on land and building</b>					
Far Eastern Memorial Foundation		<u>\$ -</u>	<u>-</u>	<u>\$ 935,000</u>	<u>94</u>
<b>Guarantee deposits received</b>					
Far Eastern Memorial Hospital		\$ 60,000	5	\$ 60,000	5
Others	b.	<u>114,229</u>	<u>11</u>	<u>111,955</u>	<u>10</u>
		<u>\$ 174,229</u>	<u>16</u>	<u>\$ 171,955</u>	<u>15</u>

(Continued)

	Notes	December 31			
		2012		2011	
		Amount	%	Amount	%
Deferred income					
Sale of land and building					
Oriental Securities Investment Consultant Co., Ltd.	c.	\$ 114,482	54	\$ 115,038	76
Sale of stocks					
Da Ju Fiber Co., Ltd.	d.	62,026	29	-	-
Far Eastern International Leasing Co.		24,326	11	24,326	16
Others	b.	<u>11,932</u>	<u>6</u>	<u>11,932</u>	<u>8</u>
		<u>\$ 212,766</u>	<u>100</u>	<u>\$ 151,296</u>	<u>100</u>
Deferred debit (recognized as other assets - miscellaneous)					
Oriental Union Chemical Corp.		<u>\$ 2,158</u>	<u>-</u>	<u>\$ 2,158</u>	<u>-</u>

Financing to affiliates:

	Year Ended December 31, 2012			
	Highest Outstanding Balance	Balance on December 31, 2012	Interest Rate (%)	Interest Revenue
Da Ju Fiber Co., Ltd.	\$ 1,520,000	\$ 625,000	1.18-1.72	\$ 6,879
Malaysia Garment Manufactures Pte Ltd.	435,525	222,640	0-1.805	1,441
Yue Ding Industry Co., Ltd.	630,000	<u>130,000</u>	0-1.43	<u>1,639</u>
		<u>\$ 977,640</u>		<u>\$ 9,959</u>

	Year Ended December 31, 2011			
	Highest Outstanding Balance	Balance on December 31, 2011	Interest Rate (%)	Interest Revenue
Da Ju Fiber Co., Ltd.	\$ 890,000	\$ 460,000	0.98-1.71	\$ 4,206
Malaysia Garment Manufactures Pte Ltd.	454,125	253,886	0-1.46044	1,381
Yue Ding Industry Co., Ltd.	570,000	<u>100,000</u>	0-1.38	<u>584</u>
		<u>\$ 813,886</u>		<u>\$ 6,171</u>

Financing from affiliates:

	Year Ended December 31, 2012			
	Highest Outstanding Balance	Balance on December 31, 2012	Interest Rate (%)	Interest Expense
Pacific Petrochemical (Holding) Ltd.	\$ 613,595	<u>\$ 598,224</u>	-	<u>\$ -</u>

(Continued)

	<b>Year Ended December 31, 2011</b>			
	<b>Highest Outstanding Balance</b>	<b>Balance on December 31, 2011</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
Pacific Petrochemical (Holding) Ltd.	\$ 627,888	\$ 623,665	-	\$ -
Oriental Petrochemical (Yangzhou) Corporation	169,271	<u>-</u>	3	<u>2,477</u>
		<u>\$ 623,665</u>		<u>\$ 2,477</u>

Notes:

- a. For the relationships between FENC and subsidiaries, please refer to Schedule C.
- b. The transaction amounts among related parties were not over 5% of the total amount of the account.
- c. The unrealized gain was Far Eastern Construction Co., Ltd. sales lands and buildings to Oriental Securities Co., Ltd.
- d. As of March 31, 2012, FENC sold the share of Yuan Ding Investment Co., Ltd. to Da Ju Fiber Co., Ltd. for NT\$235,491 thousand, with a gain of NT\$148,175 thousand. The NT\$62,026 thousand investment income was from downstream transaction and were recognized based on percentage of ownership, 41.86%.
- e. On March 28, 2010, the subsidiary, Far Eastern Resources Development Co., Ltd. sold the land in Ya-Tung Section of Banciao to Far Eastern Memorial Foundation for NT\$432,907 thousand to construct a new medical building; the disposing gain was NT\$327,480 thousand.
- f. In 2012, FENC sold machinery and equipment to Everest Textile Co., Ltd. for NT\$3,810 thousand, with a loss of NT\$1,179 thousand. As of December 31, 2012, the receivable on this sale had been received. In 2011, FENC sold machinery and equipment to Everest Textile Co., Ltd. for NT\$10 thousand, with a gain of NT\$10 thousand. As of December 31, 2011, the receivable on this sale had been received.
- g. FENC bought NT\$2,214 thousand and NT\$349 thousand of machinery and equipment from Oriental Union Chemical Corp and Oriental Institute of Technology, and the payable amount have been fully paid by cash on September 31, 2011.
- h. The terms of sales to and purchases from the related parties were based on the agreement.

(Concluded)



FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED  
 YEAR ENDED DECEMBER 31, 2012  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Financier	Counter-party	Financial Statement Account	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Appropriation for Ending Period	Interest Rate (%)	Nature of Financing (Note A)	Transaction Amount	Reason for the Financing	Allowance for Doubtful Accounts	Collateral		Amount of Individual Company's Financial Limits	Amount of Financing Company's Financial Limits
											Item	Value		
Yuan Ding Investment Co., Ltd.	Ding Yuan International Investment Co., Ltd.	Receivables from related parties	\$ 300,000	\$ -	\$ -	-	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 1,890,250 (Note B)	\$ 18,902,503 (Note E)
	Da Ju Fiber Co., Ltd.	"	400,000	400,000	245,000	1.72%	2	-	For revolving fund	-	Promissory note	-	1,890,250 (Note B)	18,902,503 (Note E)
Far Eastern Investment (Holding) Ltd.	FEDP (Holding) Ltd.	Receivables from affiliates	US\$ 20,000	US\$ 20,000	US\$ 16,700	1.73214-1.805%	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	27,587,720 (Note I)
	Oriental Petrochemical (Shanghai) Corp.	"	US\$ 30,000	US\$ 30,000	US\$ -	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	27,587,720 (Note I)
	Waldorf Services B.V.	"	US\$ 5,000	US\$ -	US\$ -	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	27,587,720 (Note I)
	F.E.T.G. Investment Antilles N.V.	"	US\$ 1,000	US\$ -	US\$ -	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	27,587,720 (Note I)
	Oriental Textile (Holding) Ltd.	"	US\$ 80,000	US\$ 80,000	US\$ 72,982	1.73214-1.805%	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	27,587,720 (Note I)
	Pet Far Eastern (Holding) Ltd.	"	US\$ 20,000	US\$ 20,000	US\$ 17,450	1.73214-1.805%	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	27,587,720 (Note I)
	Malaysia Garment Manufactures Pte. Ltd.	"	US\$ 10,000	US\$ 10,000	US\$ 3,068	0-1.805%	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	27,587,720 (Note I)
	PET Far Eastern (M) Sdn. Bhd.	"	US\$ 10,000	US\$ 10,000	MYR 29,388	1.73214-1.805%	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	27,587,720 (Note I)
	Far Eastern Polytex (Holding) Ltd.	"	US\$ 20,000	US\$ 20,000	US\$ -	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	27,587,720 (Note I)
	Far Eastern Apparel (Vietnam) Ltd.	"	US\$ 9,000	US\$ 9,000	US\$ 5,500	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	27,587,720 (Note I)
	Far Eastern Polychem Industries Ltd.	"	US\$ 80,000	US\$ 80,000	US\$ 14,160	1.73214-1.805%	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	27,587,720 (Note I)
	Sino Belgium (Holding) Ltd.	"	US\$ 20,000	US\$ 20,000	US\$ 14,780	1.73214%	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	27,587,720 (Note I)
Far Eastern Apparel (Holding) Ltd.	"	US\$ 50,000	US\$ 50,000	US\$ -	1.73214-1.805%	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	27,587,720 (Note I)	
Ding Yuan International Investment Co., Ltd.	Da Ju Fiber Co., Ltd.	Receivables from related parties	100,000	100,000	100,000	1.19-1.20%	2	-	For revolving fund	-	Promissory note	-	125,756 (Note B)	1,257,565 (Note E)
	Yuan Tong Investment Co., Ltd.	"	100,000	100,000	100,000	1.19-1.20%	2	-	For revolving fund	-	Promissory note	-	125,756 (Note B)	1,257,565 (Note E)
	Yue Ding Industry Co., Ltd.	"	50,000	50,000	50,000	1.19-1.20%	2	-	For revolving fund	-	Promissory note	-	125,756 (Note B)	1,257,565 (Note E)
	Kai Yuan International Investment Co., Ltd.	"	130,000	-	-	1.17-1.18%	2	-	For revolving fund	-	Promissory note	-	125,756 (Note B)	1,257,565 (Note E)
	Yuan Ding Investment Co., Ltd.	"	100,000	100,000	100,000	1.17-1.20%	2	-	For revolving fund	-	Promissory note	-	125,756 (Note B)	1,257,565 (Note E)
	An Ho Garment Co., Ltd.	"	130,000	-	-	1.18%	2	-	For revolving fund	-	Promissory note	-	125,756 (Note B)	1,257,565 (Note E)

(Continued)

Financier	Counter-party	Financial Statement Account	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Appropriation for Ending Period	Interest Rate (%)	Nature of Financing (Note A)	Transaction Amount	Reason for the Financing	Allowance for Doubtful Accounts	Collateral		Amount of Individual Company's Financial Limits	Amount of Financing Company's Financial Limits
											Item	Value		
Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	Receivables from affiliates	US\$ 98,000	US\$ 98,000	US\$ 98,000	-	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 5,517,544 (Note G)	\$ 16,552,632 (Note H)
	Far Eastern Industries (Shanghai) Ltd.	"	US\$ 66,000	US\$ 66,000	US\$ 7,000	-	1	HK\$ 1,269,924	For business sale	-	Promissory note	-	4,757,135 (Note J)	4,757,135 (Note J)
	Far Eastern Industries (Suzhou) Ltd.	"	US\$ 10,000	US\$ 10,000	US\$ 8,000	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
	Oriental Petrochemical (Shanghai) Corp.	"	US\$ 4,000	US\$ 4,000	US\$ -	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
	Far Eastern Ishizuka Green Pet	"	JPY 1,600,000	JPY 1,600,000	JPY -	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
Far Eastern Apparel (Holding) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Receivables from affiliates	US\$ 100,000	US\$ 100,000	US\$ 2,800	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
	Far Eastern Apparel (Suzhou) Ltd.	"	US\$ 30,000	US\$ 30,000	US\$ 18,000	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
	Far Eastern Investment (Holding) Ltd.	"	US\$ 20,000	US\$ 20,000	US\$ -	1.73214%	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
F.E.T.G Investment Antilles N.V.	Waldorf Services B.V.	Receivables from affiliates	US\$ 1,000	US\$ 1,000	US\$ -	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Industries (WuXi) Ltd.	Other receivables - loans to affiliates	RMB 150,000	RMB 150,000	RMB -	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
	Far Eastern Industries (Suzhou) Ltd.	"	RMB 180,000	RMB 150,000	RMB 26,742	3.58676-4.59%	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
	Oriental Industries (Suzhou) Ltd.	"	RMB 350,000	RMB 300,000	RMB 165,915	3.57332-4.59%	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
	Sino Belgium (Suzhou) Limited	"	RMB 54,000	RMB 50,000	RMB 27,692	3.57332-4.59%	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	"	RMB 80,000	RMB 80,000	RMB 41,763	3.57332-3.92271%	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	Other receivables - loans to affiliates	RMB 80,000	RMB 80,000	RMB -	3.0197-3.1659%	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
Waldorf Services B.V.	Malaysia Garment Manufactures Pte. Ltd.	Receivables from affiliates	US\$ 5,000	US\$ 5,000	US\$ 4,600	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
	Chuang Yuan Co., Ltd.	Other receivables	US\$ 10,000	US\$ 10,000	US\$ 6,380	1.73214-1.805%	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
	Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	US\$ 5,000	US\$ 5,000	US\$ 3,490	1.73214-1.805%	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd.	Receivables from affiliates	US\$ 64,900	US\$ 64,900	US\$ 17,000	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
	Oriental Industries (Suzhou) Ltd.	"	US\$ 138,000	US\$ 138,000	US\$ 78,000	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
	Far Eastern Polychem Industries Ltd.	"	US\$ 25,000	US\$ 25,000	US\$ -	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
	Far Eastern Apparel (Holding) Ltd.	"	US\$ 20,000	US\$ 20,000	US\$ -	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	Receivables from affiliates	US\$ 42,000	US\$ 42,000	US\$ 32,700	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
FEDP (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	Receivables from affiliates	US\$ 42,800	US\$ 42,800	US\$ 24,600	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)

(Continued)

Financier	Counter-party	Financial Statement Account	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Appropriation for Ending Period	Interest Rate (%)	Nature of Financing (Note A)	Transaction Amount	Reason for the Financing	Allowance for Doubtful Accounts	Collateral		Amount of Individual Company's Financial Limits	Amount of Financing Company's Financial Limits
											Item	Value		
Far Eastern Resources Development Co.	An Ho Garment Co., Ltd.	Receivables from related parties	\$ 870,000	\$ -	\$ -	1.17-1.44%	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 1,294,953 (Note B)	\$ 12,949,534 (Note E)
	Da Ju Fiber Co., Ltd.	"	380,000	-	-	1.18-1.20%	2	-	For revolving fund	-	Promissory note	-	1,294,953 (Note B)	12,949,534 (Note E)
	Yue Ding Industry Co., Ltd.	"	200,000	-	-	-	2	-	For revolving fund	-	Promissory note	-	1,294,953 (Note B)	12,949,534 (Note E)
	Kai Yuan International Investment Co., Ltd.	"	500,000	-	-	1.18-1.44%	2	-	For revolving fund	-	Promissory note	-	1,294,953 (Note B)	12,949,534 (Note E)
	Ding Yuan International Investment Co., Ltd.	"	200,000	200,000	-	-	2	-	For revolving fund	-	Promissory note	-	1,294,953 (Note B)	12,949,534 (Note E)
Far Eastern Industries (WuXi) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	Other receivables - loans to affiliates	RMB 150,000	RMB 150,000	RMB 102,665	2.52744-3.67899%	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
Far Eastern Industries (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	Other receivables - loans to affiliates	RMB 150,000	RMB 150,000	RMB -	2.52744-3.67899%	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
Oriental Industries (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	Other receivables - loans to affiliates	RMB 300,000	RMB 300,000	RMB -	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
Sino Belgium (Suzhou) Limited	Far Eastern Apparel (Suzhou) Ltd.	Other receivables - loans to affiliates	RMB 50,000	RMB 50,000	RMB -	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Limited	Receivables from affiliates	US\$ 29,600	US\$ 29,600	US\$ 15,600	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
	FEDP (Holding) Ltd.	"	US\$ 20,000	US\$ 20,000	US\$ -	1.73214-1.805%	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
	Martens Beers Trading (Shanghai) Ltd.	"	US\$ 3,600	US\$ 3,600	US\$ -	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
Far Eastern Polytex (Holding) Ltd.	Wu Han Far Eastern New Material Ltd.	Receivables from affiliates	US\$ 12,000	US\$ 12,000	US\$ 5,000	-	2	-	For revolving fund	-	Promissory note	-	5,517,544 (Note G)	16,552,632 (Note H)
Yuan Tong Investment Co., Ltd.	Da Ju Fiber Co., Ltd.	Receivables from related parties	360,000	-	-	1.38-1.44%	2	-	For revolving fund	-	Promissory note	-	383,915 (Note B)	3,839,153 (Note E)
	Far Eastern Resources Development Co.	"	360,000	200,000	-	-	2	-	For revolving fund	-	Promissory note	-	383,915 (Note B)	3,839,153 (Note E)
	Far Eastern New Century Corporation	"	360,000	-	-	-	2	-	For revolving fund	-	Promissory note	-	383,915 (Note B)	3,839,153 (Note E)
	Yue Ding Industry Co., Ltd.	"	200,000	200,000	-	-	2	-	For revolving fund	-	Promissory note	-	383,915 (Note B)	3,839,153 (Note E)
Kai Yuan International Investment Co., Ltd.	Da Ju Fiber Co., Ltd.	Receivables from related parties	200,000	200,000	200,000	1.19-1.43%	2	-	For revolving fund	-	Promissory note	-	323,847 (Note B)	3,238,470 (Note E)
	Yue Ding Industry Co., Ltd.	"	100,000	-	-	1.19-1.43%	2	-	For revolving fund	-	Promissory note	-	323,847 (Note B)	3,238,470 (Note E)
	Yuan Tong Investment Co., Ltd.	"	200,000	200,000	200,000	1.19-1.43%	2	-	For revolving fund	-	Promissory note	-	323,847 (Note B)	3,238,470 (Note E)
	Yuan Ding Investment Co., Ltd.	"	150,000	150,000	150,000	1.19-1.43%	2	-	For revolving fund	-	Promissory note	-	323,847 (Note B)	3,238,470 (Note E)
	Ding Yuan International Investment Co., Ltd.	"	100,000	100,000	100,000	1.20%	2	-	For revolving fund	-	Promissory note	-	323,847 (Note B)	3,238,470 (Note E)
An Ho Garment Co., Ltd.	Da Ju Fiber Co., Ltd.	Receivables from related parties	80,000	80,000	80,000	1.19-1.44%	2	-	For revolving fund	-	Promissory note	-	146,897 (Note B)	1,468,971 (Note E)
	Yuan Ding Investment Co., Ltd.	"	80,000	-	-	1.19-1.44%	2	-	For revolving fund	-	Promissory note	-	146,897 (Note B)	1,468,971 (Note E)

(Continued)

Financier	Counter-party	Financial Statement Account	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Appropriation for Ending Period	Interest Rate (%)	Nature of Financing (Note A)	Transaction Amount	Reason for the Financing	Allowance for Doubtful Accounts	Collateral		Amount of Individual Company's Financial Limits	Amount of Financing Company's Financial Limits
											Item	Value		
	Yuan Tong Investment Co., Ltd.	"	\$ 50,000	\$ 50,000	\$ 50,000	1.19-1.44%	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 146,897 (Note B)	\$ 1,468,971 (Note E)
	Yue Ding Industry Co., Ltd.	Receivables from related parties	80,000	80,000	80,000	1.20%	2	-	For revolving fund	-	Promissory note	-	146,897 (Note B)	1,468,971 (Note E)
Yuan Faun Ltd.	Yuan Cheng Human Resources Consultant Corp.	Receivables from related parties	10,000	-	-	1.50%	2	-	For revolving fund	-	Promissory note	-	16,685 (Note D)	55,616 (Note F)
Far Eastern Tech-info Ltd. (Shanghai)	Far Eastern New Century Information Technology (Beijing) Ltd.	Other receivables - related parties	59,677	58,175	58,175	6.56-7%	2	-	For revolving fund	-	-	-	58,531 (Note L)	73,163 (Note M)
Yuan Ding Co., Ltd.	YDT Technology International Co., Ltd.	Receivables from related parties	50,000	50,000	-	-	2	-	For revolving fund	-	Promissory note	-	1,785,836 (Note C)	4,464,591 (Note K)
	Far Eastern Technical Consultants Co., Ltd.	"	50,000	50,000	-	-	2	-	For revolving fund	-	Promissory note	-	1,785,836 (Note C)	4,464,591 (Note K)
	FET Consulting Engineers Co., Ltd.	"	50,000	50,000	-	-	2	-	For revolving fund	-	Promissory note	-	1,785,836 (Note C)	4,464,591 (Note K)
	Ding Ding Integrated Marketing Co., Ltd.	"	50,000	50,000	-	-	2	-	For revolving fund	-	Promissory note	-	1,785,836 (Note C)	4,464,591 (Note K)
	Far Eastern Electronic Commerce Co., Ltd.	"	100,000	100,000	-	-	2	-	For revolving fund	-	Promissory note	-	1,785,836 (Note C)	4,464,591 (Note K)
	Yuan Ding Integrated Information Service (Shanghai) Inc.	"	115,940	115,940	-	-	2	-	For revolving fund	-	Promissory note	-	1,785,836 (Note C)	4,464,591 (Note K)
YDT Technology International Co., Ltd.	Yuan Ding Co., Ltd.	Receivables from related parties	45,000	45,000	45,000	1.17%-1.31%	2	-	For revolving fund	-	Promissory note	-	67,474 (Note C)	168,686 (Note K)
Far Eastern Technical Consultants Co., Ltd.	Yuan Ding Co., Ltd.	Receivables from related parties	12,000	12,000	-	-	2	-	For revolving fund	-	Promissory note	-	14,975 (Note C)	37,438 (Note K)
FET Consulting Engineers Co., Ltd.	Yuan Ding Co., Ltd.	Receivables from related parties	150,000	150,000	-	-	2	-	For revolving fund	-	Promissory note	-	54,410 (Note C)	136,025 (Note K)
Oriental Petrochemical (Shanghai) Corp.	Wu Han Far Eastern New Material Ltd.	Other receivables - related parties	RMB 10,000	RMB 10,000	-	-	2	-	For revolving fund	-	Promissory note	-	RMB 104,158 (Note B)	RMB 312,473 (Note D)
	Far Eastern Industries (Shanghai) Ltd.	"	RMB 20,000	RMB 20,000	-	-	2	-	For revolving fund	-	Promissory note	-	RMB 104,158 (Note B)	RMB 312,473 (Note D)
Far Eastern Industries (Shanghai) Ltd.	Oriental Petrochemical (Shanghai) Corp.	Other receivables - related parties	RMB 20,000	RMB 20,000	-	-	2	-	For revolving fund	-	Promissory note	-	RMB 83,130 (Note B)	RMB 249,391 (Note D)
Wu Han Far Eastern New Material Ltd.	Oriental Petrochemical (Shanghai) Corp.	Other receivables - related parties	RMB 10,000	RMB 10,000	-	-	2	-	For revolving fund	-	Promissory note	-	US\$ 2,702 (Note N)	US\$ 2,702 (Note N)

Notes: A. Reasons for financing are as follows:

1. Business relationship.
2. For short-term financing.

B. The limit is equal to 5% of the net value of the financier (based on audited financial statements) as of December 31, 2012.

C. The limit is equal to 20% of the net value of the financier (based on audited financial statements) as of December 31, 2012.

D. The limit is equal to 15% of the net value of the financier (based on audited financial statements) as of December 31, 2012.

(Continued)

- E. The limit is equal to 50% of the net value of the financier (based on audited financial statements) as of December 31, 2012. If necessary for short-term financing, the limit is equivalent to 15%.
- F. The limit is equal to 50% of the net value of the financier (based on audited financial statements) as of December 31, 2012. If necessary for short-term financing, the limit is equivalent to 30%.
- G. The limit is equal to 5% of the net value of FENC (based on audited financial statements) as of December 31, 2012.
- H. The limit is equal to 15% of the net value of FENC (based on audited financial statements) as of December 31, 2012.
- I. The limit is equal to 25% of the net value of FENC (based on audited financial statements) as of December 31, 2012.
- J. The limit is the lower amount of 50% of the net value of FENC (based on audited financial statements) or business transaction amount between both parties as of December 31, 2012.
- K. The limit is equal to 40% of the net value of the financier (based on audited financial statements) as of December 31, 2012. If necessary for short-term financing, the limit is equivalent to 40%.
- L. The limit is equal to 40% of the net value of the financier (based on audited financial statements) as of December 31, 2012.
- M. The limit is equal to 50% of the net value of the financier (based on audited financial statements) as of December 31, 2012.
- N. The limit is equal to 1% of the net value of Far Eastern Polytex (Holding) Ltd. (based on audited financial statements) as of December 31, 2012.

(Concluded)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED  
YEAR ENDED DECEMBER 31, 2012  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Endorsement/ Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Appropriation for Ending Period	Value of Collateral Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statements (%) (Note N)	Maximum Collateral/Guarantee Amounts Allowable
	Name	Nature of Relationship							
Far Eastern New Century Corporation	Yuan Ding Investment Co., Ltd.	(Note A)	\$ 55,175,439 (Note G)	\$ 10,721,125	\$ 9,958,825	\$ 995,000	\$ -	9.02	\$ 110,350,878 (Note H)
Yuan Ding Investment Co., Ltd.	Far Eastern New Century Corporation	(Note D)	18,902,503 (Note G)	1,100,000	1,100,000	800,000	-	2.91	37,805,006 (Note H)
	Da Ju Fiber Co., Ltd.	(Note B)	18,902,503 (Note G)	354,000	354,000	242,000	-	0.94	37,805,006 (Note H)
	Oriental Resources Development Ltd.	(Note A)	18,902,503 (Note G)	219,000	219,000	-	-	0.58	37,805,006 (Note H)
	Far Eastern Apparel Co., Ltd.	(Note A)	18,902,503 (Note G)	135,000	135,000	30,000	-	0.36	37,805,006 (Note H)
	Oriental Textile (Holding) Ltd.	(Note A)	18,902,503 (Note G)	3,881,600	3,490,200	872,550	-	9.23	37,805,006 (Note H)
	Far Eastern Apparel (Holding) Ltd.	(Note A)	18,902,503 (Note G)	2,045,780	1,745,100	515,968	-	4.62	37,805,006 (Note H)
	FEDP (Holding) Ltd.	(Note C)	18,902,503 (Note G)	303,250	290,850	-	-	0.77	37,805,006 (Note H)
	Far Eastern Polychem Industries Ltd.	(Note B)	18,902,503 (Note G)	7,038,570	7,038,570	660,230	-	18.62	37,805,006 (Note H)
	Oriental Industries (Suzhou) Ltd.	(Note A)	18,902,503 (Note G)	639,443	464,287	464,287	-	1.23	37,805,006 (Note H)
	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note A)	18,902,503 (Note G)	303,250	290,850	290,850	-	0.77	37,805,006 (Note H)
	Far Eastern Industries (WuXi) Ltd.	(Note A)	18,902,503 (Note G)	439,275	436,275	218,138	-	1.15	37,805,006 (Note H)
	PET Far Eastern (Holding) Ltd.	(Note C)	18,902,503 (Note G)	599,800	581,700	-	-	1.54	37,805,006 (Note H)
Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Co., Ltd.	(Note A)	15,334,449 (Note L)	1,063,150	300,000	-	-	5.87	15,334,449 (Note L)
Far Eastern Apparel (Holding) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note A)	55,175,439 (Note O)	US\$ 10,000	-	-	-	-	110,350,878 (Note M)
	Far Eastern Apparel (Suzhou) Ltd.	(Note C)	55,175,439 (Note O)	US\$ 10,000	-	-	-	-	110,350,878 (Note M)
Yuan Tong Investment Co., Ltd.	Sino Belgium (Holding) Ltd.	(Note A)	55,175,439 (Note K)	1,010,732	484,847	484,847	-	0.44	110,350,878 (Note I)
Far EastTone Telecommunications Co., Ltd.	Q-Ware Communication Corp.	(Note A)	36,461,440 (Note G)	199,287	161,020	161,020	-	0.22	72,922,879 (Note H)
	KGEx.com Co., Ltd.	(Note A)	36,461,440 (Note G)	45,000	45,000	7,202	-	0.06	72,922,879 (Note H)
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note C)	RMB 1,662,609 (Note H)	RMB 80,000	RMB 80,000	-	-	0.34	RMB 3,325,218 (Note F)
	Everest Textile (Shanghai) Ltd.	(Note E)	RMB 1,662,609 (Note H)	RMB 45,000	-	-	-	-	RMB 3,325,218 (Note F)
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd.	(Note A)	55,175,439 (Note O)	US\$ 5,000	US\$ 5,000	-	-	0.38	110,350,878 (Note M)
	Oriental Industries (Suzhou) Ltd.	(Note A)	55,175,439 (Note O)	US\$ 20,000	US\$ 10,000	US\$ 4,771	-	1.38	110,350,878 (Note M)
				RMB 50,000	RMB 50,000	-	-		
Far Eastern Resources Development Co.	Far Eastern New Century Corporation	(Note D)	55,175,439 (Note K)	9,421,448	7,721,448	7,276,391	7,721,448	7.00	110,350,878 (Note I)
FEDP (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note A)	55,175,439 (Note O)	RMB 50,000	RMB 50,000	-	-	0.21	110,350,878 (Note M)
Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Limited	(Note A)	55,175,439 (Note O)	US\$ 3,000	-	-	-	-	110,350,878 (Note M)
Wu Han Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note C)	US\$ 54,048 (Note J)	RMB 100,000	RMB 100,000	RMB 34,609	-	0.42	US\$ 54,048 (Note J)
Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note C)	55,175,439 (Note O)	RMB 180,000	RMB 160,000	RMB 1,850	-	1.96	110,350,878 (Note M)
Yuan Ding Co., Ltd.	Ding Ding Hotel Corporation	(Note A)	4,464,591 (Note G)	453,000	453,000	75,000	-	0.41	8,929,182 (Note H)
	Yuan Ding Integrated Information Service (Shanghai) Inc.	(Note A)	4,464,591 (Note G)	49,640	-	-	-	-	8,929,182 (Note H)

(Continued)

- Notes:
- A. Parent company's direct or indirect subsidiary.
  - B. Equity-method investee.
  - C. The guarantee provider and counter-party the same ultimate parent company.
  - D. Parent company of the investee.
  - E. Business relationship.
  - F. The amount of the collateral/guarantee is equal to 200% of the net value of the guarantor (based on audited financial statements) as of December 31, 2012.
  - G. The amount of the collateral/guarantee is equal to 50% of the net value of the guarantor (based on audited financial statements) as of December 31, 2012.
  - H. Limit is calculated using the net value of the guarantor (based on audited financial statements) as of December 31, 2012.
  - I. Limit is computed using the net value of parent company (based on audited financial statements) as of December 31, 2012.
  - J. The amount of the collateral/guarantee is equal to 20% of the net value of parent company (based on audited financial statements) as of December 31, 2012.
  - K. The amount of the collateral/guarantee is equal to 50% of the net value of parent company (based on audited financial statements) as of December 31, 2012.
  - L. The amount of the collateral/guarantee is equal to 300% of the net value of the guarantor (based on audited financial statements) as of December 31, 2012.
  - M. The amount of the collateral/guarantee is equal to the net value of FENC (based on audited financial statements) as of December 31, 2012.
  - N. The ratio is calculated in accordance with the Regulations Governing Loaning of Funds and Marking of Endorsements/Guarantees by Public Companies.
  - O. The amount of the collateral/guarantee is equal to 50% of the net value of FENC (based on audited financial statements) as of December 31, 2012.
  - P. The tariff guarantee maximum amounts allowed for FENC during the period was NT\$160,000 thousand, and the actual appropriation as of period end was NT\$160,000 thousand.
  - Q. The tariff guarantee maximum amounts allowed for a subsidiary in Mainland China for the period and the actual appropriation as of period end are as follows:
    - 1) Far Eastern Apparel (Suzhou) Ltd.: RMB300 thousand (NT\$1,396 thousand) and the actual appropriation RMB300 thousand (NT\$1,396 thousand).
    - 2) Oriental Petrochemical (Shanghai) Co., Ltd.: RMB30,000 thousand (NT\$138,823 thousand) and the actual appropriation RMB30,000 thousand (NT\$138,823 thousand).
    - 3) Far Eastern Industries (WuXi) Ltd.: RMB6,382 thousand (NT\$29,521 thousand) and the actual appropriation RMB6,382 thousand (NT\$29,521 thousand).

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES AND INVESTMENTS IN SHARES OF STOCK HELD  
 DECEMBER 31, 2012  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Far Eastern New Century Corporation (FENC)	Asia Cement Corporation	(Note A)	Equity-method investments	721,368	\$ 12,603,614	22.33	\$ 26,943,095	19,900 thousand shares pledged or mortgaged as collaterals for loans
	Far Eastern Department Stores Co., Ltd.	(Note A)	Equity-method investments	230,125	4,453,740	16.80	6,938,269	
	Oriental Union Chemical Corporation	(Note A)	Equity-method investments	81,216	1,338,094	9.17	2,826,317	
	Everest Textile Co., Ltd.	(Note A)	Equity-method investments	129	1,355	0.03	939	
	Yuan Ding Investment Co., Ltd.	(Note A)	Equity-method investments	1,822,821	37,225,967	99.40	37,578,177	
	Far Eastern Resources Development Co.	(Note A)	Equity-method investments	557,354	25,625,265	100.00	25,899,069	
	Yuan Tong Investment Co., Ltd.	(Note A)	Equity-method investments	705,147	7,306,639	100.00	7,678,306	
	Far Eastern Polychem Industries Ltd.	(Note A)	Equity-method investments	830,815	7,391,951	73.04	7,391,951	
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note A)	Equity-method investments	578,846	4,580,834	75.56	4,567,795	
	Far Eastern Investment (Holding) Ltd.	(Note A)	Equity-method investments	1,700	6,265,463	100.00	6,265,463	
	PET Far Eastern (Holding) Ltd.	(Note A)	Equity-method investments	228	4,927,478	86.73	5,009,345	
	Kai Yuan International Investment Co., Ltd.	(Note A)	Equity-method investments	302,844	6,476,761	100.00	6,476,941	
	Far Eastern Polytex (Holding) Ltd.	(Note A)	Equity-method investments	115	7,842,893	100.00	7,842,893	
	Yuan Ding Company Ltd.	(Note A)	Equity-method investments	186,926	3,217,231	37.13	3,315,405	
	Far Eastern Construction Co., Ltd.	(Note A)	Equity-method investments	188,875	3,271,758	65.11	3,328,086	
	Ding Yuan International Investment Co., Ltd.	(Note A)	Equity-method investments	205,000	2,515,059	100.00	2,515,129	
	Oriental Securities Corp.	(Note A)	Equity-method investments	140,278	1,994,891	19.65	1,988,449	
	An Ho Garment Co., Ltd.	(Note A)	Equity-method investments	66,346	2,868,964	100.00	2,937,942	
	Pacific Liu Tung Investment Corp. (Note G)	(Note A)	Equity-method investments	67,500	1,710,017	16.83	1,617,927	
	FEDP (Holding) Ltd.	(Note A)	Equity-method investments	244	566,154	50.43	566,154	
	Fu Kwok Garment Manufacturing Co., Ltd.	(Note A)	Equity-method investments	3,999	143,519	99.99	146,679	
	Ding Ding Hotel Co., Ltd.	(Note A)	Equity-method investments	5,386	6,538	19.00	6,338	
	Far Eastern Textile Ltd.	(Note A)	Equity-method investments	100	1,144	100.00	1,144	
Hantech Venture Capital Corp.	-	Financial assets carried at cost	4,939	53,667	3.73	56,358		
Far Eastern International Bank	(Note C)	Available-for-sale financial assets - noncurrent	69,054	804,484	3.08	804,484		
Yuan Ding Investment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity-method investments	1,066,658	23,822,248	32.73	79,039,358	43,145 thousand shares pledged or mortgaged as collaterals for loans
	Oriental Union Chemical Corporation	(Note A)	Equity-method investments	81,900	1,453,974	9.25	2,850,120	
	Everest Textile Co., Ltd.	(Note A)	Equity-method investments	118,869	1,000,701	25.23	865,366	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Equity-method investments	5,430	146,328	0.40	163,715	
	Asia Cement Corporation	(Note A)	Equity-method investments	15,029	399,315	0.47	561,333	
	Oriental Textile (Holding) Ltd.	(Note A)	Equity-method investments	86	5,615,708	100.00	5,615,708	
	Far Eastern Polychem Industries Ltd.	(Note A)	Equity-method investments	306,644	2,728,464	26.96	2,728,464	
	Oriental Securities Corp.	(Note A)	Equity-method investments	185,247	2,740,560	25.96	2,626,978	
	Far Eastern Apparel (Holding) Ltd.	(Note A)	Equity-method investments	111	2,262,686	100.00	2,262,686	
	Pacific Liu Tung Investment Corp. (Note G)	(Note A)	Equity-method investments	59,827	1,429,261	14.92	1,434,312	
	Yuan Ding Company Ltd.	(Note A)	Equity-method investments	64,759	1,121,382	12.86	1,148,293	
	Air Liquide Far Eastern Ltd.	(Note A)	Equity-method investments	69,114	1,253,686	35.00	1,252,451	
	Far Eastern International Leasing Corp.	(Note A)	Equity-method investments	75,269	1,182,811	16.87	1,194,336	
	Far Eastern Fibertech Co., Ltd.	(Note A)	Equity-method investments	79,241	872,474	100.00	862,510	
	Da Ju Fiber Co., Ltd.	(Note A)	Equity-method investments	17,869	556,145	41.86	565,784	
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note A)	Equity-method investments	39,806	307,557	5.20	314,353	
Yuan Ding Leasing Corp.	(Note A)	Equity-method investments	36,706	428,460	46.20	430,080		
Far Eastern Apparel Co., Ltd.	(Note A)	Equity-method investments	24,736	378,605	100.00	378,502		

(Continued)



Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note A)	Equity-method investments	13,053	\$ 351,586	29.80	\$ 351,312	
	Oriental Resources Development Co., Ltd.	(Note A)	Equity-method investments	34,242	345,574	70.00	349,470	
	Yuan Faun Co., Ltd.	(Note A)	Equity-method investments	5,000	113,256	100.00	111,233	
	Yue Ming Co., Ltd.	(Note A)	Equity-method investments	1,280	70,238	45.50	72,266	
	Far Eastern General Contractor Co., Ltd.	(Note A)	Equity-method investments	1,270	19,144	1.00	17,804	
	Yue Yuan Investment Co., Ltd.	(Note A)	Equity-method investments	98,198	931,295	18.96	1,994,034	
	Chung Nan Textile Co., Ltd.	-	Financial assets carried at cost	2,985	81,405	5.27	117,220	
	Hantech Venture Capital Corp.	-	Financial assets carried at cost	4,688	56,019	3.54	53,487	
	Taiwan Stock Exchange Corp.	-	Financial assets carried at cost	956	22,493	0.16	55,332	
	Universal Venture Capital Investment Corp.	-	Financial assets carried at cost	1,400	14,000	1.16	13,330	
	Overseas Investment and Development Co., Ltd.	-	Financial assets carried at cost	1,000	10,000	1.11	9,434	
	China Investment and Development Co., Ltd.	-	Financial assets carried at cost	1,287	8,250	0.80	12,658	
	Oriental Securities Investment Consultant Co., Ltd.	-	Financial assets carried at cost	1	10	-	11	
	Gallery Management Limited	-	Financial assets carried at cost	914	6,597	9.81	2,705	
	Dah Chung Bills Finance Corp.	-	Financial assets carried at cost	2,165	30,669	0.50	32,097	
	DFE DWS Global Multi-asset Income Plus FOF	-	Available-for-sale financial assets - current	5,000	55,300	0.83	55,300	
	U-Ming Marine Transport Corporation	(Note B)	Available-for-sale financial assets - noncurrent	5,281	245,303	0.62	245,303	
	Far Eastern International Bank	(Note C)	Available-for-sale financial assets - noncurrent	93,946	1,094,466	4.19	1,094,466	
	Financial assets under asset management contracts (Note E)							
	Cheng Shin Rubber Ind., Co., Ltd.	-	Financial assets at fair value through profit or loss - current	338	25,485	-	25,485	
	Chunghwa Telecom Co., Ltd.	-	Financial assets at fair value through profit or loss - current	380	35,910	-	35,910	
	Visual Photonics Epitaxy Co., Ltd.	-	Financial assets at fair value through profit or loss - current	867	30,865	-	30,865	
	Stark Technology, Inc.	-	Financial assets at fair value through profit or loss - current	127	3,232	-	3,232	
	Rechi Precision Co., Ltd.	-	Financial assets at fair value through profit or loss - current	165	4,158	-	4,158	
	Sercomm Corp.	-	Financial assets at fair value through profit or loss - current	1,072	45,346	-	45,346	
	TAIFLEX Scientific Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,084	39,566	-	39,566	
Far Eastern Investment (Holding) Ltd.	FETG Investment Antilles N.V.	(Note A)	Equity-method investments	6	US\$ 18,915	100.00	US\$ 18,915	
	Filsyn Corporation	(Note A)	Equity-method investments	45,066	US\$ -	21.85	PESO (114,307)	
	PET Far Eastern (M) Sdn. Bhd.	(Note A)	Equity-method investments	5,000	US\$ 4,555	50.00	US\$ 4,555	
	Com2B	(Note A)	Equity-method investments	9,000	US\$ 770	20.00	US\$ 770	
	Far Eastern Apparel (Vietnam) Ltd.	(Note A)	Equity-method investments	(Note H)	US\$ 9,555	100.00	US\$ 9,555	
	Worldwide Polychem (HK) Ltd.	(Note A)	Equity-method investments	2,700	US\$ 3,517	100.00	US\$ 3,517	
	Opas Fund Segregated Portfolio Company	(Note A)	Equity-method investments	-	US\$ 52	34.00	US\$ 52	
Ding Yuan International Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Equity-method investments	12,708	379,869	0.39	474,644	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Equity-method investments	2,487	65,051	0.18	74,983	
	Everest Textile Co., Ltd.	(Note A)	Equity-method investments	8,908	66,166	1.89	64,850	
	Oriental Union Chemical Corporation	(Note A)	Equity-method investments	16,183	418,769	1.83	563,168	
	Far EastTone Telecommunications Co., Ltd.	(Note A)	Equity-method investments	920	41,267	0.03	68,172	
	Pacific Liu Tung Investment Corp. (Note G)	(Note A)	Equity-method investments	9,000	209,765	2.24	215,339	
	Yue Ding Industry Co., Ltd.	(Note A)	Equity-method investments	8,512	211,479	13.20	129,455	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - noncurrent	69,809	813,273	3.11	813,273	
	Ya Li Transportation Co., Ltd.	-	Financial assets carried at cost	1,000	16,240	10.00	46,958	

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Kai Yuan International Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Equity-method investments	25,150	\$ 668,719	0.78	\$ 939,353	31,168 thousand shares pledged or mortgaged as collaterals for loans
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity-method investments	32,899	887,605	1.01	2,437,816	
	Oriental Union Chemical Corporation	(Note A)	Equity-method investments	27,976	530,801	3.16	973,565	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Equity-method investments	18,609	515,331	1.36	561,061	
	Kowloon Cement Co., Ltd.	(Note A)	Equity-method investments	1,127	361,010	49.00	361,010	
	Far Eastern International Leasing Corp.	(Note A)	Equity-method investments	74,970	1,182,854	16.80	1,189,381	
	Pacific Liu Tung Investment Corp. (Note G)	(Note A)	Equity-method investments	9,000	209,966	2.24	215,339	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - noncurrent	84,751	987,347	3.78	987,347	
Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Equity-method investments	(Note H)	HK\$ 1,800,405	87.64	RMB 1,457,110	
	PET Far Eastern (Holding) Ltd.	(Note A)	Equity-method investments	35	HK\$ 198,060	13.27	US\$ 26,397	
	FEDP (Holding) Ltd.	(Note A)	Equity-method investments	240	HK\$ 149,499	49.57	US\$ 19,166	
	Far Eastern Industries (Yangzhou) Ltd.	(Note A)	Equity-method investments	(Note H)	HK\$ 263,432	100.00	RMB 213,202	
	Nippon Parison Co., Ltd.	-	Financial assets carried at cost	4	HK\$ 16,941	10.00	-	
Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Co., Ltd.	(Note A)	Equity-method investments	125,639	1,719,576	98.95	1,761,683	
	Asia Cement Corporation	(Note A)	Equity-method investments	17,038	447,856	0.53	636,369	
	U-Ming Marine Transport Corporation	(Note F)	Available-for-sale financial assets - current	1,590	73,846	0.19	73,846	
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note A)	Equity-method investments	(Note H)	US\$ 16,764	38.46	RMB 105,160	
	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note A)	Equity-method investments	(Note H)	US\$ 68,073	100.00	RMB 427,030	
Far Eastern Apparel Co., Ltd.	Ming Ding Co.	(Note A)	Equity-method investments	448	7,128	44.80	7,128	
	Yue Ding Industry Co., Ltd.	(Note A)	Equity-method investments	5	84	0.01	98	
Far Eastern General Contractor Co., Ltd.	U-Ming Marine Transport Corporation	(Note F)	Available-for-sale financial assets - current	746	34,675	0.09	34,675	
	Kaohsiung Rapid Transit Co., Ltd.	-	Financial assets carried at cost	20,000	-	2.00	29,792	
	Ya-Li Precast Prestressed Concrete Industries Corp.	-	Financial assets carried at cost	3,106	25,142	16.03	12,277	
	Far Eastern Technical Consultants Co., Ltd.	(Note A)	Equity-method investments	450	4,949	9.00	6,739	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,786	40,031	-	40,031	
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,005	70,005	-	70,005	
	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,617	105,032	-	105,032	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	10,360	136,010	-	136,010	
FETG Investment Antilles N.V.	Waldorf Services B. V.	(Note A)	Equity-method investments	2	US\$ 19,108	100.00	US\$ 19,108	
Waldorf Services B.V.	Cemtex Apparel Inc.	(Note A)	Other liabilities - other	90	US\$ (360)	50.00	PESO (14,059)	
	Malaysia Garment Manufactures Pte. Ltd.	(Note A)	Equity-method investments	30	US\$ 1,962	37.92	SGD 2,843	
	Far Eastern International Garments	(Note A)	Other liabilities - other	59	US\$ (410)	41.00	PESO (16,634)	
	Albert & Orient Glycol Ltd.	-	Financial assets carried at cost	-	US\$ 1,722	25.00	CAD 21,105	
	Filsyn Corporation	-	Financial assets carried at cost	20,513	US\$ -	9.95	PESO (52,053)	
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity-method investments	40,818	1,015,347	1.25	3,024,614	28,860 thousand shares pledged or mortgaged as collaterals for loans
	Asia Cement Corporation	(Note A)	Equity-method investments	4,467	161,014	0.14	166,842	
	Oriental Union Chemical Corporation	(Note A)	Equity-method investments	154	4,619	0.02	5,359	
	Yue Ding Industry Co., Ltd.	(Note A)	Equity-method investments	10,104	152,781	15.66	153,581	
	Pacific Liu Tung Investment Corp. (Note G)	(Note A)	Equity-method investments	4,841	117,957	1.21	116,322	
	Oriental Securities Corp.	(Note A)	Equity-method investments	5,890	86,765	0.83	83,990	
	Yuan Ding Investment Co., Ltd.	(Note A)	Equity-method investments	5,502	156,084	0.30	113,415	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Equity-method investments	352	10,581	0.03	10,613	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - noncurrent	17,384	202,518	-	202,518	

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Yuan Faun Co., Ltd.	Yuan Cheng Human Resources Consultant Corp.	(Note A)	Equity-method investments	750	\$ 12,022	55.56	\$ 12,022	42,800 thousand shares pledged or mortgaged as collaterals for loans
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - noncurrent	3,684	42,914	0.17	42,914	
	Yi Tong Fiber Co., Ltd.	-	Financial assets carried at cost	3,504	28,519	3.56	42,117	
Fu Kwok Garment Manufacturing Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity-method investments	520	19,827	0.02	38,532	
Yuan Tong Investment Co., Ltd.	Pacific Liu Tung Investment Corp. (Note G)	(Note A)	Equity-method investments	9,000	208,768	2.24	215,339	
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity-method investments	100,237	2,818,368	3.08	7,427,562	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Equity-method investments	77,257	428,007	11.98	302,589	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Equity-method investments	33,673	1,072,598	2.46	1,015,241	
	Oriental Union Chemical Corporation	(Note A)	Equity-method investments	31,768	1,227,706	3.59	1,105,526	
	Asia Cement Corporation	(Note A)	Equity-method investments	27,470	908,387	0.85	1,026,005	
	Air Liquide Far Eastern Ltd.	(Note A)	Equity-method investments	1	18	-	-	
	Sino Belgium (Holding) Ltd.	(Note A)	Equity-method investments	26	3,857	91.39	US\$ 133	
	Far Eastern DWS Global Agribusiness Fund	-	Available-for-sale financial assets - current	9,862	99,803	-	99,803	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - noncurrent	16,799	195,705	0.75	195,705	
	Ding Shen Investment Co., Ltd.	-	Financial assets carried at cost	39,600	396,000	18.00	404,448	
	Bockhold N.V-stock	-	Financial assets carried at cost	1	223,533	12.51	51,194	
	Bockhold N.V. - conversion option embedded into convertible bonds	-	Financial assets carried at cost	-	7,895	-	-	
	Bockhold N.V. - convertible bonds	-	Bond investments with no active market	-	256,508	-	-	
	Financial assets under asset management contracts (Note E)	-						
	W.I.S.E. Yuanta/P-shares CSI 300 ETF	-	Financial assets at fair value through profit or loss - current	603	8,870	-	8,870	
	Cheng Shin Rubber Ind., Co., Ltd.	-	Financial assets at fair value through profit or loss - current	50	3,770	-	3,770	
	Stark Technology, Inc.	-	Financial assets at fair value through profit or loss - current	108	2,749	-	2,749	
	E.Sun Financial Holding Company, Ltd.	-	Financial assets at fair value through profit or loss - current	708	11,505	-	11,505	
	Shin Kong Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	4,230	34,644	-	34,644	
	G-TECH Optoelectronics Corporation	-	Financial assets at fair value through profit or loss - current	54	4,099	-	4,099	
	Vivotek Inc.	-	Financial assets at fair value through profit or loss - current	276	24,840	-	24,840	
Gintech Energy Corporation	-	Financial assets at fair value through profit or loss - current	888	24,154	-	24,154		
Gemtek Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	352	12,320	-	12,320		
LuxNet Corporation	-	Financial assets at fair value through profit or loss - current	337	19,000	-	19,000		
Vanguard International Semiconductor Co.	-	Financial assets at fair value through profit or loss - current	453	9,128	-	9,128		
Sercomm Corp.	-	Financial assets at fair value through profit or loss - current	219	9,264	-	9,264		
Sino-American Silicon Products Inc.	-	Financial assets at fair value through profit or loss - current	573	19,855	-	19,855		
Hwacom Systems Inc.	-	Financial assets at fair value through profit or loss - current	503	10,764	-	10,764		
Wah Hong Industrial Corp.	-	Financial assets at fair value through profit or loss - current	58	2,500	-	2,500		
Ton Yi Industrial Corp.	-	Financial assets at fair value through profit or loss - current	300	5,085	-	5,085		

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Far Eastern Apparel (Suzhou) Ltd.	Suzhou An Ho Apparel Ltd.	(Note A)	Equity-method investments	(Note H)	RMB 7,595	100.00	RMB 7,595	
	Suqian Far Eastern Apparel Co., Ltd.	(Note A)	Equity-method investments	(Note H)	RMB 25,044	100.00	RMB 25,044	
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	(Note A)	Equity-method investments	(Note H)	US\$ 176,695	53.24	RMB 1,109,073	
	Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note A)	Equity-method investments	(Note H)	US\$ 13,805	50.00	RMB 86,600	
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd.	(Note A)	Equity-method investments	(Note H)	US\$ 108,201	100.00	RMB 678,755	
	Oriental Industries (Suzhou) Ltd.	(Note A)	Equity-method investments	(Note H)	US\$ 99,389	100.00	RMB 623,479	
FEDP (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note A)	Equity-method investments	(Note H)	US\$ 31,362	100.00	RMB 196,739	
Far Eastern Polytex (Holding) Ltd.	Wuhan Far Eastern New Material Ltd.	(Note A)	Equity-method investments	(Note H)	US\$ 30,734	100.00	RMB 192,796	
	Far Eastern Apparel (Suzhou) Ltd.	(Note A)	Equity-method investments	(Note H)	US\$ 26,824	61.54	RMB 168,267	
	Far Eastern Yihua Petrochemical (Yangzhou) Corporation	(Note A)	Equity-method investments	(Note H)	US\$ 139,831	60.00	RMB 877,143	
	Far Eastern New Century (China) Investment Ltd.	(Note A)	Equity-method investments	(Note H)	US\$ 67,787	100.00	RMB 352,171	
Far Eastern New Century (China) Investment Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Equity-method investments	(Note H)	RMB 219,138	12.36	RMB 205,498	
	Shanghai Yuan Zi Information Co., Ltd.	(Note A)	Equity-method investments	(Note H)	RMB 13,300	100.00	RMB 13,252	
	Oriental Petrochemical (Shanghai) Corp.	(Note A)	Equity-method investments	(Note H)	RMB 115,232	8.11	RMB 168,944	
Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Limited	(Note A)	Equity-method investments	(Note H)	US\$ 7,765	100.00	RMB 48,709	
	Martens Beers Trading (Shanghai) Ltd.	(Note A)	Equity-method investments	(Note H)	US\$ 1,563	100.00	RMB 488	
Oriental Petrochemical (Shanghai) Corp.	Shanghai Yuan Hua Logistic Ltd.	(Note A)	Equity-method investments	(Note H)	RMB 21,972	100.00	RMB 21,933	
Yuan Ding Company Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity-method investments	4,164	112,899	0.13	308,552	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Equity-method investments	96,312	527,825	14.93	377,099	
	Ding Ding Hotel Co., Ltd.	(Note A)	Equity-method investments	17,572	21,264	61.98	20,677	
	YDT Technology International Co., Ltd.	(Note A)	Equity-method investments	13,992	333,426	100.00	337,371	
	Far Eastern Technical Consultants Co., Ltd.	(Note A)	Equity-method investments	4,550	66,984	91.00	68,137	
	FET Consulting Engineers Co., Ltd.	(Note A)	Equity-method investments	39,000	275,854	100.00	272,049	
	Ding Ding Integrated Marketing Services Co., Ltd.	(Note A)	Equity-method investments	6,900	96,943	60.00	96,988	
	Far Eastern Electronic Commerce Co., Ltd.	(Note A)	Equity-method investments	15,025	20,779	50.00	22,360	
	Yue Yuan Investment Co., Ltd.	(Note A)	Equity-method investments	129,637	2,632,417	25.02	2,631,367	
	FEDS Asia Pacific Development Ltd.	(Note A)	Equity-method investments	10,236	122,590	5.00	117,604	
	YDC (Virgin Islands) Ltd.	(Note A)	Equity-method investments	200	8,073	17.70	US\$ 241	
	Yue Ming Co., Ltd.	(Note A)	Equity-method investments	28	738	1.00	1,588	
	Yue Ding Industry Co., Ltd.	(Note A)	Equity-method investments	1,672	24,898	2.59	25,401	
	Asia Cement Corporation	(Note A)	Equity-method investments	5,122	163,839	0.16	191,307	
	Far Eastern New Century Corporation	-	Financial assets at fair value through profit or loss - current	734	24,309	0.01	24,309	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - noncurrent	6,572	76,559	0.29	76,559	
	Ding Ding Integrated Marketing Services Co., Ltd.	Far Eastern Electronic Commerce Co., Ltd.	(Note A)	Equity-method investments	50	68	0.17	76
Deutsche Far Eastern DWS Equity Fund		-	Financial assets at fair value through profit or loss - current	7,047	80,013	-	80,013	
Far Eastern Technical Consultants Co., Ltd.	-	Financial assets carried at cost	480	4,800	4.00	4,800		
FET Consulting Engineers Co., Ltd.	DDIM (Virgin Islands) Ltd.	(Note A)	Equity-method investments	(Note H)	110,366	100.00	US\$ 3,801	

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
YDC (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	(Note A)	Equity-method investments	(Note H)	US\$ 53	1.39	RMB 334	
	Speedy (Shanghai) Digital Tech. Co., Ltd.	(Note A)	Equity-method investments	(Note H)	US\$ 1,250	100.00	RMB 7,992	
DDIM (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	(Note A)	Equity-method investments	(Note H)	US\$ 3,780	98.61	RMB 23,712	
YDT Technology International Co., Ltd.	YDC (Virgin Islands) Ltd.	(Note A)	Equity-method investments	930	32,513	82.30	US\$ 1,120	
	Asia Cement Corporation	(Note A)	Equity-method investments	58	1,862	-	2,166	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Equity-method investments	2,631	91,656	0.19	79,325	
	Everest Textile Co., Ltd.	(Note A)	Equity-method investments	793	6,099	0.17	5,773	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - noncurrent	2,311	26,922	0.13	26,922	
	Oriental Securities Investment Consultant Co., Ltd.	-	Financial assets carried at cost	1	10	-	10	
Far EasTone Telecommunications Co., Ltd.	<u>Stocks</u>							
	New Century InfoComm Tech Co., Ltd.	(Note A)	Equity-method investments	2,599,449	29,407,288	100.00	29,407,288	
	ARCOA Communication Co., Ltd.	(Note A)	Equity-method investments	82,009	1,257,870	61.07	1,257,870	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Equity-method investments	254,240	995,311	39.42	995,311	
	KGEx.com Co., Ltd.	(Note A)	Equity-method investments	112,375	870,403	99.97	870,403	
	Far Eastern Info Service (Holding) Ltd.	(Note A)	Equity-method investments	1	124,400	100.00	124,400	
	Yuan Cing Co., Ltd.	(Note A)	Prepayments for long-term investments	18,383	96,379	95.00	96,379	
	E. World (Holdings) Ltd.	(Note A)	Equity-method investments	6,015	90,460	85.92	90,460	
	Far EasTron Holding Ltd.	(Note A)	Equity-method investments	4,487	25,105	100.00	25,105	
	Ding Ding Integrated Marketing Services Co., Ltd.	(Note A)	Equity-method investments	1,725	24,542	15.00	24,542	
	iScreen Corporation	(Note A)	Equity-method investments	4,000	18,568	40.00	18,568	
	O-music Co., Ltd.	(Note A)	Equity-method investments	2,500	8,161	50.00	8,161	
	Far Eastern Electronic Commerce Co., Ltd.	(Note A)	Equity-method investments	4,202	6,298	13.98	6,298	
	Q-Ware Communication Corp.	(Note A)	Equity-method investments	33,983	5,482	81.46	5,482	
	Asia Cement	-	Available-for-sale financial assets - current	2,197	82,047	-	82,047	
	<u>Open-end mutual funds</u>							
	Eastspring Inv. Global Green Solutions	-	Available-for-sale financial assets - current	4,978	49,233	-	49,233	
	<u>Private funds</u>							
	Opas Fund Segregated Portfolio Tranche D	-	Available-for-sale financial assets - current	5	149,873	-	149,873	
	<u>Bonds</u>							
98 Asia Cement 1 Corporate Bond	(Note B)	Held-to-maturity financial assets - current and noncurrent	-	199,871	-	202,116		
ARCOA Communication Co., Ltd.	<u>Stock</u>							
	DataExpress Infotech Co., Ltd.	(Note A)	Equity-method investments	9,214	201,079	70.00	201,079	
	THI consultants Inc.	-	Financial assets carried at cost - noncurrent	1,214	13,729	18.32	13,729	
	VIBO Telecom Inc.	-	Financial assets carried at cost - noncurrent	289	1,488	0.03	1,488	
	Chunghwa Int'l Communication Network Co., Ltd.	-	Financial assets carried at cost - noncurrent	2,087	6,714	3.98	6,714	
Web Point Co., Ltd.	-	Financial assets carried at cost - noncurrent	161	1,618	0.63	1,618		
New Century InfoComm Tech Co., Ltd.	<u>Stock</u>							
	New Diligent Co., Ltd.	(Note A)	Equity-method investments	80,000	733,372	100.00	733,372	
	Information Security Service Digital United Co., Ltd.	(Note A)	Equity-method investments	14,878	98,420	100.00	98,420	
	Simple InfoComm Co., Ltd.	(Note A)	Equity-method investments	3,400	20,729	100.00	20,729	
	Ding Ding Integrated Marketing Services Co., Ltd.	(Note A)	Equity-method investments	575	8,181	5.00	8,181	
	Far Eastern Electronic Commerce Co., Ltd.	(Note A)	Equity-method investments	1,503	2,253	5.00	2,253	
	BankPro E-service Technology Co., Ltd.	-	Financial assets carried at cost - noncurrent	450	4,500	3.33	4,500	
	<u>Share certificates</u>							
Digital United (Cayman) Ltd.	(Note A)	Equity-method investments	3,320	26,405	100.00	26,405		

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2012			Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	
	<u>Open-end mutual funds</u>						
	Allianz Global Investors All Seasons Return Fund of Bond Funds	-	Financial assets at fair value through profit or loss - current	3,989	\$ 55,150	-	\$ 55,150
	Deutsche Far Eastern DWS Global Agribusiness Fund	-	Financial assets at fair value through profit or loss - current	5,000	50,600	-	50,600
	DFE DWS Global Multi-asset Income Plus FOF-A	-	Financial assets at fair value through profit or loss - current	9,571	105,858	-	105,858
	<u>Private funds</u>						
	Opas Fund Segregated Portfolio Tranche C	-	Available-for-sale financial assets - current	15	525,284	-	525,284
	Opas Fund Segregated Portfolio Tranche D	-	Available-for-sale financial assets - current	10	299,746	-	299,746
	Opas Fund Segregated Portfolio Tranche E	-	Available-for-sale financial assets - current	28	902,343	-	902,343
Digital United (Cayman) Ltd.	<u>Stock</u> Digital United Information Technologies Co., Ltd.	(Note A)	Equity-method investments	-	US\$ 277	100.00	US\$ 277
New Diligent Co., Ltd.	<u>Share certificates</u> Sino Lead Enterprise Limited	(Note A)	Equity-method investments	-	399	100.00	399
	Far Eastern New Diligent Company Ltd.	(Note A)	Other liabilities - other	-	(4)	100.00	(4)
DataExpress Infotech Co., Ltd.	<u>Share certificates</u> Linkwell Tech. Co., Ltd.	(Note A)	Equity-method investments	-	42,449	100.00	42,449
	Homet Master Technology Co., Ltd.	(Note A)	Equity-method investments	-	7,251	99.99	7,251
	Jin Yuan Technology Co., Ltd.	(Note A)	Equity-method investments	-	9,995	100.00	9,995
Far Eastern Info Service (Holding) Ltd.	<u>Share certificates</u> Far Eastern Tech-info Ltd. (Shanghai)	(Note A)	Equity-method investments	-	US\$ 5,043	100.00	US\$ 5,043
E. World (Holdings) Ltd.	<u>Stock</u> Yuan Cing Co., Ltd.	(Note A)	Equity-method investments	967	US\$ 175	4.99	US\$ 175
Far Eastern Tech-info Ltd. (Shanghai)	<u>Share certificates</u> Far Eastern New Century Information Technology (Beijing) Limited	(Note A)	Equity-method investments	-	RMB 38,553	55.00	RMB 38,553

Notes:

- A. Equity-method investee.
- B. Investor company and investee have the same chairman.
- C. The vice chairman of investee is the chairman of FENC.
- D. The chairman of FENC is the vice president of the investee company.
- E. Financial assets under asset management contracts and the financial assets can be sold in the open market by the investee, Oriental Securities Corp.
- F. The chairman of the investee is a director of FENC's board.
- G. The holding company opened a trust account in the Shanghai Bank in Taipei on September 26, 2002 to buy the stockholding of Pacific Liu Tung Investment Co., Ltd.
- H. A private company.

(Concluded)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK  
 YEAR ENDED DECEMBER 31, 2012  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Investment Income under the Equity Method	Ending Balance	
					Shares (Thousands/Thousand Units)	Amount	Shares (Thousands/Thousand Units)	Amount	Shares (Thousands/Thousand Units)	Price	Book Value	Disposal Gain		Shares (Thousands/Thousand Units)	Amount
Far Eastern New Century Corporation	Yuan Ding Investment Co., Ltd.	Equity-method investments	Da Ju Fiber Co., Ltd.	(Note A)	1,828,323	\$ 37,010,889	-	\$ -	5,502	\$ 235,491	\$ 113,908	\$ 148,175 (Note B)	\$ 328,986	1,822,821	\$ 37,225,967
	Far Eastern Polychem Industries Ltd.	Equity-method investments	Cash capital increase	-	742,155	7,152,582	156,588	1,473,309	67,928 (Note G)	-	616,092	-	(617,848)	830,815	7,391,951
	PET Far Eastern (Holding) Ltd.	Equity-method investments	Cash capital increase	-	202	5,126,250	26	592,750	-	-	-	-	(791,522)	228	4,927,478
	Far Eastern Polytex (Holding) Ltd.	Equity-method investments	Cash capital increase	-	90	6,828,759	25	1,481,658	-	-	-	-	(467,524)	115	7,842,893
Yuan Ding Investment Co., Ltd.	Oriental Resources Development Ltd.	Equity-method investments	Cash capital increase	-	21,322	132,037	20,939	209,397	8,019 (Note C)	-	-	-	4,140	34,242	345,574
	Far Eastern Polychem Industries Ltd.	Equity-method investments	Reduction of share capital to write off accumulated losses	-	331,718	3,401,148	-	-	25,074 (Note G)	-	227,760	-	(444,924)	306,644	2,728,464
Yuan Tong Investment Co., Ltd.	Far Eastern Department Stores Co., Ltd.	Equity-method investments	Open market	-	20,300	711,837	12,096	349,544	-	-	-	-	11,217	33,673	1,072,598
		Stock dividend	-	-	-	1,277	-	-	-	-	-	-	-	-	-
	Oriental Union Chemical Corporation	Equity-method investments	Open market	-	21,802	973,095	7,078	278,454	-	-	-	-	(23,843)	31,768	1,227,706
		Stock dividend	-	-	-	2,888	-	-	-	-	-	-	-	-	-
	Far Eastern Electronic Toll Collection Co., Ltd.	Equity-method investments	Cash capital increase	-	37,271	55,084	39,986	414,392	-	-	-	-	(41,469)	77,257	428,007
	Far EasTone Telecommunications Co., Ltd.	Equity-method investments	Open market	-	105,221	2,916,774	322	20,332	5,306	291,004	148,250	160,326	29,512	100,237	2,818,368
	Asia Cement Corporation	Equity-method investments	Open market	-	20,650	703,243	6,182	227,021	-	-	-	-	(21,877)	27,470	908,387
		Stock dividend	-	-	-	638	-	-	-	-	-	-	-	-	-
Deutsche Far Eastern DWS Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	25,021	280,000 (Note E)	-	-	25,021	283,145	280,000 (Note E)	3,145	-	-	-	
Ding Shen Investment Co., Ltd.	Financial assets carried at cost	Cash capital increase	-	27,000	270,000	12,600	126,000	-	-	-	-	-	-	39,600	396,000
Ding Yuan International Investment Co., Ltd.	Deutsche Far Eastern DWS Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	19,659	220,000 (Note E)	-	-	19,659	222,324	220,000 (Note E)	2,324	-	-	-
Kai Yuan International Investment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Equity-method investments	Open market	-	92,462	2,426,992	-	-	59,563	3,751,051	1,630,623	2,263,945	91,236	32,899	887,605
		Equity-method investments	Open market	-	8,679	229,592	9,218	279,338	-	-	-	-	6,401	18,609	515,331
	Asia Cement Corporation	Equity-method investments	Open market	-	17,347	418,515	7,283	267,520	-	-	-	-	(17,316)	25,150	668,719
		Stock dividend	-	-	-	520	-	-	-	-	-	-	-	-	-
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Equity-method investments	Open market	-	80,172	1,954,031	-	-	39,354	2,492,249	1,000,178	1,598,125	61,494	40,818	1,015,347
Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Yangzhou) Ltd.	Equity-method investments	Cash capital increase	-	-	-	(Note D)	HK\$ 277,524	-	-	-	-	HK\$ (14,092)	(Note D)	HK\$ 263,432

(Continued)

Company Name	Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Investment Income under the Equity Method	Ending Balance	
					Shares (Thousands/Thousand Units)	Amount	Shares (Thousands/Thousand Units)	Amount	Shares (Thousands/Thousand Units)	Price	Book Value	Disposal Gain		Shares (Thousands/Thousand Units)	Amount
Far Eastern Polytex (Holding) Ltd.	Far Eastern Yihua Petrochemical (Yangzhou) Corporation	Equity-method investments	Cash capital increase	-	(Note D)	US\$ 71,948	(Note D)	US\$ 66,204	-	\$ -	\$ -	\$ -	US\$ 1,679	(Note D)	US\$ 139,831
PET Far Eastern (Holding) Ltd.	Far Eastern Union Petrochemical (Yangzhou) Corporation	Equity-method investments	Cash capital increase	-	-	-	(Note D)	US\$ 14,000	-	-	-	-	US\$ (195)	(Note D)	US\$ 13,805
Yuan Ding Co., Ltd.	Far Eastern Electronic Toll Collection Co., Ltd.	Equity-method investments	Cash capital increase	-	33,372	70,999	62,940	643,929	-	-	-	-	(187,103)	96,312	527,825
Far Eastern Electronic Commerce Co., Ltd.	Deutsche Far Eastern DWS Equity Fund	Financial assets at fair value through profit or loss	Open market	-	13,177	148,532	59,027	667,000	72,204	816,021	815,532	489	-	-	-
DDIM (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	Equity-method investments	Cash capital increase	-	-	-	(Note D)	US\$ 7,830	-	-	-	-	US\$ (4,050)	(Note D)	US\$ 3,780
Far Eastern General Contractor Co., Ltd.	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	14,634	210,000	11,847	170,051	169,992 (Note E)	59	-	2,787	40,008 (Note E)
	Hua Nan Kirin Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	20,628	240,000	14,623	170,054	170,000 (Note E)	54	-	6,005	70,000 (Note E)
	Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	8,704	120,000	1,088	15,000	14,998 (Note E)	2	-	7,616	105,002 (Note E)
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	14,938	196,000	4,578	60,072	60,000 (Note E)	72	-	10,360	136,000 (Note E)
	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	15,725	190,000	15,725	190,675	190,000 (Note E)	675	-	-	-
	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	14,889	235,000	14,889	235,170	235,000 (Note E)	170	-	-	-
	Deutsche Far Eastern DWS Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	15,040	170,000	15,040	170,077	170,000 (Note E)	77	-	-	-
	Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	10,563	165,000	10,563	165,064	165,000 (Note E)	64	-	-	-
	UPAMC James Bond Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	11,547	187,000	11,547	187,083	187,000 (Note E)	83	-	-	-
	Shin Kong Chi-Shin Money-Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	11,506	173,000	11,506	173,043	173,000 (Note E)	43	-	-	-
Far EasTone Telecommunications Co., Ltd.	Paradigm Pion Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	10,709	120,000	10,709	120,046	120,000 (Note E)	46	-	-	-
	Far Eastern Electronic Toll Collection Co., Ltd.	Equity-method investments	Issuance of capital stock for cash	-	167,720	269,609	86,520	865,192	-	-	-	-	(139,490)	254,240	995,311
ARCOA Communication Co., Ltd.	Q-ware Communications Co., Ltd.	Equity-method investments	Issuance of capital stock for cash	-	36,460	(295,797)	33,618	336,183	36,095 (Note F)	-	-	-	(34,904)	33,983	5,482
	Taishin 1699 Money Market Fund	Available-for-sale financial assets - current	-	-	4,606	60,000 (Note E)	4,596	60,000	9,202	120,055	120,000 (Note E)	55	-	-	-
New Century InfoComm Tech Co., Ltd.	Opas Fund Segregated Portfolio Tranche C	Available-for-sale financial assets - current	-	-	30,000	955,500 (Note E)	-	-	15,000	567,434	477,750 (Note E)	89,684	-	15,000	477,750 (Note E)

(Continued)



Notes:

- A. Equity-method investee.
- B. The \$62,026 thousand of investment income were from down-stream transaction and were recognized based on percentage of ownership.
- C. The shares owned by Yuan Ding Investment Co., Ltd. decreased because Oriental Resources Development Ltd. reduced its capital to offset its accumulated loss in July 2012.
- D. The private company.
- E. The ending balances were shown as their investment cost without the adjustment of fair value.
- F. The shares owned by Far EasTone Telecommunications Co., Ltd. decreased because Q-ware Communications Co., Ltd. reduced its capital to offset the accumulated loss in July 2012.
- G. The shares decreased because Far Eastern Polychem Industries Ltd. reduced its capital to offset its accumulated loss in December 2012.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**REAL ESTATE ACQUIRED AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK**

**YEAR ENDED DECEMBER 31, 2012**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Real Estate	Trading Date	Trading Amount	Payment	Counter-party	Nature of Relationship	Information of Previous Transfer Between Related Parties				Price Basis of the Transfer	Purpose or Existing Condition	Other Contract Items
							Owner	Nature of Relationship	Date of Previous Estate Transfer	Trading Amount			
Far Eastern Resources Development Co.	Taoyuan, Taiwan	2012.3.21	\$ 278,131	\$ 278,131	Far Eastern Asset Management Co., Ltd.	The Company's Chairman is the vice-chairman of FENC	Far Eastern International Bank	Far Eastern Resources Development Co.'s chairman is the vice chairman of Far Eastern International Bank	2007.2.16	\$ 300,000	DTZ Real Estate Appraisers Firm	For future operation	-
Far Eastern Resources Development Co.	Taipei, Taiwan	2012.5.8	391,216	391,216	National Property Administration, Ministry of Finance	-	-	-	-	-	-	For future operation	-

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**REAL ESTATE SOLD AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK  
YEAR ENDED DECEMBER 31, 2012  
(In Thousands of New Taiwan Dollars)**

Company Name	Real Estate	Trading Date	Acquisition Date	Trading Amount	Payment Amount	Payment	Gain (Loss)	Related Party	Nature of Relationship	Purpose	Price Basis of the Transfer	Other Contract Items
Far Eastern Construction Co., Ltd.	Taipei, Taiwan	2011.8.31 (On the day of board of directors meeting)	2008.08.29 (On the day of board of directors meeting)	\$ 927,899	\$ 1,807,956 (Including tax)	The full amount was paid off	\$ 847,781 (Note)	F. E Memorial Foundation	The same chairman	Fulfilling the operational needs and interests of trading parties	Average appraisal price of \$1,807,956 thousand based on the appraisal report of Great Eastern Real Estate Appraisers Firm and Top Real Estate Appraisers Firm	None

Note: The amount is the transaction price of NT\$1,782,128 thousand less the carrying value of NT\$927,899 thousand, house tax of NT\$594 thousand and the land value increment tax of NT\$5,854 thousand.

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK  
YEAR ENDED DECEMBER 31, 2012  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	% to Total	
Far Eastern New Century Corporation	Far Eastern Industries (Shanghai) Ltd.	(Note D)	Sale	\$ (218,007)	-	Based on contract	-	-	\$ -	-	\$ 51,593	1	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note F)	Sale	(385,755)	(1)	Based on contract	-	-	-	-	44,804	-	
	Everest Textile Co., Ltd.	(Note A)	Sale	(462,781)	(1)	Based on contract	-	-	63,287	-	-	-	
	Far Eastern Industries (WuXi) Ltd.	(Note D)	Sale	(289,270)	-	Based on contract	-	-	-	-	38,974	-	
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note D)	Purchase	10,011,338	23	Based on contract	-	-	-	-	(859,511)	(20)	
	Oriental Resources Development Ltd.	(Note D)	Purchase	281,635	1	Based on contract	-	-	-	-	(17,761)	-	
	Worldwide Polychem (HK) Limited	(Note D)	Sale	(1,391,577)	(2)	Based on contract	-	-	-	-	441,496	5	
	Oriental Union Chemical Corporation	(Note A)	Purchase	1,055,543	2	Based on contract	-	-	-	-	79,808	1	
	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note D)	Purchase	108,313	-	Based on contract	-	-	-	-	(24,631)	(1)	
Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note D)	Purchase	6,627,014	93	Based on contract	-	-	-	-	(985,327)	(92)	
	Pet Far Eastern (M) Sdn. Bhd.	(Note E)	Sale	(1,055,030)	(14)	Based on contract	-	-	-	-	392,013	74	
	Wuhan Far Eastern New Material Ltd.	(Note E)	Sale	(356,368)	(5)	Based on contract	-	-	-	-	118,258	22	
	Wuhan Far Eastern New Material Ltd.	(Note E)	Purchase	441,504	6	Based on contract	-	-	-	-	(86,624)	(8)	
Oriental Petrochemical (Taiwan) Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note E)	Sale	(2,733,110)	(10)	Based on contract	-	-	-	-	736,772	27	
	Far Eastern Industries (Suzhou) Ltd.	(Note E)	Sale	(843,614)	(3)	Based on contract	-	-	-	-	130,181	5	
	Far Eastern New Century Corporation	(Note C)	Sale	(10,011,338)	(38)	Based on contract	-	-	-	-	859,511	32	
Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note E)	Purchase	2,717,610	57	Based on contract	-	-	(304,800)	(100)	(236,416)	(69)	
	Oriental Textile (Holding) Ltd.	(Note C)	Sale	(2,148,452)	(43)	Based on contract	-	-	-	-	340,727	46	
Oriental Petrochemical (Shanghai) Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note E)	Sale	(8,463,898)	(33)	Based on contract	-	-	1,032,324	25	696,853	50	
	Far Eastern Industries (Yangzhou) Ltd.	(Note E)	Sale	(391,186)	(2)	Based on contract	-	-	-	-	-	-	
	Far Eastern Industries (Suzhou) Ltd.	(Note E)	Sale	(1,252,172)	(5)	Based on contract	-	-	112,228	3	85,991	6	
	PET Far Eastern (Holding) Ltd.	(Note C)	Purchase	3,712,595	15	Based on contract	-	-	-	-	(1,974,844)	(72)	
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd.	(Note D)	Purchase	807,706	27	Based on contract	-	-	-	-	(223,353)	(40)	
	Oriental Industries (Suzhou) Ltd.	(Note D)	Purchase	2,148,452	73	Based on contract	-	-	-	-	(340,727)	(60)	
Oriental Resources Development Ltd.	Far Eastern New Century Corporation	(Note C)	Sale	(281,635)	(48)	Based on contract	-	-	-	-	17,761	38	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note K)	Sale	(144,322)	(25)	Based on contract	-	-	-	-	26,065	55	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	% to Total	
Far Eastern Fibertech Co., Ltd.	Everest Textile Co., Ltd.	(Note J)	Sale	\$ (211,577)	(10)	Based on contract	-	-	\$ -	-	\$ 6,485	4	
Wuhan Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note E)	Purchase	2,358,190	80	Based on contract	-	-	-	-	(641,923)	(82)	
	Far Eastern Polychem Industries Ltd.	(Note E)	Sale	(441,504)	(14)	Based on contract	-	-	-	-	86,624	38	
	Far Eastern Polychem Industries Ltd.	(Note E)	Purchase	356,368	12	Based on contract	-	-	-	-	(118,258)	(15)	
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Co., Ltd.	(Note D)	Sale	(3,712,595)	(100)	Based on contract	-	-	-	-	1,974,844	99	
Far Eastern Apparel Co., Ltd.	Pacific SOGO Department Stores	(Note H)	Sale	(224,308)	(15)	Based on contract	-	-	-	-	87,148	27	
	Far Eastern Ai Mai Company Ltd.	(Note H)	Sale	(124,012)	(8)	Based on contract	-	-	-	-	47,961	15	
	Far Eastern Department Stores Co., Ltd.	(Note J)	Sale	(235,278)	(16)	Based on contract	-	-	-	-	60,310	19	
Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note E)	Purchase	592,534	16	Based on contract	-	-	-	-	(93,347)	(14)	
	Suzhou An Ho Apparel Ltd.	(Note D)	Purchase	385,889	10	Based on contract	-	-	-	-	(82,498)	(13)	
	Sugian Far Eastern Apparel Co., Ltd.	(Note D)	Purchase	148,829	4	Based on contract	-	-	-	-	(61,004)	(9)	
Sugian Far Eastern Apparel Co., Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note E)	Sale	(148,829)	(100)	Based on contract	-	-	-	-	61,004	100	
Far Eastern Apparel (Holding) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note D)	Purchase	932,892	100	Based on contract	-	-	-	-	(97,590)	(100)	
Far Eastern Industries (Shanghai) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note E)	Sale	(230,163)	(1)	Based on contract	-	-	-	-	48,807	2	
	Far Eastern Industries (Suzhou) Ltd.	(Note E)	Sale	(387,919)	(1)	Based on contract	-	-	-	-	7,698	-	
	Far Eastern Industries (Suzhou) Ltd.	(Note E)	Purchase	1,062,679	4	Based on contract	-	-	-	-	(5,538)	-	
	Far Eastern New Century Corporation	(Note C)	Purchase	218,007	1	Based on contract	-	-	-	-	(51,593)	(2)	
	Far Eastern Polychem Industries Ltd.	(Note C)	Sale	(6,627,014)	(24)	Based on contract	-	-	-	-	985,327	33	
	Oriental Petrochemical (Shanghai) Co., Ltd.	(Note E)	Purchase	8,463,898	31	Based on contract	-	-	(1,032,324)	(90)	(696,853)	(22)	
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note E)	Purchase	2,733,110	10	Based on contract	-	-	-	-	(736,772)	(23)	
	Wuhan Far Eastern New Material Ltd.	(Note E)	Sale	(2,358,190)	(8)	Based on contract	-	-	-	-	641,923	21	
	Worldwide Polychem (HK) Limited	(Note E)	Sale	(313,406)	(1)	Based on contract	-	-	-	-	153,633	5	
Far Eastern Industries (Yangzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note E)	Sale	(423,003)	(100)	Based on contract	-	-	-	-	88,339	100	
	Oriental Petrochemical (Shanghai) Corp.	(Note E)	Purchase	391,186	93	Based on contract	-	-	-	-	-	-	
Far Eastern Industries (WuXi) Ltd.	Far Eastern New Century Corporation	(Note C)	Purchase	289,270	7	Based on contract	-	-	-	-	(38,974)	(13)	
	Oriental Textile (Holding) Ltd.	(Note C)	Sale	(807,706)	(20)	Based on contract	-	-	-	-	223,353	57	
Far Eastern Industries (Suzhou) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note E)	Sale	(1,062,679)	(24)	Based on contract	-	-	-	-	5,538	2	
	Far Eastern Industries (Shanghai) Ltd.	(Note E)	Purchase	387,919	8	Based on contract	-	-	-	-	(7,698)	(2)	
	Far Eastern Industries (Yangzhou) Ltd.	(Note E)	Purchase	423,003	9	Based on contract	-	-	-	-	(88,339)	(18)	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	% to Total	
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Oriental Petrochemical (Shanghai) Corp.	(Note E)	Purchase	\$ 1,252,172	27	Based on contract	-	-	\$ (112,228)	(100)	\$ (85,991)	(17)	
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note E)	Purchase	843,614	18	Based on contract	-	-	-	-	(130,181)	(26)	
	Oriental Industries (Suzhou) Ltd.	(Note E)	Sale	(2,717,610)	(61)	Based on contract	-	-	304,800	70	236,416	95	
	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(932,892)	(37)	Based on contract	-	-	-	-	97,590	27	
	Far Eastern Apparel (Suzhou) Ltd.	(Note E)	Sale	(592,534)	(23)	Based on contract	-	-	-	-	93,347	25	
	Far Eastern New Century Corporation	(Note C)	Sale	(108,313)	(4)		-	-	-	-	24,631	7	
Suzhou An Ho Apparel Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note E)	Purchase	230,163	10	Based on contract	-	-	-	-	(48,807)	(20)	
	Far Eastern Apparel (Suzhou) Ltd.	(Note D)	Sale	(385,889)	(100)	Based on contract	-	-	-	-	82,498	76	
Pet Far Eastern (M) Sdn. Bhd.	Far Eastern Polychem Industries Ltd.	(Note E)	Purchase	1,055,030	64	Based on contract	-	-	-	-	(392,013)	(100)	
Worldwide Polychem (HK) Limited	Far Eastern Industries (Shanghai) Ltd.	(Note E)	Purchase	313,406	18	Based on contract	-	-	-	-	(153,633)	(26)	
	Far Eastern New Century Corporation	(Note C)	Purchase	1,391,577	82	Based on contract	-	-	-	-	(441,496)	(74)	
Ding Ding Intergrated Marketing Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note E)	Operating revenue	(124,287)	(39)	Based on contract	-	-	-	-	73,148	79	
Yuan Cheng Human Resources Consultant Corp.	Far EasTone Telecommunications Co., Ltd.	(Note E)	Operating revenue	(167,954)	(35)	Based on contract	-	-	-	-	9,944	61	
Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	(Note D)	Purchase	411,906	80	Based on contract	-	-	(28,564)	(32)	(25,646)	(4)	
	F. E Memorial Foundation	(Note I)	Construction revenue	(1,782,128)	(86)	Based on contract	-	-	-	-	-	-	
	Far Eastern Department Stores Co., Ltd.	(Note J)	Rental revenue	(141,593)	(95)	Based on contract	-	-	-	-	19,921	91	
Far Eastern General Contractor Inc.	Far Eastern Construction Co., Ltd.	(Note C)	Construction revenue	(591,599)	(10)	Based on contract	-	-	Billings on construction-in-progress	15	25,646	9	
	Ya Tung Ready Mixed Concrete Co., Ltd.	(Note H)	Purchase	515,487	10	Based on contract	-	-	3,972,077 (27,324)	(8)	(140,390)	(19)	
	Far Eastern Department Stores Co., Ltd.	(Note J)	Construction revenue	(715,937)	(12)	Based on contract	-	-	Billings on construction-in-progress	8	3,561	1	
	Far Eastern Memorial Hospital	(Note I)	Construction revenue	(141,657)	(3)	Based on contract	-	-	2,202,643 Billings on construction-in-progress	2	15,516	5	
Far EasTone Telecommunications Co., Ltd.	ARCOA Communication Co., Ltd.	(Note D)	Operating revenue	(330,641)	(1)	Based on contract	-	-	473,389		247,885	3	
		Cost of telecommunications services, marketing expense and purchase	11,863,531	21	Based on contract	-	-			Accounts payable and accrued expenses (1,060,889)	(11)		
	KGEx.com Co., Ltd.	(Note D)	Operating revenue	(205,751)	-	Based on contract	-	-			41,748	1	
	New Century InfoComm Tech Co., Ltd.	(Note D)	Operating revenue	(1,253,750)	(2)	Based on contract	-	-			9,055	-	
Cost of telecommunications services		1,857,306	8	Based on contract	-	-			Accounts payable and accrued expenses (541,332) (Note B)	(6)			

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	
New Century InfoComm Tech Co., Ltd.	Yuan Cheng Human Resources Consultant Corp.	(Note E)	Professional service fee	\$ 167,954	39	Based on contract	-	-	\$		Accrued expense (9,944)	-
	Ding Ding Intergrated Marketing Co., Ltd.	(Note E)	Marketing expense	124,287	1	Based on contract	-	-			Accrued expense (73,148)	(2)
	Far EasTone Telecommunications Co., Ltd.	(Note C)	Operating revenue	(1,857,306)	(15)	Based on contract	-	-			(Note G) 541,332	41
	KGEx.com Co., Ltd.	(Note E)	Cost of telecommunications services	1,253,750	14	Based on contract	-	-			(9,055)	1
ARCOA Communication Co., Ltd.	KGEx.com Co., Ltd.	(Note E)	Cost of telecommunications services	412,589	5	Based on contract	-	-			(61,487)	(9)
	Far EasTone Telecommunications Co., Ltd.	(Note C)	Operating revenue	(11,863,531)	(75)	Based on contract	-	-			1,060,889	87
			Purchase and cost of telecommunications services	330,641	2	Based on contract	-	-			(247,885)	(12)
KGEx.com Co., Ltd.	Homet Master Technology Co., Ltd.	(Note D)	Operating revenue	(183,058)	(1)	Based on contract	-	-			14,511	1
	Far EasTone Telecommunications Co., Ltd.	(Note C)	Cost of telecommunications services	205,751	26	Based on contract	-	-			(41,748)	(25)
DataExpress Infotech Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note E)	Cost of telecommunications services	(412,589)	(5)	Based on contract	-	-			61,487	42
	Pacific SOGO Department Stores Co., Ltd.	(Note H)	Operating revenue	(413,566)	(17)	Based on contract	-	-			40,077	17
Homet Master Technology Co., Ltd.	Far Eastern Department Stores Co., Ltd.	(Note J)	Operating revenue	(390,918)	(16)	Based on contract	-	-			43,661	19
	ARCOA Communication Co., Ltd.	(Note C)	Purchase	183,058	84	Based on contract	-	-			(14,511)	(50)

Notes:

- A. Equity-method investee.
- B. All interconnect revenues, costs and collection of international direct dial revenue between Far EasTone and NCIC were settled at net amounts and were included in accounts payable - related parties.
- C. Parent company.
- D. Subsidiary.
- E. Same ultimate parent company.
- F. Investees of equity-method of FENC's subsidiary.
- G. Including the receivables collected by Far EasTone for NCIC.
- H. Subsidiaries of FENC's equity-method investees.
- I. The chairman of the Company is the chairman of FENC.
- J. Investees of equity-method of FENC.
- K. Investees of equity-method of parent company.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK**

**YEAR ENDED DECEMBER 31, 2012**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Nature of Relationship	Ending Balance (Note F)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Far Eastern New Century Corporation	Worldwide Polychem (HK) Ltd.	(Note D)	\$ 441,496	4.67	\$ -	-	\$ 220,171	\$ -
Far Eastern Polychem Industries Ltd.	Pet Far Eastern (M) Sdn. Bhd.	(Note C)	392,013	2.60	-	-	HK\$ 54,807	-
	Wuhan Far Eastern New Material Ltd.	(Note C)	118,258	4.20	-	-	HK\$ 34,281	-
Oriental Petrochemical (Taiwan) Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note C)	736,772	5.65	-	-	83,314	-
	Far Eastern Industries (Suzhou) Ltd.	(Note C)	130,181	8.86	-	-	79,841	-
	Far Eastern New Century Corporation	(Note E)	859,511	11.19	-	-	859,116	-
Far Eastern Industries (Shanghai) Ltd.	Far Eastern Polychem Industries Ltd.	(Note E)	985,327	6.89	-	-	595,959	-
	Wuhan Far Eastern New Material Ltd.	(Note C)	641,923	3.48	-	-	263,130	-
	Worldwide Polychem (HK) Ltd.	(Note C)	153,633	3.69	-	-	-	-
Far Eastern Industries (WuXi) Ltd.	Oriental Textile (Holding) Ltd.	(Note E)	223,353	5.87	-	-	198,839	-
Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note C)	541,216	4.87	-	-	541,126	-
Oriental Industries (Suzhou) Ltd.	Oriental Textile (Holding) Ltd.	(Note E)	340,727	6.37	-	-	340,727	-
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Co., Ltd.	(Note D)	1,974,844	3.25	-	-	US\$ 21,581	-
Oriental Petrochemical (Shanghai) Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note C)	1,729,177	4.04	-	-	1,729,177	-
	Far Eastern Industries (Suzhou) Ltd.	(Note C)	198,219	2.53	-	-	112,228	-
Far Eastern Investment (Holding) Ltd.	Far Eastern Polychem Industries Ltd.	(Note C)	432,101	(Note F)	-	-	270,023	-
Far EasTone Telecommunications Co., Ltd.	ARCOA Communication Co., Ltd.	(Note D)	249,766	9.46	-	-	244,235	-
	New Century InfoComm Tech Co., Ltd.	(Note D)	308,690	(Note B)	-	-	114,832	-
New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note E)	654,976	(Note G)	-	-	411,294	-
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note E)	1,060,889	11.56	-	-	588,179	-

Notes:

A: Receivables from the financier in the Group provided, please refer to Schedule D.

B: The turnover rate was not calculated because the receivables of Far EasTone were the payment made for NCIC's daily operating expenditures and the management service charges to NCIC.

C: Same ultimate parent company.

D: Subsidiary.

E: Parent company.

F: The turnover rate was not calculated because the expenses of Pet Far Eastern (Holding) Ltd. were the payment paid for its subsidiary, Far Eastern Polychem Industries Ltd.

G: The turnover rate was not calculated because revenues and the costs due from the Internet hook-up and international phone call service between Far EasTone and NCIC were paid (received) at net amounts, which were recognized under accounts payable to affiliates.

(Concluded)



## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
YEAR ENDED DECEMBER 31, 2012  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				December 31, 2012	December 31, 2011	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern New Century Corporation	Asia Cement Corporation	Taipei, Taiwan	Cement production	\$ 2,652,282	\$ 2,652,282	721,368	22.33	\$ 12,603,614	\$ 6,215,032	\$ 951,188	Gain or loss recognized under the treasury stock method
	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	1,254,158	1,254,158	230,125	16.80	4,453,740	1,692,858	284,400	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	1,176,211	1,176,211	81,216	9.17	1,338,094	1,152,754	107,077	Including write off and reversed by upstream transactions \$1,369
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	1,689	1,689	129	0.03	1,355	580,138	174	
	Yuan Ding Investment Co., Ltd.	Taipei, Taiwan	Investment	100,019	100,294	1,822,821	99.40	37,225,967	4,184,121	4,163,956	Including write off and reversed by upstream and side-stream transactions \$(1,442), realized loss on investment accounted for by equity-method \$3,033
	Far Eastern Resources Development Co.	Taipei, Taiwan	Real estate leasing and development service	14,931,733	14,931,733	557,354	100.00	25,625,265	(156,273)	231,295	Including write off and reversed by side-stream transactions \$387,568
	Far Eastern Polychem Industries Ltd.	Clarendon House, Hamilton HM 11, Bermuda	Investment	7,318,312	6,461,095	830,815	73.04	7,391,951	(245,674)	(173,526)	Including write off and reversed by side-stream transactions \$2,770
	Yuan Tong Investment Co., Ltd.	Taipei, Taiwan	Investment	5,850,000	5,850,000	705,147	100.00	7,306,639	443,391	422,531	Including write off and reversed by upstream and side-stream transactions \$(20,860)
	Far Eastern Polytex (Holding) Ltd.	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	Investment	7,165,924	5,684,266	115	100.00	7,842,893	10,502	14,737	Including write off and reversed by side-stream transactions \$4,235
	Far Eastern Investment (Holding) Ltd.	Clarendon House, Hamilton HM 11, Bermuda	Investment	5,833,333	5,833,333	1,700	100.00	6,265,463	410,876	410,876	
	Oriental Petrochemical (Taiwan) Co., Ltd.	Taoyuan, Taiwan	Petrochemical materials production	4,875,315	4,875,315	578,846	75.56	4,580,834	(1,985,057)	(1,498,883)	Including write off and reversed by upstream transactions \$1,026
	PET Far Eastern (Holding) Ltd.	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	Investment	3,420,603	2,827,853	228	86.73	4,927,478	(469,187)	(368,660)	Including write off and reversed by side-stream transactions \$23,706; discount amortization of \$9,727
	Kai Yuan International Investment Co., Ltd.	Taipei, Taiwan	Investment	999,993	999,993	302,844	100.00	6,476,761	2,387,239	2,387,200	Including write off and reversed by upstream transactions \$(39)
	Yuan Ding Company Ltd.	Taipei, Taiwan	Real estate construction and selling	857,447	857,447	186,926	37.13	3,217,231	382,305	141,780	Gain or loss recognized under the treasury stock method
	Far Eastern Construction Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	143,450	143,450	188,875	65.11	3,271,758	1,278,650	832,529	
	Ding Yuan International Investment Co., Ltd.	Taipei, Taiwan	Investment	2,000,062	2,000,062	205,000	100.00	2,515,059	109,752	109,729	Including write off and reversed by upstream transactions \$(23)
	Oriental Securities Corp.	Taipei, Taiwan	Broker	159,823	159,823	140,278	19.65	1,994,891	181,572	35,679	
	Pacific Liu Tung Investment Corp. (Note C)	Taipei, Taiwan	Investment	810,000	810,000	67,500	16.83	1,710,017	910,876	153,300	
	An Ho Garment Co., Ltd.	Taipei, Taiwan	Investment	1,023	1,023	66,346	100.00	2,868,964	1,661,330	1,661,329	Including write off and reversed by upstream and side-stream transactions \$(1)
	FEDP (Holding) Ltd.	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	Investment	676,315	676,315	244	50.43	566,154	(263,606)	(132,937)	
Fu Kwok Garment Manufacturing Co., Ltd.	Kaohsiung, Taiwan	Garment production	9,129	9,129	3,999	99.99	143,519	9,900	9,899		
Ding Ding Hotel Co., Ltd.	Taipei, Taiwan	Hotel	249,795	249,795	5,386	19.00	6,538	(54,503)	(10,356)		
Far Eastern Textile Ltd.	Taipei, Taiwan	Chemical fiber production	1,000	1,000	100	100.00	1,144	167	167		
Yuan Ding Investment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	2,723,598	2,723,598	1,066,658	32.73	23,822,248	10,599,908	-	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	1,169,816	1,166,082	81,900	9.25	1,453,974	1,152,754	-	
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	470,103	470,103	118,869	25.23	1,000,701	580,138	-	
	Asia Cement Corporation	Taipei, Taiwan	Cement production	419,748	345,015	15,029	0.47	399,315	6,215,032	-	
	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	123,123	123,123	5,430	0.40	146,328	1,692,858	-	
	Oriental Textile (Holding) Ltd.	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda	Investment	5,606,913	5,606,913	86	100.00	5,615,708	(75,021)	-	

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				December 31, 2012	December 31, 2011	Shares (Thousands)	Percentage of Ownership	Carrying Value			
	Far Eastern Polychem Industries Ltd.	Clarendon House, Hamilton HM11, Bermuda	Investment	\$ 1,392,692	\$ 1,620,452	306,644	26.96	\$ 2,728,464	\$ (245,674)	\$ -	
	Oriental Securities Corp.	Taipei, Taiwan	Broker	255,424	255,424	185,247	25.96	2,740,560	181,572	-	
	Far Eastern Apparel (Holding) Ltd.	Clarendon House, Hamilton Hm 11, Bermuda	Sale of textile, garments, and clothing	2,179,442	2,179,442	111	100.00	2,262,686	1,329	-	
	Pacific Liu Tung Investment Corp. (Note C)	Taipei, Taiwan	Investment	796,491	796,491	59,827	14.92	1,429,261	910,876	-	
	Air Liquide Far Eastern Ltd.	Taipei, Taiwan	Industrial gas production and selling	329,809	329,814	69,114	35.00	1,253,686	598,774	-	
	Yuan Ding Company Ltd.	Taipei, Taiwan	Real estate construction and selling	188,846	188,846	64,759	12.86	1,121,382	382,305	-	
	Far Eastern International Leasing Corp.	Taipei, Taiwan	Leasing of real estate and movable property, etc.	1,012,057	1,012,057	75,269	16.87	1,182,811	179,429	-	
	Far Eastern Fibertech Co., Ltd.	Taoyuan, Taiwan	Nylon production	585,000	585,000	79,241	100.00	872,474	12,200	-	
	Da Ju Fiber Co., Ltd.	Taipei, Taiwan	Polyester production	263,790	263,790	17,869	41.86	556,145	65,249	-	
	Oriental Petrochemicals (Taiwan) Co., Ltd.	Taoyuan, Taiwan	Petrochemical materials production	-	-	39,806	5.20	307,557	(1,985,057)	-	
	Yuan Ding Leasing Corp.	Taipei, Taiwan	Real estate construction and selling	319,380	319,380	36,706	46.20	428,460	21,089	-	
	Far Eastern Apparel Co., Ltd.	Taipei, Taiwan	Sale of textile, garments, and clothing	287,984	287,984	24,736	100.00	378,605	11,696	-	
	Freudenberg Far Eastern Spunweb Co., Ltd.	Taoyuan, Taiwan	Production of nonwoven industrial fabrics	144,797	144,797	13,053	29.80	351,586	271,794	-	
	Oriental Resources Development Ltd.	Taipei, Taiwan	Waste recycling and processing	338,188	206,419	34,242	70.00	345,574	5,899	-	
	Yuan Faun Ltd.	Taipei, Taiwan	PET bottle production and selling	51,671	51,671	5,000	100.00	113,256	2,115	-	
	Yue Ming Co., Ltd.	Taipei, Taiwan	Trading	97,852	97,852	1,280	45.50	70,238	4,624	-	
	Far Eastern General Constructor Inc.	Taipei, Taiwan	Real estate construction	14,682	14,682	1,270	1.00	19,144	288,602	-	
	Yue Yuan Investment Co., Ltd.	Taipei, Taiwan	Investment	673,704	673,704	98,198	18.96	931,295	692,367	-	
Far Eastern Investment (Holding) Ltd.	FETG Investment Antilles N.V.	Kaya W.F.G. Mensing 14, Curacao, Nederlandse Antillen	Investment	US\$ 6	US\$ 6	6	100.00	US\$ 18,915	US\$ 1,933	-	
	Filsyn Corporation	Unit 8, 5B Pearlbank Centre 146 Valero St. Makati City 1227, Philippines	Polychemical products	PESO 225,324	PESO 225,324	45,066	21.85	US\$ -	PESO 3,228	-	
	PET Far Eastern (M) Sdn Bhd.	Plo 69, Kawasan Perindustrian Senai 3, 81400 Senai, Johor Bahru, Johor Malaysia	Bottle production	MYR 8,000	MYR 8,000	(Note A)	50.00	US\$ 4,555	US\$ (803)	-	
	Com2B	Cayman Islands	E-business	US\$ 3,375	US\$ 3,375	9,000	20.00	US\$ 770	US\$ (270)	-	
	Far Eastern Apparel (Vietnam) Ltd.	11 VSIP Street 4, Vietnam Singapore Industrial Park, Thuan An District, Binh Duong Province, Vietnam	Clothing production	US\$ 9,000	US\$ 6,885	(Note B)	100.00	US\$ 9,555	US\$ 41	-	
	Wordwide Polychem (HK) Ltd.	11F, Lippo Leighton Tower, 103-109 Leighton Road, Causeway Bay, Hong Kong	Polyester production	US\$ 3,500	US\$ 3,500	2,700	100.00	US\$ 3,517	US\$ 20	-	
	Opas Fund Segregated Portfolio Company	Cayman Islands	Investment	US\$ 51	US\$ 51	-	34.00	US\$ 52	US\$ 1	-	
Ding Yuan International Investment Co., Ltd.	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	53,506	37,100	2,487	0.18	65,051	1,692,858	-	
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	149,122	147,518	8,908	1.89	66,166	580,138	-	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	387,687	387,687	16,183	1.83	418,769	1,152,754	-	
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	38,457	38,457	920	0.03	41,267	10,599,908	-	
	Pacific Liu Tung Investment Corp. (Note C)	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	208,768	910,876	-	
	Yue Ding Industry Co., Ltd.	Taipei, Taiwan	Department store operations	95,624	95,624	8,512	13.20	211,479	46,564	-	
	Asia Cement Corporation	Taipei, Taiwan	Cement production	375,512	375,512	12,708	0.39	379,869	6,215,032	-	
Kai Yuan International Investment Co., Ltd.	Asia Cement Corporation	Taipei, Taiwan	Cement production	576,395	308,875	25,150	0.78	668,719	6,215,032	-	
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	702,436	1,973,606	32,899	1.01	887,605	10,599,908	-	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	570,251	565,767	27,976	3.16	530,801	1,152,754	-	
	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	488,020	208,682	18,609	1.36	515,331	1,692,858	-	
	Kowloon Cement Co., Ltd.	Hong Kong	Cement production	226,896	226,896	1,127	49.00	361,010	29,046	-	
	Far Eastern International Leasing Corp.	Taipei, Taiwan	Leasing	1,026,489	1,026,489	74,970	16.80	1,182,854	179,429	-	
	Pacific Liu Tung Investment Corp. (Note C)	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	208,768	910,876	-	
Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	China	Chemical fiber production	HK\$ 693,257	HK\$ 693,257	(Note B)	87.64	HK\$ 1,800,405	RMB (44,572)	-	
	PET Far Eastern (Holding) Ltd.	Claredon House, 2 Charch St. Hamilton HM 11, Bermuda	Investment	US\$ 17,622	US\$ 17,622	35	13.27	HK\$ 198,060	US\$ (15,867)	-	
	FEDP (Holding) Ltd.	Claredon House, 2 Charch St. Hamilton HM 11, Bermuda	Investment	US\$ 29,240	US\$ 29,240	240	49.57	HK\$ 149,499	US\$ (8,915)	-	
	Far Eastern Industries (Yangzhou) Ltd.	China	PA and its by-product production	HK\$ 277,524	-	(Note B)	100.00	HK\$ 263,432	RMB (3,406)	-	

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				December 31, 2012	December 31, 2011	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Co., Ltd. Asia Cement Corporation	Taipei, Taiwan Taipei, Taiwan	Construction Cement production	\$ 271,587 216,959	\$ 271,587 216,959	125,639 17,038	98.95 0.53	\$ 1,719,576 447,856	\$ 288,602 6,215,032	\$ - -	
Far Eastern General Contractor Co., Ltd.	Far Eastern Technical Consultants Co, Ltd.	Taipei, Taiwan	Real estate development business consulting and management	3,864	3,864	450	9.00	4,949	20,147	-	
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd. Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	China China	Garment production Dyeing and finishing	US\$ 10,000 US\$ 50,000	US\$ 10,000 US\$ 50,000	(Note B) (Note B)	38.46 100.00	US\$ 16,764 US\$ 68,073	RMB 12,435 RMB 12,259	- -	
Far Eastern Apparel Co., Ltd.	Ming Ding Co. Yue Ding Industry Co., Ltd.	Taipei, Taiwan Taipei, Taiwan	Underwear selling Department store operations	2,174 29	2,174 29	448 5	44.80 0.01	7,128 84	1,114 46,564	- -	
FETG Investment Antilles N.V.	Waldorf Services B.V.	Leidesplein 9, 1017 PS Amsterdam, The Netherland	Investment	US\$ 19	US\$ 19	2	100.00	US\$ 19,108	US\$ 1,943	-	
Waldorf Services B.V.	Cemtex Apparel Inc. Malaysia Garment Manufactures Pte. Ltd. Far Eastern International Garments	#100 Marc Alvarez Ave. Talon Las Pinas City Filipino No. 5-9, Little Rd. Singapore (536985) Bldg. #5 Cor. Sirloinand Bagsakan Ave, FTI Taguig, MM Filipino	Clothing O.E.M. Garment production Garment production	PESO 9,000 SGD 3,000 US\$ 290	PESO 9,000 SGD 3,000 US\$ 290	90 30 59	50.00 37.92 41.00	US\$ (360) US\$ 1,962 US\$ (410)	PESO (4,047) SGD 1,237 PESO (753)	- - -	
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd. Asia Cement Corporation Oriental Union Chemical Corporation Oriental Securities Corp. Yue Ding Industry Co., Ltd. Pacific Liu Tung Investment Corp (Note C) Yuan Ding Investment Co., Ltd. Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan	Telecommunications Cement production Petrochemical materials production Broker Department store operations Investment Investment Department store operations	748,158 154,847 4,814 95,103 111,997 67,285 148,994 10,483	1,469,123 99,925 - 86,200 111,997 67,285 148,994 -	40,818 4,467 154 5,890 10,104 4,841 5,502 352	1.25 0.14 0.02 0.83 15.66 1.21 0.30 0.03	1,015,347 161,014 4,619 86,765 152,781 117,957 156,084 10,581	10,599,908 6,215,032 1,152,754 181,572 46,564 910,876 4,184,121 1,692,858	- - - - - - - -	
Yuan Faun Ltd.	Yuan Cheng Human Resources Consultant Corp.	Taipei, Taiwan	Personnel recruitment	7,304	7,304	750	55.56	12,022	4,177	-	
Fu Kwok Garment Manufacturing Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	19,663	19,663	520	0.02	19,827	10,599,908	-	
Yuan Tong Investment Co., Ltd.	Pacific Liu Tung Investment Corp (Note C) Far EasTone Telecommunications Co., Ltd. Far Eastern Electronic Toll Collection Co., Ltd. Far Eastern Department Stores Co., Ltd. Oriental Union Chemical Corporation Asia Cement Corporation Sino Belgium (Holding) Ltd.	Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Clarendon House 2 Church Street, Hamilton HM11, Bermuda	Investment Telecommunications Electronic toll collection service Department store operations Petrochemical materials production Cement production Investment	90,000 2,246,035 787,104 1,038,926 1,217,558 888,648 1,615,490	90,000 2,344,080 372,712 689,382 939,104 661,627 1,615,490	9,000 100,237 77,257 33,673 31,768 27,470 26	2.24 3.08 11.98 2.46 3.59 0.85 91.39	208,768 2,818,368 428,007 1,072,598 1,227,706 908,387 3,857	910,876 10,599,908 (195,767) 1,692,858 1,152,754 6,215,032 (234,879)	- - - - - - -	
Far Eastern Apparel (Suzhou) Ltd.	Air Liquide Far Eastern Ltd. An Ho Garment (Suzhou) Ltd. Suqian Far Eastern Apparel Co., Ltd.	Taipei, Taiwan China China	Industrial gas production and selling Garment production Garment production and accessories	17 RMB 1,000 RMB 24,000	- RMB 1,000 RMB 24,000	1 (Note B) (Note B)	- 100.00 100.00	18 RMB 7,595 RMB 25,044	598,774 RMB 1,878 RMB 951	- - -	
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp. Far Eastern Union Petrochemical (Yangzhou) Corporation	China China	PTA production and sale PA and its by-product sale	US\$ 105,055 US\$ 14,000	US\$ 105,055 -	(Note B) (Note B)	53.24 50.00	US\$ 176,695 US\$ 13,805	RMB (152,363) RMB (3,284)	- -	
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd. Oriental Industries (Suzhou) Ltd.	China China	Fiber and textile production Textile production	US\$ 59,960 US\$ 138,000	US\$ 59,960 US\$ 138,000	(Note B) (Note B)	100.00 100.00	US\$ 108,201 US\$ 99,389	RMB 9,974 RMB 4,876	- -	
FEDP (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	China	Garment production	US\$ 49,800	US\$ 49,800	(Note B)	100.00	US\$ 31,362	RMB (50,548)	-	
Far Eastern Polytex (Holding) Ltd.	Wuhan Far Eastern New Material Ltd. Far Eastern Apparel (Suzhou) Ltd. Far Eastern New Century (China) Investment Ltd. Far Eastern Yihua Petrochemical (Yangzhou) Corporation	China China China China	Garment production and sales Garment production Investment PA and its by-product production and sale	US\$ 23,054 US\$ 16,000 US\$ 48,000 US\$ 138,000	US\$ 23,054 US\$ 16,000 US\$ 48,000 US\$ 71,796	(Note B) (Note B) (Note B) (Note B)	100.00 61.54 100.00 60.00	US\$ 30,734 US\$ 26,824 US\$ 67,787 US\$ 139,831	RMB 4,356 RMB 12,435 RMB 72 RMB 10,854	- - - -	

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				December 31, 2012	December 31, 2011	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern New Century (China) Investment Ltd.	Far Eastern Industries (Shanghai) Ltd.	China	Fiber and silk production	RMB 219,138	RMB 219,138	(Note B)	12.36	RMB 219,138	RMB (44,572)	\$ -	
	Oriental Petrochemical (Shanghai) Corp. Shanghai Yuan Zi Information Co., Ltd.	China China	PTA production and sale Software development, equipment maintenance and consulting	RMB 115,232 RMB 13,300	RMB 115,232 RMB 2,520	(Note B) (Note B)	8.11 100.00	RMB 115,232 RMB 13,300	RMB (152,363) RMB 83	- -	
Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Ltd.	China	Brewer	US\$ 46,000	US\$ 46,000	(Note B)	100.00	US\$ 7,765	RMB (38,233)	-	
	Martens Beers Trading (Shanghai) Ltd.	China	Beer sale	US\$ 9,885	US\$ 9,885	(Note B)	100.00	US\$ 1,563	RMB (6,984)	-	
Oriental Petrochemical (Shanghai) Corp.	Shanghai Far Eastern Petrochemical Logistic Ltd.	China	Transportation	RMB 19,000	RMB 19,000	(Note B)	100.00	RMB 21,972	RMB 1,198	-	
Yuan Ding Company Ltd.	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunication	100,412	100,412	4,164	0.13	112,899	10,599,908	-	
	Asia Cement Corporation	Taipei, Taiwan	Cement production	136,037	136,037	5,122	0.16	163,839	6,215,032	-	
	Yue Ming Co., Ltd.	Taipei, Taiwan	Trading	787	787	28	1.00	738	4,624	-	
	Yue Ding Industry Co., Ltd.	Taipei, Taiwan	Department store operations	22,676	22,676	1,672	2.59	24,898	46,564	-	
	Far Eastern Electronic Toll Collection Co., Ltd.	Taipei, Taiwan	Electronic toll collection service	977,650	333,721	96,312	14.93	527,825	(195,767)	-	
	Ding Ding Hotel Co., Ltd.	Taipei, Taiwan	Hotel	175,722	175,722	17,572	61.98	21,264	(54,503)	-	
	YDT Technology International Co., Ltd.	Taipei, Taiwan	Electronic material and relevant by-product sale	100,000	100,000	13,992	100.00	333,426	85,628	-	
	Far Eastern Technical Consultants Co, Ltd.	Taipei, Taiwan	Real estate development business consulting and management	45,182	45,182	4,550	91.00	66,984	20,147	-	
	FET Consulting Engineers Co., Ltd.	Taipei, Taiwan	Business consulting	362,701	362,701	39,000	100.00	275,854	(97,915)	-	
	Ding Ding Integrated Marketing Services Co., Ltd.	Taipei, Taiwan	Market research and general advertisement	240,000	240,000	6,900	60.00	96,943	65,809	-	
	Far Eastern Electronic Commerce Co., Ltd.	Taipei, Taiwan	Retailing	150,250	150,250	15,025	50.00	20,779	(132,960)	-	
	Yue Yuan Investment Co., Ltd.	Taipei, Taiwan	Investment	411,187	411,187	129,637	25.02	2,632,417	692,367	-	
	FEDS Asia Pacific Development Ltd. YDC (Virgin Islands) Ltd.	Taipei, Taiwan Columbus Centre Building, Wickhams Cay, Road Town Tortola, British Virgin Islands	Department store operations Investment	100,000 US\$ 200	100,000 US\$ 200	10,236 200	5.00 17.70	122,590 8,073	165,626 US\$ (633)	- -	
Ding Ding Integrated Marketing Services Co., Ltd.	Far Eastern Electronic Commerce Co., Ltd.	Taipei, Taiwan	Retailing	289	289	50	0.17	68	(132,960)	-	
FET Consulting Engineers Co., Ltd.	DDIM (Virgin Islands) Ltd.	P.O. Box. 957 Offshore Incorporations Centre, Road Town Tortola, British Virgin Islands	Investments	237,000	237,000	(Note B)	100.00	110,366	US\$ (3,375)	-	
YDC (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	Shanghai	Internet software development services	US\$ 110	US\$ 110	(Note B)	1.39	US\$ 53	RMB (26,009)	-	
	Speedy (Shanghai) Digital Tech. Co., Ltd.	Shanghai	Intelligent control equipment and security monitoring products	US\$ 800	US\$ 800	(Note B)	100.00	US\$ 1,250	RMB 642	-	
DDIM (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	Shanghai	Internet software development services	US\$ 7,830	US\$ -	(Note B)	98.61	US\$ 3,780	RMB (26,009)	-	
YDT Technology International Co., Ltd.	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	51,673	51,673	2,631	0.19	91,656	1,692,858	-	
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	16,173	16,173	793	0.17	6,099	580,138	-	
	Asia Cement Corporation	Taipei, Taiwan	Cement production	862	862	58	-	1,862	6,215,032	-	
	YDC (Virgin Islands) Ltd.	Columbus Centre Building, Wickhams Cay, Road Town Tortola, British Virgin Islands	Investments	US\$ 930	US\$ 930	930	82.30	32,513	US\$ (633)	-	
Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	Taipei, Taiwan	Type I & II telecommunications services	27,243,773	27,243,773	2,599,449	100.00	29,407,288	1,560,140	-	
	ARCOA Communication Co., Ltd.	Taipei, Taiwan	Type II telecommunications services, sales of communications products and office equipment	1,295,035	1,295,035	82,009	61.07	1,257,870	264,377	-	
	KGEx.com Far Eastern Electronic Toll Collection Co., Ltd.	Taipei, Taiwan Taipei, Taiwan	Type II telecommunications services Electronic toll collection service	2,540,315 2,542,396	2,444,789 1,677,204	112,375 254,240	99.97 39.42	870,403 995,311	3,486 (195,767)	- -	

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				December 31, 2012	December 31, 2011	Shares (Thousands)	Percentage of Ownership	Carrying Value			
	Far Eastern Info Service (Holding) Ltd.	Bermuda	Investment	\$ 92,616	\$ 92,616	1	100.00	\$ 124,400	\$ (34,698)	\$ -	
	E. World (Holdings) Ltd.	Cayman Islands	Investment	82,883	82,883	6,015	85.92	90,460	6,474	-	
	Far EasTron Holding Ltd.	Cayman Islands	Investment	150,000	150,000	4,487	100.00	25,105	(1,336)	-	
	Far Eastern Electronic Commerce Co., Ltd.	Taipei, Taiwan	Electronic information providing services	42,020	42,020	4,202	13.98	6,298	(132,960)	-	
	iScreen Corporation	Taipei, Taiwan	Information services	100,000	100,000	4,000	40.00	18,568	(6,102)	-	
	O-music Co., Ltd.	Taipei, Taiwan	Electronic information providing services	25,000	25,000	2,500	50.00	8,161	(18,111)	-	
	Ding Ding Integrated Marketing Services Co., Ltd.	Taipei, Taiwan	Market Sales	60,000	60,000	1,725	15.00	24,542	65,809	-	
	ADCast Interactive Marketing Co., Ltd. (Note D)	Taipei, Taiwan	Internet advertisements and marketing	-	4,652	-	-	-	(1,953)	-	
	Q-Ware Communication Co., Ltd.	Taipei, Taiwan	Type II telecommunications services	832,038	495,855	33,983	81.46	5,482	(107,475)	-	
	Yuan Cing Infocomm Tech Co., Ltd.	Taipei, Taiwan	Production and sale of communications products	96,379	-	18,383	95.00	96,379	10,058	-	
ARCOA Communication Co., Ltd.	DataExpress Infotech Co., Ltd.	Taipei, Taiwan	Sale of communications products	141,750	141,750	9,214	70.00	201,079	63,600	-	
New Century InfoComm Tech Co., Ltd.	New Diligent Co., Ltd.	Taipei, Taiwan	Business consulting and souvenir selling	800,000	800,000	80,000	100.00	733,372	10,787	-	
	Information Security Service Digital United Co., Ltd.	Taipei, Taiwan	Security and monitoring service via Internet	148,777	148,777	14,878	100.00	98,420	1,204	-	
	Digital United (Cayman) Ltd.	Cayman Islands	General investment	102,442	102,442	3,320	100.00	26,405	1,311	-	
	Simple InfoComm Co., Ltd.	Taipei, Taiwan	Type II telecommunications	34,000	34,000	3,400	100.00	20,729	131	-	
	Far Eastern Electronic Commerce Co., Ltd.	Taipei, Taiwan	Electronic toll collection service	15,030	15,030	1,503	5.00	2,253	(132,960)	-	
	Ding Ding Integrated Marketing Services Co., Ltd.	Taipei, Taiwan	Market Sales	20,000	20,000	575	5.00	8,181	65,809	-	
	ADCast Interactive Marketing Co., Ltd. (Note D)	Taipei, Taiwan	Internet advertisements and marketing	-	85,433	-	-	-	(1,953)	-	
Digital United (Cayman) Ltd.	Digital United Information Technology (Shanghai) Co., Ltd.	Shanghai	Design and research of computer system	US\$ 2,100	US\$ 2,100	-	100.00	US\$ 277	(2,461)	-	
New Diligent Co., Ltd.	Sino Lead Enterprise Limited	Hong Kong	Telecommunication services	125	125	-	100.00	399	(124)	-	
	Far Eastern New Diligent Co., Ltd.	British Virgin Islands	Electronic toll collection service	-	-	-	100.00	(4)	(4)	-	
Far Eastern Info Service (Holding) Ltd.	Far Eastern Tech-info Ltd. (Shanghai)	Shanghai	Computer software, data processing and network information providing services	US\$ 2,500	US\$ 2,500	-	100.00	US\$ 5,043	(15,436)	-	
E. World (Holdings) Ltd.	Yuan Cing Co., Ltd.	Taipei, Taiwan	Call center services	9,675	193,500	967	4.99	US\$ 175	10,058	-	
DataExpress Infotech Co., Ltd.	Linkwell Tech. Co., Ltd.	Taipei, Taiwan	Sale of communications products	10,000	10,000	-	100.00	42,449	23,178	-	
	Home Master Technology Co., Ltd.	Taipei, Taiwan	Sale of communications products	9,999	9,999	-	99.99	7,251	(280)	-	
	Jing Yuan Technology Co., Ltd.	Taipei, Taiwan	Data Processing service	10,000	10,000	-	100.00	9,995	11	-	
Far Eastern Tech-info Ltd. (Shanghai)	Far Eastern New Century Information Technology (Beijing) Limited	Beijing	Electronic toll collection service	RMB 49,874	RMB 49,874	-	55.00	RMB 38,553	(44,705)	-	

Notes:

- A. 5,000 thousand of the common shares and 3,000 thousand of the preferred shares were included.
- B. Private company.
- C. The investor opened a trust account in Shanghai Bank in Taipei on September 26, 2002 to acquire the ownership of Pacific Liu Tung Investment Co., Ltd.
- D. To integrated the resource and enhance effectiveness, the board of directors of NCIC and ADCast resolved to approve the merger of NCIC and ADCast with NCIC as the survivor entity on January 16, 2012. The record date of this merger was set on March 31, 2012.

(Concluded)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA  
YEAR ENDED DECEMBER 31, 2012

(In Thousands of New Taiwan Dollars, Renminbi and U.S. Dollars)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Accumulated Outflow of Investment from Taiwan as of January 1, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2012	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of December 31, 2012 (Note B)	Accumulated Inward Remittance of Earnings as of December 31, 2012
				Outflow	Inflow					
Far Eastern Industries (Shanghai) Ltd.	Manufacture and distribution of PET staple, PET filament, polyester top, PET performs, draw textured yarn, spinning yarn, knit fabrics, woven fabrics, knit garments and woven garments	\$ 8,703,427 (RMB 1,880,399)	\$ 3,713,780 793,920 (Note D)	\$ 37,119	\$ 616,092 227,760 (Note D)	\$ 3,134,807 566,160 (Note D)	99.93%	\$ (208,204)	\$ 7,689,998	\$ 853,493 (Note C)
Far Eastern Apparel (Suzhou) Ltd.	Manufacture and distribution of knit garments, woven garments, non-knit garments, and nonwoven garments and accessories	946,885 (RMB 204,577)	509,725 501,176 (Note D)	-	-	509,725 501,176 (Note D)	99.89%	58,073	1,264,035	233,172 (Note Q)
Far Eastern Industries (WuXi) Ltd.	Manufacture and distribution of combed cotton yarn, 60/40 poly/cotton blended yarn, 65/35 poly/cotton blended yarn, spun yarn, woven fabrics, greige woven fabrics, print woven fabrics, piece dyed woven fabrics and bleached woven fabrics	2,228,489 (RMB 481,471)	2,018,430 (Note D)	-	-	2,018,430 (Note D)	99.70%	46,516	3,132,193	
Oriental Petrochemical (Shanghai) Corp.	Manufacture and distribution of PTA and its by-products	6,951,405 (RMB 1,501,870)	2,976,148	-	-	2,976,148	61.34%	(436,902)	5,914,335	951,077 (Note P)
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Manufacture and distribution of weaving, dyeing and finishing of novelty fabrics, high-value engineered textiles industrial woven fabrics and scraps	1,709,180 (RMB 369,273)	1,342,854 (Note D)	-	-	1,342,854 (Note D)	99.70%	57,172	1,970,577	
Far Eastern Industries (Suzhou) Ltd.	Manufacture and distribution of polyester chips, partially oriented yarn, fully oriented yarn, and polyester yarn	1,825,342 (RMB 394,370)	1,099,293 666,026 (Note I)	-	-	1,099,293 666,026 (Note I)	99.96%	(236,190)	910,243	
Wuhan Far Eastern New Material Ltd.	Manufacture and distribution of PET chips, PET performs and garments and its by-products.	791,696 (RMB 171,048)	724,110	-	-	724,110	100.00%	20,361	892,357	
Oriental Industries (Suzhou) Ltd.	Manufacture and distribution of PET performs and high-value engineered textiles industrial woven fabrics and scraps	3,643,000 (RMB 787,080)	3,421,559 (Note D)	-	-	3,421,559 (Note D)	99.70%	22,742	2,877,117	
Far Eastern New Century (China) Investment Ltd.	Investment	1,687,273 (RMB 364,540)	1,577,040	-	-	1,577,040	100.00%	335	1,630,022	
Sino Belgium (Suzhou) Limited	Brewery	1,480,902 (RMB 319,953)	1,446,552 (Note H)	-	-	1,446,552 (Note H)	91.39%	(163,313)	206,038	
Martens Beers Trading (Shanghai) Ltd.	Brewery	304,555 (RMB 65,800)	168,938 (Note H)	-	-	168,938 (Note H)	91.39%	(29,832)	2,065	
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	PA and its by-product production and sale	6,726,835 (RMB 1,453,351)	2,699,665	1,481,659	-	4,181,323	60.00%	30,305	4,059,855	
Far Eastern Industries (Yangzhou) Ltd.	PA and its by-product production	1,002,570 (RMB 216,608)	-	1,436,190	-	1,436,190	99.92%	(15,911)	986,016	
Far Eastern Union Petrochemical (Yangzhou) Corporation	PA and its by-product sale	816,856 (RMB 176,484)	-	592,750	-	592,750	49.99%	(7,669)	400,749	
Yuan Ding Integrated Information Service (Shanghai) Inc.	Computer software and internet software design and development	230,538 (US\$ 7,940)	240,330 (Note M)	-	-	240,330 (Note M)	49.95%	(60,735)	55,593	
Speedy (Shanghai) Digital Tech. Co., Ltd.	Intelligent control equipment and security monitoring products and services	30,266 (RMB 6,539)	24,220 (Note O)	-	-	24,220 (Note O)	49.95%	1,845	18,476	
Far Eastern Tech-info Ltd. (Shanghai)	Computer software, data processing services and internet Information providing services	72,600 (US\$ 2,500)	92,616 (Note E)	-	-	92,616 (Note E)	37.09%	(6,133)	54,318	

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Accumulated Outflow of Investment from Taiwan as of January 1, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2012	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of December 31, 2012 (Note B)	Accumulated Inward Remittance of Earnings as of December 31, 2012
				Outflow	Inflow					
Digital United Information Technology (Shanghai) Co., Ltd.	Design and research of computer systems	\$ 60,984 (US\$ 2,100) (Note K)	\$ 60,984 (US\$ 2,100) (Note K)	\$ -	\$ -	\$ 60,984 (US\$ 2,100) (Note K)	37.09%	\$ (978)	\$ 2,984	
New DiligenceTech-info (Shanghai) Ltd. (Note N)	Consulting services, supporting services, and wholesale of machine equipment	34,848 (US\$ 1,200) (Note L)	34,848 (US\$ 1,200) (Note L)	-	2,120 (US\$ 73) (Note L)	32,728 (US\$ 1,127) (Note L)	-	-	-	

Accumulated Investment in Mainland China as of December 31, 2012	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$521,144 (Note F)	US\$684,615 RMB6,695 (Note G)	(Note J)

Notes:

A. Recognition of gains/losses was based on the following three information:

1. Financial statements of these companies, which were audited by an international accounting firm with a cooperative relationship with an ROC accounting firm: Far Eastern Industries (Shanghai) Ltd., Sino Belgium (Suzhou) Limited, Far Eastern Apparel (Suzhou) Ltd., Oriental Petrochemical (Shanghai) Corp., Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd., Far Eastern Industries (Suzhou) Ltd., Wuhan Far Eastern New Material Ltd. and Oriental Industries (Suzhou) Ltd.
2. Financial statements of these companies, which were audited by the parent company's accounting firm: Far Eastern Industries (WuXi) Ltd., Far Eastern Tech-info Ltd. (Shanghai), Digital United Information Technology (Shanghai) Co., Ltd. and New Diligence Tech-info (Shanghai) Ltd.
3. Others: Far Eastern New Century (China) Investment Ltd., Martens Beers Trading (Shanghai) Ltd., Yuan Ding Integrated Information Service (Shanghai) Inc., Speedy (Shanghai) Digital Tech. Co., Ltd., Far Eastern Yihua Petrochemical (Yangzhou) Corporation, Far Eastern Industries (Yangzhou) Ltd. and Far Eastern Union Petrochemical (Yangzhou) Corporation.

B. Recognition of the equity-method investments was based on the investee's audited financial statements.

C. The received amount was the cash dividend of Far Eastern New Century Corporation (FENC or the "Company") and Yuan Ding Investment Co., Ltd. remitted by a Company subsidiary, Far Eastern Polychem Industries Ltd.

D. The amount was remitted by a Company subsidiary, Yuan Ding Investments.

E. The amount was remitted a Company subsidiary, Far EasTone Telecommunications Co., Ltd.

F. It was the actual amount remitted for the investments in Mainland China by FENC.

G. The investment amounts had been approved by the Investment Commission under the Ministry of Economic Affairs.

H. The amount was remitted by a FENC subsidiary, Yuan Tong Investment Corporation.

I. The amount was remitted by FENC subsidiaries, Yuan Ding Investment and Yuan Tong Investment.

J. Based on MOEA Approval Letter No. 10001153440, there is no cap on the amount of the Company's investment

K. The amount was remitted by a FENC subsidiary, New Century InfoComm Tech Co., Ltd.

L. The amount was remitted by a FENC subsidiary, New Diligent Co., Ltd.

M. The amount was remitted by the FENC's subsidiary, YDT Technology International Co., Ltd. and FET Consulting Engineers Co., Ltd.

N. On June 27, 2012, New Diligence Corporation (Shanghai) remitted back to Taiwan US\$73,000 the investment registered in the investment commission of the MOA and wrote off this same amount.

O. The amount was remitted by the FENC's subsidiary, YDT Technology International Co., Ltd.

P. The cash dividend was remitted by the Oriental Petrochemical (Shanghai) Corp's subsidiary, PET Far Eastern (Holding).

Q. The cash dividend was remitted by the Far Eastern Apparel (Suzhou) Ltd.'s subsidiaries, Far Eastern Polytex (Holding) Ltd. and Far Eastern Apparel (Holding) Ltd.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

INVESTMENT IN MAINLAND CHINA  
 YEAR ENDED DECEMBER 31, 2012  
 (In Thousands of U.S. Dollars)

Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area (US\$)	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Far Eastern Industries (Shanghai) Ltd.	Far Eastern New Century Corporation	1996.07.09	No. 84015136	Far Eastern Polychem Industries Ltd.	\$ 6,000	\$ 6,000			
	Yuan Ding Investment Co., Ltd.			Far Eastern Polychem Industries Ltd.	24,000	24,000			
	Far Eastern New Century Corporation	2004.12.29	No. 093032400	Far Eastern Polychem Industries Ltd.	1,712		\$ 1,712		
	Far Eastern New Century Corporation	2004.12.30	No. 093032090	Far Eastern Polychem Industries Ltd.	1,540			\$ 1,540	
	Far Eastern New Century Corporation	2004.11.03	No. 093032240	Far Eastern Polychem Industries Ltd.	3,879		3,879		
	Yuan Ding Investment Co., Ltd.	2004.12.29	No. 093032402	Far Eastern Polychem Industries Ltd.	7,014		7,014		
	Yuan Ding Investment Co., Ltd.	2004.11.02	No. 093032239	Far Eastern Polychem Industries Ltd.	15,898		15,898		
	Yuan Ding Investment Co., Ltd.	2004.12.29	No. 093032089	Far Eastern Polychem Industries Ltd.	6,313			6,313	
	Far Eastern New Century Corporation	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Ltd.	31,779	31,779			
	Far Eastern New Century Corporation	2008.06.27	No. 09700163440	Far Eastern Polychem Industries Ltd.	56,000	56,000			
	Far Eastern New Century Corporation	2008.04.18	No. 09700045490	Far Eastern Polychem Industries Ltd.	4,800	4,800			
				8,198 (Note E)					
	Far Eastern New Century Corporation	2010.04.19	No. 09900142680 (Note D)	Far Eastern Polychem Industries Ltd.	11,500	11,500			
	Far Eastern New Century Corporation	2011.09.08	No. 10000380580 (Note K)	Far Eastern Polychem Industries Ltd.	22,700	22,700			
Far Eastern Apparel (Suzhou) Ltd.	Yuan Ding Investment Co., Ltd.	1996.10.16	No. 85016219	Far Eastern Apparel (Holding) Ltd.	10,000	10,000			
	Yuan Ding Investment Co., Ltd.	2003.10.30	No. 092033299	Far Eastern Apparel (Holding) Ltd.	5,000	5,000			
	Far Eastern New Century Corporation	2006.05.23	No. 09500112650	Far Eastern Polytex (Holding) Ltd.	11,000	11,000			
	Far Eastern New Century Corporation	2008.03.31	No. 09700038490	Far Eastern Polytex (Holding) Ltd.	5,000	5,000			
Far Eastern Industries (WuXi) Ltd.	Yuan Ding Investment Co., Ltd.	2002.06.21	No. 091011903	Oriental Textile (Holding) Ltd.	19,960	19,960			
	Yuan Ding Investment Co., Ltd.	2005.11.03	No. 094024169	Oriental Textile (Holding) Ltd.	40,000	40,000			
Oriental Petrochemical (Shanghai) Corp.	Far Eastern New Century Corporation	2009.11.17	No. 09800408170 (Note B)	Far Eastern Polychem Industries Ltd.	1,228				\$ 1,228
	Yuan Ding Investment Co., Ltd.	2009.11.17	No. 09800408160 (Note C)	PET Far Eastern (Holding) Ltd. Far Eastern Polychem Industries Ltd.	6,592				6,592
	Far Eastern New Century Corporation	2008.06.27	No. 09700163430	PET Far Eastern (Holding) Ltd. PET Far Eastern (Holding) Ltd.	49,500	49,500			
	Far Eastern New Century Corporation	2008.04.18	No. 09700045500	Far Eastern Polychem Industries Ltd. PET Far Eastern (Holding) Ltd.	4,800 2,936 (Note F)	4,800			
	Far Eastern New Century Corporation	2009.12.25	No. 09800456740	PET Far Eastern (Holding) Ltd.	41,171	41,171			
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Yuan Ding Investment Co., Ltd.	2003.10.31	No. 092033525	Far Eastern Apparel (Holding) Ltd.	20,000	20,000			
	Yuan Ding Investment Co., Ltd.	2008.10.13	No. 09700348610	Far Eastern Apparel (Holding) Ltd.	30,000	30,000			
Far Eastern Industries (Suzhou) Ltd.	Yuan Ding Investment Co., Ltd.	2002.11.26	No. 091035216	Far Eastern Polychem Industries Ltd.	9,352				9,352
	Far Eastern New Century Corporation	2004.10.11	No. 093025506	FEDP (Holding) Ltd. Far Eastern Polychem Industries Ltd. FEDP (Holding) Ltd.	1,569			1,569	

(Continued)



Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area (US\$)	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
	Far Eastern New Century Corporation	2004.10.14	No. 093030298	Far Eastern Polychem Industries Ltd.	\$ 713				\$ 713
	Far Eastern New Century Corporation	2010.10.12	No. 09900403430 (Note H)	FEDP (Holding) Ltd.	5,288	\$ 5,288			
	Far Eastern New Century Corporation	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Ltd.	4,524				
	Far Eastern New Century Corporation	2008.04.18	No. 09700045510	FEDP (Holding) Ltd.	4,800				
	Far Eastern New Century Corporation	2010.12.29	No. 09900470520 (Note I)	Far Eastern Polychem Industries Ltd.	754 (Note G)				
	Far Eastern New Century Corporation	2010.12.29	No. 09900470520 (Note I)	FEDP (Holding) Ltd.	18,224				
Oriental Industries (Suzhou) Ltd.	Yuan Ding Investment Co., Ltd.	2005.08.01	No. 094015006	Oriental Textile (Holding) Ltd.	19,800				
	Yuan Ding Investment Co., Ltd.	2006.02.09	No. 094037416	Oriental Textile (Holding) Ltd.	30,200				
	Yuan Ding Investment Co., Ltd.	2007.10.02	No. 09600280400	Oriental Textile (Holding) Ltd.	23,000				
	Yuan Ding Investment Co., Ltd.	2008.09.01	No. 09700172130	Oriental Textile (Holding) Ltd.	32,500				
Wuhan Far Eastern New Material Ltd.	Far Eastern New Century Corporation	2006.05.19	No. 09500090070	Far Eastern Polytex (Holding) Ltd.	12,000				
	Far Eastern New Century Corporation	2009.06.29	No. 09800135640	Far Eastern Polytex (Holding) Ltd.	10,000				
	Far Eastern New Century Corporation	2010.12.21	No. 09900470530	Far Eastern Polytex (Holding) Ltd.	RMB 6,695				RMB 6,695
Far Eastern New Century (China) Investment Ltd. (Note A)	Far Eastern New Century Corporation	2006.08.01	No. 09500124430	Far Eastern Polytex (Holding) Ltd.	48,000				
Sino Belgium (Suzhou) Limited	Yuan Tong Investment Co., Ltd.	2007.08.02	No. 09600248620	Sino Belgium (Holding) Ltd.	18,000				
	Yuan Tong Investment Co., Ltd.	2008.02.21	No. 09600451060	Sino Belgium (Holding) Ltd.	12,000				
	Yuan Tong Investment Co., Ltd.	2011.10.27	No. 10000446910 (Note L)	Sino Belgium (Holding) Ltd.	16,000				
				Bockhold N.V.	38				
				Martens HK Ltd.					
Martens Beers Trading (Shanghai) Ltd.	Yuan Tong Investment Co., Ltd.	2008.12.10	No. 09700456110	Sino Belgium (Holding) Ltd.	3,800				
	Yuan Tong Investment Co., Ltd.	2010.07.29	No. 09900284200	Bockhold N.V.	4,304				4,304
				Martens HK Ltd.					
				Sino Belgium (Holding) Ltd.					
				Sino Belgium (Holding) Ltd.	1,500				
				Sino Belgium (Holding) Ltd.					
				Bockhold N.V.	282				
				Martens HK Ltd.					
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	Far Eastern New Century Corporation	2011.06.23	No. 10000021360 (Note J)	Far Eastern Polytex (Holding) Ltd.	166,000				
Far Eastern Industries (Yangzhou) Ltd.	Far Eastern New Century Corporation	2012.03.30	No. 10100043080	Far Eastern Polychem Industries Ltd.	49,000				
Far Eastern Union Petrochemical (Yangzhou) Corporation	Far Eastern New Century Corporation	2012.08.31	No. 10100115020	Far Eastern Polytex (Holding) Ltd.	100,000				
Yuan Ding Integrated Information Service (Shanghai) Inc.	YDT Technology International Co., Ltd.	2011.10.19	No. 10000429550	YDC (Virgin Islands) Ltd.	110				
	FET Consulting Engineers Co., Ltd.	2011.11.03	No. 10000439470	DDIM (Virgin Islands) Ltd.	8,100				
Speedy (Shanghai) Digital Tech. Co., Ltd.	YDT Technology International Co., Ltd.	2004.02.11	No. 093003471	YDC (Virgin Islands) Ltd.	300				
		2005.02.05	No. 094003122	YDC (Virgin Islands) Ltd.	500				

(Continued)

Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area (US\$)	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Far Eastern Tech-info Ltd. (Shanghai)	Far EasTone Telecommunications Co., Ltd.	2004.08.26	No. 093018811	Far Eastern Info Service (Holding) Ltd.	\$ 2,500	\$ 2,500			
Digital United Information Technology (Shanghai) Co., Ltd.	New Century InfoComm Tech Co., Ltd.	2002.10.07	No. 091041498	Digital United (Cayman) Ltd.	2,100				\$ 2,100
New Diligence Tech-info (Shanghai) Ltd.	New Diligent Co., Ltd.	2007.08.08	No. 09600261870	New Diligent Co., Ltd. (Note M)	1,127	1,127			

Notes:

- A. Far Eastern New Century (China) Investment Ltd. invested US\$30,000 thousand in Far Eastern Industries (Shanghai) Ltd. and US\$16,000 thousand in Oriental Petrochemical (Shanghai) Ltd.
- B. Document No. 092035971 has been eliminated and replaced with document No. 09800408170.
- C. Document No. 092035970 has been eliminated and replaced with document No. 09800408160.
- D. The approved amount of US\$12,000 thousand as stated in document No. 09800283970 dated September 18, 2009 had been changed to US\$11,500 thousand at the time of completing the waiting-for-review process on April 19, 2010.
- E. The ownership of Far Eastern Industry (Shanghai) Ltd. and investment amount were increased, which was resulted from anti-diluted effect of FEPI.
- F. The ownership of Oriental Petrochemical (Shanghai) Ltd. and investment amount were increased, which was resulted from anti-diluted effect of FEPI.
- G. The ownership of Far Eastern Industries (Suzhou) Ltd. and investment amount were increased, which was resulted from anti-diluted effect of FEPI.
- H. The original investment scheme (investment in Far Eastern Industry (Suzhou) Ltd. was made indirectly though Far Eastern Polytex (Holding) Ltd. and FEDP (Holding) Ltd. Far Eastern Polytex (Holding) Ltd. made investment on Far Eastern Industry (Suzhou) Ltd. through FEDP (Holding) Ltd.) under the approval stated in the Ministry of Economic Affairs (MOEA) Letter No. 09600059830 was modified to that investment in Far Eastern Industry (Suzhou) Ltd. was made indirectly though FEDP (Holding) Ltd., FREDP (Holding) made FEDP (Holding) Ltd. made investment on Far Eastern Industry (Suzhou) Ltd. and has been approved according to the MOEA Letter No. 09900403430.
- I. After having the MOEA approval (No. 09900470520), FENC received the equity of Yuan Tong Investment Co., Ltd. amounting US\$18,224 thousand from FEDP (Holding) Ltd. (MOEA approval No. 09600243260)
- J. After having the MOEA approval (No. 1000021360), FENC made its subsidiary, Far Eastern Polytex (Holding) Ltd. to have an indirect investment in Far Eastern Yihua Petrochemical (Yangzhou) Corporation amounting US\$166,000 thousand. As of December 31, 2012, FENC paid US\$134,300 thousand in this indirect investment.
- K. After having the MOEA approval (No. 10000380580), FENC made its subsidiary, Far Eastern Polychem Industries Ltd. to have an indirect investment in Far Eastern Industries (Shanghai) Ltd. amounting US\$22,700 thousand. As of December 31, 2012, FENC paid US\$21,245 thousand in this indirect investment.
- L. After having the MOEA approval (No. 10000446910), FENC made its subsidiary, Sino Belgium (Holding) Ltd. to have an indirect investment in Sino Belgium (Suzhou) Limited and Martens Beers Trading (Shanghai) Ltd. amounting US\$17,820 thousand. As of December 31, 2012, FENC paid US\$17,500 thousand in this indirect investment.
- M. On June 27, 2012, New Diligence Corporation (Shanghai) remitted back to Taiwan US\$73,000, the investment registered with the MOEA's Investment Commission, which then canceled this amount.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS BETWEEN FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES  
YEARS ENDED DECEMBER 31, 2012 AND 2011  
(In Thousands of New Taiwan Dollars)**

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			% to Consolidated Revenue or Assets (Note C)		
				Financial Statement Account	Amount	Term			
0	Far Eastern New Century Corporation	Year ended December 31, 2012							
			Far Eastern Apparel (Vietnam) Ltd.	1	Outsourced expense	\$ 407,284	Based on agreement	-	
			Far Eastern Apparel (Vietnam) Ltd.	1	Accrued expense - outsourced process	(36,408)	Based on agreement	-	
			Far Eastern Apparel (Suzhou) Ltd.	1	Outsourced expense	2,864,018	Based on agreement	1	
			Far Eastern Apparel (Suzhou) Ltd.	1	Other receivables	164,800	Based on agreement	-	
			Far Eastern Apparel (Suzhou) Ltd.	1	Sales	(90,905)	Based on agreement	-	
			Far Eastern Apparel (Suzhou) Ltd.	1	Accrued expense - outsourced process	(368,631)	Based on agreement	-	
			Far Eastern Industries (Shanghai) Ltd.	1	Sales	(218,007)	Based on agreement	-	
			Far Eastern Industries (Wuxi) Ltd.	1	Sales	(289,270)	Based on agreement	-	
			Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	1	Cost of goods sold	108,313	Based on agreement	-	
			Oriental Petrochemical (Taiwan) Co., Ltd.	1	Cost of goods sold	10,011,338	Based on agreement	4	
			Oriental Petrochemical (Taiwan) Co., Ltd.	1	Accounts payable	(859,511)	Based on agreement	-	
			Oriental Resources Development Ltd.	1	Cost of goods sold	281,635	Based on agreement	-	
			Worldwide Polychem (HK) Ltd.	1	Sales	(1,391,577)	Based on agreement	1	
			Worldwide Polychem (HK) Ltd.	1	Account receivables	441,496	Based on agreement	-	
Yuan Ding Co., Ltd.	1	Rental expenses	164,408	Based on agreement	-				
1	Far Eastern Polychem Industries Ltd.	Far Eastern Investment (Holding) Ltd.	3	Interest expenses	15,507	Based on agreement	-		
		Far Eastern Investment (Holding) Ltd.	3	Interest payables	(99)	Based on agreement	-		
		Far Eastern Investment (Holding) Ltd.	3	Other payables	(843,237)	Based on agreement	-		
		Far Eastern Industries (Shanghai) Ltd.	1	Cost of goods sold	6,627,014	Based on agreement	3		
		Far Eastern Industries (Shanghai) Ltd.	1	Accounts payable	(985,327)	Based on agreement	-		
		Far Eastern Industries (Shanghai) Ltd.	1	Other receivables	3,067,974	Based on agreement	1		
		Far Eastern Industries (Suzhou) Ltd.	3	Other receivables	233,750	Based on agreement	-		
		PET Far Eastern (M) Sdn Bhd.	3	Sales	(1,055,030)	Based on agreement	-		
		PET Far Eastern (M) Sdn Bhd.	3	Account receivables	392,013	Based on agreement	-		
		Wu Han Far Eastern New Material Ltd.	3	Sales	(356,368)	Based on agreement	-		
		Wu Han Far Eastern New Material Ltd.	3	Cost of goods sold	441,504	Based on agreement	-		
		Wu Han Far Eastern New Material Ltd.	3	Account receivables	118,258	Based on agreement	-		
		2	Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Apparel (Holding) Ltd.	3	Other payables	(522,630)	Based on agreement	-
				Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	3	Interest revenue	(4,747)	Based on agreement	-
				Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	3	Interest expenses	33	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	3	Interest payables	\$ (33)	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	3	Other receivables	193,806	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	3	Cost of goods sold	592,534	Based on agreement	-
		Far Eastern Industries (Wuxi) Ltd.	3	Interest expenses	5,418	Based on agreement	-
		Far Eastern Industries (Wuxi) Ltd.	3	Other payables	(475,185)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Interest revenue	(62)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Interest expenses	8,314	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Other receivables	123,574	Based on agreement	-
		Far Eastern New Century Corporation	2	Sales	(2,864,018)	Based on agreement	1
		Far Eastern New Century Corporation	2	Cost of goods sold	90,905	Based on agreement	-
		Far Eastern New Century Corporation	2	Accounts payable	(164,800)	Based on agreement	-
		Far Eastern New Century Corporation	2	Account receivables	368,631	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Interest revenue	(27,809)	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Other receivables	770,423	Based on agreement	-
		Suzhou An Ho Apparel Ltd.	1	Cost of goods sold	385,889	Based on agreement	-
		Sugian Far Eastern Apparel Co., Ltd.	1	Cost of goods sold	148,829	Based on agreement	-
		Sino Belgium Beer (Suzhou) Ltd.	3	Interest revenue	(2,738)	Based on agreement	-
		Sino Belgium Beer (Suzhou) Ltd.	3	Other receivables	128,566	Based on agreement	-
3	Far Eastern Industries (Shanghai) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	3	Sales	(230,163)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Sales	(387,919)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Cost of goods sold	1,062,679	Based on agreement	-
		Far Eastern New Century Corporation	2	Cost of goods sold	218,007	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	2	Sales	(6,627,014)	Based on agreement	3
		Far Eastern Polychem Industries Ltd.	2	Account receivables	985,327	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	2	Other payables	(3,067,974)	Based on agreement	1
		Oriental Petrochemical (Shanghai) Co., Ltd.	3	Cost of goods sold	8,463,898	Based on agreement	4
		Oriental Petrochemical (Shanghai) Co., Ltd.	3	Accounts payable	(696,853)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Co., Ltd.	3	Notes payable	(1,032,325)	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	3	Cost of goods sold	2,733,110	Based on agreement	1
		Oriental Petrochemical (Taiwan) Co., Ltd.	3	Accounts payable	(736,772)	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	3	Sales	(2,358,190)	Based on agreement	1
		Wu Han Far Eastern New Material Ltd.	3	Account receivables	641,923	Based on agreement	-
		Worldwide Polychem (HK) Ltd.	3	Sales	(313,406)	Based on agreement	-
		Worldwide Polychem (HK) Ltd.	3	Account receivables	153,633	Based on agreement	-
4	PET Far Eastern (M) Sdn Bhd.	Far Eastern Investment (Holding) Ltd.	2	Interest expenses	3,841	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	2	Interest payables	(57,575)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	2	Other payables	(267,460)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Cost of goods sold	1,055,030	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Accounts payable	(392,013)	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
5	Wu Han Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	3	Cost of goods sold	\$ 2,358,190	Based on agreement	1
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts payable	(641,923)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Sales	(441,504)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Cost of goods sold	356,368	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Accounts payable	(118,258)	Based on agreement	-
		Far Eastern Polytex (Holding) Ltd.	2	Other payables	(145,175)	Based on agreement	-
6	Oriental Petrochemical (Shanghai) Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	3	Sales	(8,463,898)	Based on agreement	4
		Far Eastern Industries (Shanghai) Ltd.	3	Account receivables	696,853	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Notes receivables	1,032,325	Based on agreement	-
		Far Eastern Industries (Yangzhou) Ltd.	3	Sales	(391,186)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Sales	(1,252,172)	Based on agreement	1
		Far Eastern Industries (Suzhou) Ltd.	3	Notes receivables	112,228	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	2	Other payables	(1,246,991)	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	2	Cost of goods sold	3,712,595	Based on agreement	2
		PET Far Eastern (Holding) Ltd.	2	Accounts payable	(1,974,844)	Based on agreement	1
7	Yuan Ding Investment Co., Ltd.	An Ho Garment Co., Ltd.	3	Interest expenses	494	Based on agreement	-
		Aroca Communication Co., Ltd.	3	Interest expenses	179	Based on agreement	-
		Ding Yuan International Investment Corp.	3	Interest expenses	648	Based on agreement	-
		Ding Yuan International Investment Corp.	3	Other payables	(100,000)	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Interest expenses	988	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Other payables	(150,000)	Based on agreement	-
		New Century InfoComm Tech Co., Ltd.	3	Interest expenses	12,228	Based on agreement	-
8	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Far Eastern New Century Corporation	2	Sales	(108,313)	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	2	Sales	(932,892)	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	2	Account receivables	97,590	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	2	Other payables	(81,298)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	3	Interest revenue	(33)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	3	Interest expenses	4,747	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	3	Interest receivables	33	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	3	Other payables	(193,806)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	3	Sales	(592,534)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Cost of goods sold	230,163	Based on agreement	-
9	Oriental Industries (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	3	Interest expenses	27,809	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	3	Other payables	(770,423)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Cost of goods sold	2,717,610	Based on agreement	1
		Far Eastern Industries (Suzhou) Ltd.	3	Accounts payable	(236,416)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Notes payable	(304,800)	Based on agreement	-
		Oriental Textile (Holding) Ltd.	2	Other payables	(2,264,730)	Based on agreement	1
		Oriental Textile (Holding) Ltd.	2	Sales	(2,148,452)	Based on agreement	1
		Oriental Textile (Holding) Ltd.	2	Account receivables	340,727	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
10	Far Eastern Industries (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	3	Interest revenue	\$ (8,314)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	3	Interest expenses	62	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	3	Other payables	(123,574)	Based on agreement	-
		FEDP (Holding) Ltd.	2	Other payables	(714,261)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	(1,062,679)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Cost of goods sold	387,919	Based on agreement	-
		Far Eastern Industries (Yangzhou) Ltd.	3	Cost of goods sold	423,003	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Other payables	(233,750)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Co., Ltd.	3	Cost of goods sold	1,252,172	Based on agreement	1
		Oriental Petrochemical (Shanghai) Co., Ltd.	3	Notes payable	(112,228)	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	3	Cost of goods sold	843,614	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	3	Accounts payable	(130,181)	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Sales	(2,717,610)	Based on agreement	1
		Oriental Industries (Suzhou) Ltd.	3	Account receivables	236,416	Based on agreement	-
Oriental Industries (Suzhou) Ltd.	3	Notes receivables	304,800	Based on agreement	-		
11	Far Eastern Investment (Holding) Ltd.	Far Eastern Apparel (Holding) Ltd.	3	Interest receivables	481	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	3	Interest revenue	(4,846)	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	3	Interest expenses	180	Based on agreement	-
		Far Eastern Apparel (Vietnam) Ltd.	1	Other receivables	159,693	Based on agreement	-
		FEDP (Holding) Ltd.	3	Interest revenue	(2,126)	Based on agreement	-
		FEDP (Holding) Ltd.	3	Interest receivables	1,105	Based on agreement	-
		FEDP (Holding) Ltd.	3	Other receivables	484,885	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Interest revenue	(15,507)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Interest receivables	99	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Other receivables	843,237	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Interest revenue	(30,174)	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Interest receivables	408	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Other receivables	2,119,032	Based on agreement	1
		PET Far Eastern (Holding) Ltd.	3	Interest revenue	(5,230)	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	3	Interest receivables	98	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	3	Other receivables	506,661	Based on agreement	-
		PET Far Eastern (M) Sdn Bhd.	1	Interest revenue	(3,841)	Based on agreement	-
		PET Far Eastern (M) Sdn Bhd.	1	Interest receivables	57,575	Based on agreement	-
		PET Far Eastern (M) Sdn Bhd.	1	Other receivables	267,460	Based on agreement	-
		Sino Belgium (Holding) Ltd.	3	Interest revenue	(3,802)	Based on agreement	-
		Sino Belgium (Holding) Ltd.	3	Interest receivables	3,734	Based on agreement	-
		Sino Belgium (Holding) Ltd.	3	Other receivables	429,137	Based on agreement	-
Waldorf Services B.V.	1	Interest expenses	713	Based on agreement	-		
Waldorf Services B.V.	1	Interest payables	(141)	Based on agreement	-		
Waldorf Services B.V.	1	Other payables	(100,461)	Based on agreement	-		

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
12	Oriental Textile (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Interest expenses	\$ 30,174	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest payables	(408)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	(2,119,032)	Based on agreement	1
		Far Eastern Industries (Wuxi) Ltd.	1	Other receivables	493,595	Based on agreement	-
		Far Eastern Industries (Wuxi) Ltd.	1	Cost of goods sold	807,706	Based on agreement	-
		Far Eastern Industries (Wuxi) Ltd.	1	Accounts payable	(223,353)	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	1	Other receivables	2,264,730	Based on agreement	1
		Oriental Industries (Suzhou) Ltd.	1	Cost of goods sold	2,148,452	Based on agreement	1
		Oriental Industries (Suzhou) Ltd.	1	Accounts payable	(340,727)	Based on agreement	-
13	Far Eastern Resources Development Co.	An Ho Garment Co., Ltd.	3	Interest revenue	(1,351)	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Interest revenue	(1,251)	Based on agreement	-
14	Oriental Petrochemical (Taiwan) Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	3	Sales	(2,733,110)	Based on agreement	1
		Far Eastern Industries (Shanghai) Ltd.	3	Account receivables	736,772	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Sales	(843,614)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Account receivables	130,181	Based on agreement	-
		Far Eastern New Century Corporation	2	Sales	(10,011,338)	Based on agreement	4
		Far Eastern New Century Corporation	2	Account receivables	859,511	Based on agreement	-
15	PET Far Eastern (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Interest expenses	5,230	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest payables	(98)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	(506,661)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Co., Ltd.	1	Other receivables	1,246,991	Based on agreement	-
		Oriental Petrochemical (Shanghai) Co., Ltd.	1	Sales	(3,712,595)	Based on agreement	2
		Oriental Petrochemical (Shanghai) Co., Ltd.	1	Account receivables	1,974,844	Based on agreement	1
16	Far Eastern Apparel (Vietnam) Ltd.	Far Eastern Investment (Holding) Ltd.	2	Other payables	(159,693)	Based on agreement	-
		Far Eastern New Century Corporation	2	Sales	(407,284)	Based on agreement	-
		Far Eastern New Century Corporation	2	Account receivables	36,408	Based on agreement	-
17	Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	1	Construction cost	616,738	Based on agreement	-
		Far Eastern General Contractor Inc.	1	Available for sale - building and land	(25,139)	Based on agreement	-
18	An Ho Garment Co., Ltd.	Ding Yuan International Investment Corp.	3	Interest expenses	137	Based on agreement	-
		Far Eastern Resources Development Co.	3	Interest expenses	1,351	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	3	Interest revenue	(494)	Based on agreement	-
		Yuan Tong Investment Corp.	3	Interest revenue	(330)	Based on agreement	-
		Yuan Tong Investment Corp.	3	Other receivables	50,000	Based on agreement	-
19	Ding Ding Hotel Co., Ltd.	Yuan Ding Co., Ltd.	2	Operating expenses	515,144	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
20	Ding Yuan International Investment Corp.	An Ho Garment Co. Ltd.	3	Interest revenue	\$ (137)	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Interest revenue	(212)	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Interest expenses	36	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Other payables	(100,000)	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	3	Interest revenue	(648)	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	3	Other receivables	100,000	Based on agreement	-
		Yuan Tong Investment Corp.	3	Interest revenue	(397)	Based on agreement	-
		Yuan Tong Investment Corp.	3	Other receivables	100,000	Based on agreement	-
21	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	3	Other receivables	522,630	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	1	Cost of goods sold	932,892	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	1	Accounts payable	(97,590)	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	1	Other receivables	81,298	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest payables	(481)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest revenue	(180)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest expenses	4,846	Based on agreement	-
22	FEDP (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Interest expenses	2,126	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest payables	(1,105)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	(484,885)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	1	Other receivables	714,261	Based on agreement	-
		Sino Belgium (Holding) Ltd.	3	Interest expenses	593	Based on agreement	-
23	Far Eastern Industries (Wuxi) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	3	Interest revenue	(5,418)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	3	Other receivables	475,185	Based on agreement	-
		Far Eastern New Century Corporation	2	Cost of goods sold	289,270	Based on agreement	-
		Oriental Textile (Holding) Ltd.	2	Other payables	(493,595)	Based on agreement	-
		Oriental Textile (Holding) Ltd.	2	Sales	(807,706)	Based on agreement	-
		Oriental Textile (Holding) Ltd.	2	Account receivables	223,353	Based on agreement	-
24	Far Eastern Industries (Yangzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	3	Sales	(423,003)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Co., Ltd.	3	Cost of goods sold	391,186	Based on agreement	-
25	Far Eastone Telecommunications Co., Ltd.	Ding Ding Intergrated Marketing Co., Ltd.	3	Marketing expenses	124,287	Based on agreement	-
		Yuan Cheng Human Resources Consultant Corp.	3	Service fee	167,954	Based on agreement	-

(Continued)



No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
26	Kai Yuan International Investment Co., Ltd.	Ding Yuan International Investment Corp.	3	Interest expenses	\$ 212	Based on agreement	-
		Ding Yuan International Investment Corp.	3	Interest revenue	(36)	Based on agreement	-
		Ding Yuan International Investment Corp.	3	Other receivables	100,000	Based on agreement	-
		Far Eastern Resources Development Co.	3	Interest expenses	1,251	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	3	Interest revenue	(988)	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	3	Other receivables	150,000	Based on agreement	-
		Yuan Tong Investment Corp.	3	Interest revenue	(1,230)	Based on agreement	-
		Yuan Tong Investment Corp.	3	Other receivables	200,000	Based on agreement	-
27	Oriental Resources Development Ltd.	Far Eastern New Century Corporation	2	Sales	(281,635)	Based on agreement	-
28	Suzhou An Ho Apparel Ltd.	Far Eastern Apparel (Suzhou) Ltd.	2	Sales	(385,889)	Based on agreement	-
29	Sino Belgium Beer (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	3	Interest expenses	2,738	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	3	Other payables	(128,566)	Based on agreement	-
		Sino Belgium (Holding) Ltd.	2	Other payables	(452,946)	Based on agreement	-
30	Sino Belgium (Holding) Ltd.	FEDP (Holding) Ltd.	3	Interest revenue	(593)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest expenses	3,802	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest payables	(3,734)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	(429,137)	Based on agreement	-
		Sino Belgium Beer (Suzhou) Ltd.	1	Other receivables	452,946	Based on agreement	-
31	Waldorf Services B.V.	Far Eastern Investment (Holding) Ltd.	2	Interest revenue	(713)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	2	Interest receivables	141	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	2	Other receivables	100,461	Based on agreement	-
32	Worldwide Polychem (HK) Ltd.	Far Eastern Industries (Shanghai) Ltd.	3	Cost of goods sold	313,406	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts payable	(153,633)	Based on agreement	-
		Far Eastern New Century Corporation	2	Cost of goods sold	1,391,577	Based on agreement	1
		Far Eastern New Century Corporation	2	Accounts payable	(441,496)	Based on agreement	-
33	Far Eastern Polytex (Holding) Ltd.	Wu Han Far Eastern New Material Ltd.	1	Other receivables	145,175	Based on agreement	-
34	Yuan Cheng Human Resources Consultant Corp.	Far Eastone Telecommunications Co., Ltd.	3	Sales	(167,954)	Based on agreement	-
		Yuan Faun Ltd.	2	Interest expenses	100	Based on agreement	-
35	Yuan Ding Co., Ltd.	Ding Ding Hotel Co., Ltd.	1	Rental revenue	(515,144)	Based on agreement	-
		Far Eastern New Century Corporation	2	Rental revenue	(164,408)	Based on agreement	-
		YDT Technology International Co., Ltd.	1	Interest expenses	247	Based on agreement	-
		YDT Technology International Co., Ltd.	1	Interest payables	(29)	Based on agreement	-
		YDT Technology International Co., Ltd.	1	Other payables	(45,000)	Based on agreement	-
36	YDT Technology International Co., Ltd.	Yuan Ding Co., Ltd.	2	Interest revenue	(247)	Based on agreement	-
		Yuan Ding Co., Ltd.	2	Interest receivables	29	Based on agreement	-
		Yuan Ding Co., Ltd.	2	Other receivables	45,000	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
37	Yuan Faun Ltd.	Yuan Cheng Human Resources Consultant Corp.	1	Interest revenue	\$ (100)	Based on agreement	-
38	Yuan Tong Investment Corp.	An Ho Garment Co., Ltd.	3	Interest expenses	330	Based on agreement	-
		An Ho Garment Co., Ltd.	3	Other payables	(50,000)	Based on agreement	-
		Ding Yuan International Investment Corp.	3	Interest expenses	397	Based on agreement	-
		Ding Yuan International Investment Corp.	3	Other payables	(100,000)	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Interest expenses	1,230	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Other payables	(200,000)	Based on agreement	-
39	Sugian Far Eastern Apparel Co., Ltd.	Far Eastern Apparel (Suzhou) Ltd.	2	Sales	(148,829)	Based on agreement	-
40	Aroca Communication Co., Ltd.	Yuan Ding Investment Co., Ltd.	3	Interest revenue	(179)	Based on agreement	-
41	New Century InfoComm Tech Co., Ltd.	Yuan Ding Investment Co., Ltd.	3	Interest revenue	(12,228)	Based on agreement	-
42	Far Eastern General Contractor Inc.	Far Eastern Construction Co., Ltd.	2	Construction income	(591,599)	Based on agreement	-
43	Ding Ding Intergrated Marketing Co. Ltd.	Far EasTone Telecommunications Co., Ltd.	3	Sales	(124,287)	Based on agreement	-
0	Far Eastern New Century Corporation	<u>Year ended December 31, 2011</u>					
		Far Eastern Apparel (Vietnam) Ltd.	1	Accrued expense - outsourced process	416,378	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	1	Accrued expense - outsourced process	1,184,595	Based on agreement	1
		Far Eastern Apparel (Suzhou) Limited	1	Advance payments	147,243	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	1	Accrued expense - outsourced process	(257,041)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	1	Account receivables	32,737	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	1	Sales	(123,131)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	1	Cost of goods sold	616,256	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	1	Cost of goods sold	102,626	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	1	Sales	(242,042)	Based on agreement	-
		Far Eastern Industries (Wuxi) Ltd.	1	Sales	(128,195)	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	1	Accounts payable	(931,831)	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	1	Cost of goods sold	10,105,219	Based on agreement	5
		Oriental Resources Development Ltd.	1	Cost of goods sold	331,578	Based on agreement	-
		Worldwide Polychem (HK) Limited	1	Account receivables	154,054	Based on agreement	-
Worldwide Polychem (HK) Limited	1	Sales	(154,054)	Based on agreement	-		
1	Far Eastern Polychem Industries Ltd.	Far Eastern Investment (Holding) Ltd.	3	Interest expenses	6,467	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	(374,290)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	(1,431,372)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	1	Accounts payables	(937,716)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	1	Cost of goods sold	6,805,246	Based on agreement	3
		Far Eastern Industries (Shanghai) Ltd.	1	Other receivables	3,875,200	Based on agreement	1

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
		Far Eastern Industries (Suzhou) Ltd.	1	Sales	\$ (107,338)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	1	Other receivables	302,750	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Interest expenses	1,499	Based on agreement	-
		Pet Far Eastern (M) Sdn. Bhd.	3	Account receivables	419,157	Based on agreement	-
		Pet Far Eastern (M) Sdn. Bhd.	3	Sales	(870,768)	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	3	Sales	(402,741)	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	3	Cost of goods sold	475,506	Based on agreement	-
2	Far Eastern Apparel (Suzhou) Limited	Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	3	Interest expenses	9	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	3	Interest revenue	(211)	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	3	Accounts payable	(174,300)	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	3	Cost of goods sold	627,648	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	3	Other receivables	125,130	Based on agreement	-
		Far Eastern Industries (Wuxi) Ltd.	3	Interest expenses	481	Based on agreement	-
		Far Eastern Industries (Wuxi) Ltd.	3	Interest revenue	(2,101)	Based on agreement	-
		Far Eastern Industries (Wuxi) Ltd.	3	Other payables	(154,651)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Interest expenses	549	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Interest revenue	(1,300)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Other receivables	144,165	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Other payables	(278,527)	Based on agreement	-
		Far Eastern New Century Corporation	2	Accounts payables	(184,060)	Based on agreement	-
		Far Eastern New Century Corporation	2	Account receivables	261,121	Based on agreement	-
		Far Eastern New Century Corporation	2	Sales	(2,738,089)	Based on agreement	1
		Far Eastern New Century Corporation	2	Cost of goods sold	1,060,369	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Interest expenses	5	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Interest revenue	(8,958)	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Other receivables	789,875	Based on agreement	-
		An Ho Garment Co., Ltd.	1	Accounts payables	(77,773)	Based on agreement	-
		An Ho Garment Co., Ltd.	1	Cost of goods sold	298,032	Based on agreement	-
		Sino Belgium Beer (Suzhou) Ltd.	3	Interest expenses	18	Based on agreement	-
		Sino Belgium Beer (Suzhou) Ltd.	3	Interest revenue	(1,002)	Based on agreement	-
		Sino Belgium Beer (Suzhou) Ltd.	3	Other receivables	38,516	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	2	Other payables	(908,250)	Based on agreement	-
3	Far Eastern Industries (Shanghai) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	3	Sales	(290,305)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Accounts payables	(507,437)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Sales	(162,643)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Cost of goods sold	1,857,330	Based on agreement	1
		Far Eastern New Century Corporation	2	Cost of goods sold	242,042	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	2	Account receivables	937,716	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
		Far Eastern Polychem Industries Ltd.	2	Sales	\$ (6,805,246)	Based on agreement	3
		Far Eastern Polychem Industries Ltd.	2	Other payables	(3,875,200)	Based on agreement	1
		Oriental Petrochemical (Shanghai) Corp.	3	Accounts payables	(928,153)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Corp.	3	Note payables	(1,527,803)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Corp.	3	Cost of goods sold	10,803,234	Based on agreement	5
		Oriental Petrochemical (Taiwan) Co., Ltd.	3	Accounts payable	(230,332)	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	3	Cost of goods sold	2,161,162	Based on agreement	1
		Wu Han Far Eastern New Material Ltd.	3	Account receivables	714,511	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	3	Sales	(2,229,091)	Based on agreement	1
		Wu Han Far Eastern New Material Ltd.	3	Cost of goods sold	116,616	Based on agreement	-
4	Pet Far Eastern (M) Sdn. Bhd.	Far Eastern Investment (Holding) Ltd.	2	Interest expenses	2,293	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	2	Other payables	(130,597)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Accounts payable	(108,821)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Cost of goods sold	149,767	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Accounts payable	(419,157)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Cost of goods sold	870,768	Based on agreement	-
5	Wu Han Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	3	Accounts payable	(714,511)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	(116,616)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Cost of goods sold	2,229,091	Based on agreement	1
		Far Eastern Polychem Industries Ltd.	3	Sales	(475,506)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Cost of goods sold	402,741	Based on agreement	-
		Far Eastern Polytex (Holding) Ltd.	1	Other payables	(363,300)	Based on agreement	-
6	Oriental Petrochemical (Shanghai) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Interest expenses	647	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Account receivables	928,153	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Note receivables	1,527,803	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	(10,803,234)	Based on agreement	5
		Far Eastern Industries (Suzhou) Ltd.	3	Account receivables	284,596	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Note receivables	505,880	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Sales	(2,699,054)	Based on agreement	1
		PET Far Eastern (Holding) Ltd.	2	Other payables	(310,258)	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	2	Other payables	(989,993)	Based on agreement	-
7	Yuan Ding Investment Co., Ltd.	Ding Yuan International Investment Co., Ltd.	3	Interest expenses	611	Based on agreement	-
		Ding Yuan International Investment Co., Ltd.	3	Other payables	(70,000)	Based on agreement	-
		Far Eastern Resources Development Co	3	Interest expenses	7,627	Based on agreement	-
		New Century InfoComm Tech Co., Ltd.	1	Current portion of long-term liabilities	(989,955)	Based on agreement	-
		ARCOA Communication Co., Ltd.	1	Current portion of long-term liabilities	(9,999)	Based on agreement	-
		New Century InfoComm Tech Co., Ltd.	1	Other deferred expenses	(45)	Based on agreement	-
		ARCOA Communication Co., Ltd.	1	Other deferred expenses	(1)	Based on agreement	-
		New Century InfoComm Tech Co., Ltd.	1	Interest payables	(7,594)	Based on agreement	-
		ARCOA Communication Co., Ltd.	1	Interest payables	(77)	Based on agreement	-
		New Century InfoComm Tech Co., Ltd.	1	Interest expenses	19,800	Based on agreement	-
		ARCOA Communication Co., Ltd.	1	Interest expenses	200	Based on agreement	-
		Yuan Tong Investment Co., Ltd.	3	Interest expenses	2,990	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
8	Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	Far Eastern Apparel (Holding) Ltd.	2	Account receivables	\$ 158,404	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	2	Sales	(884,222)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	3	Interest expenses	211	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	3	Interest revenue	(9)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	3	Account receivables	174,300	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	3	Sales	(627,648)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	3	Other payables	(125,130)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Cost of goods sold	290,305	Based on agreement	-
		Far Eastern Industries (Wuxi) Ltd.	3	Interest revenue	(3,282)	Based on agreement	-
		Far Eastern Industries (Wuxi) Ltd.	3	Cost of goods sold	107,434	Based on agreement	-
		Far Eastern New Century Corporation	2	Sales	(102,626)	Based on agreement	-
		9	Oriental Industries (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Limited	3	Interest expenses	8,958
Far Eastern Apparel (Suzhou) Limited	3			Interest revenue	(5)	Based on agreement	-
Far Eastern Apparel (Suzhou) Limited	3			Other payables	(789,875)	Based on agreement	-
Far Eastern Industries (Suzhou) Ltd.	3			Accounts payables	(469,084)	Based on agreement	-
Far Eastern Industries (Suzhou) Ltd.	3			Note payables	(105,985)	Based on agreement	-
Far Eastern Industries (Suzhou) Ltd.	3			Cost of goods sold	2,988,581	Based on agreement	1
Oriental Textile (Holding) Ltd.	2			Account receivables	334,078	Based on agreement	-
Oriental Textile (Holding) Ltd.	2			Sales	(1,924,413)	Based on agreement	1
Oriental Textile (Holding) Ltd.	2			Other payables	(2,210,075)	Based on agreement	1
10	Far Eastern Industries (Suzhou) Limited	Far Eastern Apparel (Suzhou) Limited	3	Interest expenses	1,300	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	3	Interest revenue	(549)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	3	Other receivables	278,527	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	3	Other payables	(144,165)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Account receivables	507,437	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	(1,857,330)	Based on agreement	1
		Far Eastern Industries (Shanghai) Ltd.	3	Cost of goods sold	162,643	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	2	Cost of goods sold	107,338	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	2	Other payables	(302,750)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Corp.	3	Accounts payables	(284,596)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Corp.	3	Note payables	(505,880)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Corp.	3	Cost of goods sold	2,699,054	Based on agreement	1
		Oriental Petrochemical (Taiwan) Co., Ltd.	3	Cost of goods sold	613,503	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Account receivables	469,084	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Note receivables	105,985	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Sales	(2,988,581)	Based on agreement	1
		Pet Far Eastern (M) Sdn. Bhd.	3	Account receivables	108,821	Based on agreement	-
		Pet Far Eastern (M) Sdn. Bhd.	3	Sales	(149,767)	Based on agreement	-
Far Eastern Dupont (Holding) Ltd.	2	Other payables	(847,700)	Based on agreement	-		
11	Far Eastern Investment (Holding) Ltd.	Far Eastern Apparel (Holding) Ltd.	3	Interest revenue	(500)	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	3	Other receivables	733,382	Based on agreement	-
		Far Eastern Dupont (Holding) Ltd.	3	Interest revenue	(970)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Interest revenue	(6,467)	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
		Far Eastern Polychem Industries Ltd.	3	Other receivables	\$ 374,290	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Other receivables	1,431,372	Based on agreement	-
		Oriental Petrochemical (Shanghai) Corp.	3	Interest revenue	(647)	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Interest revenue	(29,363)	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Other receivables	618,579	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	3	Interest revenue	(5,320)	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	3	Other receivables	580,069	Based on agreement	-
		Far Eastern Apparel (Vietnam) Ltd.	1	Other receivables	75,688	Based on agreement	-
		Pet Far Eastern (M) Sdn. Bhd.	1	Interest revenue	(2,293)	Based on agreement	-
		Pet Far Eastern (M) Sdn. Bhd.	1	Other receivables	130,597	Based on agreement	-
		Far Eastern Polytex (Holding) Ltd.	3	Interest revenue	(2,675)	Based on agreement	-
		Sino Belgium (Holding) Ltd.	3	Interest revenue	(2,940)	Based on agreement	-
		Waldorf Services B.V.	1	Interest expenses	265	Based on agreement	-
		Waldorf Services B.V.	1	Other payables	(35,422)	Based on agreement	-
12	Oriental Textile (Holding) Ltd.	Far Eastern Apparel (Holding) Ltd.	3	Interest revenue	(1,822)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest expenses	29,363	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	(618,579)	Based on agreement	-
		Far Eastern Industries (Wuxi) Ltd.	1	Cost of goods sold	549,977	Based on agreement	-
		Far Eastern Industries (Wuxi) Ltd.	1	Other receivables	302,750	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Interest revenue	(1,499)	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	1	Accounts payable	(334,078)	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	1	Cost of goods sold	1,924,413	Based on agreement	1
		Oriental Industries (Suzhou) Ltd.	1	Other receivables	2,210,075	Based on agreement	1
13	Far Eastern Resources Development Co	An Ho Garment Co., Ltd.	3	Interest revenue	(3,732)	Based on agreement	-
		An Ho Garment Co., Ltd.	3	Other receivables	578,000	Based on agreement	-
		Far Eastern General Contractor Inc.	3	Construction in progress	260,286	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Interest revenue	(1,176)	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	3	Interest revenue	(7,627)	Based on agreement	-
		Yuan Tong Investment Co., Ltd.	3	Interest expenses	1,112	Based on agreement	-
		Yuan Ding Co., Ltd.	3	Unearned Revenue	(563,647)	Based on agreement	-
14	Oriental Petrochemical (Taiwan) Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	3	Account receivables	230,332	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	(2,161,162)	Based on agreement	1
		Far Eastern Industries (Suzhou) Ltd.	3	Sales	(613,503)	Based on agreement	-
		Far Eastern New Century Corporation	2	Account receivables	931,831	Based on agreement	-
		Far Eastern New Century Corporation	2	Sales	(10,105,219)	Based on agreement	4
15	PET Far Eastern (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Interest expenses	5,320	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	(580,069)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Corp.	1	Other receivables	310,258	Based on agreement	-
		Oriental Petrochemical (Shanghai) Corp.	1	Other receivables	989,993	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
16	Far Eastern Apparel (Holding) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	1	Accounts payable	\$ (158,404)	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	1	Cost of goods sold	884,222	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest expenses	500	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	(733,382)	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Interest expenses	1,822	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited		Other receivables	908,250	Based on agreement	-
17	Far Eastern General Contractor Inc.	Far Eastern Resources Development Co	3	Advance construction receipts	(260,286)	Based on agreement	-
		Far Eastern Construction Co., Ltd.	2	Construction revenue	1,224,122	Based on agreement	1
18	Far Eastern Industries (Wuxi) Ltd.	Far Eastern Apparel (Suzhou) Limited	3	Interest expenses	2,101	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	3	Interest revenue	(481)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	3	Other receivables	154,651	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	3	Interest expenses	3,282	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	3	Sales	(107,434)	Based on agreement	-
		Far Eastern New Century Corporation	2	Cost of goods sold	128,195	Based on agreement	-
		Oriental Textile (Holding) Ltd.	2	Sales	(549,977)	Based on agreement	-
		Oriental Textile (Holding) Ltd.	2	Other payables	(302,750)	Based on agreement	-
19	ARCOA Communication Co., Ltd.	Yuan Ding Investment Co., Ltd.	2	Held to maturity financial assets - current	10,000	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	2	Interest receivables	77	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	2	Interest revenue	(200)	Based on agreement	-
20	Yuan Ding Co., Ltd.	Far Eastern Resources Development Co	3	Land use rights	563,647	Based on agreement	-
21	An Ho Garment Co., Ltd.	Ding Yuan International Investment Co., Ltd.	3	Interest expenses	338	Based on agreement	-
		Far Eastern Resources Development Co	3	Interest expenses	3,732	Based on agreement	-
		Far Eastern Resources Development Co	3	Other payables	(578,000)	Based on agreement	-
		Yuan Tong Investment Co., Ltd.	3	Interest expenses	2,995	Based on agreement	-
22	Ding Yuan International Investment Co., Ltd.	An Ho Garment Co., Ltd.	3	Interest revenue	(338)	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Interest revenue	(926)	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	3	Interest revenue	(611)	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Other receivables	55,000	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	3	Other receivables	70,000	Based on agreement	-
23	Far Eastern Apparel (Vietnam) Ltd.	Far Eastern New Century Corporation	2	Sales	(416,378)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.		Other payables	(75,688)	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
24	Far Eastern Dupont (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Interest expenses	\$ 970	Based on agreement	-
		Sino Belgium (Holding) Ltd	3	Interest expenses	1,411	Based on agreement	-
		Sino Belgium (Holding) Ltd	3	Other payables	(66,605)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	1	Other receivables	847,700	Based on agreement	-
25	Kai Yuan International Investment Co., Ltd.	Ding Yuan International Investment Co., Ltd.	3	Interest expenses	926	Based on agreement	-
		Ding Yuan International Investment Co., Ltd.	3	Other payables	(55,000)	Based on agreement	-
		Far Eastern Resources Development Co	3	Interest expenses	1,176	Based on agreement	-
		Yuan Tong Investment Co., Ltd.	3	Interest expenses	2,995	Based on agreement	-
26	Oriental Resources Development Ltd.	Far Eastern New Century Corporation	2	Sales	(331,578)	Based on agreement	-
27	Far Eastern Polytex (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Interest expenses	2,675	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	1	Other receivables	363,300	Based on agreement	-
28	An Ho Garment Co., Ltd.	Far Eastern Apparel (Suzhou) Limited	2	Account receivables	77,773	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	2	Sales	(298,032)	Based on agreement	-
29	Sino Belgium Beer (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Limited	3	Interest expenses	1,002	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	3	Interest revenue	(18)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	3	Other payables	(38,516)	Based on agreement	-
		Sino Belgium (Holding) Ltd.	2	Other payables	(472,290)	Based on agreement	-
30	Sino Belgium (Holding) Ltd.	Far Eastern Dupont (Holding) Ltd.	3	Interest revenue	(1,411)	Based on agreement	-
		Far Eastern Dupont (Holding) Ltd.	3	Other receivables	66,605	Based on agreement	-
		Martens Beer Trading (Shanghai) Ltd.	1	Other receivables	24,220	Based on agreement	-
		Sino Belgium Beer (Suzhou) Ltd.	1	Other receivables	472,290	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest expenses	2,940	Based on agreement	-
31	Yuan Cheng Human Resources Consultant Corp.	Yuan Faun Ltd.	2	Interest expenses	150	Based on agreement	-
		Yuan Faun Ltd.	2	Other payables	(10,000)	Based on agreement	-
		Far Eastone Telecommunications Co., Ltd.	3	Other operating revenue	(247,631)	Based on agreement	-
32	Yuan Faun Ltd.	Yuan Cheng Human Resources Consultant Corp.	1	Interest revenue	(150)	Based on agreement	-
		Yuan Cheng Human Resources Consultant Corp.	1	Other receivables	10,000	Based on agreement	-
33	Yuan Tong Investment Co., Ltd.	An Ho Garment Co., Ltd.	3	Interest revenue	(2,995)	Based on agreement	-
		Far Eastern Resources Development Co	3	Interest revenue	(1,112)	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Interest revenue	(2,995)	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	3	Interest revenue	(2,990)	Based on agreement	-
34	Worldwide Polychem (HK) Limited	Far Eastern New Century Corporation	2	Accounts payable	(154,054)	Based on agreement	-
		Far Eastern New Century Corporation	2	Cost of goods sold	154,054	Based on agreement	-

(Continued)



No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
35	New Century InfoComm Tech Co., Ltd.	Yuan Ding Investment Co., Ltd.	2	Held to maturity financial assets - current	\$ 990,000	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	2	Interest receivables	7,594	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	2	Interest revenue	(19,800)	Based on agreement	-
36	Waldorf Services B.V.	Far Eastern Investment (Holding) Ltd.	2	Interest revenue	(265)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	2	Other receivables	35,422	Based on agreement	-
37	Far EasTone Telecommunications Co., Ltd.	Yuan Cheng Human Resources Consultant Corp.	3	Contract expense	247,631	Based on agreement	-
38	Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	1	Construction costs	(1,192,049)	Based on agreement	1
		Far Eastern General Contractor Inc.	1	Buildings and Land Held for Sale	(32,073)	Based on agreement	-
39	Martens Beer Trading (Shanghai) Ltd.	Sino Belgium (Holding) Ltd.	2	Other payables	(24,220)	Based on agreement	-

Note A: The numbers of column:

- a. The Company: 0.
- b. Subsidiaries are started at 1 consecutively.

Note B: The relationship:

1. From FENC to subsidiary.
2. From the subsidiary to FENC.
3. Between subsidiaries.

Note C: The number presenting in this column is the ratio of ending balance to consolidated asset or the ratio of cumulative amount to consolidated revenue.

(Concluded)