



# 2009

ANNUAL REPORT

# FAR EASTERN NEW CENTURY

(Formerly Far Eastern Textile)

Stock Code:1402 April 30, 2010

**F** FAR EASTERN GROUP



# Next

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## I. 2009 Business Report

### Business environment

The vicissitudes of the global economic situation after September 2008 were unprecedented. A severe economic slowdown caused by the worldwide credit shortage and confidence crisis was followed by an uneven recovery, which occurred much earlier than many economists and commentators had protested, with the developing countries leading the strong economic upturn, while the developed ones still striving to fight recessions. Several major economic trends, in our opinion, had affected and will continue to affect the performance of Far Eastern New Century (the Company), and those are discussed below:

Collective efforts from major governments, either adopting aggressive fiscal policies to stimulate economies or bailing out financial institutions on the verge of bankruptcy, injected substantial amount of capital into the financial system. Several central banks, by choosing quantitative easing monetary policy, also provided ample liquidity. The consequences are: 1) interest rates of major currencies fell to historical low or even zero; 2) prices of several commodities, including crude oil and cotton, both of which have material impact on the operating performance of the Company, rebounded quickly. It cannot be denied that much of the additional demand for commodity was the result of actual consumption supported by the economic stimulus measures. However, some of it, in our opinion, was based on speculation and inventory re-accumulation in respond to greater availability of credit and little carrying cost.

In the last four months before we published this business report, another serious test of confidence took place. The vexing problems of over indebted counties like Greece and Dubai led to speculations that some European countries, with a high sovereign debt over GDP ratio, may become insolvent. In addition, policy exits by other countries were concerned as premature, causing anxieties of the likely renewing of the confidence crisis, and a double-dip recession in the global economy is worried by many as inevitable.

The moves made by China also undoubtedly had significant impact on the global economy, as well as the Company's performance in 2009. The hyper-stimulative policy adopted by the Beijing authority in late 2008 fulfilled its mission to achieve a GDP growth of 8% during 2009 in the worst of the global recession. The strong domestic demand in China counterbalance the negative effect from reduced imports by the US and EU countries in 2009, and the tremendous potential of China domestic market was, therefore, viewed as light at end of the tunnel by enterprises everywhere else. The value of the Renminbi currency also becomes a main topic of debate over trade imbalance, a target of being speculated on by financial professionals, and a benchmark of several other currencies in the Asian emerging markets including Taiwan.

Exertions by the Taiwanese authority to rescue the economy from recession, to some extent, had influences as well. These exertions included the free purchasing vouchers distributed to its citizens in order to encourage domestic consumption, restrictions on the interactions with China were selectively lifted, and conversations between Taipei and Beijing began to increase. A financial MOU was signed between Taipei and Beijing, allowing Taiwanese financial institutions to establish outlets in China, and in the meantime, the Taiwan financial authority opened the Taiwan equity and debt markets to the QDII funds raised in China under certain provisos. ECFA (Economic Cooperative Framework Agreement), a free trade agreement

## **Business report**

framework now being under negotiation with Beijing, is another effort made by Taiwanese authority to cope with the likely challenges from the FTAs (Free Trade Agreements) between ASEAN countries.

### **Operating results**

Year 2009 was the Company's sixtieth anniversary after its inception in Taiwan. With relentless efforts, the Company has successfully grown and migrated from a small cotton yarn mill, into a sizable entity with a vertical polyester production facility, meanwhile controlling substantial holdings in real estate, and a diversified portfolio of equity investments. On 20 October 2009, the company decided to rename itself from Far Eastern Textile Limited (FETL) to Far Eastern New Century Corporation (FENC), to properly represent its current business scope. A new company mission was announced to guide the future path of this company: "Having innovative thinking, superior technology, and excellent managerial skills, we aim to lead the polyester industry and maximize the value of our holdings in estates and equities, and that shall bring happiness and prosperity to the community where we ourselves belong."

The financial results of the Company in 2009 improved substantially compared to 2008. The operating revenue reached NT\$41.9 billion and NT\$167 billion on the parent-alone basis and consolidated basis, respectively. The net income rose to NT\$8.1 billion, an increase of 76% YoY, translating into an EPS of NT\$1.74. Reasons of this improvement in financial results are: 1) lower raw material costs for one of the company's main products, Purified Terephthalic Acid (PTA), turned the severe loss of this business into positive territory; 2) aggressive re-financing lowered the costs of borrowing, reducing the interest expenses by 51%, or NT\$600 million.

The Board has proposed to pay a cash dividend of NT\$1.3 per share and a stock dividend of NT\$0.2 per share, representing a combined payout ratio of 86.4%. The Board also recommends each shareholder vote FOR the proposal of dividend payout.

In addition to the achievements in delivering financial results, FENC also improved several non-financial value drivers, which we believe would lead to the further growth in the future, and those are recapped below:

#### ***Continual upgrade of product mix at the polyester business***

We believe continual upgrade of the product mix is a must to maintain the Company's leading position in the polyester industry. In 2009, several new production lines were being constructed, and new applications were being launched. Amorphous PET sheets represented the most prominent result in this regard. The capacity of such product was increased by 97% in Taiwan to 22,000 tons/year, and commercial operations were commenced in 4Q09, giving the Company the number one position in Taiwan in terms of market share. Two additional lines are being constructed in Wuhan, Hubei Province in China, and expected to be completed in 2010. More importantly, new characteristics, such as anti-static to prevent electrical interferences, are developed for such sheets. As a result, PET sheets now are well accepted by electronics producers for the wrapping and packaging purposes of mobile phones, LCD panels, hard drives of computers, memory cards, and so forth, replacing their conventional packaging materials of polyvinyl chloride and Styrofoam.

The launch of PET-made beer bottles was another achievement. The Company constructed a PET-made beer bottle plant in Suzhou, for the purpose of producing PET bottle chips, bottle pre-forms, filling, and bottling of beer. The first launch was in October 2008, licensed by Martens Beer, a prestigious beer brand in Belgium for two hundred years, targeting Shanghai

as the primary market. This bottle, named as CoolerPak™, is the first one of the PET-made beer bottle in China, with characteristics of recyclable and light-weighted. In 2009, the Company has secured other beer companies, including but not limited to Japanese Asahi and Suntory, as new customers, providing them services of filling and bottling of beer. The geographical market has also been expanding from only Shanghai area to the whole east coast area, the southern area of China, as well as Taiwan.

#### ***Resources re-allocation at the textile business***

We believe resources of each company are limited, and should be re-allocated from lower return business to higher return one. In 2009, some aged and less efficient cotton yarn spindles at the Neili site in Taiwan were phased out. The main business target now focuses on the designs and inventions of new raw materials for international sportswear brand names – Nike and Adidas, and the newly emerging China brands – Li Ning, Anta, and Kappa. Part of the Company's original production processes, such as fabricating, dyeing and finishing, now are sub-contracted with co-operative firms, reducing the Company's capital expenditures and labor costs, in hopes of raising the return on the invested capital in the textile business with a new asset-light business model.

#### ***Aggressive expansions at core investments***

Major investment holdings of the Company are property development, cement, retail, and telecommunication businesses. The construction of Taipei Far Eastern Telecom Park (Tpark), located at the outskirts of Taipei City, has been implemented for two years, and the pre-sale of the first residential product and the pre-rent of the first commercial office building were both launched at the end of 2009. Regarding the cement business, Asia Cement (China) had increased its capacity in China by 50% in 2009 to 12 million tons/year. In spite of the falling prices of cement in China, the aggressive expansion in output volume by Asia Cement (China) successfully compensated the weakness of falling prices, providing the parent company with stable investment income. The retail business achieved an outstanding growth of 570% at its earnings in 2009, thanks to the return of the consumers' confidence. Three new stores were opened in 2009 – SOGO at Tienmu in Taipei, Far Eastern Department Store in Hualian, and a high-end Far Eastern Store at Wukesong area, the 2008 Olympics Game Stadium, in Beijing.

Despite of the high penetration rate and the intensive competition of the mobile business in Taiwan, Far EasTone Telecom continued to achieve stable earnings performance. In 2009, Far EasTone was the first mobile company to launch the 4G WiMAX service among Taiwan peers, providing household and enterprise customers an alternative choice for connection to Internet. This service started in the Taichung City, and then its network is being expanding gradually to cover the whole Taiwan Island. Last mile connection by fiber optical since then was no longer an obstacle for Far EasTone to acquire household and enterprise customers.

#### ***Honors and awards***

FENC was awarded by the CommonWealth Magazine the "Year 2009 Taiwan's Most Admired Company", and this is the fourth consecutive year that the company receive this honorable recognition from the local society. Its subsidiary, Far EasTone Telecom, was awarded the "The Best Corporate Social Responsibility" and the "The Best Investor Relations" based on the voting polls conducted by the FinanceAsia Magazine in 2009.

#### **Plans and prospects**

Guided by the new company mission mentioned above, the business plan of the company in 2010 will focus on the followings:



## **Business report**

### ***Upgrade production lines to expand margin***

Two major projects now are under planning. First, a new PTA production line is planned at the Guanyiin site in Taiwan, with a capacity of 1.2 million tons/year. The purpose of this new production line, built by the company's subsidiary, Oriental Petrochemical (Taiwan), is to replace its existing old facilities at the adjacent area. Once completed, better efficiency of the new line can lower the production cost per unit; meanwhile, the production volume would rise by 20%. Second, a single PET production line, with a capacity of 700,000 tons/year, is planned at the Pudong site in Shanghai, provided relevant licenses can be granted. This is the largest single PET production line in the world, with the most advanced production technology. Such new line is expected to double the PET capacity of the company in China, and the production cost will be much competitive for its mass scale relative to peers.

### ***Create green products to meet customers' demand***

The climate change has already attracted worldwide attentions; environmental sustainability and reduction of carbon emission have gradually become a requirement, not only from the investment professionals but also from product end users. In order to meet customers' demand and fulfill our social responsibility, the company has already launched several projects, by co-operating with our customers or partners. Two major ones of these projects in 2009 are:

First, sportswear made of recycled fibers. More and more international sportswear brand names, for instance, Nike and Adidas, now require its suppliers to mix at least 10% of the recycled fibers in the raw materials used for their products. In order to promote the awareness of conserving the environment, Nike, as one of the major sponsors of the 2010 FIFA World Cup™ in South Africa, has decided to "GO GREEN", requiring all jerseys of the football teams sponsored by Nike being made of 100% recyclable materials. FENC successfully meets this requirement, and is responsible for the design and manufacturing of the jerseys for national teams of Brazil, Australia, and New Zealand. Each of the shirts has been fabricated with up to eight PET bottles, amounting to a reduction of a 30% in energy consumption, as against the energy used in the process of manufacturing jerseys from virgin polyester. The all new jerseys for these teams have been termed, according to Nike, as the most environmentally friendly and technologically advanced kits in football history.

Second, a "bottle to bottle" re-generation technology. FENC has worked with one of our largest customers, Coca Cola, to mix recycled PET chips with virgin bottle chips to produce bottles for soda drinks. Starting from this year, FENC accepts the challenges from the Plantbottle™ Project initiated by Coca Cola, to produce technologically innovative bottles. The said innovative PET bottles are made of bio-MEG, and thus result in less carbon dioxide emission than petroleum-based MEG, helping resolve the waste issues faced by beverage producers and promoting the awareness of conserving the environment.

### ***Increase the return from the core investments***

The development of the Tpark project mentioned above have been executed for four years, and we expect this year to be the first year for the Company to reap results. The pre-sale of its first residential product "California Dream" turned out to be satisfactory. We estimate the total sales of this product can reach roughly NT\$8 billion. Construction is slated for completion by the end of 2010. Based on the percentage-of-completion-method, we believe a substantial amount of the profit from this residential product can be booked in this year. Soon followed by this accomplishment, the ground breaking of the second residential product is also planned for this year. The rental income from the first commercial office building will also occur from this year and beyond.

The next development target of the Company's land holdings will be the piece located in Yilan, and that is planned to be developed into a hotel resort combined with a shopping center. The project plan had already received the permit from the Ministry of Interior in 2009, and the development and construction will begin soon in 2010.

Subsidiaries in other investment area are also expected to have positive expectations in 2010. Asia Cement (China) will continue its aggressive expansion in China to strengthen its market position. Another four production lines will be commenced in 2010, located in Hubei, Jiangxi, and Sichuan Provinces, respectively, increasing its China capacity by additional 67%, from 12 million tons/year in 2009 to 20 million tons/year by the end of 2010. Far Eastern Department Stores will open two new stores, with one in Taichung City, Taiwan, and the other in Wuxi, Jiangsu Province in China.

In order to capture the market share in the non-voice data services, including value-added services and multimedia services, Far EastTone Telecom has built alliances with mobile device providers to launch varieties of smart phones, and provided subscribers several choices of bucket data rate plans to encourage usages. In 2010, Far EastTone Telecom plans to launch "S mart", the first Taiwan independent mobile application store with full localized experience. Both Far EastTone and non-Far EastTone subscribers can download applications, such as games, news, travel information, social net-working, music, and multimedia services from the "S mart", allowing Far EastTone to retain its current subscribers, and in the meantime, penetrate into the territory of its peer companies.

### **Corporate social responsibilities**

To promote the awareness of conserving the environment, FENC has been working with the Taipei City Government in the event of 2010 Taipei International Flora Expo. The company has built the pavilion, named as Far Eastern EcoARK, for the Expo. The pavilion walls are made of PET crystal bricks recycled from PET bottles. Such design can not only reduce the consumption of construction materials, but also save the energy to lighten the building for the natural transparency of PET bricks. The Expo pavilion demonstrates a perfect combination of green, sense of beauty, and modern architecture technology.

Since its inception, FENC has long committed to be a responsible corporate citizen. It has established several non-profit foundations, and continuously sponsored programs dedicated to the promotion of medical, educational, cultural, and scientific activities. While the Company decided to commemorate its sixtieth anniversary in 2009, it therefore chose a unique way – "Reward to the society", to share its achievements with, and to express its gratitude to, the society. On 8 August 2009, shortly after Typhoon Morakot hit Taiwan, the Group synergized swiftly to reconstruct and relocate five primary and junior high schools in Kaohsiung County. In early 2010, the Company organizes 12 stations in Taiwan, and mobilizes all employees in the whole Group to donate blood, filling the blood bank in Taiwan. As aforesaid, bringing happiness and prosperity to the community where we ourselves belong is an essential part of the company's mission.

We sincerely thank the continual supports from our shareholders and dedicated efforts of our employees. Sixtieth anniversary indicates a milestone of significant consequence in the Company's history. The management team is determined to persevere with the Company's great tradition, its founding spirit "Sincerity, Diligence, Thrift, Prudence" and "Innovation", to deliver excellence as it always does. Moreover, the management is inspired by the new company name and the new company mission to aim higher and to deliver better results, ensuring our shareholders will be better rewarded in the coming years.

## II. Company Profile

### 1. Date of Incorporation

13 January 1954

### 2. Company history

- 1942** • Yu-Ziang Hsu founded Far Eastern Knitting Factory Co., Ltd. in Shanghai to produce "Skyscraper"-brand underwears for sale throughout the whole country.
- 1949** • The company relocated to Taiwan, and installed its knitting factory in Panchiao, the outskirts of the Taipei City, where it continued producing and marketing knitted products.
- 1953** • The name of the Company was changed to Far Eastern Knitting Co., Ltd.; meanwhile, the Taiwan Far Eastern Textile Co., Ltd. was founded in Panchiao for the purpose of establishing a weaving mill.
- 1954** • Far Eastern Knitting and Taiwan Far Eastern Textile were merged to form Far Eastern Textile Ltd. (FETL), which was located on Yungsui Rd. in Taipei.
- 1955** • Shirt production equipment was added, and the Company received its first export order for cotton yarn, and that was also the first cotton yarn export order for the Republic of China.
- 1960** • An advanced apparel plant was established.
- 1963** • Cotton and chemical fiber facilities were installed in response to the growing needs of society and the synthetic fiber industry.
- 1964** • The second textile plant was established to supply yarns for the internal consumption of the Company.
- 1965** • The third synthetic fiber textile plant was established, completing the vertical integration of FETL's processes from spinning to weaving, dyeing and finishing, and apparel production.
- 1966** • The headquarter was moved to Paoching Rd. in Taipei in July.
- 1967** • Permission for FETL shares listed in the Taiwan Stock Exchange was received in April.
- 1969** • A new garment factory was constructed at Hsinpu.
- 1970** • A new spinning plant was built at Hsinpu to produce yarns from polyester and

acrylic fibers.

- 1972** • The Panchiao textile factory of Taiwan Textile and the Neili textile plant of Yungshing Industries were procured and converted to FETL's Panchiao and Neili textile plants.
- 1974** • The Yilan apparel plant was built.
- 1978** • The Chungchou Textile Plant at Kuanyin in Taoyuan County was purchased and renamed as Kuanyin Textile Factory.
  - Permission was received to acquire and merge Oriental Chemical Fiber and establish a chemical fiber plant.
- 1979** • A textile plant belonging to the former Jung Lung Textile was acquired and renamed as Taishan Textile Plant.
- 1982** • Permission was received to merge Oriental Chemical Fiber into FETL and established the Eastman Division, which in July of the next year was merged into the Textile Division.
- 1987** • The Hukou textile factory was developed, and yarn and fabric plants were constructed there.
  - Ground-breaking for the Taipei Metro Tower took place in August; these multiple-purpose towers, with 41 stories above ground and five below, contain offices, a shopping center, and a tourist hotel.
  - A joint investment of NT\$1 billion was carried out with Card Freudenberg of Germany and Vilene of Japan in the establishment of Freudenberg Far Eastern Spunweb Co. to engage in the production of non-woven industrial fabrics and related high-tech polyester fiber products.
  - The production technology was acquired from L'Air Liquide International of France and a joint investment of NT\$230 million was made in the establishment of Liquid Air Far East Ltd. to produce nitrogen and other industrial gases.
  - To gain market share for FETL's PET bottles in Southeast Asia, joint investments were carried out in October with Hong Kong and Thai companies for the establishment of P.E.T. Packaging (HK) Ltd. and P.E.T. (Thailand) Co., respectively.
- 1988** • To create new applications for polyester filament, a joint investment of NT\$1 billion was made together with Hong Ho Precision Textile Co. in the establishment of Everest Textile Co. to produce fine woven fabrics as a means of adding value to FETL products.
  - In line with the government's environmental protection policy, an investment was made jointly with the Shin Kong Group to establish the Taiwan Resources Recycling Co. to engage in the recycling and handling of post-consumed PET bottles.
- 1990** • Convertible bonds were issued in the amount of NT\$1.5 billion and carrying an interest rate of 4.25%. These were the first convertible bonds being issued in Taiwan.

## Corporate Governance Report

- 1991** • Permission was received to carry out the first issuance of overseas corporate bonds in the amount of US\$50 million. The bonds were fully subscribed in October that year.
- 1993** • The Hsinpu Synthetic Fiber Plant of the Fiber Division passed evaluation by the DNVI company to become the first chemical fiber plant in Taiwan to win ISO-9001 certification.
- Construction of the Taipei Metro Tower completed in October and the headquarters of FETL as well as of Asia Cement and other related companies moved into the complex on 16 and 17 October, making this the locus of the Far Eastern Group.
- 1994** • The Yilan and Panchiao plants of the Apparel Division, and the Neili and Hukou plants of the Textile Division, won ISO-9002 certification.
- 1995** • DuPont-Far Eastern Co. Ltd. was established in cooperation with DuPont of the United States, with an investment of US\$100 million, for the production of high-tech nylon 66.
- A contract was signed with ICI for the establishment of ICI Far Eastern Ltd. to construct a PTA plant at Kuanyin in Taoyuan County.
- 1996** • Permission was received in July from the Investment Commission, Ministry of Economic Affairs for a joint investment of US\$30 million by FETL and its wholly-owned subsidiary Yuan Ding Investment Corp. in the establishment of a holding company in a third area to establish Far Eastern Industries (Shanghai) Ltd. for the production and sale of polyester staple, polyester filament, and other products.
- The first domestic exchangeable corporate bonds were issued in July, in the amount of NT\$1.5 billion and with a zero coupon rate. The holders of the bonds can choose to exchange them for common shares of two Far Eastern Group companies, Far Eastern Department Stores or U-Ming Marine Transport Corp.
- 1997** • In January, Far EasTone Telecommunications Ltd., which is 62.4% owned by FETL's subsidiary Yuan Ding Investment Corp., obtained island-wide DCS and northern-region GSM mobile phone licenses from the Directorate General of Telecommunications. This new high-tech enterprise was a powerful stimulative force in FETL's transition into the new century, and it provided a new model for growth as well.
- In July, FETL carried out its first rights issue since 1974 and issued 120 million common shares at a premium of NT\$35, accumulating a total of NT\$4.2 billion. The rights issue improved the Company's capital structure, strengthened its operating system, boosted its paid-in capital by a large amount, and made it one of the few companies in Taiwan with a capitalization above NT\$20 billion
- The FETL-invested Far Eastern Apparel (Suzhou) Co. Ltd. began commercial production in August, penetrating China domestic market primarily with Paul Simon-brand underwears.
- 1998** • The FETL-invested Far Eastern Textile Industrial (Shanghai) Co. Ltd. began trial production in September.

- Production by the ring-spindle machines at Hukou Plant No. 8 began in November, easily absorbing the post-expansion demand for cotton yarn materials by domestic yarn-dyed fabric plants.
- 1999**
- FETL issued new common shares in October. Along with original shares held by Asia Cement and Far Eastern Department Stores, a total number of 14.4 million shares was used as the underlying assets to issue GDRs at a premium of NT\$44.5/share. This issuance not only raised the capital but also directed FETL to the international capital market.
- 2000**
- In January, FETL issued its second convertible bond of US\$15 million. It is the first 5 - year zero coupon, zero put structure in the world that saved material borrowing costs for the company.
  - FETL-invested New Century InfoComm Tech Co., Ltd. (NCIC) was awarded one of the three fixed line info-comm licenses in March. This became another big step for FETL in telecommunications business.
  - Mr. Y. Z. Hsu, Far Eastern Group founder, passed away at the age of 90 in December and left behind the most valuable and cherished founding spirit of "Sincerity, Diligence, Thrift, and Diligence" as the Company's motto.
- 2001**
- In March, FETL-invested NCIC launched its voice and data services with "Sparq" as the brand name. Best quality services of NCIC help customers surf in an era of keen competition and rapid changes.
  - Far Eastern Industries (Shanghai) Ltd. completed its expansion in September.
  - Far EastTone Telecommunications Ltd. (FET), consortium headed by the Far Eastern Group and AT&T plus other members, successfully became a public listed company in Taiwan OTC Securities Market in December. FET is the 2nd public listed company of mobile phone services in Taiwan.
- 2002**
- In May, FETL started the installation of SAP R/3 as the ERP system with PricewaterhouseCoopers. This project helped promoting internal processing re-engineering, cost reduction and management of financial information.
  - In June, permission was received from the Investment Commission, Ministry of Economic Affairs for an investment by FETL's wholly-owned subsidiary Yuan Ding Investment Corp. to establish Far Eastern Industries (Wuxi) Ltd.
- 2003**
- In September, FETL spun off its holdings of land and transferred such holdings as paid-in capital of the 100%-owned Far Eastern Resources Development Company ("FERD"), which became a vehicle specializing in developing and monetizing the existing land resources.
- 2004**
- In April, FETL-invested company "Far Eastern Electronic Toll Collection Co. Ltd." has signed BOT contract with National Freeway Bureau.
- 2005**
- In February, a development project " Taipei Far Eastern Telecom Park" conducted by FERD was approved by Ministry of Economic Affairs as "national major investment and major public constructions".
  - In April, FET was approved by Taiwan Stock Exchange Corporation to become as a public listed company.

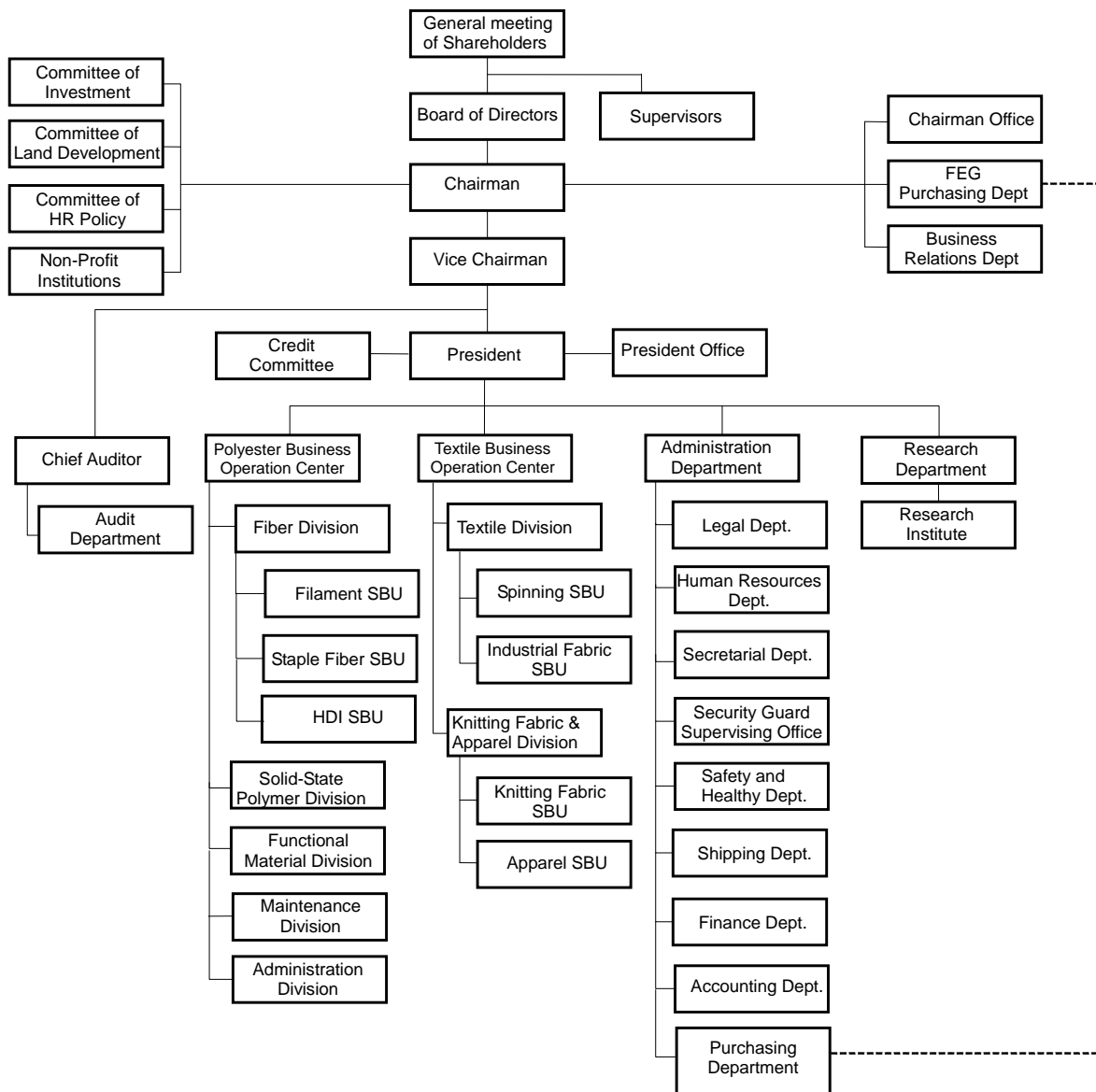
## Corporate Governance Report

- 2006**
- In February, The public highway electronic toll collection system was officially activated, this system was built by FETL-invested company "Far Eastern Electronic Toll Collection Co. Ltd."
  - In April, Oriental Petrochemical (Shanghai) Corporation invested by FETL commenced production, with a PTA production capacity of 600,000 tons/year to support the synthetic fiber business under Far Eastern Group and other producers.
- 2007**
- In January, FERD, fully owned by FETL, proposed to the government an urban development plan, changing the Company's Panchiao site from a factory-used land into a telecommunication-related specialized zone combined with a medical service center. The government had already approved such proposal after a three-year evaluation. This land re-zoning plan was officially announced on 23 January 2007.
  - In June, Far Eastern (China) Investment Holding Ltd invested by FETL obtained operating license
  - In July, the long term and short term credit rating of FETL were rated as "twA+" and "twA-", respectively, by Taiwan Ratings Corp. for the first time.
- 2008**
- In March, Sino Belgium Beer (Suzhou) Ltd was established and invested by FETL. The factory was completed in April. In October, a beer "Martens 1758", manufactured for Belgium Martens beer company, was marketed in Shanghai area.
  - In October, FETL obtained all shares of "Invista Far Eastern Petrochemicals Ltd."& "Far Eastern Invista Ltd." and renamed them to " Oriental Petrochemical (Taiwan) Co. Ltd." & "Far Eastern Fibertech Co., Ltd.", respectively.
- 2009**
- In April, FETL built a pavilion named "Far Eastern EcoARK" for the International Flora Expo held by the Taipei City Government. Such pavilion built by recycled PET bricks helped promote the awareness of conserving the environment.
  - 
  - In October, in the Company's Extraordinary Shareholders' Meeting held on 13 October 2009, shareholders presented had resolved and approved to rename the company, from Far Eastern Textile Limited (FETL) to Far Eastern New Century Corporation (FENC), effective on the same date.
- 2010**
- In January, new shares of FENC were listed in Taiwan Stock Exchange.

### III. Corporate Governance Report

#### 1. Organization

##### 1.1 Organization chart





## Corporate Governance Report

### 1.2 Affairs in charge for each major departments

<b>Department</b>	<b>Affairs in charge</b>
Audit Department	Internal auditing
Polyester Business Operation Center	Production and sales of polyester chips, polyester staple fibers, pre-oriented yarn of polyester, PET bottles, and polyester films.
Textile Business Operation Center	Printing and dyeing processing of yarn, silk, fabric and cloth; production and sales of miscellaneous natural, man-made, synthetic fiber yarns and fabrics, blended yarns and fabrics, and woven finished clothings and knitted finished clothings.
Administration Department	Legal, human resources, documentary, general administration, shipping, securities, finance, accounting, and purchase departments
Research Institute	Research and development

## 2. Directors, Supervisors and Management Team

### 2.1 Directors and Supervisors

Book closure date: 24 April 2010

Title	Name	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse & minor children		Curriculum vitae △ Other positions in FENC and/or other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
					Share	%	Share	%	Share	%		Title	Name	Relation
Chairman	Douglas Tong Hsu	06.26 2009	3	12.23 1967	51,901,829	1.14	52,939,865	1.14	0	0	National Chiao Tung University, TW, Honor Ph.D in Management University of Columbia, USA, Master in Economics △Chairman of ACC, OUCC, U-Ming, FEDS, Far EasTone, and Vice Chairman of FEIB	Vice Chairman Director Director Supervisor	Johnny Shih Raymond Hsu Peter Hsu Alice Hsu	Brother-in-law Brother Brother Sister
Vice Chairman	Johnny Shih Representative of Yue Ding Industries Co., Ltd.	06.26 2009	3	02.09 1979	1,610,402 *1,991,951	0.04 0.04	1,610,402 *2,031,790	0.04 0.04	0 *22,797,093	0 0.49	University of Columbia, USA, Master in Computer Science △President of FENC, Chairman of Everest Textile, Vice Chairman of OUCC, Director of ACC & FET	Chairman Director Director Supervisor	Douglas Tong Hsu Raymond Hsu Peter Hsu Alice Hsu	Brother-in-law Brother-in-law Brother-in-law Brother-in-law
Director	Raymond Hsu Representative of Yue Ding Industries Co., Ltd.	06.26 2009	3	04.14 1976	1,610,402 *20,291,617	0.04 0.44	1,610,402 *20,697,449	0.04 0.44	0 *20,111,871	0 0.43	Australian Mining and Metallurgy College, Australia △Chief auditor of FENC, Chairman of An Ho Garment Co., Ltd. & Fu Kwok Garment Manufacturing Co., Ltd.	Chairman Vice Chairman Director Supervisor	Douglas Tong Hsu Johnny Shih Peter Hsu Alice Hsu	Brother Brother-in-law Brother Sister
	Peter Hsu Representative of Asia Cement Corporation	06.26 2009	3	04.14 1976	1,018,191,496 *19,360,443	22.28 0.42	1,039,915,325 *22,195,651	22.31 0.48	0 *4,021,830	0 0.09	Stanford University, USA, Master in Operation Research UCLA, USA, Master in Computer Science △Senior Executive Vice President of FENC, Director of ACC & FET, Supervisor of U-Ming	Chairman Vice Chairman Director Supervisor	Douglas Tong Hsu Johnny Shih Raymond Hsu Alice Hsu	Brother Brother-in-law Brother Sister
	Shaw Y. Wang Representative of Asia Cement Corporation	06.26 2009	3	05.10 1985	1,018,191,496 *337,542	22.28 0.01	1,039,915,325 *344,292	22.31 0.01	0 0	0 0	National Chung Hsing University, TW, Business Administration Department △Senior Executive Vice President of FENC, Supervisor of ACC, Director of FEIB	-	-	-
	Champion Lee Representative of Asia Cement Corporation	06.26 2009	3	04.20 1988	1,018,191,496 *195,871	22.28 0.00	1,039,915,325 *199,788	22.31 0.00	0 0	0 0	Texas A&I University, USA, Master in Business Administration △Senior Executive Vice President of FENC, Supervisor of ACC, Director of FET & U-Ming	-	-	-

Title	Name	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse & minor children		Curriculum vitae Δ Other positions in FENC and/or other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
					Share	%	Share	%	Share	%		Title	Name	Relation
Director	G. M. Wang Representative of Asia Cement Corporation	06.26 2009	3	05.15 2000	1,018,191,496 *0	22.28 0	1,039,915,325 *0	22.31 0	0 0	0 0	Kansas State University, USA, Ph.D in Industrial Engineering ΔPresident of Nan Kai University of Technology	-	-	-
	Y. H. Tseng Representative of Far Eastern Department Stores	06.26 2009	3	06.13 2006	17,044,378 *265,507	0.37 0.01	17,385,234 *270,817	0.37 0.01	0 0	0 0	Tung Hai University, TW, Chemical Engineering Department ΔSenior Executive Vice President of FENC	-	-	-
	Richard Yang Representative of Far Eastern Department Stores	06.26 2009	3	06.13 2006	17,044,348 *630,461	0.37 0.01	17,044,348 *719,070	0.37 0.02	0 0	0 0	American Graduate School of International Management ΔPartner of STIC Investments (HK)	-	-	-
	Kuan-Tao Li Representative of Far Eastern Department Stores	06.26 2009	3	06.13 2006	17,044,348 *0	0.37 0	17,385,234 *0	0.37 0	0 0	0 0	Master in Law, New York University, USA ΔChief Counselor, Lee and Li, Attorney-at-law	-	-	-
	Tonia Katherine Hsu Representative of Bai Yang Investment	06.26 2009	3	06.13 2006	1,892,330 *0	0.04 0	1,930,176 *0	0.04 0	0 0	0 0	Literature Department, Sarah Lawrence College, New York, USA ΔArt Counselor, Koo New York	Chairman	Douglas Tong Hsu	Daughter
Supervisor	Alice Hsu Representative of U-Ming Marine Transport Corp.	06.26 2009	3	04.20 1988	26,620,814 *24,336,677	0.58 0.53	27,153,230 *24,805,410	0.58 0.53	0 0	0 0	Retail Business Management, Heaton College, USA ΔNil	Chairman Vice Chairman Director Director	Douglas Tong Hsu Johnny Shih Raymond Hsu Peter Hsu	Brother Brother-in-Law Brother Brother
	T. H. Chang Representative of U-Ming Marine Transport Corp.	06.26 2009	3	06.26 2009	26,620,814 *52,810	0.58 0	27,153,230 *79,046	0.58 0	0 0	0 0	Chairman of Jiangxi Oriental Cement Co., Ltd. ΔDirector of ACC & U-Ming, Chief Executive Officer of Asia Cement (China) Holding Corp.	-	-	-
	Ching-Ing Hou Representative of Yuan Ding Co., Ltd.	06.26 2009	3	06.13 2006	668,385 *0	0.01 0	678,692 *0	0.01 0	0 0	0 0	Vanderbilt University, USA, Master in Economics ΔChairman of FEIB	-	-	-

Note: 1. \* represents the number of Company shares owned by the individual representative.

2. No Director or Supervisor holds company shares via accounts under others' names.

## 2.1.1 Major shareholder of FENC's Directors is an institutional shareholder

Book closure date: 24 April 2009

Name of institutional shareholders	Major shareholders of the institutional shareholders (%)
Asia Cement Corp.	Far Eastern New Century Corp.(22.33); Far Eastern Medical Fundation (5.40); Yue Yuan Investment Co., Ltd.(5.32); Management Board of the Public Service Pension Fund (1.86); Far Eastern Department Stores Ltd. (1.82); Bai Ding Investment Co., Ltd.(1.61); Yuan Ze University(1.41); Labor Pension Fund Committee of Far Eastern New Century Corp. (1.13); Yu Chang Investment Co., Ltd.(1.04); Labor Pension Fund Committee of Asia Cement Corp. (0.92)
Far Eastern Department Stores Co., Ltd.	Far Eastern New Century Corp. (16.80); Asia Cement Corp. (5.56); Yuan-Ze University (4.68); Yue Yuan Investment Co., Ltd. (2.02); Labor Pension Fund Committee of Far Eastern Department Stores Co., Ltd. (1.86); HSBC as Trustee For the Martin Currie China Fund Inc.(1.57); Guardian Baillie Gifford Emerging Markets Fund account in the custody of Deutsche Bank AG (1.24); Schroder ISF Emerging Asia Fund account in the custody of JP Morgan Chase Bank, N.A. (1.17); Labor Pension Fund Committee of Far Eastern New Century Corp. (1.12); Bai Ding Investment Co., Ltd. (1.10)
Yue Ding Industries Co., Ltd.	Fu Da Transportation Co., Ltd.(26.95); Yue Tung Investment Corp.(25.36); An Ho Garment Co., Ltd. (15.66); Ding Yuan International Investment Co., Ltd. (13.20); Ton Fu Investment Corp.(4.61); Ta Chu Chemical Fiber Co., Ltd.(3.89); Ya Li Precast Prestressed Concrete Industries Corp.(3.89); Yuan Ding Co., Ltd. (2.59); Bai Ding Investment Co., Ltd. (2.31); Yu Ming Co., Ltd.(2.53)
Bai Yang Investment Co., Ltd.	Far Eastern Department Stores Co., Ltd. (100.00)
U-Ming Marine Transport Corp.	Asia Cement Corp. (38.66); Management Board of the Public Service Pension Fund (1.92); Yue Yuan Investment Co., Ltd. (0.93); Asia Investment Corp. (0.91); Nan Shan Life (0.87); Oriental Securities Corp. (0.8); Ya Li Transportation Co., Ltd. (0.74); Labor Pension Fund(0.74); Standard Chartered Bank as Trustee for Fidelity Fund(0.73); Vanguard Emerging Markets Stock Index Fund account in the custody of Standard Chartered Bank (0.59)
Yuan Ding Co., Ltd.	Far Eastern New Century Corp. (37.13); Asia Cement Corp. (35.50); Der Ching Investment Corp.(14.50); Yuan Ding Investment Co., Ltd.(12.86); Yue Ming Co., Ltd.(0.01)

## 2.1.2 Major shareholders of the major shareholders that are juridical persons

Book closure date: 24 April 2010

Name of juridical persons	Major shareholders of the juridical persons (%)
Far Eastern New Century Corp.	Please refer to Page 43.
Yue Yuan Investment Co., Ltd.	Asia Cement Corp.(36.42); Yuan Ding Co., Ltd.(25.02); Yuan Ding Investment Co., Ltd.(19.06);U-Ming Marine Transport Corp. (17.66); Yue Tung Investment Co., Ltd.(1.84)
Bai Ding Investment Co., Ltd.	Far Eastern Department Stores Co., Ltd.(66.66); Bai Yang Investment Co., Ltd. (33.34)
Yu Chang Investment Co., Ltd.	Yu Sheng Investment Co., Ltd. (99.97)
Fu Da Transportation Corp.	Fu Ming Transport Corp.(99.90)
Yue Tung Investment Co., Ltd.	U-Ming Marine Transport Corp. (73.54); U-Ming Marine Transport (Singapore) Pte. Ltd.(26.46)
An Ho Garment Co., Ltd.	Far Eastern New Century Corp. (100)
Ding Yuan International Investment Co., Ltd.	Far Eastern New Century Corp. (100)
Ton Fu Investment Co., Ltd.	Oriental Union Chemical Corp.(100)
Ya Li Precast Prestressed Concrete Industries Corp.	Asia Cement Corp. (83.81); Far Eastern General Contractor Inc.(16.03)
Ta Chu Chemical Fiber Co., Ltd.	Yuan Ding Investment Co., Ltd.(41.86); Yue Ding Industries Co., Ltd.(38.76); Yue Lee Investment Co., Ltd.(19.38)
Yue Ming Co., Ltd.	Bai Ding Investment Co., Ltd. (47.00); Yuan Ding Investment Co., Ltd. (45.50); Yue Ding Industries Co., Ltd. (5.00); Ding Ding Management Consultants Co., Ltd.(1.00); Yuan Ding Co., Ltd.(1.00); Yuan Ding Leasing Corp.(0.50)
Asia Investment Co., Ltd.	Asia Cement Corp. (100.00)
Nan Shan Life	Delaware American Life Insurance Company(49.82); AIG Life Insurance Company(47.75); Catholicism of juridical person in Kaohsiung Area(0.05); Shun Shu Wen(0.03); Ming Chin Lai(0.03); Szu Juei Su (0.03); Szu Nien Su(0.03); Tzu Lung Lee(0.02); Kai Lai Corp.(0.02); Yung Kwang Co., Ltd.(0.02)
Oriental Securities Corp.	Yuan Ding Investment Co., Ltd. (25.93); Far Eastern Department Stores Co., Ltd.(19.66); Far Eastern New Century Corp.(19.65); Asia Cement Corp. (18.93); Bai Ding Investment Co., Ltd. (13.61); An Ho Garment Co., Ltd. (0.70); Ta Chu Chemical Fiber Co., Ltd. (0.51); Douglas Tong Hsu(0.09); C.C. Cheng(0.08); Shaw Y. Wang(0.07)
Ya Li Transport Co., Ltd.	Asia Cement Corp. (49.39); Yue Yuan Investment Co. Ltd. (40.00); Ding Yuan International Investment Co., Ltd.(10.00); T. H. Chang(0.14); Y. F. Chang(0.14); C. K. Chang(0.14); Z. P. Chang(0.10); K.Y. Lee(0.09)
Der Ching Investment Co., Ltd.	Asia Cement Corp. (99.97)
Yuan Ding Investment Co. Ltd.	Far Eastern New Century Corp. (99.7); An Ho Garment Co., Ltd. (0.3)

### 2.1.3 Professional qualifications and independence analysis for Directors and Supervisors

Name	Item	Meet One of the Following Professional Qualification Requirements, Together with at Least Five-Year Work Experience			Independence Criteria(Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director	
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10		
Douglas Tong Hsu				V						V				V	V	
Johnny Shih				V			V			V				V		
Raymond Hsu				V			V			V				V		
Peter Hsu				V			V			V				V		
Shaw Y. Wang				V			V	V		V			V	V		
Champion Lee				V			V	V		V			V	V		
Y.H.Tseng				V			V	V	V	V			V	V		
Tonia Katherine Hsu				V			V		V	V				V		
Richard Yang				V			V	V	V	V	V	V	V	V		
Kuan-Tao Li	V		V	V			V	V					V	V		
G.M. Wang	V			V			V	V	V	V	V	V	V	V		
Alice Hsu				V			V		V	V				V		
T.H.Chang				V			V	V		V			V	V		
Ching-Ing Hou	V			V			V	V	V	V			V	V		

Note 1 : Please tick the corresponding boxes if Directors or Supervisors have been any of the following during the two years prior to being elected or during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a Director or Supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an Independent Director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
- (6) Not a Director, Supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.
- (7) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
- (8) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (9) Not been a person of any conditions defined in Article 30 of the Company Law.
- (10) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

Note 2 : The Board of Directors of the Company comprised of no Independent Directors until 30 April 2010.

## 2.2 Management Team

Book closure date: 24 April 2010

Title	Name	Date effective	Shareholding		Shareholding of spouse & minor children		Curriculum vitae △Positions in other companies	Managers who are spouses or within two degrees of kinship		
			Shares	%	Shares	%		Title	Name	Relation
President	Johnny Shih	95.01.01	2,031,790	0.04	22,797,093	0.49	University of Columbia, USA, Master in Computer Science △Please refer to Page 15.	Chief Auditor Senior Executive Vice President	Raymond Hsu Peter Hsu	Brother-in-law Brother-in-law
Chairman Office Chief Senior Executive Vice President	Shaw Y. Wang	05.01.01	344,292	0.01	0	0.00	National Chung Hsing University, TW, Business Administration Department △Please refer to Page 15.	-	-	-
Polyester Business Operation Center Senior Executive Vice President	Y.H.Tseng	05.01.01	270,817	0.01	0	0.00	Tung Hai University, TW, Chemical Engineering Department △Please refer to Page 16.	-	-	-
Textile Business Operation Center Senior Executive Vice President	Eric Hu	05.01.01	244	0.00	0	0.00	Tung Hai University, TW, Industrial Engineering Department △Director of Everest Textile & Far Eastern Apparel	-	-	-
Chief of Finance Office & Chairman Office Senior Vice President	Champion Lee	05.01.01	199,788	0.00	0	0.00	Texas A&I University, USA △Please refer to Page 15.	-	-	-
Chief Auditor	Raymond Hsu	96.03.01	20,697,449	0.44	20,111,871	0.43	Australian Mining and Metallurgy College, Australia △Please refer to Page 15.	President Senior Executive Vice President	Johnny Shih Peter Hsu	Brother-in-law Brother
Purchasing Department Senior Executive Vice President	Peter Hsu	05.01.01	22,195,651	0.48	4,021,830	0.09	Stanford University, USA, Master in Operation Research UCLA, USA, Master in Computer Science △Please refer to Page 15.	President Chief Auditor	Johnny Shih Raymond Hsu	Brother-in-law Brother
Management Department Executive Vice President	Benjamin Shih	05.01.01	46,199	0.00	0	0	National Chengchi University, TW, Master in Public Administration △Director of Ding Yuan International Investment & Far Eastern Apparel	-	-	-
Management Department Executive Vice President	Humphrey Cheng	05.01.01	0	0	0	0.00	National Chung Hsing University, TW, Law Department △Director of OUCC, Supervisor of FEIB	-	-	-
Management Department Executive Vice President	David Wang	05.01.01	6,197	0	0	0.00	Mississippi State University, USA, MBA △Chairman of Yuan Tong Investment, Director of Kai Yuan International Investment	-	-	-
Research Institute Executive Vice President	Ru-yu Wu	05.01.01	16,214	0.00	0	0.00	University of Monash, Australia, Ph.D △Director of OUCC	-	-	-
President Office Executive Vice President	K.S. Wu	05.01.01	1,204	0.00	634	0.00	Chinese Culture University, TW, Chemical Department △Director of Everest Textil & OPTC	-	-	-
Polyester Business Operation Center Executive Vice President	Fred Chu	05.01.01	0	0.00	0	0.00	National Taipei University, TW, Textile Engineering Department △Director of Far Eastern Fibertech & Yuan Faun	-	-	-
Polyester Business Operation Center Executive Vice President	T.H. Liu	05.01.01	41,396	0.00	373	0.00	Ta Tung University, TW, Mechanical Engineering Department △Director of OUCC & Oriental Resource Development	-	-	-
Polyester Business Operation Center Executive Vice President	Donald Fan	05.01.01	98,672	0.00	16,125	0.00	Feng Chia University, TW, Textile Department △Director of Far Easter Industries (Shanghai), President of Sino Belgium (Suzhou)	-	-	-

Title	Name	Date effective	Shareholding		Shareholding of spouse & minor children		Curriculum vitae △Positions in other companies	Managers who are spouses or within two degrees of kinship		
			Shares	%	Shares	%		Title	Name	Shares
Polyester Business Operation Center Executive Vice President	Chuck Tseng	06.06.07	82,497	0.00	439	0.00	Ta Tung University, TW, Chemical Engineering Department △PET Far Eastern (M) SDN BHD Director	-	-	-
Polyester Business Operation Center Executive Vice President	B.T. Cheng	07.10.01	21	0.00	0	0.00	Feng Chia University, TW, Textile Department △Director of Yuan Cheng Human Resources Consultant	-	-	-
Textile Business Operation Center Executive Vice President	Austin Lee	06.06.01	0	0.00	0	0.00	Soochow University, TW, Business Administration Department △Director of Far Eastern Apparel & Fu Kwok Manufacturing	-	-	-
Textile Business Operation Center Executive Vice President	Kwen Lin Ho	07.10.01	0	0.00	0	0.00	Feng Chia University, TW, Textile Department △Director of Far Eastern Spinning Weaving and Dyeing (Suzhou)	-	-	-
Chairman Office Senior Vice President	Jackson Wu	07.10.01	44,018	0.00	0	0.00	Chung Yuan Christian University, TW, Master in Mechanical Engineering △Supervisor of Far Eastern General Contractor	-	-	-
Chairman Office Senior Vice President	Frank Kuo	10.02.01	587	0.00	0	0.00	Yuan Ze University, TW, Master in Management △Supervisor of Oriental Securities Corp.	-	-	-
President Office Senior Vice President	David Shih	06.11.01	307	0.00	0	0.00	National Taiwan University of Science and Technology, TW, Industrial Management Department △Director of OPTC	-	-	-
President Office Senior Vice President	Emily Wu	06.06.01	0	0.00	0	0.00	University of Texas at Arlington, USA, Master in Accounting △Director of Yuan Cheng Human Resource Consultant & Oriental Industries (Suzhou)	-	-	-
Internal Auditing Department Vice Chief Auditor	Mark Lu	91.01.11	37,592	0.00	7,368	0.00	University of Georgia, USA, Master in Accounting △Supervisor of Yuan Ding Investment	-	-	-
Accounting Department Senior Vice President	Bill Yang	01.10.01	475	0.00	0	0.00	National Cheng Kung University, TW, Accounting Department △Director of Kai Yuan International Investment & Yuan Tong Investment	-	-	-
Accounting Department Senior Vice President	Alan Tsai	06.06.01	0	0.00	0	0.00	National Chengchi University, TW, MBA △Supervisor of Yuan Tong Investment & An Ho Garment	-	-	-
Finance Department Senior Vice President	Mike Wu	06.09.01	1,080	0.00	0	0.00	University of Oklahoma, USA, MBA △Director of Far Eastern Apparel (Suzhou) & Shanghai Far Eastern IT	-	-	-
Finance Department Senior Vice President	Sandy Chiou	07.10.01	1,263	0.00	317	0.00	Yuan Tzu University, TW, Postgraduate Diploma in Management Administration △Director of Far Eastern Apparel	-	-	-
Finance Department Senior Vice President	Joe Pai	10.04.01	0	0.00	0	0.00	Boston University, MBA, USA △-	-	-	-
Legal Department Senior Vice President	Li-Chi Chen	07.10.01	0	0.00	0	0.00	National Taiwan University, TW, College of Law △Director of Far Eastern Apparel Supervisor of Arcoa Communication	-	-	-
Human Resource Department Senior Vice President	William T. Hsu	10.04.12	0	0.00	0	0.00	University of Leicester, UK, MBA △-	-	-	-
Human Resource Department Senior Vice President	C.Y. Lin	00.06.01	0	0.00	0	0.00	National Chengchi University, TW, Master in Labour Research △Yuan Cheng Human Resource Consultant	-	-	-



Book closure date: 24 April 2010

Title	Name	Date effective	Shareholding		Shareholding of spouse & minor children		Curriculum vitae ΔPositions in other companies	Managers who are spouses or within two degrees of kinship		
			Shares	%	Shares	Title		Title	Name	Shares
Research Institute Senior Vice President	C.W. Chu	07.07.01	1,516	0.00	0	0.00	National Taiwan University, TW, Chemical Engineering Department Δ-	-	-	-
Shipping Department Senior Vice President	Steve Liu	07.10.01	15,606	0.00	0	0.00	Yuan Tzu University, TW, Postgraduate Diploma in Management Administration ΔDirector of Oriental Industries (Suzhou) & Far Eastern Industries (Suzhou)	-	-	-
Polyester Business Operation Center Senior Vice President	T.H. Tsai	06.10.01	91,861	0.00	0	0.00	National Taipei University of Technology, TW, Textile Engineering Department . ΔDirector of Oriental Industries (Suzhou)	-	-	-
Polyester Business Operation Center Senior Vice President	C.C. Fan	06.06.13	0	0.00	0	0.00	Feng Chia University, TW, Electronics Engineering Department Δ-	-	-	-
Polyester Business Operation Center Senior Vice President	Arthur Lee	07.02.15	5,197	0.00	0	0.00	Oklahoma City University, USA, Master Δ-	-	-	-
Polyester Business Operation Center Senior Vice President	Sheng-Chun Chiang	08.03.01	68,525	0.00	655	0.00	National Taipei University of Technology, TW, Mechanical Engineering Department Δ-	-	-	-
Textile Business Operation Center Senior Vice President	T.J. Lo	06.06.01	1,080	0.00	0	0.00	Feng Chia University, TW, Textile Engineering Department Δ-	-	-	-
Textile Business Operation Center Senior Vice President	Mingo A. Chen	07.10.01	3,774	0.00	3,461	0.00	Feng Chia University, TW, Textile Engineering Department ΔDirector of Far Eastern Industries (Wuxi)	-	-	-
Textile Business Operation Center Senior Vice President	Monsun Yang	07.10.01	13,617	0.00	0	0.00	Ta Tung University, TW, Chemical Engineering Department Δ-	-	-	-
Textile Business Operation Center Senior Vice President	Tony Liang	09.01.01	31	0.00	2,080	0.00	Fu Jen University, TW, Department of English Language & Literature ΔDirector of Far Eastern Apparel (Suzhou)			
FEG Auditing Department Senior Vice President	Chun Min Ho	05.07.01	0	0.00	9,183	0.00	National Cheng Kung University, TW, Accounting and Statistics Department Δ-	-	-	-

Note:

- Managers mentioned in table above do not hold the Company shares via accounts in others' names.
- There is no share warrant and share option issued by the Company to employees for purchasing shares.

## 2.3 Remuneration of Directors, Supervisors, President, and Vice Presidents

### 2.3.1 Remuneration of Directors

Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of total remuneration (I+II+III+IV) over net income(%)		Relevant remuneration received by directors who are also employees								Ratio of total compensation (I+II+III+IV+V+VI+VII) to net income(%)		Compensation paid to Directors from an invested company other than the Company's subsidiary			
		Base Compensation (I)		Severance Pay(II)		Bonus to Directors(III)		Allowances(IV)		A	B	Salary, Bonuses, and Allowances (V)		Severance Pay (VI)		Profit Sharing- Employee Bonus (VII)		Exercisable Employee Stock Options (VIII)		A	B				
		A	B	A	B	A	B	A	B			A	B	A	B	A	B	A	B						
Chairman	Douglas Tong Hsu																								
Director	Yue Ding Industries Co., Ltd	0	10,208	0	0	203,609	257,579	792	7,027	2.53%	1.88%	18,634	25,093	0	0	1,776	0	1,925	0	0	0	2.78%	2.06%	Yes	
	Asia Cement Corporation																								
	Far Eastern Department Stores																								
	Bai Yang Investment Ltd., Co.																								

Note:

- Column A represents the company; column B represents all companies in the consolidated financial statement.
- Allowances mentioned in the table above were distributed in 2009. Bonuses to Directors and employees are proposed figures to be resolved by the upcoming 2010 Annual General Shareholders' Meeting.
- A company car is assigned to Chairman Douglas Tong Hsu for business purpose. The acquisition cost of the said car is NT\$6.508 million.
- There is neither share bonus being issued nor share warrant and share option being issued by the Company or companies in the consolidated financial report to employees for purchasing shares.
- Representative of Yue Ding Industries Co., Ltd.: Johnny S. Shih & Raymond Hsu; Representative of Asia Cement Corporation: Peter Hsu, Shaw Y. Wang, Champion Lee, and G. M. Wang; Representative of Far Eastern Department Stores Co., Ltd.: Y. H. Tseng, Richard Yang, Kuan-Tao Li; Representative of Bai Yang Investment Co., Ltd.: Tonia Katherine Hsu

Bracket	Name of Directors			
	Total of (I+II+III+IV)		Total of (I+II+III+IV+V+VI+VII)	
	The Company	Companies in the consolidated financial statement	The Company	Companies in the consolidated financial statement
Under NT\$2,000,000	0	0	0	0
NT\$2,000,000 ~ NT\$4,999,999	0	0	0	0
NT\$5,000,000 ~ NT\$9,999,999	Representative of Bai Yang Investment Co., Ltd.: Tonia Katherine Hsu Representative of Far Eastern Department Stores Co., Ltd.: Y. H. Tseng, Richard Yang, Kuan-Tao Li	Representative of Bai Yang Investment Co., Ltd.: Tonia Katherine Hsu Representative of Far Eastern Department Stores Co., Ltd.: Y. H. Tseng, Richard Yang, Kuan-Tao Li	Representative of Bai Yang Investment Co., Ltd.: Tonia Katherine Hsu Representative of Far Eastern Department Stores Co., Ltd.: Y. H. Tseng, Richard Yang, Kuan-Tao Li	Representative of Bai Yang Investment Co., Ltd.: Tonia Katherine Hsu Representative of Far Eastern Department Stores Co., Ltd.: Y. H. Tseng, Richard Yang, Kuan-Tao Li
NT\$10,000,000 ~ NT\$14,999,999	0	0	0	0
NT\$15,000,000 ~ NT\$29,999,999	Douglas Tong Hsu Representative of Yue Ding Industries Co., Ltd.: Johnny Shih & Raymond Hsu Representative of Asia Cement Corp.: Peter Hsu, Shaw Y. Wang, Champion Lee, and G. M. Wang	Representative of Asia Cement Corp.: Peter Hsu, Shaw Y. Wang, Champion Lee, and G. M. Wang	Douglas Tong Hsu Representative of Yue Ding Industries Co., Ltd.: Johnny Shih & Raymond Hsu Representative of Asia Cement Corp.: Peter Hsu, Shaw Y. Wang, Champion Lee, and G. M. Wang	Representative of Asia Cement Corp.: Peter Hsu, Shaw Y. Wang, Champion Lee, and G. M. Wang
NT\$30,000,000 ~ NT\$49,999,999	0	Douglas Tong Hsu Representative of Yue Ding Industries Co., Ltd.: Johnny Shih & Raymond Hsu	0	Douglas Tong Hsu Representative of Yue Ding Industries Co., Ltd.: Johnny Shih & Raymond Hsu
NT\$50,000,000 ~ NT\$99,999,999	0	0	0	0
NT\$100,000,000 and over	0	0	0	0
Total	11	11	11	11

## 2.3.2 Remuneration of Supervisors

Title	Name	Remuneration								Ratio of total remuneration (I+II+III+IV) to net income(%)		Compensation paid to Supervisors from an invested company other than the Company's subsidiary
		Base Compensation(I)		Severance Pay(II)		Bonus to Supervisors (III)		Allowances(IV)		The Company	Companies in the consolidated financial statements	
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements			
Supervisor	U-Ming Marine Transport Corp. Yuan Ding Co., Ltd.	0	0	0	0	21,941	21,941	216	216	0.27%	0.15%	Yes

Note

1. Base compensation is distributed in 2009; bonuses to Supervisors are proposed figures to be resolved in the upcoming 2010 Annual General Shareholders' Meeting.
2. Representative of U-Ming Marine Transport Corp.: T. H. Chang, Alice Hsu; Representative of Yuan Ding Co., Ltd.: Ching-Ing Hou

Bracket	Name of Supervisors	
	Total of (I+II+III)	
	The Company	Companies in the consolidated financial statement
Under NT\$2,000,000	0	0
NT\$2,000,000~NT\$4,999,999	Representative of Yuan Ding Co., Ltd.: Ching-Ing Hou	Representative of Yuan Ding Co., Ltd.: Ching-Ing Hou .
NT\$5,000,000~NT\$9,999,999	Representative of U-Ming Marine Transport Corp.: T. H. Chang, Alice Hsu	Representative of U-Ming Marine Transport Corp.: T. H. Chang, Alice Hsu
NT\$10,000,000~NT\$14,999,999	0	0
NT\$15,000,000~NT\$29,999,999	0	0
NT\$30,000,000~NT\$49,999,999	0	0
NT\$50,000,000~NT\$99,999,999	0	0
NT\$100,000,000 and over	0	0
Total	3	3

### 2.3.3.Compensation of President and Executive Vice Presidents

Title	Name	Salary ( I )		Severance Pay ( II )		Bonuses and Allowances ( III )		Profit Sharing Employee Bonus ( IV )				Ratio of total compensation		Exercisable Employee Stock Option		Compensation paid to the President and Executive Vice President from an invested company other than the Company's subsidiary
		A	B	A	B	A	B	A		B		A	B	A	B	
								Cash	Stock	Cash	Stock					
President	Johnny Shih	40,134	40,278	0	0	49,373	49,373	3,786	0	3,786	0	1.15%	0.64%	0	0	Yes
Senior Executive Vice President	Shaw Y. Wang															
	Y.H.Tseng															
	Eric Hu															
	Champion Lee															
	Peter Hsu															
Chief Auditor	Raymond Hsu															
Executive Vice President	Humphrey Cheng															
	David Wang															
	Benjamin Shih															
	Ru-yu Wu															
	T.H. Liu															
	Fred Chu															
	K.S. Wu															
	Donald Fan															
	Austin Lee															
	B.T. Cherng															
Kwen Lin Ho																
Chuck Tseng																

Note:

1. Colum A represents the company; colum B represents all companies in the consolidated financial statement.
2. The Company and all companies in the consolidated financial statement neither issue shares nor issue warrants and options for purchasing common shares to employees as bonus.
3. Two company cars are assigned to the President and Vice Presidents for business purposes. The total rental for the said cars are NT\$360,000 per year.

Bracket	Name of President and Executive Vice President	
	The Company	Companies in the consolidated financial statement
Under NT\$2,000,000	0	0
NT\$2,000,000~NT\$4,999,999	Johnny Shih; Shaw Y. Wang; Y.H.Tseng; Champion Lee; Peter Hsu; Raymond Hsu; Benjamin Shih; Humphrey Cheng; David Wang; Fred Chu; K.S. Wu; B.T. Cherng; Austin Lee; Kwen Lin Ho; Ru-yu Wu; Donald Fan; Eric Hu; T.H. Liu; Chuck Tseng	Johnny Shih; Shaw Y. Wang; Y.H.Tseng; Champion Lee; Peter Hsu; Raymond Hsu; Benjamin Shih; Humphrey Cheng; David Wang; Fred Chu; K.S. Wu; B.T. Cherng; Austin Lee; Kwen Lin Ho; Ru-yu Wu; Donald Fan; Eric Hu; T.H. Liu
NT\$5,000,000~NT\$9,999,999	0	0
NT\$10,000,000~NT\$14,999,999	0	0
NT\$15,000,000~NT\$29,999,999	0	0
NT\$30,000,000~NT\$49,999,999	0	0
NT\$50,000,000~NT\$99,999,999	0	0
NT\$100,000,000 and over	0	0
Total	19	19

## Corporate Government Report

### 2.3.4 Bounses to Executive Officers

Unit: NT\$ thousands; 31 December 2009

Title	Name	Employee Bonus - in Cash	Ratio of Total Amount to Net Income (%)
Vice Chairman	Johnny Shih	29,342	0.63%
Chairman Office Chief Senior Executive Vice President	Shaw Y. Wang		
Polyester Business Operation Center Senior Executive Vice President	Y.H.Tseng		
Textile Business Operation Center Senior Executive Vice President	Eric Hu		
Chief of Finance Office & Chairman Office Senior Vice President	Champion Lee		
Chief Auditor	Raymond Hsu		
Purchasing Department Senior Executive Vice President	Peter Hsu		
Management Department Executive Vice President	Humphrey Cheng		
Management Department Executive Vice President	David Wang		
Management Department Executive Vice President	Benjamin Shih		
Research Institute Executive Vice President	Ru-yu Wu		
President Office Executive Vice President	K.S. Wu		
President Office Executive Vice President	Fred Chu		
President Office Executive Vice President	B.T. Cherng		
Polyester Business Operation Center Executive Vice President	T.H. Liu		
Polyester Business Operation Center Executive Vice President	Donald Fan		
Polyester Business Operation Center Senior Vice President	Chuck Tseng		
Textile Business Operation Center Executive Vice President	Austin Lee		
Textile Business Operation Center Executive Vice President	Kwen Lin Ho		
Chairman Office Senior Vice Prersident	Jackson Wu		
President Office Senior Vice President	Emily Wu		
President Office Senior Vice President	David Shih		
Internal Auditing Department Vice Chief Auditor	Mark Lu		
Accounting Department Senior Vice President	Bill Yang		
Accounting Department Senior Vice President	Alan Tsai		
Finance Department Senior Vice President	Mike Wu		
Finance Department Senior Vice President	Sandy Chiou		
Legal Department Senior Vice President	Li-Chi Chen		
Shipping Department Senior Vice President	Steve Liu		
Human Resource Department Senior Vice President	C.Y. Lin		
Research Institute Senior Vice President	C.W. Chu		
Polyester Business Operation Center Senior Vice President	T.H. Tsai		
Polyester Business Operation Center Senior Vice President	C.C. Fan		
Polyester Business Operation Center Senior Vice President	Arthur Lee		
Polyester Business Operation Center Senior Vice President	Sheng-Chun Chiang		
Textile Business Operation Center Senior Vice President	T.J. Lo		
Textile Business Operation Center Senior Vice President	Mingo A. Chen		
Textile Business Operation Center Senior Vice President	Monsun Yang		
Textile Business Operation Center Senior Vice President	Tony Liang		
FEG Auditing Department Senior Vice President	Chun Min Ho		

Note : There is no share being issued by the Company to pay for the employee bonus.

2.4 Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents :

2.4.1 The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the most recent two fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income :

Year	The ratio of total remuneration paid	
	The Company	Companies in the consolidated financial statement
2009	3.95%	2.67%
2008	2.19%	1.98%

2.4.2 The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance. :

All compensation of Directors and Supervisors and bonus to employees are appropriated based on the business results of the Company in the year and complying with the Article 27 of Articles of Incorporation, and are distributed upon methods determined by the Board of Directors. The remaining compensation is determined based on the business results of the whole company and each department; meanwhile, refers to the results of market survey on the general salary level of TWSE-listed companies and reports by professional consulting companies.

## Corporate Government Report

### 3. Implementation of Corporate Governance

#### 3.1 Board of Directors

Totally four meetings were convened by the Board of Directors in 2009. Attendance of each Director and Supervisor is as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%)	Remarks	
Chairman	Douglas Tong Hsu	7	0	100		
Director	Yue Ding Industries Co., Ltd.	Johnny Shih	6	1	85.71	
		Raymond Hsu	5	2	71.43	
	Asia Cement Corp.	Peter Hsu	7	0	100	
		Shaw Y. Wang	7	0	100	
		Champion Lee	7	0	100	
		G.M. Wang	7	0	71.43	
	Far Eastern Department Stores Co., Ltd.	Y.H.Tseng	7	0	100	
		Richard Yang	6	0	85.71	
		Kuan Tao Lee	6	1	85.71	
Bai Yang Investment Co., Ltd.	Tonia Katherin Hsu	5	1	71.43		
Supervisor	U-Ming Marine Transport Corp.	Alice Hsu	4	2	57.14	
		T.H.Chang	1	0	20	
	Yuan Ding Co., Ltd.	Ching Ing Hou	5	1	71.43	

Other required disclosure:

- (1) Should any circumstance described in Article 14-3 of the Securities and Exchange Act and any resolution on which an independent director had a dissenting or qualified opinion occur in board meetings, the dates and sessions of the said board meetings, the contents of the said resolutions, opinions of all independent directors, and measures the Company had in responding to such opinions shall be specified: Not applicable
- (2) Should there be any director neither joining discussion nor exercising the voting rights in board meetings for the resolution which he/she has personal interests, the name of such director, the contents of the said resolution, the reasons such director has personal interests, and the voting results shall be specified: In the fifth meeting of the twentieth Board, in regard to the resolution on sale of land to Far Eastern Resources Development Corporation, Chairman Douglas Tong Hsu, Vice Chairman Johnny Shih, and Director Champion Lee neither joined discussion nor exercised voting rights. All other Directors presented voted for such resolution.
- (3) Targets and measures of this and previous years established to improve the functionality of the Board of Directors and their execution results: None
- (4) Constitution and responsibilities of Supervisors:
  1. Communications between Supervisors and employees and shareholders of the Company:
    - a. Supervisors may directly communicate with employees and shareholders of the Company.
    - b. Employees and shareholders may access Supervisors via the Company's website.
  2. Communications between Supervisors and the chief internal auditor and CPA of the Company:
    - a. Internal audit department shall submit monthly reports to Supervisors for review and examination. Should urgent matters occur during the auditing process, the chief internal auditor shall report to Supervisors immediately. In addition, quarterly reports of the auditing results shall be submitted to Supervisors. The Supervisors maintain thorough and sufficient communications with the chief internal auditor.
    - b. The Supervisors periodically communicate with CPA regarding the financial status of the Company in person or in writing.
- (5) Should Supervisors express opinions in a Board meeting, the dates and sessions of the said meeting, contents of the relevant proposals, resolutions made by the Board, and measures the Company had in responding to Supervisors' opinions shall be specified: None

## 3.2 Audit Committee: Not applicable

## 3.3 Corporate Governance Execution Results and Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”

Item	Implementation Status	Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
<b>(1) Shareholding Structure &amp; Shareholders’ Rights</b>		
a. Method of handling shareholder suggestions or complaints	The Company has designated appropriate departments, such as Chairman Office, Investor Relations, Spokesperson, Deputy Spokesperson and Oriental Securities Corp. to handle shareholder suggestions or complaints.	None
b. The Company’s possession of a list of major shareholders and a list of ultimate owners of these major shareholders	The Company is keeping updated information of major shareholders and follows the regulations to post related information..	None
c. Risk management mechanism and “firewall” between the Company and its affiliates	The Company has assigned the Credit Committee to responsible for risk control of accounts receivable. Meanwhile, to establish risk management and firewall, the company has also signed up with affiliates for “Procedures of Assets Acquisition and Disposal”, “Procedures of Capital Loans to Others”, “Procedures for Endorsements and Guarantees”.	None
<b>(2) Composition and Responsibilities of the Board of Directors</b>		
a. Independent Directors	No Independent Directors for now included in the Board. Each Director and the Board undertake their deeds pursuant to the Company Law, the Articles of Incorporation, Meeting Rules of Board of Directors, and other relevant regulations.	According to current laws and regulations, a publicly-listed non-financial company which paid-in capital exceeds NT\$50 billion shall have Independent Directors in the Board. The paid-in capital of the Company is less than NT\$50 billion, and therefore, not required to follow the aforesaid rules.
b. Regular evaluation of CPAs’ independence	The Board of Director evaluates the independence of CPAs regularly.	None
<b>(3) Communication channel with stakeholders</b>		
	The Company has designated appropriate departments to communicate with stakeholders on a case by case basis, as needed.	None



## Corporate Government Report

<b>(4) Information Disclosure</b>		
a. Establishment of a corporate website to disclose information regarding the Company's financials, business and corporate governance status	The Company has set up a Chinese/English website (www. fenc.com) to disclose information regarding the Company's financials, business and corporate governance status.	None
b. Other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, webcasting investors conference)	The Company has established a spokesperson system. Investor conference information is disclosed on the corporate website	None
<b>(5) Operations of the Company's Nomination Committee, Compensation Committee, or other committees of the Board of Directors</b>		
	The Company has assigned the Committee of HR Policy	None

**(6) If the company has set up the principles based on "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies", please illustrate the implementation progress and any differences:**

Though the Company has not yet set up its governance principles in writing based on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies", as stated in the deviation of such implementation from the "Corporate Governance Best-Practice Principles for TWSE /GTSM Listed Companies", and the reason(s) for any such deviation, the Company has substantially implemented the relevant practices required by the regulation.

**(7) Measures the Company takes to fulfill corporate social responsibilities and their execution results:**

- a. Corporate social responsibility is an essential part of the Company's culture. The Company has long committed to being a responsible corporate citizen. During 1970s, the Company established "Far Eastern Memorial Foundation" and "Far Eastern Medical Foundation" dedicated to promote various cultural activities and medical researches. Meanwhile, the Foundations have been sponsoring Far Eastern Architect Award to encourage architecture talents. To memorize the founder of the company, the Company further established the "Y. Z. Hsu Science and Technology Memorial Foundation", the first public welfare non-profit organization received recognition from the National Science Council. It is planned to support the research and development of innovative technologies, such as nanotechnology, optoelectronics, and biotechnology. To cultivate talents required for upgrading the national economy, the Company also aggressively invests in education. The Company has successively sponsored for the establishment of Oriental Institute of Technology and Yuan Ze University and already cultivated many talents for the industries. The Company will insist on rewarding the society, continuously participating social welfare affairs and fulfilling duties to the society.
- b. In order to promote the awareness of environmental protection, FENC is working with the Taipei City Government in the event of 2010 Taipei International Flora Expo. The Company has built the pavilion, named as Far Eastern EcoARK, for the Expo. The pavilion walls will be made of PET crystal bricks recycled from PET bottles. Such design can not only reduce the consumption of construction materials, but also save the energy to lighten the building for the transparency of PET bricks. The Expo pavilion will demonstrate a perfect combination of green, sense of beauty, and modern architecture technology.

**(8) Other Information on improving understanding of corporate governance :**

- a. Company's Risk management Organization:
  - Establish the "Credit Review and Control Committee": the committee is in charge of the review of

the credit situation of domestic and foreign customers, and decides the credit ratings and credit lines for such customers based on the review results. The committee is also in charge of the continual monitor and control of each credit account and account receivables, in order to achieve the target of "no bad debt".

- Establish the "Information Monitor and Safeguard Committee": the committee is in charge of preventing business information from being misappropriated or being released to irrelevant parties.

b. Execution of policies to protect consumers or customers: the Company has followed up the relevant policies.

c. The Company's purchase of liability insurance for Directors and Supervisors : The content and necessity of insurance are under evaluation and it will be submitted to Board of Directors for approval after evaluation and consideration.

d. Training for Directors, Supervisors, and the management:

Title	Name	Study Date		Sponsoring Organization	Course name	Study hours
		From	To			
Chairman	Douglas Tong Hsu	Sep 23, 09	Sep 23, 09	Deloitte & Touche	IFRS Seminar	6
		July 02, 09	July 02, 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		Nov 11, 08	Nov 21, 08	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
Directors	Johnny Shih	Sep 23, 09	Sep 23, 09	Deloitte & Touche	IFRS Seminar	6
		July 02, 09	July 02, 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		Nov 11, 08	Nov 21, 08	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Shaw Y. Wang	Sep 23, 09	Sep 23, 09	Deloitte & Touche	IFRS Seminar	6
		July 02, 09	July 02, 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		Nov 11, 08	Nov 21, 08	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Champion Lee	Sep 23, 09	Sep 23, 09	Deloitte & Touche	IFRS Seminar	6
		July 02, 09	July 02, 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		Nov 11, 08	Nov 21, 08	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Peter Hsu	Sep 23, 09	Sep 23, 09	Deloitte & Touche	IFRS Seminar	6
		July 02, 09	July 02, 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		Nov 11, 08	Nov 21, 08	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
Tonia Katherine Hsu	July 02, 09	July 02, 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3	
	Aug 18, 06	Aug 18, 06	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3	
Y.H.Tseng	Sep 23, 09	Sep 23, 09	Deloitte & Touche	IFRS Seminar	6	
	July 02, 09	July 02, 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3	
	Nov 11, 08	Nov 21, 08	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3	
Richard Yang	Sep 28, 07	Sep 28, 07	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3	
	Aug 18, 06	Aug 18, 06	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3	
Kuan Tao Lee	Sep 23, 09	Sep 23, 09	Deloitte & Touche	IFRS Seminar	6	
	July 02, 09	July 02, 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3	
	Nov 11, 08	Nov 21, 08	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3	

## Corporate Government Report

Title	Name	Study Date		Sponsoring Organization	Course name	Study hours
		From	To			
Supervisor	T.H. Chang	July 02, 09	July 02, 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Alice Hsu	Sep 28, 07	Sep 28, 07	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Ching Ing Hou	July 02, 09	July 02, 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		Nov 11, 08	Nov 21, 08	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
Executive Vice President	Eric Hu	Sep 23, 09	Sep 23, 09	Deloitte & Touche	IFRS Seminar	6
		July 02, 09	July 02, 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Humphrey Cheng	Sep 23, 09	Sep 23, 09	Deloitte & Touche	IFRS Seminar	6
		July 02, 09	July 02, 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	T.H. Liu	July 02, 09	July 02, 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		Sep 23, 09	Sep 23, 09	Deloitte & Touche	IFRS Seminar	6
	Ru-yu Wu	July 02, 09	July 02, 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		K.S. Wu	July 02, 09	July 02, 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance

### 3.4 Methods for searching the rules and relevant regulations of corporate governance

Company's Website at [www.fenc.com](http://www.fenc.com) and the Market Operation Observe System by the Taiwan Stock Exchange : <http://newmops.twse.com.tw/>

### 3.5 Others

#### 3.5.1 Employees' code of conducts or ethics :

"Sincerity, Diligence, Thrift, Prudence" and "Innovation" is the motto of the Company, and also the code of conduct for each employee of the Company.

#### 3.5.2 Professional licenses granted to those who are responsible for the financial information transparency of the Company by regulatory authorities:

Licenses	Department	Accounting Department	Finance Department	Audit Department
CPA ROC		2	-	2
CPA China		1	-	-
CFA		-	1	-
CMA		1	-	-
CFM		1	-	-
CIA		2	-	4
CPB		16	-	-
Land Administration Agent		1	-	-
Realtor		1	-	-
Non-Life Insurance Broker		1	-	-
the Enterprise Internal Control Basic Ability		17	4	14
the Senior Securities Specialist		3	8	-
the Futures Specialist		2	1	-
Financial Planning		-	5	-
Trust		1	9	-
Foreign Exchange Trading		-	2	-

### 3.6 Internal control system execution status

#### 3.6.1 Internal Control Report

**Far Eastern New Century Corporation**  
**The Declaration of internal Control System**

Date: 24 March 2010

Based on the self-examination results of the internal control system for the year of 2009, Far Eastern New Century Corp. (the Company) therefore declares the following:

1. The Company's Board of Directors and management understand their responsibilities of developing, implementing and maintaining the Company internal control system and such a system has been established. The purpose of establishing the internal control system is to reasonably assure the following events:
  - (1) the degree that effectiveness and efficiency of business operation and financial objectives achieved;
  - (2) the reliability of the financial and related reports;
  - (3) the compliance of the relevant laws/regulations and internal policies;
  - (4) the safeguard of assets and information of the Company.
2. Limitations that may hinder the effectiveness of an otherwise adequate system of controls include resource constraints, faulty judgments, unintentional errors, and circumvention by collusion, and management overrides. The presence of these limitations may not always be detected by the audit; therefore, only the four items mentioned in the preceding paragraph can be assured. Moreover, the effectiveness of controls changes over time. However, the internal control system of the Company has included self-examination capability, the Company will make immediate corrections when material errors are detected.
3. The evaluation of effectiveness of the internal control system design and implementation is made in accordance with "Guidelines for the Establishment of Internal Control Systems by Public Companies" (the Guidelines). The Guidelines are made to exam the following areas during the internal control process: (1) Control Environment, (2) Risk Management, (3) Control Activities, (4) Information and Communication, and (5) Monitoring. Details of each exam area can be found in the Guidelines.
4. The Company has examined the effectiveness of each respected area in the internal control system based on the Guidelines.
5. The exam result indicated that the internal control system of the Company (including subsidiary governance) has effectively assured the following events have been reasonably achieved during the assessed period:
  - (1) the degree that effectiveness and efficiency of business operation and financial objectives achieved;
  - (2) the reliability of the financial and related reports;
  - (3) the compliance of the relevant laws/regulations and internal policies;
  - (4) the safeguard of assets and information of the Company.
6. This Declaration is a significant item in the Company annual report and prospectus available to the general public. If it contains false information or omits any material contents, the Company is in violation of Article 20, Article 32, Article 171 and Article 174 set forth in the ROC Security and Exchange Law.
7. The Board of Directors has approved the Declaration of Internal Control System in the board meeting held on 24 March 2010. All of eleven Directors presented consented the Declaration, and no dissenting opinion is expressed.

Far Eastern New Century Corporation

Chairman : Douglas Tong Hsu

Vice Chairman & Presidnet : Johnny Shih

## Corporate Government Report

3.6.2 The investigative report of entrusting CPA to examine the internal control system:  
None.

3.7 In recent years until the annual report being published, violation of internal control policies by employees: None

3.8 In recent years until the annual report being published, major resolutions of shareholders' meetings and board meetings:

### 3.8.1 Shareholder'meeting

	Date	Resolutions of Shareholders' Meetings	Execution
2009 Annual General Shareholders' Meeting	2009.06.26	Matters to be reported: 1. 2008 business operations 2. 2008 financial statements 3. Supervisor's review report of 2008 business operations and financial statements 4. Information of the issuance of corporate bonds in 2008	
		Matters to be approved: 1. To accept 2008 business report and financial statements. 2. To approve the proposal for distribution of 2008 profits.	August 31 2009 was fixed to be the date of ex-dividend, and cash dividend was distributed on 30 September 2009
		Matters to be discussed 1. To approve amending the company bylaws. 2. To approve the capitalization of 2008 stock dividends. 3. To elect eleven Directors and three Supervisors. 4. To approve the release of the relevant Directors from the non-competition restriction under the Company Law.	1. Operating pursuant to the amended procedures 2. Common stocks were issued on 30 September 2009 3. Board of Director unanimously re-elects Douglas Hsu and Johnny Shin as Chairman and Vice Chairman. 4. Operating pursuant to the amended procedures
2009 Extraordinary Shareholders' Meeting	2009.10.13	Matters to be discussed Approved the change of the company's Chinese and English names, and accordingly the amendments of the Company's Articles of Incorporation	The Company was approved to be renamed as Far Eastern New Century Corporation by the ROC Ministry of Economic Affairs and the new stocks were listed on 4 January 2010

### 3.8.2 Board of Directors

Important Resolutions	
2009/03/27	<ol style="list-style-type: none"> <li>1. Approved 2008 Financial Statements(Including consolidation reports)</li> <li>2. Approved the proposal for profit distribution of 2008</li> <li>3. Approved the capitalization of 2008 stock dividends</li> <li>4. Approved election of new Directors and Supervisors.</li> <li>5. Approved the release of the relevant Directors from the non-competition restriction under the Company Law.</li> <li>6. Approved the release of the relevant managers from the non-competition restriction under the Company Law.</li> <li>7. Approved the change of the Company's Chinese and English names, and accordingly the amendments of the Company's Articles of Incorporation</li> <li>8. Approved the amendments of "Procedures for Endorsements and Guarantees" and "Procedures for Lending of Capital to Others"</li> <li>9. Approved the proposal of convening 2009 Annual General Shareholders' Meeting.</li> <li>10. Approved the issuance of corporate bonds in year 2009.</li> </ol>

Important Resolutions	
2009/05/19	Approved to cancel the change of the Company's Chinese and English names, and accordingly the amendments of the Company's Articles of Incorporation
2009/06/26	Douglas Hsu and Johnny Shih are unanimously re-elected as FETL Chairman and Vice Chairman.
2009/07/08	<ol style="list-style-type: none"> <li>1. Approved the details about FETL's cash dividend, stock dividend and ex-dividend date.</li> <li>2. Approved the proposal to increase capital of Far Eastern Industries (Shanghai) Ltd.</li> <li>3. Approved to engage the new managers</li> <li>4. T.H. Chang is elected as Chief Supervisor</li> </ol>
2009/08/21	<ol style="list-style-type: none"> <li>1. Approved financial Statements (including consolidated reports) for the first half of year 2009</li> <li>2. Approved the change of the Company's Chinese and English names, and accordingly the amendments of the Company's Articles of Incorporation</li> <li>3. Approved the proposal of convening 2009 Extraordinary General Shareholders' Meeting.</li> <li>4. Approved the donation to support the disaster areas struck by Typhoon Morakot.</li> <li>5. Approved investment in PET(H)</li> <li>6. Approved the release of the relevant managers from the non-competition restriction under Company Law.</li> <li>7. Approved the amendment of internal control system</li> </ol>
2009/10/13	Approved record date of share security exchange and the plan for exchange of the Company's share security
2009/12/21	<ol style="list-style-type: none"> <li>1. Approved proposal for 2010 operating budget</li> <li>2. Approved the exchange of CPA</li> <li>3. Approved disposal of land at Ya Dong Section, Banciao City to Far Eastern Resources Development Corp.</li> <li>4. Approved the amendment to "Internal Audit Charter" of the Company.</li> <li>5. Approved the Year 2010 audit plan.</li> </ol>
2010/03/24	<ol style="list-style-type: none"> <li>1. Approved 2009 Financial Statements(Including consolidation reports)</li> <li>2. Approved the proposal for profit distribution of 2009</li> <li>3. Approved the capitalization of 2009 stock dividends</li> <li>4. Approved amending the Company bylaws</li> <li>5. Approved the amendments of "Procedures for Endorsements and Guarantees" and "Procedures for Lending of Capital to Others"</li> <li>6. Approved the proposal of convening 2009 Annual General Shareholders' Meeting.</li> <li>7. Approved proposal for 2010 Capital budget</li> <li>8. Approved the issuance of corporate bonds in year 2010.</li> </ol>

3.9 In recent years until the annual report beign published, dissenting comments on major BOD resolutions from Directors and Supervisors: None.

3.10 Resignation or dismissal of personnel involved in preparation of financial reports: None

#### 4. Public Expenses of CPA

##### 4.1 Information relating to service fees

(1)

Accounting Firm	Name of CPA		Whether the CPA's audit period	Remark
Deloitte & Touche	Benjamin Shih	Wu En Ming	2009/01/01-2009/09/30	The original CPA, Benjamin Shih, Wu En Ming, was changed to CPA, Benjamin Shih, Huang Shu Chieh, because of the internal transfer and arrangement taking place in Deloitte & Touche
Deloitte & Touche	Benjamin Shih	Huang Shu Chieh	2009/10/01-2009/12/31	

## Corporate Government Report

(2)

Range	Item	Audit Fee	Non-audit Fee	Total
Under NT\$2,000,000			V	
NT\$2,000,000~ NT\$3,999,999				
NT\$4,000,000~ NT\$5,999,999				
NT\$6,000,000~ NT\$7,999,999				
NT\$8,000,000~ NT\$9,999,999		V		V
NT\$10,000,000 and over				

Accounting Firm	Name of CPA		Audit Fee	Non-audit Fee					Whether the CPA's audit period
				System Design	Registration	Human Resource	Other	Total	
Deloitte & Touche	Benjamin Shih	Wu En Ming	7,440	0	120	0	1,332	1,452	2009/01/01-2009/09/30
	Benjamin Shih	Huang Shu Chieh							2009/10/01-2009/12/31
Note	Non-audit fee mainly includes service fee for reporting, legal consulting, and corporate bonds issuing.								

4.2 In the event that the CPA firm is changed and the audit public expenses paid in the year when the CPA firm is less than that paid in the preceding year, reduction of the audit public expenses, percentage and causes: None

4.3 In the event that the audit public expenses reduce by 15% compared with that was charged in the preceding year, reduction of audit public expenses, percentage and causes: None

## 5. Information for Change of CPA

### 5.1 Regarding the former CPA:

Date of Change	December 2009		
Cause and explanation	The original CPA, Benjamin Shih, Wu En Ming, was changed to CPA, Benjamin Shih, Huang Shu Chieh, because of the internal transfer and arrangement taking place in Deloitte & Touche.		
Specify the reason if appointer or CPA terminates or rejects the appointment	Concerned party circumstance	CPA	Appointer
	Terminate the appointment voluntarily	NA	NA
	Reject (refuse to accept) the appointment	NA	NA
The comments and causes for issue of the audit report other than retained opinions within the latest two years	NO		
Disagreement with the publisher	YES	Accounting principles or practices	
		Disclosure of financial statement	
	NO	Scope or steps of audit	
		Others	
Remarks	V		
Other information to be disclosed according to Item 5(1).4 of Article 10 of the Principles	No		

## 5.2 Regarding the succeeding CPA:

Name of office	Deloitte & Touche
Name of CPA	Benjamin Shih, Huang Shu Chieh
Date of appointment	December 2009
Accounting measures or principles with respect to certain transactions prior to the appointment and inquiries and result as to the comments likely to be issued with respect to the financial statement	-
Succeeding CPA's written opinion towards the disagreement with the former CPA	-

**6. The Company's Chairman, President and Managers Responsible for Finance or Accounting Who Have Held a Post in the CPA Office or its Affiliates within the Latest One Year: None**

**7. Shareholding Transferred or Pledged by Directors, Supervisors, Management, and Major Shareholders.**

## 7.1 Shareholding variation

Unit:Share

Title	Name	2009		2010/04/24	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Chairman	Douglas Tong Hsu	38,036	0	0	0
	Yue Ding Industries Co., Ltd.	32,208	0	0	0
	Johnny Shih	39,839	0	0	0
	Raymond Hsu	(594,168)	0	0	0
	Asia Cement Corp.	21,723,829	0	0	0
	Shaw Y. Wang	6,750	0	0	0
	Champion Lee	3,917	0	0	0
	Peter Hsu	25,835,208	0	(24,000,000)	0
Director	G.M.Wang	0	0	0	0
	Far Eastern Department Stores Co., Ltd.	340,886	0	0	0
	Y. H. Tseng	5,310	0	0	0
	Richard Yang	12,609	0	76,000	0
	Kuan Tao Lee	0	0	0	0
	Bai Yang Investment Co., Ltd.	37,846	0	0	0
	Tonia Katherin Hsu	0	0	0	0
Supervisor	U-Ming Marine Transport Corp.	532,416	0	0	0
	T. H. Chang	1,549	0	0	0
	Alice Hsu	486,733	0	(18,000)	(6,000,000)
	Yuan Ding Co., Ltd.	13,307	0	0	0
	Ching Ing Hou	0	0	0	0
Manager	Eric Hu	4	0	0	0
	K.S. Wu	23	0	0	0
	T.H. Liu	811	0	0	0
	Fred Chu	0	0	0	0
	Donald Fan	1,934	0	0	0
	Humphrey Cheng	0	0	0	0
	Ru-yu Wu	317	0	0	0
	David Wang	121	0	0	0
	Austin Lee	0	0	0	0
	B. T. Cherg	0	0	0	0
	Ho Kuen Lin	0	0	0	0
	Chuck Tseng	1,617	0	0	0



## Corporate Government Report

Manager	Mark Lu	737	0		
	Chum Min Ho	0	0	0	0
	T.J. Lo	21	0	0	0
	Emily Wu	0	0	0	0
	Alan Tsai	0	0	0	0
	C.C. Fan	0	0	0	0
	Mike Wu	21	0	0	0
	T.H. Tsai	1,801	0	0	0
	David Shih	6	0	0	0
	Arthur Lee	101	0	0	0
	C.W. Chu	29	0	0	0
	Jackson Wu	863	0	0	0
	Mingo A. Chen	15	0	0	0
	Li Chi Cheng	0	0	0	0
	Monsun Yang	267	0	0	0
	Sandy Chiou	24	0	0	0
	Steve Liu	306	0	0	0
	Sheng Chun Chiang	1,343	0	0	0
	Tony Liang	0	0	0	0
	C.Y. Lin	0	0	0	0
	Joe Pai	0	0	0	0
	William T.Hsu	0	0	0	0
	Bill Yang	9	0	0	0

7.2 Shareholding transferred: Not applicable

7.3 Shareholding pledged: Not applicable

### 8. Top Ten Shareholders being the Related Party as Defined in Statement of Financial Accounting Standards

Book closure date: 24 April 2010

Name	Current shareholding		Spouse & minor children's sharholding		Shareholding in name of others		Name, relationship of top ten shareholders being the related party as defined in statement of financial accounting standards No.6	
	shares	%	shares	%	shares	%	Name	Relationship
Asia Cement Corp. Chairman : Douglas Tong Hsu	1,039,915,325	22.31	0	0.00	0	0.00	Oriental Institute of Technology	The same Chairman
							Far Eastern Medical Foundation	
							Far Eastern Memorial Foundation	
							Yuan Ze University	
							Der Ching Investment Co., Ltd	ACC's subsidiary
Douglas Tong Hsu	Chairman							
Oriental Institute of Technology Chairman : Douglas Tong Hsu	224,366,347	4.81	0	0.00	0	0.00	Asia Cement Corp.	The same Chairman
							Far Eastern Medical Foundation	
							Far Eastern Memorial Foundation	
							Yuan Ze University	
							Der Ching Investment Co., Ltd	ACC's subsidiary
Douglas Tong Hsu	Chairman							
Far Eastern Medical Foundation Chairman : Douglas Tong Hsu	167,382,194	3.59	0	0.00	0	0.00	Asia Cement Corp.	The same Chairman
							Oriental Institute of Technology	
							Far Eastern Memorial Foundation	
							Yuan Ze University	

Corporate Government Report

							Der Ching Investment Co., Ltd	ACC's subsidiary
							Douglas Tong Hsu	Chairman
Far Eastern Memorial Foundation Chairman : Douglas Tong Hsu	139,194,365	2.99	0	0.00	0	0.00	Asia Cement Corp.	The same Chairman
							Oriental Institute of Technology	
							Far Eastern Medical Foundation	
							Yuan Ze University	
							Der Ching Investment Co., Ltd	ACC's subsidiary
							Douglas Tong Hsu	Chairman
Yuan Ze University Chairman : Douglas Tong Hsu	127,635,238	2.74	0	0.00	0	0.00	Asia Cement Corp.	The same Chairman
							Oriental Institute of Technology	
							Far Eastern Medical Foundation	
							Far Eastern Memorial Foundation	
							Der Ching Investment Co., Ltd	ACC's subsidiary
							Douglas Tong Hsu	Chairman
Der Ching investment Co., Ltd. Chairman: K. Y. Lee	74,244,852	1.59	0	0.00	0	0.00	Asia Cement Corp.	ACC's subsidiary
Chinatrust Commercaill Bank Trust Account-Asia Cement Corp.	68,000,000	1.46	0	0.00	0	0.00		
Central Bank funds of Saudi Arabia at the discretionary account of Morgan Stanley Asset Management and in custody of JP Morgan	67,187,011	1.44	0	0.00	0	0.00		
Douglas Tong Hsu	52,939,865	1.14	0	0.00	0	0.00		
Yue Yuan Investment co., Ltd. Chairman : C.M.Chen	41,843,745	0.90	0	0.00	0	0.00		

## 9. Shareholding Proportion of FENC to Investees

Book closure date: 24 April 2010

Investees	Direct holdings by FENC		Holdings by Directors, Supervisors, Management, and subsidiaries directly or indirectly controlled by FENC		Total Holdings	
	Shares (Thousand)	%	Shares (Thousand)	%	Shares (Thousand)	%
Asia Cement Corp.	666,633	22.33	179,432	6.01	846,065	28.34
Far Eastern Department Stores Co., Ltd.	203,658	16.80	98,891	8.16	302,549	24.96
Oriental Union Chemical Corp.	73,834	9.17	172,353	21.41	246,187	30.58
Far Eastern International Bank	60,241	3.12	415,781	21.50	476,022	24.62
Everest Textile Co., Ltd.	129	0.03	129,118	27.40	129,247	27.43
Yuan Ding Investment Co., Ltd.	1,828,324	99.70	5,502	0.30	1,833,826	100.00
Far Eastern Resources Development Co., Ltd.	283,797	100.00	-	-	283,797	100.00
Yuan Tong Investment Co., Ltd.	705,147	100.00	-	-	705,147	100.00
Far Eastern Investment (H) Ltd.	1,700	100.00	-	-	1,700	100.00
Far Eastern Polychem Industries Co., Ltd.	493,632	59.81	331,717	40.19	825,349	100.00
Kai Yuan International Investment Co., Ltd.	291,196	100.00	-	-	291,196	100.00
Oriental Petrochemical (Taiwan) Co., Ltd.	337,678	75.56	28,750	6.43	366,428	81.99
Far Eastern Polytex (H) Ltd	46	100.00	-	-	46	100.00
Yuan Ding Co., Ltd.	186,925	37.13	243,473	48.37	430,399	85.50
Far Eastern Construction Co., Ltd.	154,373	65.11	1,607	0.68	155,980	65.79
Ding Yuan International Investment Co., Ltd.	205,000	100.00	-	-	205,000	100.00
Oriental Securities Co., Ltd.	140,278	19.65	466,901	65.42	607,179	85.06
PET Far Eastern (H) Ltd.	201	85.27	-	-	201	85.27
An Ho Garment Co., Ltd.	66,346	100.00	-	-	66,346	100.00
Pacific Liu Tung Investment Co., Ltd.	67,500	16.83	242,435	60.46	309,935	77.29
Fu Kwok Grament Manufacturing Co., Ltd.	3,999	99.99	-	-	3,999	99.99
Ding Ding Hotel Co., Ltd.	5,387	19.00	21,466	75.72	26,852	94.72
New Century InfoComm Tech Co., Ltd.	2,605	0.10	1,137,703	43.77	1,140,308	43.87
Hantech Venture Capital Corp.	4,939	3.73	4,832	3.65	9,771	7.38

## Capital Overview

# IV. Capital Overview

## 1. Capital and Shares

### 1.1 Issued shares

Unit: NT\$ thousands, thousand shares

Month/ Year	Par value (NTD)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of capital	Capital increased by assets other than cash	Other
Nov 05	10	4,500,000	45,000,000	4,103,633	41,036,333	Dividends	-	-
Oct 06	10	4,950,000	49,500,000	4,349,851	43,498,513	Dividends	-	-
Sep 09	10	4,950,000	49,500,000	4,480,347	44,803,469	Dividends	-	-
Sep 08	10	4,950,000	49,500,000	4,569,954	45,699,538	Dividends	-	-
Sep 09	10	4,950,000	49,500,000	4,661,353	46,613,529	Dividends	-	-

Note :

Dates and letter numbers of capital increase approvals received from the regulatory authority:

2005.07.26 Financial Supervisory Commission Ruling Ref. No.0940130323

2006.07.25 Financial Supervisory Commission Ruling Ref. No.0950132454

2007.07.19 Financial Supervisory Commission Ruling Ref. No.0960037682

2008.07.16 Financial Supervisory Commission Ruling Ref. No.0970035940

2009.07.21 Financial Supervisory Commission Ruling Ref. No.0980036534

Unit: thousand shares

Type of Stock	Authorized Share Capital							Note
	Outstanding issued shares			Unissued Shares	Shares convertible from corporate bonds	Shares convertible from stock warrants	Total	
	Listed	Non-Listed	Total					
Common Stock	4,661,353	-	4,661,353	220,046	150,000	10,000	4,950,000	-

### 1.2 Shelf Registration: None

### 1.3 Composition of shareholders

Book closure date: 24 April 2010

Types Amounts	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Numbers	26	112	238	100,448	627	101,451
Number of shares owned	85,025,856	359,746,991	2,106,376,269	650,031,408	1,460,172,377	4,661,352,901
% holdings	1.80%	7.72%	45.19%	13.94%	31.33%	100.00%

### 1.4 Distribution profile of share ownership

Par value: NT\$10 per share  
Book closure date: 24 April 2010

Shareholder Ownership	Number of shareholders	Number of shares owned	Percentage owned
1 ~999	56,782	13,510,291	0.29%
1,000 ~5,000	30,848	67,683,725	1.44%
5,001 ~10,000	6,559	47,603,211	1.02%
10,001 ~15,000	2,362	28,234,978	0.61%
15,001 ~20,000	1,233	21,877,464	0.47%
20,001 ~30,000	1,150	28,077,508	0.60%
30,001 ~40,000	532	18,478,148	0.40%
40,001 ~50,000	342	15,657,589	0.34%
50,001 ~100,000	639	45,234,700	0.97%
100,001 ~200,000	340	48,028,185	1.03%
200,001 ~400,000	173	47,854,296	1.03%

400,001 ~ 600,000	86	42,027,878	0.90%
600,001 ~ 800,000	43	29,748,522	0.64%
800,001 ~ 1,000,000	34	30,659,385	0.66%
Over 1,000,001	328	4,176,677,021	89.60%
Total	101,451	4,661,352,901	100.00%

### 1.5 Preferred Share: None

### 1.6 Major shareholders

Shareholders	Total shares owned	Ownership%
Asia Cement Corp.	1,039,915,325	22.31%
Oriental Institute of Technology	224,366,347	4.81%
Far Eastern Medical Foundation	167,382,194	3.59%
Far Eastern Memorial Foundation	139,194,365	2.99%
Yuan Ze University	127,635,238	2.74%
Der Ching Investment Corp.	74,244,852	1.59%
Chinatrust Commercial Bank Trust Account- Asia Cement Corp.	68,000,000	1.46%
Funds of Saudi Arabia Central Bank at the discretionary account of Morgan Stanley Asset Management, in custody of JP Morgan	67,187,011	1.44%
Douglas Tong Hsu	52,939,865	1.14%
Yue Yuan Investment Co., Ltd.	41,843,745	0.90%

### 1.7 Net worth, earnings, dividends, and market price per common share

Items	Year				
	2008	2009	Year 2010 till 31 Mar		
Market price per share	Highest	57.90	43.30	42.80	
	Lowest	15.35	18.90	29.90	
	Average	37.09	33.42	36.42	
Net worth per share	Before distribution	18.50	19.85	20.10	
	After distribution	17.70	(Note 1)	(Note 1)	
Earnings per share	Weighted average shares (thousand shares)	4,569,954	4,661,353	4,661,353	
	Diluted earnings per share	1.01	1.74	0.43	
	Adjusted diluted earnings per share (Note 2)	0.99	(Note 1)	(Note 1)	
Dividends per share (Note 3)	Cash dividend		1.8	0.8	-
	Stock dividend	Dividend from retained earnings	0.2	0.2	-
		Dividend from capital surplus	-	-	-
	Accumulated undistributed dividend		-	-	-
Return on Investment	Price / Earnings ratio(Note 4)		36.72	19.21	21.17
	Price / Dividend ratio (Note 5)		20.61	41.78	-
	Dividend yield(Note 6)		4.85	2.39	-

Note 1 : The profit distribution amounts shall be finalized based on the resolutions at the upcoming 2010 Annual General Shareholders' Meeting.

Note 2 The adjusted diluted EPS is calculated based on the number of shares after stock dividends being distributed.

Note 3 : Distribution of profit generated from the preceding year

Note 4 : Price/Earnings ratio = Average closing share price of the period/Earnings per share

Note 5 : Price/Dividend ratio= Average closing share price of the period / Cash dividend per share

Note 6 : Cash dividend yield=Cash dividend per share / average closing share price of that year

### 1.8 Dividend policy and its execution results

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

## Capital Overview

sum of dividends and bonus distributed in the same year.

1.8.2 Proposed distribution of 2009 profits to be approved at the Shareholders' Meeting: Cash dividend NT\$1.3 per share and stock dividend NT\$0.2 per share (dividend 20 shares for each thousand shares owned). Totally NT\$1.5 per share proposed to be distributed.

1.9 Effects on business performance and EPS resulting from stock dividend distribution proposed by 2010 Shareholders' Meeting.

Items		NT\$ thousands	
		Year	2010
Paid-in Capital (Beginning of the year)			46,613,529
Stock & cash dividend to be distributed	Cash Dividend		NT\$1.3/share
	Stock dividend from retained earnings		20 shares for each thousand shares owned
	Stock dividend from capital surplus		-
Variance in business performance	Operating income		Not applicable
	% change in operating income		//
	Net income		//
	% change in net income		//
	EPS		//
	% change in EPS		//
	Average return on investment(%)		//
Pro forma EPS & P/E ratio	When retained earnings were all distributed as cash dividend instead of being capitalized	Pro forma EPS	//
		Pro forma average annual return on investmnet	//
	When capital surplus were not capitalized	Pro forma EPS	//
		Pro forma average annual return on investmnet	//
	When retained earnings and capital surplus were all distributed as cash dividend instead of being capitalized	Pro forma EPS	//
		Pro forma average annual return on investmnet	//

Note: As FENC did not disclose financial forecast of 2010, pursuant to the letter issued by the Securities and Futures Bureau on 1 February 2001 (Letter number: Tai-Tsai-Zen-1-00371), the company is not required to disclose this information.

## 1.9 Bonuses for employees, Directors and Supervisors

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

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

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

1.9.2 Proposed bonuses for employees, directors and supervisors:

The Company Board of Directors resolved on March 24, 2010 the amount of bonuses being paid to employees, Directors, and Supervisors, respectively, are listed below:

- a. Employee cash bonuses: NT\$300,732,445; employee stock bonuses: NT\$0; bonuses for Directors and Supervisors: NT\$225,549,334.
- b. Proposed percentage of employee stock bonuses over retained earnings transferred to common stock: Not applicable

1.9.3 Bonuses to employees, Directors and Supervisors for 2008 as approved at the board meeting and Shareholders' Meeting are as follows :

- a. Bonuses for Directors and Supervisors : The amount proposed by the Board of Directors is NT\$147,417,865, while the actual amount paid is NT\$138,400,000.
- b. Bonuses for employees: The amount proposed by the Board of Directors is NT\$196,557,154, and the full amount is paid.

The surplus, if there is any, will be distributed in the coming years.

1.10 Share buyback by the Company: None



## Capital Overview

### 2. Corporate Bonds

Book closure date: 24 April 2010

Corporate Bond Type	2 <sup>nd</sup> Domestic Unsecured Bond	1 <sup>st</sup> Unsecured Bond 2007	2 <sup>nd</sup> Unsecured Bond 2007	1 <sup>st</sup> Unsecured Bond 2008
Issue Date	2007.09.14	2007.10.31	2007.11.22	2008.05.28
Face value	NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000
Issuance and listing	OTC	OTC	OTC	OTC
Offering rate	Par	Par	Par	Par
Total amount	NT\$ 2,500,000,000	NT\$ 800,000,000	NT\$ 2,000,000,000	NT\$ 2,600,000,000
Coupon rate	0%	2.62%	2.8%	2.67%
Maturity	5 years Maturity date: 2012.09.14	3 years Maturity date: 2010.10.31	3 years Maturity date: 2010.11.22	3 years Maturity date: 2011.05.28
Guarantor	-	-	-	-
Trustee	Bank SinoPac	Bank SinoPac	Bank SinoPac	Bank SinoPac
Underwriter	Chinatrust Securities	-	-	-
Legal counsel	-	-	-	N.C Liao
CPA	Shih Ching Pin Wu En Ming	Shih Ching Pin Wu En Ming	Shih Ching Pin Wu En Ming	Shih Ching Pin Wu En Ming
Repayment	Unless the bonds have been previously redeemed, repurchased and cancelled, or exchanged as terms described in the issuing prospectus, the company shall redeem the bonds at 100% of their principal amount by cash on the maturity date.	The bonds are repayable in lump sum on the maturity date, and the interest is calculated and paid annually.	The bonds are repayable in lump sum on the maturity date, and the interest is calculated and paid annually.	The bonds are repayable in lump sum on the maturity date, and the interest is calculated and paid annually.
Outstanding amount	NT\$2,500,000,000	NT\$800,000,000	NT\$2,000,000,000	NT\$2,600,000,000
Redemption or early repayment clause	Refer to Contract	-	-	-
Covenant applicable	Refer to Contract	-	-	-
Crediting rating	Received a rating of "twA+" from Taiwan Ratings Corp. on 2007.08.01	Received a rating of "twA+" from Taiwan Ratings Corp. on 2007.10.01	Received a rating of "twA+" from Taiwan Ratings Corp. on 2007.10.18	Received a rating of "twA+" from Taiwan Ratings Corp. on 2008.05.02
Other rights of bond holders	Amount converted in, exchanged, or subscribed to common shares, ADRs or other securities	No bondholder exercised exchangeable rights until 30 Apr 2010.	-	-
	Conversion rights	Refer to Contract	-	-
Dilution and other effects on existing shareholders	The underlying asset of the bonds is the common shares of Asia Cement Corp. owned by the company. Exercising the exchangeable options by bondholders will not affect the number of issued shares of the Company. Proceeds of the bonds were used to pay back short term borrowing and, as a result, reduced the interest expenses, which should be in the interests of shareholders of the Company.	-	-	-
Custodian	TDCC	-	-	-

Corporate Bond Type		2 <sup>nd</sup> Unsecured Bond 2008	3 <sup>rd</sup> Unsecured Bond 2008	1 <sup>st</sup> Unsecured Bond 2009
Issue Date		2008.06.20	2008.07.18	2009.10.29
Face value		NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000
Issuance and listing		OTC	OTC	OTC
Offering rate		Par	Par	Par
Total amount		NT\$ 1,000,000,000	NT\$ 1,200,000,000	NT\$ 3,000,000,000
Coupon rate		2.83%	2.95%	1.85%
Maturity		5 years Maturity date:2013.06.20	5 years Maturity date:2013.07.18	5 years Maturity date:2014.10.29
Guarantor		-	-	-
Trustee		Bank SinoPac	Bank SinoPac	Bank SinoPac
Underwriter		-	-	-
Legal counsel			N.C Liao	N.C Liao
CPA		Shih Ching Pin Wu En Ming	Shih Ching Pin Wu En Ming	Shih Ching Pin Wu En Ming
Repayment		The bonds are repayable in 30%, 30%, and 40% of the face value, respectively, at the end of the third, fourth, and fifth year after issuance, and the interest is calculated and paid annually based on the issued and outstanding amount.	The bonds are repayable in 30%, 30%, and 40% of the face value, respectively, at the end of the third, fourth, and fifth year after issuance, and the interest is calculated and paid annually based on the issued and outstanding amount.	The bonds are repayable in 50% of the face value, respectively, at the end of the fourth and fifth years, and the interest is calculated and paid annually based on the issued and outstanding amount.
Outstanding amount		NT\$1,000,000,000	NT\$1,200,000,000	NT\$3,000,000,000
Redemption or early repayment clause		-	-	-
Covenant applicable		-	-	-
Crediting rating		Received a rating of "twA+" from Taiwan Ratings Corp. on 2008.05.21	Received a rating of "twA+" from Taiwan Ratings Corp. on 2008.06.20	Received a rating of "twA+" from Taiwan Ratings Corp. on 2009.09.30
Other rights of bond holders	Amount converted in , exchanged or subscribed to common shares, ADRs or other securities	-	-	-
	Conversion rights	-	-	-
Dilution and other effects on existing shareholders		-	-	-
Custodian		-	-	-

### Exchangable Bonds

Type		2 <sup>nd</sup> Domestic Unsecured Bond				
Year		2007.9.14	2007.12.31	2008.12.31	2009.12.31	2010.04.30
Items	Number of shares as underlying assets	657,751,161	657,751,161	697,216,230	666,632,716	666,632,716
	Exchange price	57.88	57.88	51.77	47.70	47.70
Market price	Highest	-	109.00	110.80	100.50	99.95
	Lowest	-	98.00	82.50	95.00	99.30
	Average	-	103.36	101.39	98.69	99.63
Issued date		14 September 2007				
Exchange Target		Common stock of Aisa Cement Corporation				

## Capital Overview

### Far Eastern New Century Corporation

#### **Issuance and Exchange Terms for the Second Domestic Unsecured Exchangeable Bond**

1. Bond name: The second domestic unsecured exchangeable bond (hereinafter referred to as the "Bond") of Far Eastern New Century Corporation (hereinafter referred to as the "Company")
2. Issuing date: 14 September 2007
3. Issuing amount: Total amount of NT\$2.5 billion with a denomination of NT\$100,000 each, issued at the parvalue
4. Maturity: Five years; the Bond is issued on 14 September 2007 and due on 14 September 2012
5. Coupon rate: 0%
6. Repayment of principal:

Unless the Bonds have been exchanged into common shares of Asia Cement Co., Ltd. (hereinafter referred to as "ACC"), or the holders' rights for early redemption of the Bonds have been exercised, or the Bonds have been early redeemed or repurchased and cancelled by the Company (as provided in Conditions 10, 17, and 18 described below), the Company should redeem the Bonds at 100% of the principal amount in a lump sum cash payment at maturity.

7. Bond status:

The Bonds constitute unsecured obligations of the Company. Provided that another new secured bond issued by the Company with the same underlying Exchange Property (ACC common shares) after the issuance of the Bonds, the preference, priority, conditions, and secured obligations of the said new secured bond shall be applied to the Bonds.

8. Exchange property: ACC's common shares held by the Company
9. Exchange period:

Each holder of the Bonds has the right to exchange any or all of the principal amount of Bonds held by such holder into Exchange Property, in accordance with the Conditions 10, 13, and 14 described below, at any time between 15 October 2007 (the first business day one month after the issuance date) and 4 September 2012 (the tenth business day before the maturity date) except during the "Closed Period". "Closed Period" herein means (i) the period beginning on the third trading day prior to the date of notification by ACC to the Taiwan Stock Exchange (referred as TWSE) of the record date for the determination of shareholders entitled to the receipt of dividends, subscription of new shares, or exchange share certificates for capital reduction to such record date; (ii) such other periods during which ACC may be required to close its stock transfer books under laws and regulations applicable from time to time. The Company, pursuant to the relevant regulations, should make a public announcement of the "Closed Period", and notify the GreTai Securities Market (referred to as "GTSM") by writing.

10. Exchange procedures:

10.1 To exercise the exchange right attaching to any Bond, a holder of the Bond shall fill in an "Application form for Exchange/Redemption/Repurchase (the Form)" obtainable from the brokerage firm from which such holder purchased the Bond, and deposit the Form at the said brokerage firm. Such brokerage firm will submit the Form to the Taiwan Depository and Clearing Corporation (referred as "TDCC"), and subsequently TDCC will forward the Form to the stock transfer agent appointed by the Company. Once the Form is delivered to the agent, the Form will be irrevocable and may not be withdrawn, and the exchange is immediately in effect. ACC common shares will be delivered by book-entry system of TDCC to the holder of the Bond on the succeeding day, except the portion of odd lot shares (fewer than 1,000 shares, the smallest trading unit of stock listed on TWSE), which may be delivered within subsequent five business days.

10.2 When the holder of the Bond is overseas compatriots or foreigners and when such holder exercise the exchange right attaching to any Bond, ACC common shares will be delivered only through the book-entry system of the TDCC.

11. Exchange price and adjustments:

11.1 The reference date of the Bond is set at 6 September 2007, and the exchange price initially shall be NT\$57.88 per share. A reference price is first calculated, by using one of the average closing prices of ACC common shares for the preceding one, or three consecutive, or five consecutive trading days prior to the reference date. Then, a premium of 125% is added on the reference price to determine the initial exchange price, and the outcome is rounded to cent of NT Dollar. The aforesaid closing prices should be adjusted to exclude any dividend, should ACC common shares go ex-dividend prior to the reference date. The initial exchange price, once determined, should be adjusted based on the formula described in Conditions 11.2 and 11.3, should ACC common shares go ex-dividend before the issuance date of the Bonds.

11.2 The exchange price shall be subject to adjustment, if the number of total ACC issued common shares increases upon the occurrence of certain events, including, but not limited to, the following:

- (i) rights issue by public offering or private placement;
- (ii) capitalization of stock dividends from retained earnings;
- (iii) capitalization of stock dividends from capital surplus;
- (iv) new shares issued as employee bonus;
- (v) new shares issued for merging or acquiring other companies;
- (vi) stock split of ACC common shares;
- (vii) new shares issued as the underlying assets for offering overseas depository shares.

However, new shares issued as a result of the exercise of options, warrants, or other securities attached with an exercisable right to purchase ACC common shares, which were issued by ACC prior to the issuance of the Bonds through public offering or private placement, shall be exempted in this condition.

Upon the occurrence of an adjustment, the adjusted price shall be calculated in accordance with the formula described hereinafter, and the outcome is rounded to cent of NT Dollar. The exchange price shall be adjusted only downward. The Company should notify the GTSM by writing to make a public announcement of the adjustment, and the adjustment shall be in effect on the record date of the new share issuance.

When ACC changes the offering price of new issued shares after the record date (note 1), the adjustment should be made to the exchange price in accordance with the formula based on the new offering price. When the newly calculated exchange price is lower than the previous one announced by the GTSM, the Company should notify the GTSM by writing to make a public announcement of the new exchange price.

$$\text{Adjusted exchange price} = \frac{\text{Exchange price prior to adjustment} \times \text{Current number of shares ACC issued (note 2)} + \text{Subscription price per share (note 3)} \times \text{Number of new shares to be issued by ACC}}{\text{Current number of shares ACC issued} + \text{Number of new shares to be issued by ACC}}$$

Note 1: For a stock split, it shall be the record date for the split. If new shares are issued by a bookbuilding process, or private placement, or issued as the underlying assets for the issuance of overseas depository receipts, the record date is unavailable. Under such circumstance, the price adjustment should be made on the day the full subscription payment is received, or the delivery day of privately-placed securities. In the case of issuing new shares for merger or acquisition, the price adjustment should be made on the record date of the merger or acquisition.

Note 2: Current number of shares ACC issued means total number of shares issued by ACC (including shares publicly offered or privately placed) minus treasury shares ACC bought back but has not yet canceled or transferred.

Note 3: In the case of stock dividend or stock split, the subscription price per share shall be zero. In the case of issuing

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new shares to acquire any other company, the subscription price per share shall be the book value per share of the acquired company based on its latest audited or reviewed financial statement prior to the record date multiplied by the share conversion ratio determined for the acquisition. In the case of issuing new shares to acquire shares of any other company, the subscription price per share shall be the book value per share of the acquired target based on its latest audited or reviewed financial statement prior to the record date multiplied by the share conversion ratio determined for the transaction.

- 11.3 After issuance, provided that the ratio of the cash dividend per share distributed by ACC to the prevailing share price of ACC exceeds 1.5%, an adjustment should also be made to the exchange price on the ex-dividend date. The adjusted exchange price should be calculated based on the formula described herein, and the outcome is rounded to cent of NT Dollar. The Company should notify GTSM by writing to make a public announcement of the adjustment. Bondholders who exercise exchange right before the ex-dividend date shall be exempted from this condition. The said formula is:

Adjusted exchange price = exchange price prior to adjustment × (1 – cash dividend over ACC share price) (Note)

Note: ACC share price is determined by choosing one of the average closing prices of ACC common shares for the preceding one, or three consecutive, or five consecutive trading days prior to the ex-dividend date.

- 11.4 After issuance, if the subscription price of ACC's common shares determined in various securities issued by ACC, through public offerings or private placements, with an attached exercisable right to purchase ACC's common shares, is lower than the prevailing price of ACC common shares (note 1), an adjustment should also be made to the exchange price. The adjusted exchange price should be calculated in accordance with the formula described herein, and the outcome is rounded to cent of NT Dollar. The exchange price shall be adjusted only downward. The Company shall notify the GTSM by writing to make a public announcement of the adjustment. The adjustment should be in effect, either on the issuance date while in the case of public offering, or on the delivery date while in the case of private placement. The aforesaid formula is:

$$\text{Adjusted exchange price} = \frac{\text{Exchange price prior to adjustment} \times \text{Current number of ACC issued (note 2)} + \text{Subscription price of ACC common shares determined in the securities to be issued by ACC with an attached right to purchase ACC's common shares} \times \text{Number of new common shares issued by ACC when purchasing rights being exercised}}{\text{Current number of shares ACC issued + Number of new common shares issued by ACC when purchasing rights being exercised}}$$

Note 1: The prevailing price of ACC common shares is determined by choosing one of the average closing prices of ACC common shares for the preceding one, or three consecutive, or five consecutive trading days, either prior to the pricing date of the said securities while in the case of public offering, or prior to the delivery date while in the case of private placement.

Note 2: If treasury shares, instead of newly issued shares, are delivered upon the exercise of the purchasing rights attached to the said securities, the number of treasury shares should be deducted from the current number of shares ACC issued.

- 11.5 After issuance, when the number of common shares issued by ACC decreases for reasons other than the cancellation of treasury shares, an adjustment should also be made to the exchange price. The adjusted exchange price should be calculated in accordance with the formula described herein. The Company should notify the GTSM by writing to make a public announcement of the adjustment, and the adjustment should be in effect on the record date of capital reduction.

$$\text{Adjusted exchange price} = \frac{\text{Exchange price prior to adjustment} \times \text{Number of common shares issued before capital reduction}}{\text{Number of common shares issued after the capital reduction}}$$

12. Listing on and de-listing from GTSM:

The Company shall apply for the listing of the Bonds on GTSM prior to the date of issuance, and

shall make a public announcement after receiving the approval from GTSM. The Bonds will be de-listed from GTSM upon the date when: (i) the full amount of the Bonds are exchanged into the Exchange Property; or (ii) the full amount of the Bonds are repurchased or redeemed by the Company.

13. Upon the date of delivery in the case of exchange right being exercised, the Exchange Property can be listed and traded on TWSE.

14. If after the conversion there is a remaining amount which is less than the value of one share, such amount will be deemed as a fee paid to the TDCC in accordance with the operating requirements of TDCC. No further cash payment will be made to the holder of the Bonds.

15. Ownership of cash and stock dividend in the year the exchange right is exercised:

15.1 Cash dividend

15.1.1 A holder of the Bond will be entitled to receive the cash dividend resolved by the Shareholders' Meeting from the profit allocation of the previous year, provided such holder exercise the exchange right during the period beginning on 1 January of the year till the third business day prior to the date of notification by ACC to TWSE of the ex-dividend date.

15.1.2 The exchange right is suspended during the Closed Period. Please refer to the Condition 9 for the definition of Closed Period.

15.1.3 A holder of the Bond will not be entitled to receive the cash dividend resolved by the Shareholders' Meeting from the profit allocation of the previous year, provided such holder exercise the exchange right during the period beginning on the first business day after the ex-dividend date till 31 December of the year. However, such holder will be entitled to receive the cash dividend resolved by the Shareholders' Meeting in the next year from the profit allocation of the current year.

15.2 Stock dividend

15.2.1 A holder of the Bond will be entitled to receive the stock dividend resolved by the Shareholders' Meeting from the profit allocation of the previous year, provided such holder exercise the exchange right during the period beginning on 1 January of the year till the third business day prior to the date of notification by ACC to TWSE of the ex-dividend date.

15.2.2 The exchange right is suspended during the Closed Period. Please refer to the Condition 9 for the definition of Closed Period..

15.2.3 A holder of the Bond will not be entitled to receive the stock dividend resolved by the Shareholders' Meeting from the profit allocation of the previous year, provided such holder exercise the exchange right during the period beginning on the first business day after the ex-dividend date till 31 December of the year. However, such holder will be entitled to receive the stock dividend resolved by the Shareholders' Meeting in the next year from the profit allocation of the current year.

16. Rights and obligations of common shares received by exercising the exchange right are the same as the original ACC common shares.

17. Redemption at the option of the Company:

17.1 From the first day following one month after the issuance (15 October 2007) until 40 days before the maturity date (5 August 2012), if each of the closing prices of ACC common shares exceeds the prevailing exchange price by 50% for 30 consecutive trading days, the Company may within the following 30 business days send via registered mail a "Redemption Notice", which expires in one month (the aforesaid period starts from the date the Company mails out the notice; the expiry day of the period shall be the record date for the redemption of the Bonds, and the aforesaid period shall not fall into the Closed Period specified in Condition 9) to holders of the Bonds (based on names contained in the bondholder list registered five business days before the "Redemption Notice" is sent). A public announcement shall be made to inform those

## Capital Overview

who later obtain ownership of the Bonds due to transactions or other reasons in regard to the Company's decision to redeem the Bonds. The Company should notify the GTSM by writing to make a public announcement, and may redeem the outstanding Bonds at 100% of the principal amount upon the expiration of the notice period.

- 17.2 From the first day following one month after the Bond's issuance (15 October 2007) until 40 days before the maturity date (5 August 2012), if the outstanding balance of the Bonds is lower than NT\$250 million (10% of the original total issuing amount), the Company may at any time thereafter send via registered mail a "Redemption Notice", which expires in one month (the aforesaid period starts from the date the Company mails out the notice; the expiry day of the period shall be the record date for the redemption of the Bonds, and the aforesaid period shall not fall into the Closed Period specified in Condition 9) to holders of the Bonds (based on names contained in the bondholder list registered five business days before the "Redemption Notice" is sent). A public announcement shall be made to inform those who later obtain ownership of the Bond due to transactions or other reasons in regard to the Company's decision to redeem the Bonds. The Company should notify the GTSM by writing to make a public announcement, and may redeem the outstanding Bonds at 100% of the principal amount upon the expiration of the notice period.
18. Redemption at the option of the holder of the Bonds:
- Each holder of the Bonds has the right to require the Company to early redeem the Bonds of such holder, at 100% of the principal amount on 14 September 2010 (the record date), three years after the issuance date. Before 5 August 2010, the 40th day prior to the record date, the Company should send by registered mail to each holder of the Bonds a "Notice of Early Redemption Right" (based on names contained in the bondholder list registered five business days before the "Notice of Early Redemption Right" is sent). A public announcement shall be made to inform those who later obtain ownership of the Bond due to transactions or other reasons in regard to the early redemption right. The Company should notify the GTSM by writing to make a public announcement in regard to the early redemption right of holders of the Bonds. Each holder of the Bonds may exercise the right by depositing a notice to the stock transfer agent appointed by the Company within 40 calendar days after the announcement. Once notice being deposited, it is irrevocable, and immediately in effect. For a notice sent via mail, the effective date should be based on the date appeared on the postmark. The Company should redeem the Bonds of holders who deposit the notice within five business days after the record day.
19. The Company should promptly surrender and cancel Bonds early redeemed, repurchased (including those repurchased at a security brokerage), or exchanged, and none of those shall be sold or re-issued.
20. The Bonds and ACC common shares exchanged from the Bonds are registered in the names of their holders, whose ownership transfer, change in the registration, registration of pledge, or loss of the certificates are subject to the "Regulations Governing the Administration of Shareholder Services of Public Companies" and the relevant articles in the ROC Company Law. Tax related issues are subject to the applicable prevailing tax regulations.
21. The ACC common shares set aside for the purpose of exchange are in the custody of TDCC.
22. Bank SinoPac (refer to as the "Bank") is appointed as the trustee, who has the responsibility of auditing and supervising the Company in fulfilling related obligations of the issuance of the Bonds in the interests of Bondholders, based on an indenture signed between the Company and the Bank. Bondholders who hold the Bond either from subscription on the issuing date or from transactions after the issuing date shall agree on the indenture between the Company and the Bank, and shall agree to grant the Bank a discretionary authority to handle trustee-related matters, and shall agree such discretionary authority cannot be revoked. Contents of the indenture are available for inspection at any time during normal business hours at the offices of the Company and the Bank.
23. The stock transfer agent appointed by the Company is in charge of the principal repayment of the Bonds and exchange related matters.
24. No physical certificates will be printed for the Bond pursuant to the provisions in Article 8 of the Securities Exchange Law.
25. For matters not covered by the Conditions specified hereinabove shall be governed by the relevant

laws and regulations.

### 3. Preferred Shares: None

### 4. Issuance of Depository Receipts

Item	Content		
Date of issuance	25 Oct 1999 & 19 Nov 1999		
Place of issuance	Placed in Asia, Europe, and US. Listed in Luxembourg Stock Exchange		
Total amount of issuance	US\$202,631,674		
Unit price of issuance	US\$14		
Total number of units issued	14,473,691 units		
Type of underlying securities	Far Eastern New Century Common Stock		
Amount of securities	Common Stock 144,736,910 shares		
Rights and obligations of subscribers	Same as common stock shareholders		
Trustee	-		
Depository bank	The Bank of New York Mellon Corporation		
Custodian bank	Far Eastern International Bank		
Number of outstanding shares	1,371,959.00 Units		
Bearers of related charges incurred during issuance and holding period	The Company is responsible for the payment of related charges during the holding period.		
Major terms of Depository Agreement and Custodian Agreement	Voting rights can be exercised only if the owners holding at least 51% of the Depository receipts outstanding vote at the same manner in respect of one or more resolutions to be proposed at the Shareholders' Meeting.		
Unit market price	High	Low	Average
2009	US\$12.4000	US\$5.8500	US\$9.8872
Year 2010 till 30 April	US\$12.5000	US\$11.4700	US\$12.2642

### 5. Employee Stock Options: None

### 6. Share Issued for Merger or Acquisition: None

### 7. Fund Utilization Plans and Status

Uncompleted bond issues, private placement of securities, completed bond issues or private placement of securities in the preceding 3 years whose return of investment has not emerged: None



## Operational Highlights

# V. Operational Highlights

## 1. Business Activities

### 1.1 Business scope

#### 1.1.1 Main products and percentage of sales for each product

Polyester Division		Textile Division	
Products	% of sales	Products	% of sales
Solid-state polymer	33.66%	Cotton yarn	8.85%
Polyester staple fiber	23.76%	Apparel	7.97%
Pre-oriented yarn	7.35%	Knitted finished fabrics	2.69%
High denier industrial yarn	4.41%	Industrial fabrics	1.24%
Drawn textured yarn	3.04%	Fabrics (Including yarn-dyed fabrics)	0.39%
PET bottle	2.37%		
Polyester chip	2.38%		
PET sheet	1.33%		

#### 1.1.2 Current products and services provided by FENC

- Polyester chip, polyester staple fiber, polyester filament, solid-state polymer, drawn textured yarn, high denier industrial yarn, PET bottle preform, PET bottle and PET sheet.
- Cotton yarn, CVC yarn, polyester yarn, OE yarn and functional specialty yarn.
- Cotton fabrics, cotton blended fabrics, yarn-dyed fabrics, polyester fabrics, knitted fabrics and industrial fabrics.
- Textile products (Including shirts of brand names of Manhattan and John Henry, business suits of Hart Schaffener Marx, and beddings of ToniaNicole,etc.)
- Knitted products (Including under wears of brand names of F.E.T. and Paul Simon, casual wears of ACTIVE,etc.)

1.1.3 New products and services under development: functional fibers, textile products made of special materials, water vapor permeable thermoplastic polyurethane film, biodegradable plastics, high gas barrier plastic materials, functional bio-medical dressing, environmental friendly heat shrinkage films, key materials used in optoelectronics industry, and self-branding international e-commerce marketing networks.

### 1.2 Business environment

#### 1.2.1 Current situation and prospects

According to the statistics issued by Department of Statistics, Ministry of Economic Affairs, the total output value of textile industry in Taiwan was NT\$365.6 billions in 2009, representing a decline of 16% compared to that in 2008. In comparison to the total output value of NT\$551.5 billions in 2004, it fell by more than one third. Such dramatic decline in Taiwan's textile output was the result of global financial turmoil starting from 3Q08, which jeopardized consumers' confidence and curtailed their spendings, causing the overall demand for textile products to decline substantially. The severe slowdown at the economy, especially in the developed regions, had sustained for almost a whole

year, and signals for recovery were not seen at all until the second half of 2009.

### Statistics of Taiwan industrial production value

NT\$ billion

Year	Textile	Apparel	Manmade fiber	Total
2005	301	46	152	499
2006	294	41	151	486
2007	308	37	153	498
2008	280	32	122	434
2009	238	25	103	366

Source: Department of Statistics, Ministry of Economic Affairs

The textile industry in Taiwan can be divided into three sub-sectors – textile, manmade fiber, and apparel. In terms of production value in 2009, the textile sector has the largest share, comprising 65% of the total production value. Manmade fiber and apparel consisted of only 28% and 7%, respectively. In year 2009, the production value of three sub-sectors all posted a double-digit decline. The apparel sector suffered the most severe drop in the production value, showing a 22% decline YoY. Both the textile and manmade fiber sectors declined by 15%.

#### 1.2.1.1 Sales of Taiwan textile products in 2009

Products	Sales volume		Sales value	
	Amount(note)	% change YoY	Value (NT\$000)	% change YoY
Polyester chip	847,402	+0.6%	30,122,580	-17.5%
Polyester filament	752,957	+3.3%	27,346,036	-14.2%
Polyester staple fiber	527,916	+15.3%	19,924,175	-6.2%
Cotton yarn	231,441	+6.6%	17,531,798	+0.5%
Yarn of man-made fiber	158,799	-0.1%	11,583,420	-12.4%
Polyester drawn textured yarn	656,082	+1.9%	35,503,946	-13.8%
Cotton fabrics	248,654	-34.6%	12,615,020	-29.0%
Polyester woven fabrics	991,739	-10.7%	24,220,922	-12.3%
Nylon woven fabrics	859,340	-14.8%	14,091,567	-19.5%
Blended fabrics with cotton and Manmade fiber	152,043	-10.5%	3,825,172	-14.5%
Knitted fabrics	53,573	-12.6%	13,080,574	-13.6%
Dyeing and finishing of woven fabrics	1,153,097	-17.8%	9,593,549	-15.0%
Dyeing and finishing of knitting fabrics	172,018	-6.2%	7,106,579	-2.6%
Woven apparel	1,887	-28.0%	10,278,147	-26.1%
Knitted apparel	6,851	-7.4%	18,820,816	-2.8%

Note:

- Unit of amount: fabrics (thousand square meters), apparel (thousand dozens), others (tons)
- Source: Department of Statistics, Ministry of Economic Affairs

#### 1.2.1.2 Import and export of textile and apparel

The export value of Taiwan textile products in 2009 was US\$9.34 billion, representing a 14% decline compared to 2008 and accounting for only 4.6% of the total national export value (US\$203.6 billion). The textile industry fell to 7th place of all export industries in Taiwan last year, behind those industries of mechanical and electrical equipments, basic metals and their products, plastics, rubber and their products, precision instruments, clocks, watches and musical instruments, chemicals and minerals. The 2009 import value of textile products was US\$2.19 billion. The positive balance of textile products was US\$7.15 billion, down by 13%, or US\$1.04 billion, compared to 2008.

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Export statistics of major textile products in Taiwan in 2009

Items	Export value (US\$ million)	YoY change (%)	Export volume (thousand tons)	YoY change (%)	Change in unit price, YoY (%)
Products					
Fibers	952	-2%	643.4	+24%	-21%
Yarns	1,793	-9%	869.7	+13%	-20%
Fabrics	5,536	-16%	945.8	-11%	-6%
Apparels and clothing	724	-25%	414	-24%	-2%
Others	340	-8%	939	-3%	-5%
Total	9,345	-14%	2,594.2	+4%	-17%

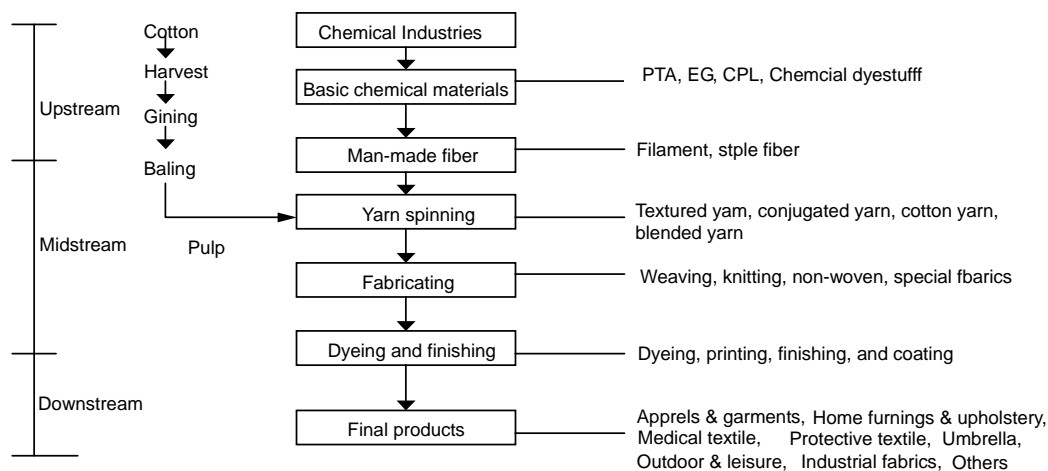
Source: Taiwan Textile Federation

Major trends of 2009 import/export of textile products in Taiwan are highlighted as follows:

- a. The export and import values reduced significantly: Affected by the global financial turmoil, the consumers' demand declined, inventory turnover at downstream producers slowed, and prices of materials and products fell. As a result, both export and import value of textile products in Taiwan substantially declined 14% and 19%, respectively. In 2009, among five major products listed in the table above, apparels and clothing products shew the biggest decline (-25%), which was mainly caused by 36% reduction of woven clothing. Fabrics declined by 16%, and yarns and other products both had a decline of almost 10%. As to the import value of US\$2.19 billion, it was also the lowest level in recent years.
- b. The fabric products are major export category: fabrics were the biggest category of textile export in Taiwan. In 2009, the fabrics accounted for 59% of the total textile export value, followed by yarn (19%), fiber (10%), clothing (8%), and other miscellaneous textile (4%). The fabrics export slightly reduced by 2% as comparing to previous year, falling to US\$5.5 billion, with special fabrics and woven fabrics evenly splitting the total amount. Fabrics being through the dipping and coating process was the major item out of the special fabrics, with a total export value of US\$800 million. Woven finished fabrics, with a total export value of US\$1.92 billion, was the main item of the overall woven products.
- c. The export unit price fell across all items: the average export unit price of textile was 17% lower than 2008. The yarn and fiber decreased by about 20%, and that was mainly a result of the material decline at prices of raw materials globally. As to the 2% ~ 6% decreasing on average export unit price of fabric and miscellaneous textile and clothing, it was affected by global economic slowdown.
- d. Increasingly rely on certain export areas: the weights of overall 2009 textile exporting amounts by areas were: China (22%), Hong Kong (14%), Vietnam (13%), America (9%) and European Union (6%). The export amount of the top five areas reached US\$5.88 billion, 15% less than 2008. In spite of this, export amount to the top five areas constituted of 64% of the total export, 1 percentage point increased comparing to 2008. This fact indicated that the Taiwan textile export increasingly relied on particular areas, especially China (3 percentage points increased in 2009 versus 2008).

### 1.2.2 The supply chain analysis

Originally, the textile industry serves the purpose of providing the necessities for daily life. Nowadays, this industry has already incorporated fashion trends, technologies, and arts, meeting the demands beyond the basic clothing needs. Polyester polymers are in the upstream part of the supply chain, consuming chemicals derived from crude oil as basic materials. In the mid stream, there are spinning, weaving, fabricating, dyeing and finishing production processes. Apparels, garments, and home furnishings are the downstream end products. The whole supply chain is summarized in the chart below.



### 1.2.3 Industry trends and competition

Competition is increasingly intensive, as producers based in China and Southeast Asia have been lowering product prices by using cheap and massive labor forces. Producers based in Taiwan are facing rising costs, for both raw material and labor costs are rising. The former is caused by the surging crude oil prices, and the latter is the result of the Taiwan government policies to reduce the working hours and curtail the quota of importing foreign labor forces. In addition, the rising NT dollar value also has a negative impact on the competitiveness of Taiwan producers in the international market.

#### 1.2.3.1 Polyester industry (upstream)

There are two major applications for the polyester products: fibers and resins. The former includes polyester filaments, polyester staple fibers, and industrial fibers, and the latter PET resins, PET bottles, and PET sheets. New applications are created year after year, and polyester products now are widely used in daily lives worldwide.

Based on the estimate by PCI, a consulting firm in the polyester industry, the total polyester output reached 45.79 million tons in 2009 worldwide, with polyester fibers accounting for 66% and polyester resins 34%. China was the largest producer for both products, and production from China was estimated to be 22 million tons of fibers and 3.6 million tons of resins in 2009.

In Taiwan, the output of polyester fibers was about 1.55 million tons, and that of polyester resins 750,000 tons in 2009, both showing a marginal growth year on year. While the global economy was in a recession, the growth of polyester production in Taiwan, in our opinion, was a result of collective efforts of all producers in developing new applications, adjusting exporting markets, and providing better services to retain customers.

#### 1.2.3.2 Spinning business (midstream)

Prices of major raw material, cotton, showed a dramatic upward trend in 2009. The lowest price, US\$50 cents/lb, occurred in the first quarter, and then, the price rose quarter by quarter, boosted by the global economic recovery and US dollar depreciation, to nearly US\$80 cents/lb. The number of yarn spindles worldwide was about 200 million in 2009, and 84% of these spindles located in Asia. China and India are the two largest owners; the former owns 105 million spindles and the latter 40 million.

Cotton yarn producers in Taiwan have been relocating their facilities overseas in recent years for two reasons: 1) downstream customers had already relocated overseas; 2) rising costs in Taiwan were difficult to be passed on to customers. In 2009, the total number of spindles left in Taiwan was only 1.17 million, a 40% reduction compared to year 2000. Currently, the overseas spindles owned by Taiwanese has risen to 1.56 million, already exceeding the domestic number. In our opinion, producers that choose to stay in the island would have to develop specialty yarns and expand new exporting areas in order to maintain operations.

#### 1.2.3.3 Fabricating business (midstream)

China currently owns the largest capacity in the world for fabricating, including weaving and knitting facilities. According to the official statistics published by the China authority, the total export amount of fabrics was US\$27.2

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billions, down by 11% from 2008. In spite of the decline at export amount, the fabric production in China increased to 74 billion meters, up by 4.2% YoY, thanks to the support of strong domestic demand.

Out of all textile products in Taiwan, fabrics are the most competitive items in the international market. However, the export value in 2009 declined substantially to only US\$5.5 billion, down by 16% YoY, and representing a dramatic fall of 50% compared to the level in 2007. In order to avoid the increasingly intensive price competition initiated by other emerging countries, Taiwanese operators have been switching their product mix to focus on industrial and functional fabrics used for special purposes. Especially, the functional products, such as Dri-Fit, anti-UV, and anti-bacteria, are most immensely favored by international sport brands, and Taiwan now has become the main supply country of global functional fabrics.

Due to the proliferation of regional free trade agreements, Taiwanese operators in the future could suffer a competitive disadvantage, as producers in member countries may trade with one another without tariff being charged. Only relentless innovation can allow Taiwanese operators to differentiate themselves and maintain their existing competitiveness.

### 1.2.3.4 Final products – apparels and garments (downstream)

Soon after the global clothing and textile quota being lifted in 2005, China became the largest exporting country for apparels and garments for its relatively lower production costs. According to WTO data, the export of apparels and garments made in China composed of 33.2% of the global trading amount in 2008. In 2009, despite of the fact that the weakening demand caused by financial turmoil resulted in a 11% decline at the export of China apparel products, the total production volume in China still rose by 7%, evidencing a strong growth potential from China domestic market.

Most of the Taiwanese producers have already relocated their production facilities overseas, in order to take advantage of the lower labor costs. Their headquarters in Taiwan play the roles of only inventing, designing, and receiving orders. Therefore, the trade volume of finished products from Taiwan has been declining year after year.

## 1.3 Technology innovation and R&D results

### 1.3.1 R&D expenses in recent years

The R&D expenses are NT\$567.39 million and NT\$568.91 million in 2008 and 2009, respectively.

### 1.3.2 Technologies or products being developed

New polyester resins and new applications for existing polyester resins, Co-polymer of polyethylene and PET, Pressure-resistance PLA materials, Printable hard-coating PET sheet, Highly-expandable IMF hard-coating sheet, Dyeable PLA materials, Light-curing dental restorative composite resins, Hard-coating anti-glare films, one layer ITO film (PET 188µm), Heat-shrinkage PLA films, Modified PET resins ( $T_m=160^{\circ}\text{C}$ ) for thermal bonding fibers, Glass transition temperature ( $T_g$ ) advanced for "CS-113" resins, TRC Flake cleaning solvents, optoelectronic wide-view films.

## 1.4 Long-term and near-term business plans:

### 1.4.1 Near-term business plan

#### 1.4.1.1 Maximize benefit from vertical integration

The production process of the Company is vertically-integrated, from the upstream basic chemical materials, all the way down to the finished products such as apparels and garments. Fully vertical integration in the production process has created cluster effects of textile-related producers and lowered production costs for the Company. More importantly, the Company is able to build a closer relationship with globally famous brands, by inventing cooperatively new upstream materials, and that creates a competitive advantage unrivaled by competitors.

#### 1.4.1.2 Flexible production and marketing strategies

In recent years, the international bilateral and regional free trade agreements are proliferating. Since 2010, the import tariff for most products in China and ASEAN member countries are reduced to zero, which is extremely adverse to Taiwanese companies. Fortunately, the Company already established several production sites based in China and ASEAN countries, allowing the Company to adopt flexible production and marketing strategies, in order to explore opportunities and maximize the Company's profits.

#### 1.4.1.3 Increase domestic sales in China market

China has developed itself into the third largest economic entity in the world. The domestic demand is strongly encouraged by varieties of hyper-stimulative policies adopted by the Beijing authority, and these policies are also highly relevant to the Company's business operations. Therefore, given such good opportunities, the Company has decided to increase its sales amount in the China domestic market.

### 1.4.2 Long-term business plan:

#### 1.4.2.1 Capacity expansions

Increasing capacity has long been a consistent strategy of the Company. In addition to the planned capacity expansion executed internally, the Company also seek for other possible ways to expand its production capacity, such as merger and acquisition. Economies of scale is an effective way to sustain a company's leading position in this industry, and enhance the long term operating efficiency.

#### 1.4.2.2 Accelerating new product development

New product development has been another strategy the Company perseveres with. Only with innovative and high value-added products can the Company maintain its leadership in the industry, and in the meantime, meet the changing demands from customers. In addition, conserving the environment has become a worldwide trend and attracts attentions from many customers. Therefore, new products the Company is developing will focus on environmentally friendly products, in order to capture the relevant new business opportunities.

#### 1.4.2.3 Ongoing promotion of environmental protection and energy saving

Promoting the awareness of conserving the environment and saving energy has double impacts on the Company: 1) it can help the Company improve its energy efficiency, and as a result, lowering production costs; 2) it fulfills the Company's social responsibility as a good corporate citizen. The cCompany will continually optimize the production process and operational management to achieve this purpose.

## 2. Analyses of the Market, Production, and Sales

### 2.1 Market analysis

#### 2.1.1 Sales regions of the Company's main products (services)

In 2009, 73% of the Company's sales revenue derived from export, and 27% from the domestic market. The major export regions and the percentage sales of each region are: Asia (42.4%), America (36.0%), European countries (14.0%), and others (7.5%).

#### 2.1.2 Domestic market share of main products

Products	Solid-state polymer	Polyester staple fiber	POY & DTY
%			
Demastic market share	66.67%	45.61%	11.31%

#### 2.1.3 Current supply/demand situation and the prospects of the market

Although it has been very rare to see a negative demand growth in the polyester industry, the consumption growth of polyester products did fall into the negative territory in past one and half years, as a result of the credit shortage worldwide and the financial turmoil. Profitability of relevant players were all affected in an adverse way. However, we believe the supply/demand situation of the industry, as well as the profitability of the Company, would gradually improve for the following reasons:

First, for the decade-long oversupplied situation this industry has suffered, many operators cannot afford such prolonged losses. Unfortunately, their financial situations were further exacerbated by the worldwide credit

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shortage. Consequently, many operators are voluntarily, or forced to, retreat from the market, and the consolidation of the industry is accelerating now. Industry consolidation would reduce the redundant capacity, and help discipline the market.

Second, a tremendous amount of new plants for the production of paraxylene (PX), the upstream raw material for polyester production, has been commencing commercial operations recently. The new supply of PX is adding downward pressure to its price, and easing the cost pressure for the downstream polyester producers. Therefore, margins of polyester products are reverting to an upward trend quarter by quarter.

Third, new applications of polyester products are created. Some typical and well-accepted examples are: 1) using polyester filaments to replace nylon fibers for the productions of sportswears, which can release more moisture and perspiration than conventional ones made of nylon fibers; 2) using industrial polyester HDI to produce tyre cords and conveyor belts; 3) using amorphous PET sheets for the packaging purpose of electronic products. As the new applications are proliferating, the demand for polyester products is expected to rise in an accelerating rate.

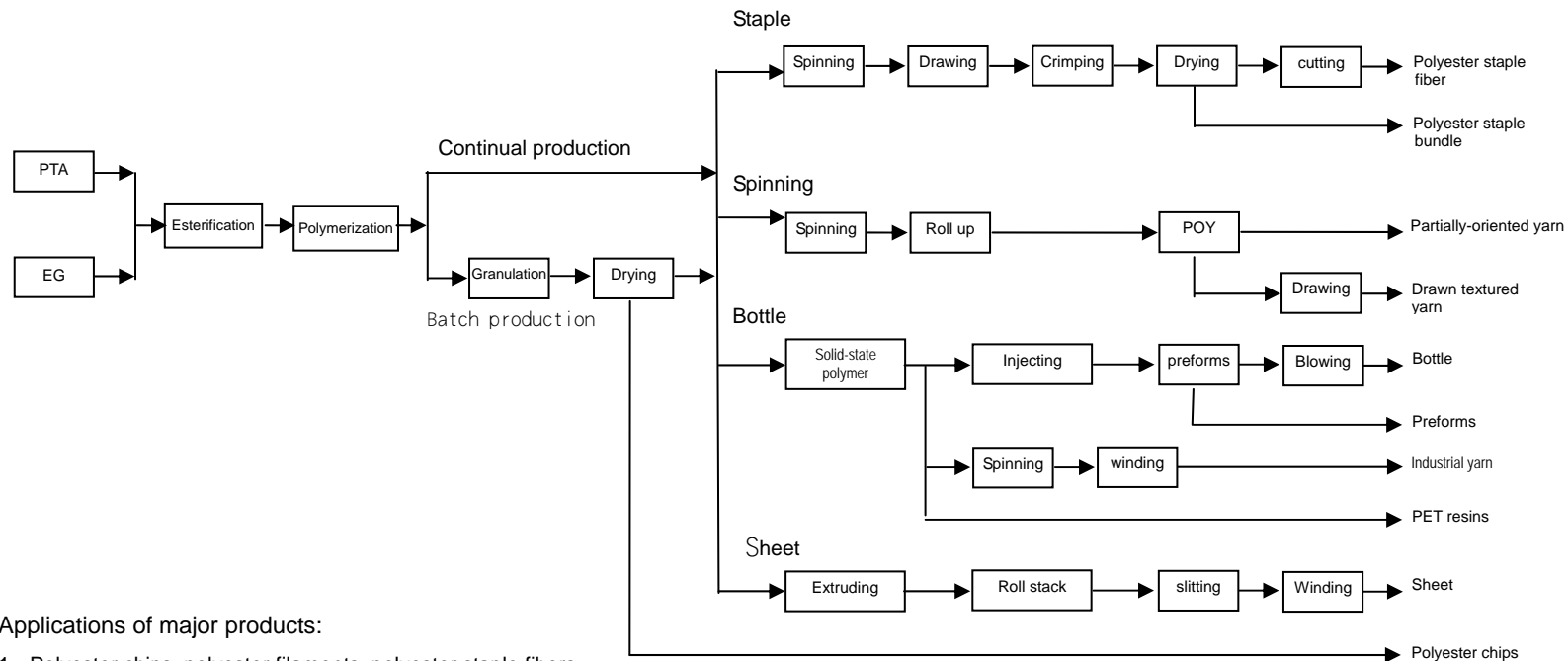
Moreover, efforts made by the Company to integrate production process upward have begun to yield satisfactory results. At the end of 2008 when the world was affected by the financial turmoil, the Company took the advantage to acquire a PTA plant, located at the Guanyin site of Taiwan, with a production capacity of 1 million tons/year. PTA is an important intermediate raw material for the polyester production. The said acquisition helps the Company achieve more than 100% self-sufficiency in the supply of PTA, and the surplus can also be sold to the third party for additional profit. In 2009, following the recovery of the global economy, this newly acquired PTA plant has already generated a material amount of net income.

In addition to the reasons mentioned above, we believe the efforts in R&D can create further competitive advantage for the Company. In 2002, the Company has already established a Research Institute at the Neili site of Taoyuan County. The Institute has been creating differentiated products, high value-added applications, and green products for the Company, and will continue to do so to maintain the Company's leading position.

### 2.1.4 Competitive advantages, disadvantages, and the Company's measures to counteract negative factors

Competitive advantages	<ul style="list-style-type: none"> <li>- Being the fifth largest polyester producer in the world, the economies of scale of the Company is hardly rivaled by other peers.</li> <li>- Already achieved fully vertical integration at the production process, and as a result, the Company is one of the lowest cost producers in the world.</li> </ul>
Positive factors	<ul style="list-style-type: none"> <li>- Cost pressure expected to be eased, as tremendous amount of upstream raw material capacity, including PX and MEG, is being started up.</li> <li>- New technologies and new applications for polyester products emerging, sustaining the growth of demand for polyester products.</li> </ul>
Negative factors	<ul style="list-style-type: none"> <li>- For the regional free trade agreement between China and ASEAN countries, plus Korea and Japan are gaining access to the aforesaid FTA, competition is expected to increase.</li> </ul>
Company's measures to counteract negative factors	<ul style="list-style-type: none"> <li>- Upgrade product mix, and focus on the production of niche products.</li> <li>- Replace obsolete machineries to improve the production efficiency and increase the product margin.</li> <li>- Adjust the marketing strategy and increase the output from the China production sites; focus sales in the China domestic market to avoid competition from ASEAN countries.</li> </ul>

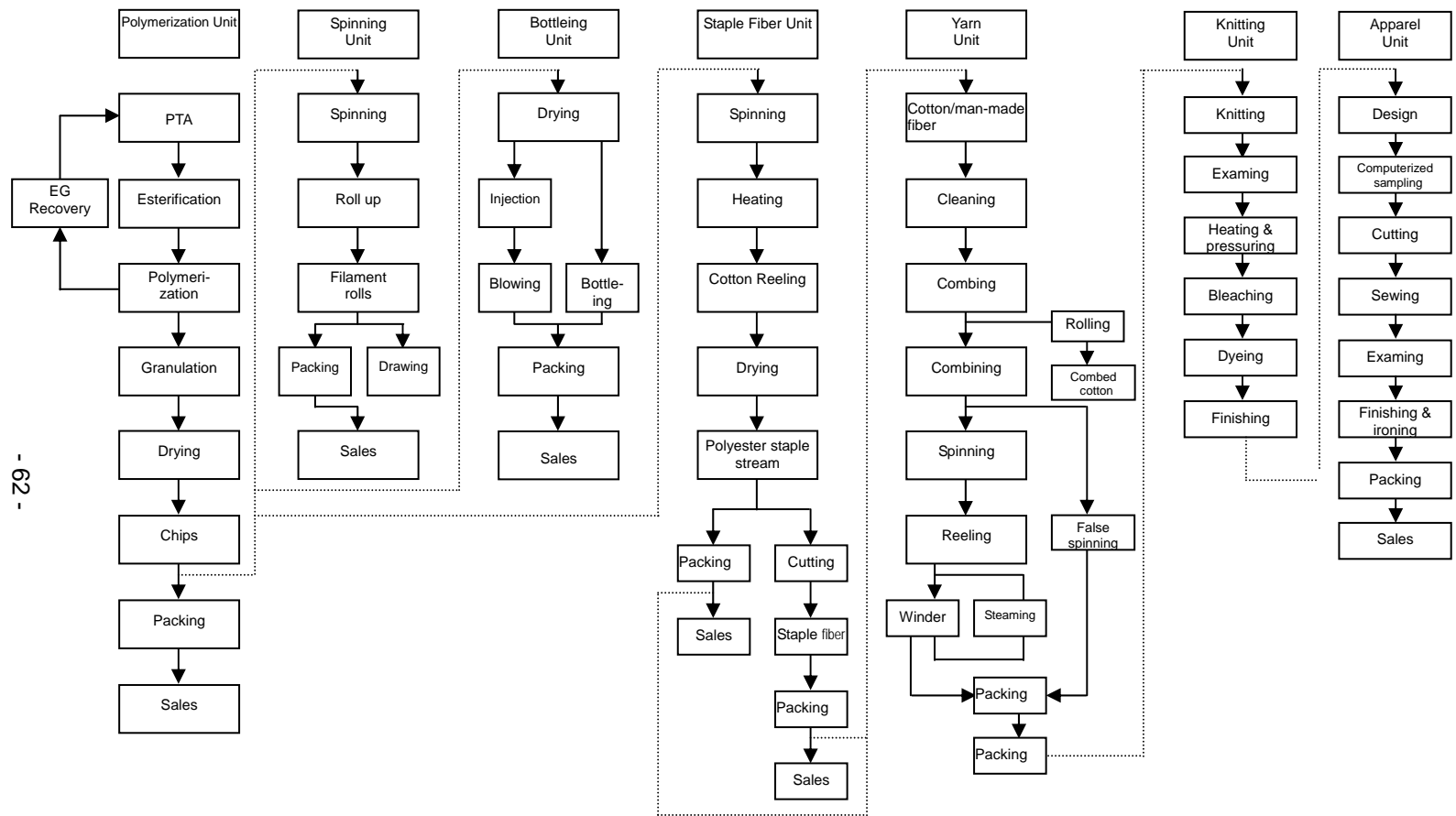
## 2.2 Applications and production process of major products



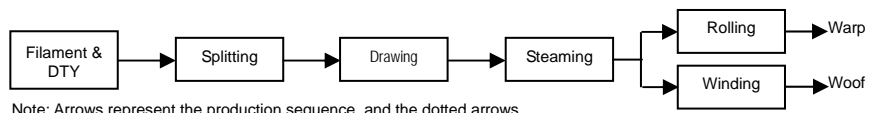
### Applications of major products:

1. Polyester chips: polyester filaments, polyester staple fibers
2. Polyester staple fiber: staple fiber yarn, blended yarn, conjugate yarn, non-woven yarn
3. Polyester filament: apparel, garment, upholstery and home furnishing textiles
4. Industrial yarn: seat belt, conveyor belt, water-proof coated fabrics
5. PET resins: PET bottle, PET sheet
6. PET bottle: packaging of drinks and food
7. Yarn: fabrics for clothings, industrial usage, or home furnishing purpose through weaving or knitting process
8. Fabrics : Finished fabrics for clothings, industrial usage, or home furnishing purpose after dyeing and finishing process
9. Knitted fabrics: apparels, garments, upholstery and home furnishing products
10. Apparels : underwears, clothings, shirts, fashions, etc.





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Note: Arrows represent the production sequence, and the dotted arrows represent the inter-unit transferring.

### Sources of major raw materials

Item	PTA, EG	Cotton, polyester staple	Fabrics	Finished fabrics	Remarks
Major sources	CAPCO Co., Ltd., Oriental Petrochem, the United States	The United States, Internally supplied	Internally supplied	The United States, Internally supplied	Supplies of major raw materials are stable and sufficient.

### 2.3 Any single supplier from whom the Company sourced more than 10% of the raw materials within any one of the preceding two years

#### 2.3.1 List of aforesaid suppliers

Unit: NT\$ thousands

2009			2008		
Suppliers	Procurement amount	%	Suppliers	Procurement amount	%
Oriental Petrochemical	8,250,881	29	Oriental Petrochemical	8,289,025	25
CAPCO Co., Ltd.	6,374,214	24	CAPCO Co., Ltd.	8,206,461	24

Note: Difference of procurement amount in each year results from reasons including, but not limited to, the supply and demand situation in the market, changes in prices, and the real consumption of the Company.

#### 2.3.2 Any single customer to whom the Company sold more than 10% of the total revenues within any one of the preceding two years: None.

### 2.4 Quantity and value of the production in preceding two years

Unit: NT\$ thousands

Main products	Year	2009			2008		
		Production capacity	Production quantity	Production value	Production capacity	Production quantity	Production value
Polyester staple fiber	MT	230,000	236,405	8,947,363	245,000	230,326	10,550,909
Solid-state polymer	MT	463,303	432,968	13,981,056	431,528	445,150	17,240,007
Pre-oriented yarn	MT	89,600	91,229	3,842,060	139,800	104,191	5,275,493
Drawn textured yarn	MT	25,300	19,812	1,223,062	39,600	33,888	2,388,201
High denier industrial yarn	MT	36,000	34,192	1,845,737	43,440	42,963	2,648,217
PEG bottle preform	Thousand piece	509,546	496,503	741,320	486,985	489,007	825,848
Polyester chip	MT	758,076	758,536	23,906,072	810,860	777,481	29,384,112
PET sheet	MT	15,800	11,962	587,203	14,400	10,974	648,105
PET bottle	MT	115,291	78,971	256,486	127,810	93,029	328,628
Yarn	bale	268,126	247,936	3,725,558	301,018	276,971	4,329,371
Knitting fabrics	MT	4,450	4,409	1,377,462	4,250	4,287	1,746,058
Industrial fabrics	MT	2,976	2,564	258,457	6,240	4,396	459,085
Apparel	Dozen	205,265	142,161	364,365	200,601	213,739	636,213

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### 2.5 Sales quantity and revenue in preceding two years

Unit: NT\$ thousands

Main products		Year		2009				2008			
		Domestic sales		Export sales		Domestic sales		Export sales			
		Quantity	Revenue	Quantity	Revenue	Quantity	Revenue	Quantity	Revenue		
Polyester staple fiber	MT	47,833	1,946,377	185,193	8,016,532	44,272	2,089,356	175,924	9,310,782		
Solid-state polymer	MT	40,180	1,442,377	333,861	12,675,824	33,596	1,425,358	345,699	16,173,796		
Drawn textured yarn	MT	13,348	775,636	8,236	498,079	18,774	1,279,281	9,918	732,523		
Pre-oriented yarn	MT	50,142	2,006,989	26,620	1,074,014	51,022	2,466,117	20,370	1,067,978		
High Denier Industrial yarn	MT	6,275	338,560	26,210	1,513,045	7,247	471,694	31,304	2,288,795		
PET bottle preform	Thousand pieces	235,257	354,768	155,605	414,690	223,897	353,302	171,474	437,299		
Polyester chip	MT	13,224	580,691	11,063	418,544	12,164	607,316	10,674	487,845		
PET bottle	MT	77,458	224,319	0	0	92,182	292,660	0	0		
PET sheet	MT	7,602	331,565	4,847	226,890	6,017	326,023	4,449	243,691		
Yarn	Bale	183,727	2,613,146	68,483	1,100,508	235,599	3,683,956	31,906	579,321		
Yarn dyed fabrics	Thousand yards	269	13,447	1,805	152,146	740	24,356	9,685	599,464		
Knitting fabrics	MT	1,418	195,264	3,442	933,730	1,262	285,058	4,422	1,123,393		
Industrial fabrics	MT	1,852	179,194	1,909	217,787	2,355	241,361	3,418	413,527		
Knitting apparel	Dozen	6,576	18,594	1,371,008	3,224,583	7,994	23,244	1,210,684	2,748,317		

## 3. Information about Employees

Year		2009	2008	31 March 2010
Number of employees	Office staff	2,840	2,981	2,846
	Factory workers	858	1,062	853
	Foreign Labors	747	869	773
	Total	4,445	4,912	4,472
Average Age		42.1	41.9	42.2
Average Years of Service		15.9	15.4	16.0
Breakdown of Educational level (note)	Ph.D	0.5%	0.4%	0.4%
	Master	8.8%	7.2%	9.0%
	College	40.1%	1,38.3%	40.1%
	Below High School	50.6%	54.1%	50.5%

Note: Foreign Labors are not included in this statistics.

## 4. Expenses on Environmental Protection

### 4.1 Loss or penalty due to pollution in the preceding two years

Loss/penalty	Year	2008	2009	Year 2010 till 30 Apr
Pollution event	None		Air pollution	None
Penalty or regulatory authority			Hsinchu County Environment Protection Bureau	
Damage claim or other claims			NT\$100,000	
Other losses			None	

## 4.2 Specific measures to conserve the environment

### 4.2.1 Planned specific measures

4.2.1.1 The Company has planned to invest NT\$33.126 million to improve the equipments for treating waste water and to procure furnace for industrial dirt burning at its polyester plants.

4.2.1.2 Planned capital expenditure for conserving the environment in next three years

Unit: NT\$ thousands

Item	Year	2012	2011	2010
Planned capital expenditure		0	0	33,126
The usage of the planned capital expenditure	A. Complying with the ISO requirements, the Company will continuously make efforts to protect the environment and ensure the safety at the working environment. B. Upgrade equipments for treating waste water to lower the cost C. Reduce the pollution from industrial dirt.			
Expected results	Will be in compliance with the relevant regulations, better protect the environment, and reduce the pollution.			

### 4.2.1.3 Likely impact after the planned capital expenditure

Impact	Year	2012	2011	2010
Impact on the net income		Depreciation is expected to increase by NT\$3.468 million.	Depreciation is expected to increase by NT\$4.403 million.	Depreciation is expected to increase by NT\$4.714 million.
Impact on the competitiveness	Promote the reputation of the Company.			

4.2.2 Any measures the Company is able to take but unwilling to take: None.

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### 5. Employee Welfare

#### 5.1 Current agreements with employee and employee welfare

##### 5.1.1 Employee welfare procedures

The Company has employee welfare committee that, in compliance with laws and regulations, appropriates welfare funds, and manages various welfare activities for employees. The said activities include, for example, employee group touring and hiking activities. There are also artcraft weaving club, rhythmic gymnastics club, yoga club, badminton club, softball club, bowling club organized by the Company, and various club activities are held periodically. Meanwhile, the Company provides free physical health check for employees, education scholarships for childrend of employees, gift money for birthday, wedding, funeral, child birth, and holiday for employees. A variety of group insurance programs are also provided for the choice of employees.

##### 5.1.2 Advanced training:

Employee training has always been one of the top priorities in the Company's agenda. Since the Company was relocated to Taiwan in 1949, it has been providing employees various educational training courses each year. In March 1973, the Company established occupational training center, even before the promulgation of Occupational Training Act by the central government. After the enforcement of Occupational Training Act, the Company re-applied to the Council of Labor Affairs, Executive Yuan and received approval to establish a certified education center on 15 August 1992. To enhance overall personnel quality, cultivate professional management talents and satisfy requirements of organization operations, the education center was re-organized and expanded into the Human Resources Development Center in February 2008.

The establishment of Human Resoucrs Center (the Center) evidenced how the Company emphasizes on talent training. In addition to providing colleagues with business administration and plant management related managerial ability training courses at the initial stage, the Company later also proactively open professional courses, and cultivate various professional talents as required to correspond with rapid business expansions at chemical fiber, textile, dyeing, and apparel divisions.

In order to lead business forward in the rapid change environment and reinforce the overall competitiveness of the Far Eastern Group, the Company planned courses with Yuan Ze University for the management team of the Far Eastern Group, cooperatively providing several modules including marketing management, strategic planning, financial statement analysis, E-commerce, human resources management, international finance and economics, industryl analysis, organization efficiency and leadership.

In 2009, the Center offered the "EMBA School of Far Eastern Business College" for the sixth consecutive year. In addition, it also opened MP courses for mid level managers with Yuan Ze University. Such courses are held mainly through class participations, mutual discussions, and group projects, in hopes that the managerial theories can be applied to the daily operation practices. In the meantime, the Center begins to offer rotation training courses and seminars to help expatriated employees.

To integrate personal career plan with the development strategy of the Company, the Center especially planned "Advanced Leadership Program" with Yuan Ze University. Within almost one year by intensive efforts, the management function modules for top director and manager level in the first phase was completed. To continue improving talent cultivation and provide ongoing training courses in a systematic way, the Center then offers "Individual Development Plan" to mid-level managers and their likely successors. The Center will insist on its original intention to continue playing the role of accumulating intellectual assets for the Company, and further enhancing the competitive advantages

of the Company.

5.1.3 Pension:

Pension fund and all other employee retirement related affairs are managed in compliance with the Labor Standard Act. The pension fund supervisory board has been established to review and supervise the management of employee pensions. The pension fund is appropriated to the pension fund trust account in custody of Bank of Taiwan to assure the interest of current and retired employees. In addition, pension fund is appropriated monthly to each personal pension fund account for those who are qualified or voluntarily choose the new pension fund scheme in accordance with the "Labor Pension Fund Act" effective from 1 July 2005.

5.1.4 The agreement between labor and management and various procedures regarding protection of employees' rights :

All regulations and procedures regarding labor and management relationship are implemented in good condition pursuant to related laws.

5.1.5 Working environment and employee safety protection procedures:

5.1.5.1 Draw up "Working Rules Governing Labor Safety and Health": assuring the working environment safety and the plant sanitation to protect personal physical safety and mental health of employees.

5.1.5.2 Organize safety and health committee: responsible for studying safety and health related regulations; planning and implementing other management policies to protect and enhance the safety and health of employees.

5.1.5.3 Periodical training: annual safety and health education, annual fire safety training and first aid personal training.

5.2 Loss occurs due to labor issues in most recent years till the publishing of this annual report: None.

## 6. Important Contracts and Agreements

Type of contract/agreement	Counter party	Duration period	Major contents	Covenants
Technology cooperation	Yuanpei University	Arp 09 – Sep 10	Porcine-model animal test for hemostatic powder and anti-thrombosis catheter	None
	Yuanpei University	Jul 09 – Jun 10	Porcine-model animal test for bone cement	
	Industrial Technology Research Institute of Taiwan, ROC	Sep 09 – Aug 18	Organic solid state photovoltaic technology	
	Far East University	Sep 09 – Jan 10	First-stage study of physical foaming for high melting strength PET	
	Far Eastern Memorial Hospital	Oct 09 – Sep 10	Rabbit-model animal test for bone cement	
Long-term supply contract	Oriental Union Chemical	Mar 10 – Feb 12	EG supplying contract	Option to extend three years when expiration

## Operational Highlights

Type of contract/agreement	Counter party	Duration period	Major contents	Covenants
	SABIC Far East Limited	Jan 06 – Dec 10	EG supplying contract	Automatically extended by one year when expiration
Long-term borrowing contract	Citibank	Apr 09 – Apr 11	Bank loan agreement	None
	The Agricultural Bank of Taiwan	Sep 08 – Sep 13	Bank loan agreement	
	Mega Commerical Bank, Foreign Department	Aug 09 – Aug 11 Jun 09 – Jun 11 Apr 08 – Apr 11	Bank loan agreement Bank loan agreement Bank loan agreement	
	Bank of Taiwan, Wu-Chan Branch	Apr 00 – Apr 12	Bank loan agreement	
	Bank of Taiwan, Min-Shen Branch	Jul 09 – Jul 12 Jul 09 – Jul 12	Collaterized loan - machinery Bank loan agreement	
	Taipei Fubon Commerical Bank	Oct 09 – Oct 11 Oct 08 – Oct 10	Bank loan agreement Bank loan agreement	
	Chinatrust Commerical Bank	Dec 09 – Dec 11	Bank loan agreement	
	First Commercial Bank	Apr 00 – Apr 12 May 08 – May 11 Dec 08 – Dec 11 Sep 08 – Sep 13	Bank loan agreement Bank loan agreement Bank loan agreement Bank loan agreement	
	Taiwan Cooperative Bank, Ximen Branch	Aug 04 – Aug 09 Mar 00 – Mar 13	Guarantor of the 72 <sup>nd</sup> domestic bond Bank loan agreement	None
	Taiwan Cooperative Bank, Chunshang Branch	Aug 09 – Aug 11	Bank loan agreement	
	HSBC	Apr 10 – Apr 12	Bank loan agreement	
	BNP Paribas	Feb 99 – Feb 11	Bank loan agreement	
	Hwa Nan Commerical Bank	Sep 08 – Sep 13 Dec 09 – Dec 11	Bank loan agreement Bank loan agreement	
	Far Eastern International Bank	Mar 10 – Mar 12	Bank loan agreement	
	Industrial Bank of Taiwan	May 99 – May 11	Bank loan agreement	
	China Development Industrial Bank	Dec 07 – Dec 10 Mar 08 – Mar 11 Apr 09 – Apr 11	Bank loan agreement Bank loan agreement Bank loan agreement	
	Mizuho Corporate Bank	Jul 09 – Jul 11	Bank loan agreement	
	Sinopec Commerical Bank	Apr 09 – Apr 11	Bank loan agreement	
	Chan Hwa Bank	Ju 08 – Jul 10 Sep 08 – Sep 13	Bank loan agreement Bank loan agreement	
	Land Bank	Sep 08 – Sep 13	Bank loan agreement	
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sep 08 – Sep 13	Bank loan agreement		
Long term borrowing contract	E Sun Bank	Dec 09 – Dec 11 Sep 08 – Sep 13	Bank loan agreement Bank loan agreement	
	Crédit Agricole Corporate & Investment Bank	Sep 09 – Sep 11	Bank loan agreement	
	Sumitomo Mitsui Banking Corporation	Jun 09 – Jun 11	Bank loan agreement	
	Bank of East Asia	Jul 09 – Jul 11	Bank loan agreement	
	Bangkok Bank	Feb 00 – Feb 12	Bank loan agreement	
	KBC Bank NV	Dec 09 – Dec 11	Bank loan agreement	
	International Bills Finance Corporation	Aug 09 – Aug 12	Non-collateral revolving credit commercial paper	

## VI. Financial Information

### 1. Five-Year Financial Summary

#### 1.1 Condensed Balance Sheet

Unit: NT\$ thousands

Item	Year	Condensed five-year balance sheet					Financial status as at 31 Mar 2010 (Note 2)
		2009	2008	2007	2006	2005	
Current assets		18,578,752	19,186,350	22,656,668	15,045,678	15,612,426	19,156,284
Funds & long-term investments		113,066,432	105,923,915	106,666,104	95,493,702	87,305,008	115,742,284
Fixed assets		13,361,364	14,285,439	14,835,520	15,352,170	16,286,700	13,343,659
Intangible assets		8,976	94,708	59,880	497,683	733,080	13,167
Other assets		1,527,708	1,547,900	1,375,703	1,380,754	1,606,739	1,515,009
Total assets		146,543,232	141,038,312	145,593,875	127,769,987	121,543,953	149,770,403
Current liabilities	Before distribution	15,739,025	13,786,001	13,363,815	12,062,673	12,803,648	16,534,947
	After distribution	Note 1	17,441,964	22,102,900	18,241,333	17,401,482	Note 1
Long-term liabilities		36,170,340	39,702,182	37,946,296	30,568,999	29,509,465	37,409,428
Reserve for land value appreciation tax		1,018,899	1,018,899	1,018,899	1,018,899	1,018,899	1,018,899
Other liabilities		1,103,780	1,987,303	1,318,898	1,868,541	2,383,055	1,128,281
Total liabilities	Before distribution	54,032,044	56,494,385	53,647,908	45,519,112	45,715,067	56,091,555
	After distribution	Note 1	60,150,348	62,386,993	51,697,772	50,312,901	Note 1
Capital stock		46,613,529	45,699,538	44,803,469	43,498,513	41,036,333	46,613,529
Capital surplus		10,181,403	10,060,658	9,327,997	7,820,117	8,046,874	10,292,524
Retained earnings	Before distribution	21,308,981	17,766,327	23,343,236	19,475,624	18,242,758	23,319,552
	After distribution	Note 1	14,110,364	14,604,151	13,296,964	13,644,924	Note 1
Other stockholders' equity		14,407,275	11,017,404	14,471,265	11,456,621	8,502,921	13,453,063
Total Stockholders' equity	Before distribution	92,511,188	84,543,927	91,945,967	82,250,875	75,828,886	93,678,668
	After distribution	Note 1	80,887,964	83,206,882	76,072,215	71,231,052	Note 1

Note:

- The distribution of 2009 earnings is subject to the approval at the upcoming 2010 Annual General Shareholders' Meeting.
- The data has been reviewed and audited by the independent auditor.



## Financial Informational

### 1.2 Condensed Statement of Income

Unit: NT\$ thousands

Item \ Year	Condensed five-year statement of income					Financial data for the period ending at 31 Mar 2010 (Note 3)	
	2009	2008	2007	2006	2005		
Operating revenue	41,940,078	50,674,895	49,153,990	39,629,540	38,286,582	12,052,829	
Gross profit	3,449,668	5,030,934	5,458,736	3,176,184	3,379,353	1,153,349	
Operating income (loss)	(832,784)	187,742	1,036,402	(418,582)	(233,428)	7,814	
Non-operating income	10,396,075	6,508,095	11,950,128	10,502,346	10,787,183	2,281,760	
Non-operating expenses	1,427,584	2,081,333	1,712,716	1,773,791	2,203,570	291,340	
Income before tax	8,135,707	4,614,504	11,273,814	8,309,973	8,350,185	1,998,234	
Income after tax	8,088,696	4,621,944	11,367,097	8,337,183	8,383,354	2,010,732	
EPS (NT\$/share)	Note 1	1.74	1.01	2.54	1.92	2.04	0.43
	Note 2	--	0.99	2.44	1.79	1.80	--

Note:

1. The EPS is calculated based on the weighted average number of issued and outstanding shares for each year.
2. The EPS is calculated based on the number of shares after adjusting the retained earnings and capitalizing the stock dividends being distributed each year.
3. The data has been reviewed and audited by the Independent auditor.

### 1.3 Names and opinions of independent auditors in the preceding five years

Year	Name of CPA	Auditing Opinion
2009	Benjamin Shih & Huang Shu Chieh	Modified Unqualified opinion
2008	Benjamin Shih & Wu En Ming	Modified Unqualified opinion
2007	Benjamin Shih & Wu En Ming	Modified Unqualified opinion
2006	Benjamin Shih & Wu En Ming	Modified Unqualified opinion
2005	Yu Chih Hui & Way Yung Do	Modified Unqualified opinion

## 2. Financial Ratio Analysis for the Preceding Five Years

Item		Year	Financial ratios in the preceding five years					Financial data as at 31 Mar 2010	
			2009	2008	2007	2006	2005		
Financial structure (%)	Ratio of liabilities to assets		36.9	40.1	36.8	35.6	37.6	37.5	
	Ratio of long-term capital to fixed assets		963.1	869.7	875.5	734.9	646.8	982.4	
Liquidity analysis (%)	Current ratio(%)		118.0	139.2	169.5	124.7	121.9	115.9	
	Quick ratio(%)		85.8	96.6	116.6	74.4	75.1	82.6	
	Interest coverage ratio (x)		14.6	4.8	12.7	10.6	12.6	16.2	
Operating ability	Accounts receivable turnover(times)		6.1	6.9	7.1	6.9	8.8	7.0	
	Average collection period (days)		59.8	52.9	51.4	52.9	41.5	52.5	
	Inventory turnover (times)		7.7	7.5	7.2	6.4	5.7	8.2	
	Accounts payable turnover (times)		14.7	16.8	14.6	14.9	17.6	12.7	
	Average sales days (days)		47.4	48.7	50.7	57.0	64.0	44.5	
	Fixed assets turnover (times)		3.1	3.5	3.3	2.6	2.4	3.6	
	Total assets turnover (times)		0.3	0.4	0.3	0.3	0.3	0.3	
Profitability	Return on total assets(%)		6.0	4.1	9.0	7.4	7.9	5.9	
	Return on shareholders' equity (%)		9.1	5.2	13.1	10.5	11.5	8.9	
	Ratio to paid-in capital (%)	Operating income		(1.8)	0.4	2.3	(1.0)	(0.6)	0.1
		Pre-tax income		17.5	10.1	25.2	19.1	20.3	17.2
	Ratio of net income to revenue(%)		19.3	9.1	23.1	21	21.9	16.7	
	EPS (NT\$/share)	Note 1		1.74	1.01	2.54	1.92	2.04	0.43
Note 2			--	0.99	2.44	1.79	1.80	--	
Cash flow (%)	Cash flow ratio		49.5	84.5	63.5	70.5	37.2	(19.5)	
	Cash flow adequacy ratio(%)		121.0	107.9	94.7	92.2	83.9	90.3	
	Cash reinvestment ratio(%)		2.4	2.1	1.6	2.9	0.7	(5.3)	
Leverage	Operating leverage		--	28.2	7.2	--	--	--	
	Financial leverage		--	--	14.3	--	--	--	

### Analysis of variations exceeding 20% of the numbers in previous year for 2008 and 2009:

- (1) Increase at the interest coverage ratio: The net income of the Company increased in 2009, while the global economy was recovering from the financial turmoil. Moreover, the average cost of borrowing in 2009 was lower than that of 2008.
- (2) Decrease at the total assets turnover: The revenue in 2009 declined for lower average product prices; meanwhile, the total amount of assets was increased for the valuation gain from the long term investment holdings.
- (3) Increase at return on total assets, return on shareholders' equity, pre-tax income/paid-in capital, net income margin, and earnings per share: The net income of the Company rose as a result of the rising affiliate earnings in 2009, while the global economy was recovering from recession.
- (4) Decrease at the ratio of operating income to paid-in capital: The operating income of the company was lagging the recovery of the global economy, and therefore, the operating income had yet returned to the normal level.
- (5) Decrease at cash flow ratio: Cash dividends received from subsidiaries in 2009 reduced; meanwhile, the short-term borrowing amount increased.

#### Note:

The EPS is calculated based on the weighted average number of issued and outstanding shares for each year.

The EPS is calculated based on the number of shares after adjusting the retained earnings and capitalizing the stock dividends being distributed each year.

## Financial Informational

The formula used for the calculation of numbers in the table above:

### 1. Financial Structure

- (1) Debts to assets ratio = Total liabilities / Total assets
- (2) Long-term funds to fixed assets ratio = (Total shareholders' equity + Long-term liabilities) / Net fixed assets

### 2. Liquidity Analysis

- (1) Current ratio = Current assets / Current liabilities
- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities
- (3) Interest coverage ratio = (Net income before income tax and interest expenses) / Interest expenses

### 3. Operating Performance

- (1) Account receivable turnover = Net sales / Average accounts receivable
- (2) Average collection days = 365 / Accounts receivable turnover
- (3) Inventory turnover = Costs of goods sold / Average inventory
- (4) Accounts payable turnover = Costs of goods sold / Average accounts payable
- (5) Inventory turnover days = 365 / Inventory turnover
- (6) Fixed assets turnover ratio = Net sales / Net fixed assets
- (7) Total assets turnover ratio = Net sales / Total assets

### 4. Profitability Analysis

- (1) Return on assets = [Net income + Interest expenses × (1 - Tax rate)] / Average total assets
- (2) Return on shareholders' equity = Net income / Average shareholders' equity
- (3) Net income ratio = Net income / Net sales
- (4) Earnings per share = (Net income - Preferred stock dividend) / Weighted-average number of outstanding shares

### 5. Cash Flow

- (1) Cash flow ratio = Cash flows from operating activities / Current liabilities
- (2) Cash flow equivalent ratio = Net cash flow from operating activities for the past 5 years / (Capital expenditures + Increase in inventory + Cash dividends) for the past 5 years
- (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross fixed assets + Long-term Investment + Other assets + Working capital)

### 6. Leverage Ratio

- (1) Operating leverage = (Net sales - Variable operating costs and expenses) / Operating income
- (2) Financial leverage = Operating income / (Operating income - Interest expenses)

### 3. Supervisors' Report

To the 2010 General Shareholders' Meeting of Far Eastern New Century Corporation,

In accordance with Article 219 of the Company Law, we have examined the Business Report, the Resolution for Allocation of Surplus Profit, and Financial Statements submitted by the Board of Directors for the year ending 2009 which had been audited by Deloitte & Touche, and found them in order.

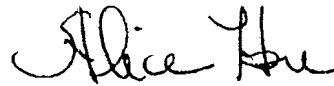
T. H. Chang



Ching-Ing Hou



Alice Hsu



April 23<sup>rd</sup>, 2010

**4. Impact of the Financial Distress Occurred to the Company and Affiliates in the Recent Years until the Annual Report Being Published:**  
None

## Special Disclosure

### 5. Financial Reports in Recent Two Years

#### Independent auditors' report

##### The Board of Directors and the Stockholders Far Eastern New Century Corporation

We have audited the accompanying balance sheets of Far Eastern New Century Corporation (the "Company") (formerly Far Eastern Textile Ltd.) as of December 31, 2009 and 2008 and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. However, we did not audit the financial statements of certain investees as of and for the years ended December 31, 2009 and 2008. The direct and indirect stock investments in these companies were all accounted for by the equity method. The carrying values of these investments, included in the accompanying balance sheets, were 1.41% (NT\$2,063,325 thousand) and 1.38% (NT\$1,941,501 thousand) of the Company's total assets as of December 31, 2009 and 2008, respectively. As shown in the accompanying statements of income, the Company's equity in net gain of NT\$160,792 thousand and gain of NT\$181,150 thousand of the foregoing investees were 1.98% and 3.93%, respectively, of the Company's income before income tax in 2009 and 2008, respectively. The financial statements of these investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts pertaining to the above investments, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the Company's financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Far Eastern New Century Corporation as of December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As disclosed in Note 3 to the financial statements, starting on January 1, 2009, the Company adopted the newly revised ROC Statement of Financial Accounting Standard No. 10 - "Inventories". This accounting change resulted in decreases of NT\$110,756 thousand in net income and a decrease of NT\$0.02 in after income tax basic earnings per share in 2009. In March 2007, the Accounting Research and Development Foundation of the Republic of China issued Interpretation No. 2007-052, which requires companies to recognize bonuses paid to employees and remuneration paid to directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses and remuneration were previously recorded as appropriations from earnings. This accounting change resulted in decreases of NT\$343,975 thousand in net income and in after income tax basic earnings per share of NT\$0.08 in 2008.

Note 23 describes a case related to the Department of Commerce's nullification of Pacific Liu Tung Investment Corporation's registration of capital increase and other relevant registrations and the impact of this case on Far Eastern New Century Corporation's controlling interest and several recapitalizations done by the Company and its subsidiaries, which are the investors of Pacific Liu Tung Investment Corporation ("PLT"), will depend on the final judgment of the court.

We have also audited the consolidated financial statements of Far Eastern New Century Corporation and subsidiaries for the years ended December 31, 2009 and 2008 (not presented herewith) and have expressed a modified unqualified opinion thereon in our report dated March 5, 2010 on the basis of our audits and the reports of the other auditors.

*Deloitte & Touche*

March 5, 2010

#### Notice to Readers

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

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

## Special Disclosure

# FAR EASTERN NEW CENTURY CORPORATION

(Formerly Far Eastern Textile Ltd.)

### BALANCE SHEETS

DECEMBER 31, 2009 AND 2008

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

ASSETS	2009		2008	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Note 4)	\$ 5,928,545	4	\$ 5,275,744	4
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	53,228	-	79,441	-
Notes receivable (Notes 2 and 20)	505,389	1	426,799	-
Accounts receivable - less allowance for bad debts of \$100,099 thousand, net (Notes 2 and 20)	6,214,196	4	6,712,735	5
Other receivables (Note 20)	488,030	-	472,777	1
Inventories, net (Notes 2, 3 and 6)	4,436,524	3	5,626,040	4
Prepaid expenses (Note 20)	631,524	1	246,525	-
Deferred income taxes assets - current (Notes 2 and 16)	98,038	-	168,560	-
Other current assets	223,278	-	177,729	-
Total current assets	<u>18,578,752</u>	<u>13</u>	<u>19,186,350</u>	<u>14</u>
<b>MUTUAL FUNDS AND INVESTMENTS (Notes 2, 7, 8, 9 and 21)</b>				
Financial assets available for sale - noncurrent	722,890	-	-	-
Financial assets carried at cost - noncurrent	53,667	-	53,667	-
Equity-method investments	112,289,875	77	105,870,248	75
Total mutual funds and investments	<u>113,066,432</u>	<u>77</u>	<u>105,923,915</u>	<u>75</u>
<b>PROPERTIES (Notes 2, 10, 17, 20 and 21)</b>				
Cost				
Land	1,076,981	1	1,076,981	1
Buildings and equipment	5,869,427	4	6,015,401	4
Machinery and equipment	40,207,902	27	39,946,885	28
Furniture and miscellaneous equipment	2,568,146	2	2,479,573	2
Total cost	49,722,456	34	49,518,840	35
Appreciation	3,016,844	2	3,022,867	2
Total cost and appreciation	52,739,300	36	52,541,707	37
Less: Accumulated depreciation	40,550,392	28	39,813,686	28
	12,188,908	8	12,728,021	9
Constructions in progress	1,006,817	1	1,383,424	1
Prepayments for equipment	165,639	-	173,994	-
Net properties	<u>13,361,364</u>	<u>9</u>	<u>14,285,439</u>	<u>10</u>
<b>INTANGIBLE ASSETS</b>				
Deferred pension cost (Notes 2 and 19)	-	-	66,286	-
Others (Notes 2 and 17)	8,976	-	28,422	-
Total intangible assets	<u>8,976</u>	<u>-</u>	<u>94,708</u>	<u>-</u>
<b>OTHER ASSETS</b>				
Nonoperating properties, net (Notes 2, 10, 11 and 21)	697,857	1	676,640	1
Deferred income taxes assets - noncurrent (Notes 2 and 16)	356,873	-	394,311	-
Farmland (Note 12)	276,661	-	276,661	-
Miscellaneous (Notes 2, 17 and 20)	196,317	-	200,288	-
Total other assets	<u>1,527,708</u>	<u>1</u>	<u>1,547,900</u>	<u>1</u>
<b>TOTAL</b>	<u>\$ 146,543,232</u>	<u>100</u>	<u>\$ 141,038,312</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.  
(With Deloitte & Touche audit report dated March 5, 2010)

	2009		2008	
	Amount	%	Amount	%
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term bank loans (Notes 13 and 21)	\$ 3,422,461	2	\$ 6,608,803	5
Financial liabilities at fair value through profit or loss - current (Notes 2, 5 and 14)	20,750	-	102,862	-
Derivative financial liabilities for hedging - current (Notes 2 and 14)	-	-	7,656	-
Notes payable	1,871	-	1,767	-
Accounts payable (Note 20)	3,253,585	2	1,973,753	1
Accrued expenses (Note 20)	2,578,141	2	2,176,594	2
Receipts in advance	270,576	-	235,226	-
Current portion of long-term liabilities (Notes 2, 14 and 21)	5,592,343	4	1,877,320	1
Other current liabilities	599,298	1	802,020	1
Total current liabilities	15,739,025	11	13,786,001	10
<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION</b>				
Bonds payable (Notes 2, 14 and 21)	7,800,000	5	9,884,012	7
Long-term debts (Notes 14 and 21)	28,370,340	19	29,818,170	21
Total long-term liabilities	36,170,340	24	39,702,182	28
RESERVE FOR LAND VALUE INCREMENT TAX (Note 10)	1,018,899	1	1,018,899	1
<b>OTHER LIABILITIES</b>				
Accrued pension cost (Notes 2 and 19)	1,050,392	1	1,933,915	1
Deferred income (Notes 2, 9 and 20)	52,773	-	52,773	-
Guarantee deposits received	615	-	615	-
Total other liabilities	1,103,780	1	1,987,303	1
Total liabilities	54,032,044	37	56,494,385	40
<b>STOCKHOLDERS' EQUITY</b>				
Capital stock - NT\$10.00 par value				
Authorized - 4,950,000 thousand shares				
Issued and outstanding - 4,661,353 thousand shares in 2009 and 4,569,954 thousand shares in 2008	46,613,529	32	45,699,538	32
Capital surplus				
Additional paid-in capital from share issuance in excess of par	932,814	1	932,814	1
From long-term investments	9,240,917	6	9,120,172	6
Others	7,672	-	7,672	-
Total capital surplus	10,181,403	7	10,060,658	7
Retained earnings				
Legal reserve	8,602,110	6	8,196,285	6
Special reserve	3,034,766	2	3,034,766	2
Unappropriated earnings	9,672,105	6	6,535,276	5
Total retained earnings	21,308,981	14	17,766,327	13
Other stockholders' equity				
Unrealized gain on financial instruments	3,276,309	2	(866,020)	(1)
Cumulative translation adjustments	2,490,010	2	3,696,557	3
Unrealized revaluation increment	8,721,219	6	8,843,128	6
Net loss not recognized as pension cost	(80,263)	-	(656,261)	-
Total other stockholders' equity	14,407,275	10	11,017,404	8
Net stockholders' equity	92,511,188	63	84,543,927	60
TOTAL	\$ 146,543,232	100	\$ 141,038,312	100



Special Disclosure

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

**STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2009		2008	
	Amount	%	Amount	%
<b>REVENUES</b>				
Sales (Notes 2 and 20)	\$ 42,509,515	101	\$ 51,298,290	101
Less: Sales returns and allowances	<u>581,061</u>	<u>1</u>	<u>641,427</u>	<u>1</u>
Net sales	41,928,454	100	50,656,863	100
Processing service income	<u>11,624</u>	<u>-</u>	<u>18,032</u>	<u>-</u>
Total revenues	<u>41,940,078</u>	<u>100</u>	<u>50,674,895</u>	<u>100</u>
<b>COSTS OF REVENUES</b>				
Cost of sales (Notes 3, 6, 17 and 20)	38,479,133	92	45,622,552	90
Cost of processing services	<u>11,277</u>	<u>-</u>	<u>21,409</u>	<u>-</u>
Total costs of revenues	<u>38,490,410</u>	<u>92</u>	<u>45,643,961</u>	<u>90</u>
GROSS PROFIT	<u>3,449,668</u>	<u>8</u>	<u>5,030,934</u>	<u>10</u>
<b>OPERATING EXPENSES (Notes 3, 17 and 20)</b>				
Marketing	2,538,187	6	3,284,796	7
General and administrative	1,176,875	3	989,483	2
Research and development	<u>567,390</u>	<u>1</u>	<u>568,913</u>	<u>1</u>
Total operating expenses	<u>4,282,452</u>	<u>10</u>	<u>4,843,192</u>	<u>10</u>
OPERATING (LOSS) GAIN	<u>(832,784)</u>	<u>(2)</u>	<u>187,742</u>	<u>-</u>
<b>NONOPERATING INCOME AND GAINS</b>				
Interest (Note 20)	16,019	-	177,137	-
Equity in net income of investees, net (Notes 2 and 9)	9,211,453	22	5,542,190	11
Cash dividends	-	-	5,432	-
Gain on disposal of properties	1,924	-	19,912	-
Gain on sale of investments, net (Note 9)	854,467	2	9,726	-
Foreign exchange gain, net (Note 2)	-	-	42,796	-
Rental (Note 20)	11,452	-	11,227	-
Valuation gain on financial assets, net (Notes 2 and 5)	53,353	-	-	-
Valuation gain on financial liabilities, net (Notes 2 and 5)	93,123	-	465,708	1
Others (Note 20)	<u>154,284</u>	<u>1</u>	<u>233,967</u>	<u>1</u>
Total nonoperating income and gains	<u>10,396,075</u>	<u>25</u>	<u>6,508,095</u>	<u>13</u>

(Continued)

**FAR EASTERN NEW CENTURY CORPORATION**  
**(Formerly Far Eastern Textile Ltd.)**

**STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2009		2008	
	Amount	%	Amount	%
<b>NONOPERATING EXPENSES AND LOSSES</b>				
Interest (Note 10)	\$ 599,907	2	\$ 1,217,020	2
Exchange loss, net (Note 2)	216,950	1	-	-
Impairment losses on nonoperating properties (Note 2)	131,833	-	29,713	-
Valuation loss on financial assets, net (Notes 2 and 5)	-	-	32,898	-
Others (Note 11 and 20)	<u>478,894</u>	<u>1</u>	<u>801,702</u>	<u>2</u>
Total nonoperating expenses and losses	<u>1,427,584</u>	<u>4</u>	<u>2,081,333</u>	<u>4</u>
INCOME BEFORE INCOME TAX	8,135,707	19	4,614,504	9
INCOME TAX EXPENSE (BENEFIT) (Notes 2 and 16)	<u>47,011</u>	<u>-</u>	<u>(7,440)</u>	<u>-</u>
NET INCOME	<u>\$ 8,088,696</u>	<u>19</u>	<u>\$ 4,621,944</u>	<u>9</u>
	<b>2009</b>		<b>2008</b>	
	<b>Income Before Income Tax</b>	<b>Net Income</b>	<b>Income Before Income Tax</b>	<b>Net Income</b>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Notes 3 and 18)				
Basic	<u>\$ 1.75</u>	<u>\$ 1.74</u>	<u>\$ 0.99</u>	<u>\$ 0.99</u>
Diluted	<u>\$ 1.74</u>	<u>\$ 1.73</u>	<u>\$ 0.99</u>	<u>\$ 0.99</u>

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

(With Deloitte & Touche audit report dated March 5, 2010)

(Concluded)

## Special Disclosure

### FAR EASTERN NEW CENTURY CORPORATION

(Formerly Far Eastern Textile Ltd.)

#### STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock Issued and Outstanding (Note 15)		Capital Surplus (Notes 2 and 15)	Retained Earnings	
	Shares in Thousands	Amount		Legal Reserve	Special Reserve
BALANCE, JANUARY 1, 2008	4,480,347	\$ 44,803,469	\$ 9,327,99	\$ 7,061,16	\$ 3,034,76
Appropriation of the 2007 earnings					
Legal reserve	-	-		1,135,12	
Stock dividends - NT\$0.2 per share	89,607	896,069			
Cash dividends - NT\$1.8 per share	-	-			
Remuneration to directors and supervisors and bonus to employees	-	-			
Balance after appropriations	4,569,954	45,699,538	9,327,99	8,196,28	3,034,76
Net income in 2008	-	-			
Adjustments due to changes in investees' equity in long-term investments	-	-	696,87		
Adjustment on investees' equity not recognized in percentage of ownership in investees	-	-	(9,97)		
Translation adjustments on long-term equity investments	-	-			
Change in net loss not recognized as pension cost	-	-			
Unrealized loss on cash flow hedge	-	-			
Adjustments on stockholders' equity due to the sale of long-term equity investments	-	-	45,76		
BALANCE, DECEMBER 31, 2008	4,569,954	45,699,538	10,060,65	8,196,28	3,034,76
Appropriation of the 2008 earnings (Note)					
Legal reserve	-	-		405,82	
Stock dividends - NT\$0.2 per share	91,399	913,991			
Cash dividends - NT\$0.8 per share	-	-			
Balance after appropriations	4,661,353	46,613,529	10,060,65	8,602,11	3,034,76
Net income in 2009	-	-			
Adjustments due to changes in investees' equity in long-term investments	-	-	194,35		
Change in unrealized gain (loss) on available-for-sale financial assets	-	-			
Translation adjustments on long-term equity investments	-	-			
Reversal of net loss not recognized as pension cost	-	-			
Unrealized loss on cash flow hedge	-	-			
Adjustments on stockholders' equity due to the sale of long-term equity investments	-	-	(73,60)		
BALANCE, DECEMBER 31, 2009	4,661,353	\$ 46,613,529	\$ 10,181,40	\$ 8,602,11	\$ 3,034,76

Note: Remuneration to directors and supervisors NT\$147,418 thousand and bonus to employees NT\$196,557 thousand had been deducted from the income statement of 2008. The accompanying notes are an integral part of the financial statements. (With Deloitte & Touche audit report dated March 5, 2010)

(Notes 2, 15 and 16)		Other Equity					Total Stockholders' Equity
		Unrealized Valuation Gain (Loss) on Financial Instruments (Note 2)	Cumulative Translation Adjustments (Note 2)	Unrealized Revaluation Increment on Properties (Notes 2 and 10)	Net Loss not Recognized as Pension Cost (Note 2)		
Unappropriated Earnings	Total						
\$ 13,247,308	\$ 23,343,236	\$ 4,268,337	\$ 1,706,254	\$ 8,566,640	\$ (69,966)	\$ 91,945,967	
(1,135,123)	-	-	-	-	-	-	
(896,069)	(896,069)	-	-	-	-	-	
(8,064,624)	(8,064,624)	-	-	-	-	(8,064,624)	
(674,461)	(674,461)	-	-	-	-	(674,461)	
2,477,031	13,708,082	4,268,337	1,706,254	8,566,640	(69,966)	83,206,882	
4,621,944	4,621,944	-	-	-	-	4,621,944	
(323,039)	(323,039)	(5,191,265)	1,761,305	276,491	(1,086)	(2,780,723)	
(240,880)	(240,880)	-	-	-	-	(250,851)	
-	-	-	229,496	-	-	229,496	
-	-	-	-	-	(585,239)	(585,239)	
-	-	56,160	-	-	-	56,160	
<u>220</u>	<u>220</u>	<u>748</u>	<u>(495)</u>	<u>(3)</u>	<u>30</u>	<u>46,255</u>	
6,535,276	17,766,327	(866,020)	3,696,557	8,843,128	(656,261)	84,543,927	
(405,825)	-	-	-	-	-	-	
(913,991)	(913,991)	-	-	-	-	-	
(3,655,963)	(3,655,963)	-	-	-	-	(3,655,963)	
1,559,497	13,196,373	(866,020)	3,696,557	8,843,128	(656,261)	80,887,964	
8,088,696	8,088,696	-	-	-	-	8,088,696	
18,862	18,862	4,000,948	(789,566)	(121,909)	(13,090)	3,289,596	
-	-	146,473	-	-	-	146,473	
-	-	-	(332,652)	-	-	(332,652)	
-	-	-	-	-	585,239	585,239	
-	-	7,656	-	-	-	7,656	
<u>5,050</u>	<u>5,050</u>	<u>(12,748)</u>	<u>(84,325)</u>	<u>-</u>	<u>3,845</u>	<u>(161,784)</u>	
<u>\$ 9,672,105</u>	<u>\$ 21,308,981</u>	<u>\$ 3,276,309</u>	<u>\$ 2,490,010</u>	<u>\$ 8,721,219</u>	<u>\$ (80,263)</u>	<u>\$ 92,511,188</u>	

## Special Disclosure

### FAR EASTERN NEW CENTURY CORPORATION (Formerly Far Eastern Textile Ltd.)

#### STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 8,088,696	\$ 4,621,944
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,882,377	1,983,949
Amortization	84,360	66,943
(Reversal of allowance) allowance for losses on inventories	(482,902)	273,094
Amortization on discount of exchangeable bonds	58,332	58,332
Investment net loss income recognized under the equity method	(9,211,453)	(5,542,190)
Cash dividends received on equity-method investments	5,092,054	10,019,746
Accrued pension costs	(231,998)	14,301
Net gain on disposal of properties	(1,924)	(19,912)
Impairment losses on idle properties	131,833	29,713
Gain on sale of investments, net	(854,467)	(9,726)
Deferred income tax	107,960	-
Net changes in operating assets and liabilities		
Financial assets held for trading	26,213	64,014
Financial liabilities held for trading	(82,112)	(288,919)
Notes receivable	(78,590)	429,206
Accounts receivable	498,539	59,565
Other receivables	(119,878)	25,877
Inventories	1,672,418	559,899
Prepaid expenses	(384,999)	294,152
Other current assets	(45,549)	75,467
Notes payable	104	(7,061)
Accounts payable	1,279,832	(1,491,882)
Accrued expenses	401,547	478,931
Receipts in advance	35,350	(62,715)
Other current liabilities	(81,656)	19,496
Net cash provided by operating activities	<u>7,784,087</u>	<u>11,652,224</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds of the disposal of long-term equity investments	1,581,150	287,739
Increase in long-term equity investments	(703,545)	(6,989,371)
Acquisition of properties	(1,169,063)	(1,600,471)
Proceeds of the disposal of properties	60,421	63,771
Increase in other intangible assets	(9,940)	(1,768)
Increase in other assets	(51,788)	(22,615)
Net cash used in investing activities	<u>(292,765)</u>	<u>(8,262,715)</u>

(Continued)

**FAR EASTERN NEW CENTURY CORPORATION**  
**(Formerly Far Eastern Textile Ltd.)**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(In Thousands of New Taiwan Dollars)

	2009	2008
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease) increase in short-term bank loans	\$ (3,186,342)	\$ 3,753,326
Payments of cash dividends, remuneration to directors and supervisors and bonus to employees	(3,777,029)	(8,596,379)
Decrease in long-term liabilities	(1,375,150)	(1,161,310)
Issuance of bonds	<u>1,500,000</u>	<u>800,000</u>
Net cash used in financing activities	<u>(6,838,521)</u>	<u>(5,204,363)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	652,801	(1,814,854)
<b>CASH, BEGINNING OF YEAR</b>	<u>5,275,744</u>	<u>7,090,598</u>
<b>CASH, END OF YEAR</b>	<u>\$ 5,928,545</u>	<u>\$ 5,275,744</u>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Interest paid	\$ 605,693	\$ 1,157,996
Deduct: Capitalized interest	<u>21,725</u>	<u>54,439</u>
Interest paid (excluding capitalized interest)	<u>\$ 583,968</u>	<u>\$ 1,103,557</u>
Income tax paid	<u>\$ 1,549</u>	<u>\$ 61,981</u>
<b>CASH PAID FOR ACQUISITION OF PROPERTIES</b>		
Increase in properties	\$ 1,522,045	\$ 1,993,770
Add: Payables for acquisition of properties, beginning of year	32,322	38,994
Advances to suppliers of machine and equipment, end of year	165,639	173,994
Constructions in progress, end of year	1,006,817	1,383,424
Deduct: Advances to suppliers of machine and equipment, beginning of year	(173,994)	(87,320)
Constructions in progress, beginning of year	(1,383,424)	(1,870,069)
Payables for acquisition of properties, end of year	<u>(342)</u>	<u>(32,322)</u>
Cash paid for acquisition of properties	<u>\$ 1,169,063</u>	<u>\$ 1,600,471</u>
<b>NONCASH FINANCING ACTIVITIES</b>		
Current portion of long-term liabilities	<u>\$ 5,592,343</u>	<u>\$ 1,877,320</u>

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

(With Deloitte & Touche audit report dated March 5, 2010)

(Concluded)

**Far Eastern New Century Corporation**  
**(Formerly Far Eastern Textile Ltd.)**

**Financial Statements for the**  
**Years Ended December 31, 2009 and 2008 and**  
**Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and the Stockholders  
Far Eastern New Century Corporation

We have audited the accompanying balance sheets of Far Eastern New Century Corporation (the "Company") (formerly Far Eastern Textile Ltd.) as of December 31, 2009 and 2008 and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. However, we did not audit the financial statements of certain investees as of and for the years ended December 31, 2009 and 2008. The direct and indirect stock investments in these companies were all accounted for by the equity method. The carrying values of these investments, included in the accompanying balance sheets, were 1.41% (NT\$2,063,325 thousand) and 1.38% (NT\$1,941,501 thousand) of the Company's total assets as of December 31, 2009 and 2008, respectively. As shown in the accompanying statements of income, the Company's equity in net gain of NT\$160,792 thousand and gain of NT\$181,150 thousand of the foregoing investees were 1.98% and 3.93%, respectively, of the Company's income before income tax in 2009 and 2008, respectively. The financial statements of these investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts pertaining to the above investments, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the Company's financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Far Eastern New Century Corporation as of December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.



As disclosed in Note 3 to the financial statements, starting on January 1, 2009, the Company adopted the newly revised ROC Statement of Financial Accounting Standard No. 10 - "Inventories". This accounting change resulted in decreases of NT\$110,756 thousand in net income and a decrease of NT\$0.02 in after income tax basic earnings per share in 2009. In March 2007, the Accounting Research and Development Foundation of the Republic of China issued Interpretation No. 2007-052, which requires companies to recognize bonuses paid to employees and remuneration paid to directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses and remuneration were previously recorded as appropriations from earnings. This accounting change resulted in decreases of NT\$343,975 thousand in net income and in after income tax basic earnings per share of NT\$0.08 in 2008.

Note 23 describes a case related to the Department of Commerce's nullification of Pacific Liu Tung Investment Corporation's registration of capital increase and other relevant registrations and the impact of this case on Far Eastern New Century Corporation's controlling interest and several recapitalizations done by the Company and its subsidiaries, which are the investors of Pacific Liu Tung Investment Corporation ("PLT"), will depend on the final judgment of the court.

We have also audited the consolidated financial statements of Far Eastern New Century Corporation and subsidiaries for the years ended December 31, 2009 and 2008 (not presented herewith) and have expressed a modified unqualified opinion thereon in our report dated March 5, 2010 on the basis of our audits and the reports of the other auditors.

March 5, 2010

Notice to Readers

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

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

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

**BALANCE SHEETS**  
**DECEMBER 31, 2009 AND 2008**  
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2009		2008		LIABILITIES AND STOCKHOLDERS' EQUITY	2009		2008	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash (Note 4)	\$ 5,928,545	4	\$ 5,275,744	4	Short-term bank loans (Notes 13 and 21)	\$ 3,422,461	2	\$ 6,608,803	5
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	53,228	-	79,441	-	Financial liabilities at fair value through profit or loss - current (Notes 2, 5 and 14)	20,750	-	102,862	-
Notes receivable (Notes 2 and 20)	505,389	1	426,799	-	Derivative financial liabilities for hedging - current (Notes 2 and 14)	-	-	7,656	-
Accounts receivable - less allowance for bad debts of \$100,099 thousand, net (Notes 2 and 20)	6,214,196	4	6,712,735	5	Notes payable	1,871	-	1,767	-
Other receivables (Note 20)	488,030	-	472,777	1	Accounts payable (Note 20)	3,253,585	2	1,973,753	1
Inventories, net (Notes 2, 3 and 6)	4,436,524	3	5,626,040	4	Accrued expenses (Note 20)	2,578,141	2	2,176,594	2
Prepaid expenses (Note 20)	631,524	1	246,525	-	Receipts in advance	270,576	-	235,226	-
Deferred income taxes assets - current (Notes 2 and 16)	98,038	-	168,560	-	Current portion of long-term liabilities (Notes 2, 14 and 21)	5,592,343	4	1,877,320	1
Other current assets	223,278	-	177,729	-	Other current liabilities	599,298	1	802,020	1
<b>Total current assets</b>	<b>18,578,752</b>	<b>13</b>	<b>19,186,350</b>	<b>14</b>	<b>Total current liabilities</b>	<b>15,739,025</b>	<b>11</b>	<b>13,786,001</b>	<b>10</b>
<b>MUTUAL FUNDS AND INVESTMENTS (Notes 2, 7, 8, 9 and 21)</b>					<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION</b>				
Financial assets available for sale - noncurrent	722,890	-	-	-	Bonds payable (Notes 2, 14 and 21)	7,800,000	5	9,884,012	7
Financial assets carried at cost - noncurrent	53,667	-	53,667	-	Long-term debts (Notes 14 and 21)	28,370,340	19	29,818,170	21
Equity-method investments	112,289,875	77	105,870,248	75	<b>Total long-term liabilities</b>	<b>36,170,340</b>	<b>24</b>	<b>39,702,182</b>	<b>28</b>
<b>Total mutual funds and investments</b>	<b>113,066,432</b>	<b>77</b>	<b>105,923,915</b>	<b>75</b>	<b>RESERVE FOR LAND VALUE INCREMENT TAX (Note 10)</b>	<b>1,018,899</b>	<b>1</b>	<b>1,018,899</b>	<b>1</b>
<b>PROPERTIES (Notes 2,10, 17, 20 and 21)</b>					<b>OTHER LIABILITIES</b>				
<b>Cost</b>					Accrued pension cost (Notes 2 and 19)	1,050,392	1	1,933,915	1
Land	1,076,981	1	1,076,981	1	Deferred income (Notes 2, 9 and 20)	52,773	-	52,773	-
Buildings and equipment	5,869,427	4	6,015,401	4	Guarantee deposits received	615	-	615	-
Machinery and equipment	40,207,902	27	39,946,885	28	<b>Total other liabilities</b>	<b>1,103,780</b>	<b>1</b>	<b>1,987,303</b>	<b>1</b>
Furniture and miscellaneous equipment	2,568,146	2	2,479,573	2	<b>Total liabilities</b>	<b>54,032,044</b>	<b>37</b>	<b>56,494,385</b>	<b>40</b>
Total cost	49,722,456	34	49,518,840	35	<b>STOCKHOLDERS' EQUITY</b>				
Appreciation	3,016,844	2	3,022,867	2	Capital stock - NT\$10.00 par value				
Total cost and appreciation	52,739,300	36	52,541,707	37	Authorized - 4,950,000 thousand shares				
Less: Accumulated depreciation	40,550,392	28	39,813,686	28	Issued and outstanding - 4,661,353 thousand shares in 2009 and 4,569,954 thousand shares in 2008	46,613,529	32	45,699,538	32
	12,188,908	8	12,728,021	9	Capital surplus				
Constructions in progress	1,006,817	1	1,383,424	1	Additional paid-in capital from share issuance in excess of par	932,814	1	932,814	1
Prepayments for equipment	165,639	-	173,994	-	From long-term investments	9,240,917	6	9,120,172	6
<b>Net properties</b>	<b>13,361,364</b>	<b>9</b>	<b>14,285,439</b>	<b>10</b>	Others	7,672	-	7,672	-
<b>INTANGIBLE ASSETS</b>					Total capital surplus	10,181,403	7	10,060,658	7
Deferred pension cost (Notes 2 and 19)	-	-	66,286	-	Retained earnings				
Others (Notes 2 and 17)	8,976	-	28,422	-	Legal reserve	8,602,110	6	8,196,285	6
<b>Total intangible assets</b>	<b>8,976</b>	<b>-</b>	<b>94,708</b>	<b>-</b>	Special reserve	3,034,766	2	3,034,766	2
<b>OTHER ASSETS</b>					Unappropriated earnings	9,672,105	6	6,535,276	5
Nonoperating properties, net (Notes 2, 10, 11 and 21)	697,857	1	676,640	1	Total retained earnings	21,308,981	14	17,766,327	13
Deferred income taxes assets - noncurrent (Notes 2 and 16)	356,873	-	394,311	-	Other stockholders' equity				
Farmland (Note 12)	276,661	-	276,661	-	Unrealized gain on financial instruments	3,276,309	2	(866,020)	(1)
Miscellaneous (Notes 2, 17 and 20)	196,317	-	200,288	-	Cumulative translation adjustments	2,490,010	2	3,696,557	3
<b>Total other assets</b>	<b>1,527,708</b>	<b>1</b>	<b>1,547,900</b>	<b>1</b>	Unrealized revaluation increment	8,721,219	6	8,843,128	6
					Net loss not recognized as pension cost	(80,263)	-	(656,261)	-
					Total other stockholders' equity	14,407,275	10	11,017,404	8
					<b>Net stockholders' equity</b>	<b>92,511,188</b>	<b>63</b>	<b>84,543,927</b>	<b>60</b>
<b>TOTAL</b>	<b>\$ 146,543,232</b>	<b>100</b>	<b>\$ 141,038,312</b>	<b>100</b>	<b>TOTAL</b>	<b>\$ 146,543,232</b>	<b>100</b>	<b>\$ 141,038,312</b>	<b>100</b>

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

(With Deloitte & Touche audit report dated March 5, 2010)

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

**STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	%	Amount	%
<b>REVENUES</b>				
Sales (Notes 2 and 20)	\$ 42,509,515	101	\$ 51,298,290	101
Less: Sales returns and allowances	<u>581,061</u>	<u>1</u>	<u>641,427</u>	<u>1</u>
Net sales	41,928,454	100	50,656,863	100
Processing service income	<u>11,624</u>	<u>-</u>	<u>18,032</u>	<u>-</u>
Total revenues	<u>41,940,078</u>	<u>100</u>	<u>50,674,895</u>	<u>100</u>
<b>COSTS OF REVENUES</b>				
Cost of sales (Notes 3, 6, 17 and 20)	38,479,133	92	45,622,552	90
Cost of processing services	<u>11,277</u>	<u>-</u>	<u>21,409</u>	<u>-</u>
Total costs of revenues	<u>38,490,410</u>	<u>92</u>	<u>45,643,961</u>	<u>90</u>
GROSS PROFIT	<u>3,449,668</u>	<u>8</u>	<u>5,030,934</u>	<u>10</u>
<b>OPERATING EXPENSES (Notes 3, 17 and 20)</b>				
Marketing	2,538,187	6	3,284,796	7
General and administrative	1,176,875	3	989,483	2
Research and development	<u>567,390</u>	<u>1</u>	<u>568,913</u>	<u>1</u>
Total operating expenses	<u>4,282,452</u>	<u>10</u>	<u>4,843,192</u>	<u>10</u>
OPERATING (LOSS) GAIN	<u>(832,784)</u>	<u>(2)</u>	<u>187,742</u>	<u>-</u>
<b>NONOPERATING INCOME AND GAINS</b>				
Interest (Note 20)	16,019	-	177,137	-
Equity in net income of investees, net (Notes 2 and 9)	9,211,453	22	5,542,190	11
Cash dividends	-	-	5,432	-
Gain on disposal of properties	1,924	-	19,912	-
Gain on sale of investments, net (Note 9)	854,467	2	9,726	-
Foreign exchange gain, net (Note 2)	-	-	42,796	-
Rental (Note 20)	11,452	-	11,227	-
Valuation gain on financial assets, net (Notes 2 and 5)	53,353	-	-	-
Valuation gain on financial liabilities, net (Notes 2 and 5)	93,123	-	465,708	1
Others (Note 20)	<u>154,284</u>	<u>1</u>	<u>233,967</u>	<u>1</u>
Total nonoperating income and gains	<u>10,396,075</u>	<u>25</u>	<u>6,508,095</u>	<u>13</u>

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**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

**STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<b>2009</b>		<b>2008</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>NONOPERATING EXPENSES AND LOSSES</b>				
Interest (Note 10)	\$ 599,907	2	\$ 1,217,020	2
Exchange loss, net (Note 2)	216,950	1	-	-
Impairment losses on nonoperating properties (Note 2)	131,833	-	29,713	-
Valuation loss on financial assets, net (Notes 2 and 5)	-	-	32,898	-
Others (Note 11 and 20)	<u>478,894</u>	<u>1</u>	<u>801,702</u>	<u>2</u>
Total nonoperating expenses and losses	<u>1,427,584</u>	<u>4</u>	<u>2,081,333</u>	<u>4</u>
<b>INCOME BEFORE INCOME TAX</b>	8,135,707	19	4,614,504	9
<b>INCOME TAX EXPENSE (BENEFIT)</b> (Notes 2 and 16)	<u>47,011</u>	<u>-</u>	<u>(7,440)</u>	<u>-</u>
<b>NET INCOME</b>	<u>\$ 8,088,696</u>	<u>19</u>	<u>\$ 4,621,944</u>	<u>9</u>
	<b>2009</b>		<b>2008</b>	
	<b>Income Before Income Tax</b>	<b>Net Income</b>	<b>Income Before Income Tax</b>	<b>Net Income</b>
<b>EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Notes 3 and 18)</b>				
Basic	<u>\$ 1.75</u>	<u>\$ 1.74</u>	<u>\$ 0.99</u>	<u>\$ 0.99</u>
Diluted	<u>\$ 1.74</u>	<u>\$ 1.73</u>	<u>\$ 0.99</u>	<u>\$ 0.99</u>

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

(With Deloitte & Touche audit report dated March 5, 2010)

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock Issued and Outstanding (Note 15)		Capital Surplus (Notes 2 and 15)	Retained Earnings (Notes 2, 15 and 16)				Other Equity				
				Shares in Thousands	Amount	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Unrealized Valuation Gain (Loss) on Financial Instruments (Note 2)	Cumulative Translation Adjustments (Note 2)	Unrealized Revaluation Increment on Properties (Notes 2 and 10)
BALANCE, JANUARY 1, 2008	4,480,347	\$ 44,803,469	\$ 9,327,997	\$ 7,061,162	\$ 3,034,766	\$ 13,247,308	\$ 23,343,236	\$ 4,268,337	\$ 1,706,254	\$ 8,566,640	\$ (69,966)	\$ 91,945,967
Appropriation of the 2007 earnings												
Legal reserve	-	-	-	1,135,123	-	(1,135,123)	-	-	-	-	-	-
Stock dividends - NT\$0.2 per share	89,607	896,069	-	-	-	(896,069)	(896,069)	-	-	-	-	-
Cash dividends - NT\$1.8 per share	-	-	-	-	-	(8,064,624)	(8,064,624)	-	-	-	-	(8,064,624)
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-	(674,461)	(674,461)	-	-	-	-	(674,461)
Balance after appropriations	4,569,954	45,699,538	9,327,997	8,196,285	3,034,766	2,477,031	13,708,082	4,268,337	1,706,254	8,566,640	(69,966)	83,206,882
Net income in 2008	-	-	-	-	-	4,621,944	4,621,944	-	-	-	-	4,621,944
Adjustments due to changes in investees' equity in long-term investments	-	-	696,871	-	-	(323,039)	(323,039)	(5,191,265)	1,761,305	276,491	(1,086)	(2,780,723)
Adjustment on investees' equity not recognized in percentage of ownership in investees	-	-	(9,971)	-	-	(240,880)	(240,880)	-	-	-	-	(250,851)
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	229,496	-	-	229,496
Change in net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	(585,239)	(585,239)
Unrealized loss on cash flow hedge	-	-	-	-	-	-	-	56,160	-	-	-	56,160
Adjustments on stockholders' equity due to the sale of long-term equity investments	-	-	45,761	-	-	220	220	748	(498)	(3)	30	46,258
BALANCE, DECEMBER 31, 2008	4,569,954	45,699,538	10,060,658	8,196,285	3,034,766	6,535,276	17,766,327	(866,020)	3,696,557	8,843,128	(656,261)	84,543,927
Appropriation of the 2008 earnings (Note)												
Legal reserve	-	-	-	405,825	-	(405,825)	-	-	-	-	-	-
Stock dividends - NT\$0.2 per share	91,399	913,991	-	-	-	(913,991)	(913,991)	-	-	-	-	-
Cash dividends - NT\$0.8 per share	-	-	-	-	-	(3,655,963)	(3,655,963)	-	-	-	-	(3,655,963)
Balance after appropriations	4,661,353	46,613,529	10,060,658	8,602,110	3,034,766	1,559,497	13,196,373	(866,020)	3,696,557	8,843,128	(656,261)	80,887,964
Net income in 2009	-	-	-	-	-	8,088,696	8,088,696	-	-	-	-	8,088,696
Adjustments due to changes in investees' equity in long-term investments	-	-	194,351	-	-	18,862	18,862	4,000,948	(789,566)	(121,909)	(13,090)	3,289,596
Change in unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-	-	-	146,473	-	-	-	146,473
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	(332,652)	-	-	(332,652)
Reversal of net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	585,239	585,239
Unrealized loss on cash flow hedge	-	-	-	-	-	-	-	7,656	-	-	-	7,656
Adjustments on stockholders' equity due to the sale of long-term equity investments	-	-	(73,606)	-	-	5,050	5,050	(12,748)	(84,329)	-	3,849	(161,784)
BALANCE, DECEMBER 31, 2009	<u>4,661,353</u>	<u>\$ 46,613,529</u>	<u>\$ 10,181,403</u>	<u>\$ 8,602,110</u>	<u>\$ 3,034,766</u>	<u>\$ 9,672,105</u>	<u>\$ 21,308,981</u>	<u>\$ 3,276,309</u>	<u>\$ 2,490,010</u>	<u>\$ 8,721,219</u>	<u>\$ (80,263)</u>	<u>\$ 92,511,188</u>

Note: Remuneration to directors and supervisors NT\$147,418 thousand and bonus to employees NT\$196,557 thousand had been deducted from the income statement of 2008.

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

(With Deloitte & Touche audit report dated March 5, 2010)

**FAR EASTERN NEW CENTURY CORPORATION**  
**(Formerly Far Eastern Textile Ltd.)**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
**(In Thousands of New Taiwan Dollars)**

	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 8,088,696	\$ 4,621,944
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,882,377	1,983,949
Amortization	84,360	66,943
(Reversal of allowance) allowance for losses on inventories	(482,902)	273,094
Amortization on discount of exchangeable bonds	58,332	58,332
Investment net loss income recognized under the equity method	(9,211,453)	(5,542,190)
Cash dividends received on equity-method investments	5,092,054	10,019,746
Accrued pension costs	(231,998)	14,301
Net gain on disposal of properties	(1,924)	(19,912)
Impairment losses on idle properties	131,833	29,713
Gain on sale of investments, net	(854,467)	(9,726)
Deferred income tax	107,960	-
Net changes in operating assets and liabilities		
Financial assets held for trading	26,213	64,014
Financial liabilities held for trading	(82,112)	(288,919)
Notes receivable	(78,590)	429,206
Accounts receivable	498,539	59,565
Other receivables	(119,878)	25,877
Inventories	1,672,418	559,899
Prepaid expenses	(384,999)	294,152
Other current assets	(45,549)	75,467
Notes payable	104	(7,061)
Accounts payable	1,279,832	(1,491,882)
Accrued expenses	401,547	478,931
Receipts in advance	35,350	(62,715)
Other current liabilities	(81,656)	19,496
Net cash provided by operating activities	<u>7,784,087</u>	<u>11,652,224</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds of the disposal of long-term equity investments	1,581,150	287,739
Increase in long-term equity investments	(703,545)	(6,989,371)
Acquisition of properties	(1,169,063)	(1,600,471)
Proceeds of the disposal of properties	60,421	63,771
Increase in other intangible assets	(9,940)	(1,768)
Increase in other assets	(51,788)	(22,615)
Net cash used in investing activities	<u>(292,765)</u>	<u>(8,262,715)</u>

(Continued)

**FAR EASTERN NEW CENTURY CORPORATION**  
**(Formerly Far Eastern Textile Ltd.)**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
**(In Thousands of New Taiwan Dollars)**

	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease) increase in short-term bank loans	\$ (3,186,342)	\$ 3,753,326
Payments of cash dividends, remuneration to directors and supervisors and bonus to employees	(3,777,029)	(8,596,379)
Decrease in long-term liabilities	(1,375,150)	(1,161,310)
Issuance of bonds	<u>1,500,000</u>	<u>800,000</u>
Net cash used in financing activities	<u>(6,838,521)</u>	<u>(5,204,363)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>652,801</b>	<b>(1,814,854)</b>
<b>CASH, BEGINNING OF YEAR</b>	<u><b>5,275,744</b></u>	<u><b>7,090,598</b></u>
<b>CASH, END OF YEAR</b>	<u><b>\$ 5,928,545</b></u>	<u><b>\$ 5,275,744</b></u>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Interest paid	\$ 605,693	\$ 1,157,996
Deduct: Capitalized interest	<u>21,725</u>	<u>54,439</u>
Interest paid (excluding capitalized interest)	<u>\$ 583,968</u>	<u>\$ 1,103,557</u>
Income tax paid	<u>\$ 1,549</u>	<u>\$ 61,981</u>
<b>CASH PAID FOR ACQUISITION OF PROPERTIES</b>		
Increase in properties	\$ 1,522,045	\$ 1,993,770
Add: Payables for acquisition of properties, beginning of year	32,322	38,994
Advances to suppliers of machine and equipment, end of year	165,639	173,994
Constructions in progress, end of year	1,006,817	1,383,424
Deduct: Advances to suppliers of machine and equipment, beginning of year	(173,994)	(87,320)
Constructions in progress, beginning of year	(1,383,424)	(1,870,069)
Payables for acquisition of properties, end of year	<u>(342)</u>	<u>(32,322)</u>
Cash paid for acquisition of properties	<u>\$ 1,169,063</u>	<u>\$ 1,600,471</u>
<b>NONCASH FINANCING ACTIVITIES</b>		
Current portion of long-term liabilities	<u>\$ 5,592,343</u>	<u>\$ 1,877,320</u>

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

(With Deloitte & Touche audit report dated March 5, 2010)

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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**1. ORGANIZATION AND OPERATIONS**

Far Eastern New Century Corporation (FENC or the “Company”), established 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.

FENC had 4,445 and 4,912 employees as of December 31, 2009 and 2008, respectively.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Guidelines Governing Business Accounting and accounting principles generally accepted in the Republic of China. In preparing financial statements in conformity with these guidelines and principles, the Company is required to make certain estimates and assumptions that could affect the allowance for doubtful accounts, provision for loss on decline in value of inventories, depreciation and amortization, impairment losses on tangible and intangible assets, income tax, pension cost and bonuses to employees, directors and supervisors. Actual results could differ from these estimates.

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

The Company’s significant accounting policies are summarized as follows:

**Current and Noncurrent Assets and Liabilities**

Current assets are cash or cash equivalents, assets held mainly for trading and other assets to be converted into cash or consumed within 12 months from 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.



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

Financial instruments classified as financial assets or financial liabilities at fair value through profit or loss (FVTPL) include financial assets or financial liabilities held for trading and those designated as at FVTPL on initial recognition. The Company recognizes a financial asset or a financial liability on its balance sheet when the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Company 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, cancelled or expired.

Financial instruments at FVTPL are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss. At each balance sheet date subsequent to initial recognition, financial assets or financial liabilities at FVTPL are remeasured at fair value, with changes in fair value recognized directly in profit or loss in the year in which they arise. Cash dividends received subsequently (including those received in the year of investment) are recognized as income for the year. On derecognition of a financial asset or a financial liability, the difference between its carrying amount and the sum of the consideration received and receivable or consideration paid and payable is recognized in profit or loss. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

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

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 estimated prices.

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

Sales are recognized when titles to products and risks of ownership are transferred to customers, primarily upon shipment. 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.

Revenues are measured at fair values based on the prices negotiated between the Company and the customers. Since the future values of revenues resulting from receivables within one year approximate the fair value of these receivables, the pro forma interest rate method is not used to recalculate the fair values.

Allowance for doubtful accounts is determined on the basis of a review of the collectibility of individual receivables.

## **Inventories**

Inventories consist of raw materials, supplies, finished goods and work-in-process. Before January 1, 2009, inventories were stated at the lower of cost or market value (replacement cost or net realizable value). Any write-down was made on an total-inventory basis. Market value meant replacement cost for raw materials and supplies and net realizable value for finished goods and work in process. As stated in Note 3, effective January 1, 2009, inventories 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 standard cost and adjusted to approximate weighted-average cost on the balance sheet date.

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

On initial recognition, available-for-sale financial assets are recorded at fair value plus transaction costs directly attributable to the acquisition of the assets. Gain or loss due to changes in fair value is recognized as adjustments to stockholders' equity, and the related cumulative gain or loss should be recognized in the current year when the financial asset is derecognized. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

The time points of the recognition and derecognition of available-for-sale financial assets are the same as those of financial assets at fair value through profit or loss.

The fair value of available-for-sale financial assets is their closing prices on the balance sheet date.

Cash dividend from available-for-sale financial assets is recognized as an income on the ex-dividend date but has to be deducted from investment cost in accordance with the declaration of net income before investment. Stock dividend is not recognized as an income but additional volume of the shares should be recorded and be used to recalculate the cost per share.

An impairment loss should be recognized if there is objective evidence that a 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.

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

Investments in equity instruments without quoted market prices in an active market, including investments in unlisted stocks and emerging stocks, are measured at cost upon initial recognition. Cash dividends are recognized as dividend income on the date of the stockholder's meeting, but are accounted for as reductions of the original cost of investments if these dividends are declared on the investees' earnings of investees attributable to periods before investment acquisition. Stock dividends are not recognized as current income but are accounted for only as an increase in the number of shares held. The cost per share is recalculated on the basis of the increased number of shares. An impairment loss should be recognized as a charge to current income if there is objective evidence that a financial asset is impaired. This loss cannot be reversed.

### **Equity-method Investments**

Long-term investments in which the Company owns at least 20% of investees' common stock or exercises significant influence over their 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 difference between investment cost and underlying equity in net assets is amortized using the straight-line method over 5 years.

As required, however, by the revised ROC Statement of Financial Accounting Standards No. 5 - "Long-term Investments under the Equity Method," starting on January 1, 2006, 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. Goodwill is no longer amortized and is instead tested annually for impairment. An impairment test is also required when there is evidence indicating that goodwill might be impaired because of an event or a change in the economic environment. 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 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. Starting on January 1, 2006, the unamortized balance of the investment cost in excess of the equity in investee's net assets is no longer amortized and is instead subject to the same accounting treatment as that for goodwill; the negative goodwill previously acquired should be amortized over the remaining estimated economic lives.

Profits from downstream transactions with an equity-method investee are eliminated in proportion to the Company's percentage of ownership in the investee; however, if the Company 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 Company's percentage of ownership in the investee.

An increase in the Company'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 existing equity ownership in the investee is credited to capital surplus. If the subscription results in a decrease in the Company'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.

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

### **Properties and Rental Assets**

Properties and rental assets are stated at cost or cost plus appreciation, less accumulated depreciation. Major additions, renewals and betterments are capitalized, while maintenance and repairs 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.

Depreciation expenses for properties and rental assets are calculated by the Company and its subsidiaries using the fixed-percentage-of- declining-balance method and straight-line method, respectively.

Depreciation expenses are computed over service lives originally estimated as follows: buildings and equipment, 3 to 55 years; machinery and equipment, 5 to 15 years and furniture 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 and rental assets reach their residual value and are still being used, they are further depreciated over their newly estimated service lives.

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

### **Intangible Assets**

Patent rights, trademark and computer software are measured at acquisition cost and amortized using the straight-line method over 5 to 10 years.

**Idle Assets**

Properties not currently used in operations are transferred to other assets at the lower of net book value or net realizable value, with the difference charged to nonoperating expenses. However, starting on January 1, 2006, based on related regulations, depreciation is calculated using the straight-line method over the estimated useful lives of the properties.

**Deferred Charges**

Deferred charges mainly are amortized using the straight-line method over 5 to 7 years.

**Impairment Loss**

An impairment loss should be recognized if the carrying value of assets (including properties, idle assets, rental assets, deferred charges and equity-method investments) exceeds their recoverable amount, and this impairment loss should be charged to current income. An impairment loss recognized in prior years can be reversed if there is a subsequent recovery in the estimates used to determine recoverable amount since the last impairment loss was recognized. However, an impairment loss is reversed only to the extent that the reversal does not exceed the carrying amount of an asset (net of depreciation) had no impairment loss been recognized in prior years. If an asset has been revalued in accordance with the laws, its impairment loss should first be used to reduce the unrealized appreciation of revaluation under stockholders' equity. The excess loss, if any, may then be recognized as loss in the income statement. However, to the extent that an impairment loss on the same revalued asset was previously recognized as a loss in the income statement because of insufficient revaluation surplus, a reversal of that impairment loss is recognized as a gain in the income statement. The excess part, if any, may then be reversed to the unrealized appreciation of revaluation under stockholders' equity. However, an impairment loss recognized on goodwill cannot be reversed.

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

**Deferred Income**

These are unrealized gains from downstream transactions with equity-method investees and are credited to income when realized.

**Exchangeable Bonds**

Exchangeable bonds (i.e., bonds that can be exchanged for Asia Cement Corporation's (ACC) shares; see Note 15) are measured at total issuance price less the fair value of embedded derivatives. The liability component of bonds is measured at amortized cost using the effective interest method (if there is no substantial difference in the results of using the straight-line method or the effective interest method, the straight-line method may be used). Before the maturity of the bonds, the fair value of the embedded derivatives is recognized as current gain or loss.

Interest and gain (loss) on bond redemption are recognized as current gain or loss. When bonds are exchanged for ACC's shares, the disposal gain or loss is measured at the book value of the liability components (including embedded derivatives).

**Pension Costs**

Under the defined benefit plan, pension costs are recognized on the basis of actuarial calculations. Under the defined contribution pension plan, required monthly contributions by the Company to the employees' individual pension accounts are recognized as pension costs over the employees' service years.

When curtailment and/or settlement occur to the Company providing defined benefit plan, the Company should recognize curtailment and/or settlement gains or losses as part of the net pension cost for the period.

### **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 operating loss carryforwards and unused investment tax credits, and deferred tax liabilities are recognized for the tax effects of taxable temporary differences. A valuation allowance is recognized for deferred income tax assets that are not certain to 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 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.

Tax credits for certain purchases of 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 liabilities are added to or deducted from the current period's income tax provision.

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., Ltd. adopted the linked-tax system for tax filings. Differences between current and deferred income tax expenses on entity basis and those on nonentity basis are adjusted in the Company's income tax expenses. Related reimbursement and appropriation are recognized as receivables and payables.

### **Foreign-currency Transactions and Translation of Foreign-currency Financial Statements**

Foreign-currency transactions (except derivative transactions) are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Gains or losses resulting from the application of prevailing foreign exchange rates when cash in foreign currency is converted into New Taiwan dollars or when nonmonetary foreign-currency-denominated assets and liabilities are settled, are credited or charged to income in the period of settlement.

On the balance sheet date, the balances of nonmonetary foreign currency-denominated assets and liabilities evaluated at fair value, such as equity instruments, are restated at the prevailing exchange rates, and the resulting differences are recorded as adjustment to stockholders' equity or as profit or loss in the current period. Financial assets and liabilities carried at cost are stated at historical exchange rates; while equity-method investments are recorded as cumulative translation adjustments under stockholders' equity.

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 shareholders' equity.

### **Hedging Derivative Financial Instruments**

Hedging derivative financial instruments are measured at fair value. The changes in fair values of these instruments are debited or charged to either stockholders' equity or current income depending on the type of the hedged items.

## Hedge Accounting

Hedge accounting involves the recognition of the offsetting effects on profit or loss of changes in fair values of the hedging instrument and the hedged item.

Some derivative instruments held by the Company are for cash flow hedge purposes. Thus, the gains or losses from the changes in fair values of the hedging instruments are recognized under stockholders' equity and are recognized as current income if the hedged forecast transaction affects net gains or losses. If hedging would give rise to a nonfinancial asset or liability, the gain or loss will be recognized as an adjustment to the original cost or carrying amount of the hedged asset or liability. If recognized adjustments to stockholders' equity result in irreversible losses, these losses should be immediately charged to current income.

## Reclassifications

Certain accounts in the financial statements as of and for the year ended December 31, 2008 have been reclassified to be consistent with the presentation of the financial statements as of and for the year ended December 31, 2009.

### 3. CHANGES IN ACCOUNTING PRINCIPLES

#### Accounting for Inventories

On January 1, 2009, the Company adopted the newly revised Statement of Financial Accounting Standards No. 10 - "Inventories". The main revisions are (1) inventories are stated at the lower of cost or net realizable value, and inventories are written down to net realizable value item-by-item except when the grouping of similar or related items is appropriate; (2) unallocated overheads are recognized as expenses in the period in which they are incurred; and (3) abnormal costs, write-downs of inventories and any reversal of write-downs are recorded as cost of goods sold for the period. This accounting change resulted in decreases of NT\$110,756 thousand in net income and a decrease of NT\$0.02 in after income tax basic earnings per share for the year ended December 31, 2009. For comparison purposes, the Company also reclassified nonoperating losses of NT\$273,094 thousand to cost of goods sold for the year ended December 31, 2008.

#### Accounting for Bonuses to Employees, Directors and Supervisors

In March 2007, the Accounting Research and Development Foundation issued Interpretation 2007-052, requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. This accounting change resulted in decreases of NT\$343,975 thousand in net income and of NT\$0.08 in after income tax basic earnings per share in 2008.

### 4. CASH

	<u>December 31</u>	
	<u>2009</u>	<u>2008</u>
Cash on hand	\$ 6,105	\$ 4,252
Checking accounts	18,683	25,488
Savings accounts	4,334,231	377,947
Time deposits - 0.2%-0.4% interest in 2009 and 0.25%-2.25% interest in 2008	<u>1,569,526</u>	<u>4,868,057</u>
	<u>\$ 5,928,545</u>	<u>\$ 5,275,744</u>

As of December 31, 2009 and 2008, the foreign demand deposits in U.S.A. (New York) were NT\$623 thousand (US\$19 thousand) and NT\$321 thousand (US\$10 thousand), respectively.

## 5. 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:

	<u>December 31</u>	
	<u>2009</u>	<u>2008</u>
<u>Financial assets held for trading</u>		
Cotton futures contracts	\$ 32,768	\$ 27,887
Adjustment for valuation	-	2,054
	<u>32,768</u>	<u>29,941</u>
Exchangeable bonds collection rights	9,000	49,500
Forward exchange contracts	<u>11,460</u>	<u>-</u>
	<u>\$ 53,228</u>	<u>\$ 79,441</u>
<u>Financial liabilities held for trading</u>		
Exchangeable bonds exchange rights	\$ -	\$ 30,500
Exchangeable bonds redemption rights	20,750	42,000
Forward exchange contracts	<u>-</u>	<u>30,362</u>
	<u>\$ 20,750</u>	<u>\$ 102,862</u>

The Company used cotton futures contracts and forward exchange contracts to hedge against adverse fluctuations of cotton prices and exchange rates on account receivables and in the years ended December 31, 2009 and 2008. The strategy is to hedge against the Company's market risk exposure. Since these contacts 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, 2009. The outstanding cotton futures contracts held by the Company as of December 31, 2009 and 2008 are summarized as follows:

<b>Outstanding Derivative Contract</b>	<u>December 31, 2008</u>		
	<b>Maturity</b>	<b>Units</b>	<b>Contract Amount (Thousands)</b>
Cotton futures contracts	March 2009	60	US\$1,408/NT\$46,176

The main purpose that the Company participated in sell option contracts and nonhedging purpose forward exchange contracts is to profit on royalties and the difference between exchange rate fluctuations in 2009 and 2008.

The Company had no outstanding option contracts as of December 31, 2009 and 2008. The outstanding forward exchange contracts as of December 31, 2009 and 2008 were as follows:

	<b>Currency</b>	<b>Maturity Date</b>	<b>Contract Amount (In Thousands)</b>
<u>December 31, 2009</u>			
Sell	EUR/US\$	2010/3/29-2010/4/29	EUR2,000/US\$2,857
Sell	US\$/NT\$	2010/1/15-2010/3/25	US\$78,000/NT\$2,512,528
<u>December 31, 2008</u>			
Sell	EUR/US\$	2009/1/23-2009/3/30	EUR7,000/US\$8,918

On 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.

Net gains (losses) on derivative financial assets were NT\$53,353 thousand and NT\$(32,898) thousand in the years ended December 31, 2009 and 2008, respectively; net gains on derivative financial liabilities were NT\$93,123 thousand and NT\$465,708 thousand in the years ended December 31, 2009 and 2008, respectively.

## 6. INVENTORIES, NET

	<u>December 31</u>	
	<b>2009</b>	<b>2008</b>
Finished goods	\$ 1,137,856	\$ 1,989,080
Work in process	978,366	1,427,364
Materials in transit	272,755	167,203
Raw materials	1,867,062	1,907,566
Supplies in transit	5,573	-
Supplies	<u>174,912</u>	<u>134,827</u>
	<u>\$ 4,436,524</u>	<u>\$ 5,626,040</u>

As of December 31, 2009 and 2008, the allowance for inventory devaluation was NT\$320,172 thousand and NT\$803,074 thousand, respectively.

The costs of inventories recognized as cost of goods sold were NT\$38,479,133 thousand in 2009 and NT\$45,622,552 thousand in 2008 and included write-down reversals, which amounted to NT\$482,902 thousand and NT\$273,094 thousand, respectively.

## 7. AVAILABLE- FOR-SALE FINANCIAL ASSETS

	<u>December 31</u>	
	<b>2009</b>	<b>2008</b>
Domestic quoted stocks		
Far Eastern International Commercial Bank (Note 9)	<u>\$ 722,890</u>	<u>\$ -</u>



## 8. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	December 31			
	2009		2008	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Unlisted common stocks				
Hantech Venture Capital Corp.	\$ <u>53,667</u>	3.73	\$ <u>53,667</u>	3.73

The Company's holdings of marketable equity securities with no quoted market prices and with fair values that could not be reliably measured were evaluated at holding cost.

## 9. EQUITY-METHOD INVESTMENTS

	December 31			
	2009		2008	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
With quoted market prices:				
Asia Cement Corp. (ACC)	\$ 12,500,165	22.33	\$ 11,522,853	24.05
Far Eastern Department Stores Co., Ltd. (FEDS)	3,877,699	16.80	3,271,840	16.80
Oriental Union Chemical Corp. (OUCC)	1,155,372	9.17	1,027,391	9.17
Everest Textile Co., Ltd. (Everest Textile)	1,540	0.03	1,480	0.03
Far Eastern International Commercial Bank (FEICB)	<u>-</u>	-	<u>563,221</u>	3.12
	<u>17,534,776</u>		<u>16,386,785</u>	
With no quoted market prices:				
Yuan Ding Investment Co., Ltd. (YDI)	36,155,036	99.70	35,123,505	99.70
Far Eastern Resources Development Co., Ltd.	15,693,512	100.00	15,443,154	100.00
Yuan Tong Investment Co., Ltd.	7,296,064	100.00	7,136,989	100.00
Far Eastern Investment (Holding) Ltd. (FEIH)	5,238,743	100.00	5,239,384	100.00
Kai-Yuan International Investment Co., Ltd.	4,366,102	100.00	3,580,727	100.00
Far Eastern Polychem Industries Ltd. (F.E.P.I.)	4,185,668	59.81	4,142,822	57.65

(Continued)

	2009		2008	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Oriental Petrochemical (Taiwan) Co., Ltd. (INVISTA Far Eastern Petrochemicals Co., Ltd.)	\$ 3,875,245	75.56	\$ 3,405,070	75.56
Far Eastern Polytex (Holding) Ltd.	3,323,320	100.00	2,900,781	100.00
Yuan Ding Co., Ltd.	3,180,506	37.13	2,805,779	37.13
Ding-Yuan International Investment Co.	2,412,433	100.00	1,914,236	100.00
Far Eastern Construction Co., Ltd.	2,078,321	65.11	2,095,688	65.11
Oriental Securities Co., Ltd.	2,066,710	19.65	1,671,585	19.65
PET Far Eastern (Holding) Ltd.	1,996,083	49.42	1,437,469	49.42
An Ho Garment Co., Ltd.	1,537,449	100.00	1,266,932	100.00
Pacific Liu Tung Investment Corporation	1,165,944	16.83	1,113,868	16.83
Fu Kwork Garment Manufacturing Co., Ltd.	128,923	99.99	126,512	99.99
Ding Ding Hotel Corp.	28,962	19.00	53,029	19.00
New Century InfoComm Tech Co., Ltd. (NCIC)	<u>26,078</u>	0.10	<u>25,933</u>	0.10
	<u>94,755,099</u>		<u>89,483,463</u>	
	<u>\$ 112,289,875</u>		<u>\$ 105,870,248</u>	

(Concluded)

The combined equity of the Company and subsidiaries in their investee companies such as OUCC, Everest Textile, Pacific Liu Tung Investment Corporation, Oriental Securities Co., Ltd. and NCIC in 2009 and 2008 exceeded 20% of the outstanding common stock of each. Thus, related investments were accounted for by the equity method.

In addition, investments in the investee companies such as FEDS and Ding Ding Hotel Corp. in 2009 and Far Eastern International Commercial Bank, FEDS and Ding Ding Hotel Corp. in 2008 were accounted for by the equity method since the Company exercised significant influence over them although it owned less than 20% of these investees' voting stock.

The carrying value of the equity-method stocks was based on audited financial statements.

On June 10, 2009, FEICB decreased its capital stock to recover the loss of NT\$4,075,208 thousand, and resulted in the proportional decrease in the Company's ownership of FEICB by 12,695 thousand shares. The record date of this capital reduction was June 31, 2009.

Also on June 10, 2009, FEICB elected its board of directors and supervisors. In this election, the Company and its subsidiary lost their three seats on the board. When the new board took effect on June 27, 2009, the Company ceased to have significant influence over FEICB. Thus, the book value of the shares bought by the Company was reclassified as an available-for-sale financial asset - noncurrent.

In April 2009, the Company sold 50,000 thousand shares of ACC for NT\$1,581,150 thousand; thus, the Company's equity interest in ACC decreased from 24.05% to 22.33%.

In June 5, 2009, the board of New Century InfoComm Tech Co., Ltd. (NCIC) decided to decrease its capital to recover the loss of NT\$14,005,510 thousand; thus, the Company's equity in NCIC proportionally decreased by 1,403 thousand shares in August 1, 2009.

In May 2008 and July 2008, the Company bought 51,124 thousand and 198,816 thousand common shares, respectively, newly issued by F.E.P.I. for NT\$444,888 thousand and NT\$1,703,800 thousand, respectively, at US\$0.28 per share. Thus, the Company's percentage of ownership increased from 37.79% to 57.65%.

In September 2009, the Company bought 42,155 thousand common shares, with par value of US\$0.27 and newly issued by F.E.P.I., for NT\$373,364 thousand; thus, the Company's equity in F.E.P.I. proportionally increased from 57.65% to 59.81%.

In March 2008, the Company sold to Yue Ding Industry Co., Ltd. 14,235 thousand shares, part of its holding in Oriental Petrochemical (Taiwan) Co., Ltd. (OPTC, the former Invista Far Eastern Petrochemicals Co., Ltd.) for NT\$135,532 thousand. On October 21, 2008, OPTC's stockholders resolved to reduce its capital to reverse its loss of NT\$4,208,367 thousand and raise cash capital by NT\$3,800,000 thousand. Although the Company's holdings in OPTC declined by 75,750 thousand shares, the Company's purchase of 318,000 shares of OPTC's newly issued common stock for NT\$3,180,000 thousand resulted in an increase in the Company's equity in OPTC from 18% to 75.56%. Thus, the investment in OPTC was accounted for by the equity method.

To simplify its investment structure, the Company sold its holding in Yuan Faun Ltd. of 200 thousand shares to Yuan Ding Investment Co., Ltd. (YDI) for NT\$3,660 thousand in January 2008.

In December 2008, the Company sold 5,502 thousand shares of its holding in YDI to An-Ho Garment Co., Ltd. for NT\$148,547 thousand; thus, the Company's equity in YDI decreased from 100% to 99.70%.

In April 2008, the Company bought 2.5 thousand common shares of Far Eastern Polytex (Holding) Ltd. for NT\$151,675 thousand at US\$2,000 per share. In July 2009, the Company bought 5 thousand common shares of Far Eastern Polytex (Holding) Ltd. for NT\$330,150 thousand at US\$2,000 per share.

In July 2008, the Company bought 117 thousand shares of PET Far Eastern (Holding) Ltd. at US\$423.98 per share amounting to NT\$1,509,008 thousand and the percentage of ownership was 49.42%.

The market value of equity-method investment in listed companies were NT\$32,430,736 thousand and NT\$24,948,702 thousand as of December 31, 2009 and 2008, respectively.

The difference between the cost of an investment and the amount of the underlying equity in net assets of an investee arisen from equity-method investees, belonged to good will, should no longer be amortized, since the Company adopted the newly revised related financial accounting standards. As of January 1, 2009 and 2008, the balances of the difference were all NT\$99,821 thousand, and it didn't change in the years ended December 31, 2009 and 2008.

On August 22, 2007, Far Eastern Electronic Toll Collection Co. (the subsidiary of FENC) and the Taiwan Area National Freeway Bureau signed the Electronic Toll Collection BOT Project contract with a term of 18 years and 4 months.

To enhance the return of stockholders' equities, Far EasTone's board of directors proposed on April 30, 2007 to reduce capital by returning NT\$7,745,326 thousand in cash to stockholders and decreasing common stock by 774,532 thousand shares. The capital reduction was approved by the stockholders' meeting on June 12, 2007. The capital reduction ratio was 19.204715% and the cash return per share was around NT\$1.9204715. Paid-in capital after the capital reduction was NT\$32,585,008 thousand. Far EasTone's board of directors resolved January 15, 2008 as the record date of the capital reduction. On January 22, 2008, this capital reduction was registered with the Department of Commence under the Ministry of Economic Affairs (MOEA). The authority also approved March 17, 2008 as the share exchange date of the capital reduction. The foregoing payable amounts due to the capital reduction were fully paid off.

On June 16, 2009, the stockholders resolved that the Company will issue up to 444,341 thousand common shares by private placement, with a total issuance amount of up to \$17,773,641 thousand, to catch up on industry development trends and to meet the Company's future operating needs. The subscriber for these privately placed shares is China Mobile Limited's 100% indirect subsidiary incorporated in the ROC. On June 26, 2009, the Company's board of directors resolved to set the private placement price at NT\$40.00 per share. However, based on certain agreements, if the volume weighted-average price of the Company's common shares within 14 consecutive trading days before and on the date when China Mobile Limited or the Company sends the notice to the other party of the settlement date of the private placement falls below NT\$35.00 or exceeds NT\$50.00, the Company's board of directors has the authorization of the stockholders' meeting to discuss in good faith to set a new private placement price per share of the Company if the upward or downward adjustment (if any) is not NT\$5.00 higher than the Company's share par value. The private placement will proceed after obtaining the authorities' approval under relevant regulations.

To simplify the Company's investment structure, integrate investment resources and management, and control the subsidiaries in China, the board of directors of the Company passed a resolution on December 21, 2007 to acquire the shares of the existing offshore investment companies through subsidiaries and OUCC. The related proposal is as follows:

- a. Acquire 63 thousand shares of Far Eastern Apparel (Holding) Ltd. from Yuan Ding Investment Co., Ltd. for US\$34,513 thousand, with each share priced at US\$546.09;
- b. Acquire 487 thousand shares of F.E.D.P (Holding) Ltd. totaling US\$49,961 thousand from Yuan Tong Investment Co., Ltd., Far Eastern Polychem Industries Co., Ltd., and Far Eastern Polytex (Holding) Ltd., with each share priced at US\$102.65;
- c. Acquire 119 thousand shares of PET Far Eastern (Holding) Ltd. totaling US\$50,945 thousand from Ding Yuan International Investment Corp., Far Eastern Polychem Industries Co., Ltd., and affiliate OUCC, with each share priced at US\$426.60.

The above acquisitions and disposals are expected to be approved by the Investment Commission under the MOEA. After this approval, the share transfer procedures will be finalized. In addition, the actual transaction amount will be adjusted at the net value of the shares on the share transfer date.

The above equity-method investments in which the Company directly or indirectly had more than 50% equity or could exercise control over the investees were included in the Company's consolidated financial statements as of and for the years ended December 31, 2009 and 2008. The consolidated investees includes Yuan Ding Investment Co., Ltd., Far Eastern Resources Development Co., Ltd., Yuan Tong Investment Co., Ltd., Far Eastern Investment (Holding) Ltd. (F.E.I.H), F.E.P.I, Kai Yuan International Investment Co., Ltd., Oriental Petrochemical (Taiwan) Co., Ltd., Far Eastern Polytex (Holding) Ltd., Far Eastern Construction Co., Ltd., Ding Yuan International Investment Corp., PET Far Eastern (Holding) Ltd. (Pet F.E. (H)), An Ho Garment Co., Ltd. and Fu Kwok Garment Manufacturing Co., Ltd.

## 10. PROPERTIES

a.

	<b>December 31</b>	
	<b>2009</b>	<b>2008</b>
Cost	<u>\$ 49,722,456</u>	<u>\$ 49,518,840</u>
Appreciation		
Land	2,647,082	2,647,082
Buildings and equipment	198,966	200,448
Machinery and equipment	165,811	170,352
Furniture and miscellaneous equipment	<u>4,985</u>	<u>4,985</u>
	<u>3,016,844</u>	<u>3,022,867</u>
Total cost and appreciation	<u>52,739,300</u>	<u>52,541,707</u>
Accumulated depreciation		
Cost		
Buildings and equipment	3,441,302	3,368,976
Machinery and equipment	34,619,743	34,070,149
Furniture and miscellaneous equipment	<u>2,178,355</u>	<u>2,061,555</u>
	<u>40,239,400</u>	<u>39,500,680</u>
Appreciation		
Buildings and equipment	140,359	137,846
Machinery and equipment	165,648	170,175
Furniture and miscellaneous equipment	<u>4,985</u>	<u>4,985</u>
	<u>310,992</u>	<u>313,006</u>
Total accumulated depreciation	<u>40,550,392</u>	<u>39,813,686</u>
	12,188,908	12,728,021
Construction in progress	1,006,817	1,383,424
Prepayments for equipment	<u>165,639</u>	<u>173,994</u>
Net properties	<u>\$ 13,361,364</u>	<u>\$ 14,285,439</u>

Under government regulations, the Company revalued certain properties (excluding land) in 1983 and certain land (Note 11) in 1994. The resulting appreciation was accounted for as an increase in the carrying value of the properties and properties leased to others. A reserve for land value increment tax was also recognized, and the net appreciation was credited to unrealized appreciation under equity.

Depreciation expenses for properties were NT\$1,751,063 thousand and NT\$1,871,930 thousand in the years ended December 31, 2009 and 2008, respectively.

b. Capitalized interest on properties was as follows:

	<b>2009</b>	<b>2008</b>
Total interest expense	\$ 621,632	\$ 1,271,459
Interest capitalized (included in construction in progress)	21,725	54,439
Interest rate	1.08-1.93%	2.39-3%

## 11. NONOPERATING PROPERTIES, NET

	<b>December 31, 2009</b>					
	<b>Cost</b>	<b>Appreciation (Note 10)</b>	<b>Accumulated Depreciation</b>		<b>Accumulated Impairment Loss</b>	<b>Carrying Amount</b>
			<b>Cost</b>	<b>Appreciation (Note 10)</b>		
<u>Properties leased to others</u>						
Land	\$ 5,335	\$ 26,736	\$ -	\$ -	\$ -	\$ 32,071
Building and equipment	96,191	3,283	42,395	2,279	-	54,800
Machinery and equipment	41,756	229	41,635	229	-	121
Furniture and miscellaneous equipment	<u>8,770</u>	<u>959</u>	<u>8,473</u>	<u>959</u>	<u>-</u>	<u>297</u>
	<u>152,052</u>	<u>31,207</u>	<u>92,503</u>	<u>3,467</u>	<u>-</u>	<u>87,289</u>
<u>Idle properties</u>						
Land	938	38,378	-	-	-	39,316
Building and equipment	1,181,269	83,735	849,071	64,179	22,709	329,045
Machinery and equipment	6,945,047	5,167	6,453,241	5,167	249,599	242,207
Furniture and miscellaneous equipment	<u>74,864</u>	<u>1,485</u>	<u>74,311</u>	<u>1,485</u>	<u>553</u>	<u>-</u>
	<u>8,202,118</u>	<u>128,765</u>	<u>7,376,623</u>	<u>70,831</u>	<u>272,861</u>	<u>610,568</u>
	<u>\$ 8,354,170</u>	<u>\$ 159,972</u>	<u>\$ 7,469,126</u>	<u>\$ 74,298</u>	<u>\$ 272,861</u>	<u>\$ 697,857</u>
	<b>December 31, 2008</b>					
	<b>Cost</b>	<b>Appreciation (Note 10)</b>	<b>Accumulated Depreciation</b>		<b>Accumulated Impairment Loss</b>	<b>Carrying Amount</b>
			<b>Cost</b>	<b>Appreciation (Note 10)</b>		
<u>Properties leased to others</u>						
Land	\$ 5,335	\$ 26,736	\$ -	\$ -	\$ -	\$ 32,071
Building and equipment	96,191	3,283	39,040	2,233	-	58,201
Machinery and equipment	41,756	229	41,603	229	-	153
Furniture and miscellaneous equipment	<u>8,760</u>	<u>959</u>	<u>8,364</u>	<u>959</u>	<u>-</u>	<u>396</u>
	<u>152,042</u>	<u>31,207</u>	<u>89,007</u>	<u>3,421</u>	<u>-</u>	<u>90,821</u>
<u>Idle properties</u>						
Land	938	38,378	-	-	-	39,316
Building and equipment	1,000,263	83,618	722,791	62,464	22,709	275,917
Machinery and equipment	6,140,905	6,639	5,750,543	6,639	119,776	270,586
Furniture and miscellaneous equipment	<u>54,675</u>	<u>1,485</u>	<u>54,511</u>	<u>1,485</u>	<u>164</u>	<u>-</u>
	<u>7,196,781</u>	<u>130,120</u>	<u>6,527,845</u>	<u>70,588</u>	<u>142,649</u>	<u>585,819</u>
	<u>\$ 7,348,823</u>	<u>\$ 161,327</u>	<u>\$ 6,616,852</u>	<u>\$ 74,009</u>	<u>\$ 142,649</u>	<u>\$ 676,640</u>

Depreciation on properties leased to others amounted to NT\$3,542 thousand in 2009 and NT\$2,843 thousand in 2008. Depreciation on idle properties amounted to NT\$123,353 thousand in 2009 and NT\$94,809 thousand in 2008.

## 12. FARMLAND

	<b>December 31</b>	
	<b>2009</b>	<b>2008</b>
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.

### 13. SHORT-TERM BANK LOANS

	<u>December 31</u>	
	<u>2009</u>	<u>2008</u>
Unsecured loans: Interest - 0.6794%-1.61% and the balance included US\$102,156 thousand in 2009; interest - 1.00%-5.23% and the balance included US\$103,843 thousand and EUR1,355 thousand in 2008.	\$ 3,290,431	\$ 6,051,847
Secured loans: Interest - 1.12%-1.23% and the balance included US\$4,099 thousand in 2009; interest - 1.78%-3.8013% and the balance included US\$6,005 thousand in 2008.	<u>132,030</u>	<u>556,956</u>
	<u>\$ 3,422,461</u>	<u>\$ 6,608,803</u>

### 14. LONG-TERM LIABILITIES

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
<u>December 31, 2009</u>			
Long-term debts:			
Bank loans	\$ 450,000	\$ 27,870,912	\$ 28,320,912
Commercial paper	<u>-</u>	<u>499,428</u>	<u>499,428</u>
	<u>450,000</u>	<u>28,370,340</u>	<u>28,820,340</u>
Bonds:			
Nonconvertible	<u>2,800,000</u>	<u>7,800,000</u>	<u>10,600,000</u>
Exchangeable bond	2,500,000	-	2,500,000
Discounted exchangeable bond	<u>(157,657)</u>	<u>-</u>	<u>(157,657)</u>
	<u>2,342,343</u>	<u>-</u>	<u>2,342,343</u>
	<u>5,142,343</u>	<u>7,800,000</u>	<u>12,942,343</u>
	<u>\$ 5,592,343</u>	<u>\$ 36,170,340</u>	<u>\$ 41,762,683</u>
<u>December 31, 2008</u>			
Long-term debts:			
Bank loans	\$ 377,320	\$ 27,720,000	\$ 28,097,320
Commercial paper	<u>-</u>	<u>2,098,170</u>	<u>2,098,170</u>
	<u>377,320</u>	<u>29,818,170</u>	<u>30,195,490</u>
Bonds:			
Nonconvertible	<u>1,500,000</u>	<u>7,600,000</u>	<u>9,100,000</u>
Exchangeable bond	-	2,500,000	2,500,000
Discounted exchangeable bond	<u>-</u>	<u>(215,988)</u>	<u>(215,988)</u>
	<u>-</u>	<u>2,284,012</u>	<u>2,284,012</u>
	<u>1,500,000</u>	<u>9,884,012</u>	<u>11,384,012</u>
	<u>\$ 1,877,320</u>	<u>\$ 39,702,182</u>	<u>\$ 41,579,502</u>

## **Bank Loans**

Bank interest rates were 0.50%-1.53% in 2009 and 1.60% to 5.3819% in 2008. Both the principal and interest are repayable monthly. Principals are due and paid in September 2013.

On September 12, 2008, the Company reached a medium-term syndicated loan agreement with creditor banks led by Hua Nan Commercial Bank. The total loan agreement was NT\$5,700,000 thousand. Under this agreement, the Company should keep its current ratio, liability ratio, tangible asset-equity ratio and EBIT ratio within certain ranges. As of December 31, 2009 and 2008, the Company was in compliance with these ratio requirements.

## **Commercial Paper**

Commercial paper with one-year maturities had floating interest rates ranging from 1.998%, as of December 31, 2009 and 1.473%-1.838%, as of December 31, 2008. Under a revolving credit agreement, a consortium of banks guaranteed the commercial paper to be reissued by the Company.

## **Bonds**

FENC issued five-year nonconvertible bonds as follows:

- a. 69th tranche on January 28, 2003. These bonds have an aggregate face value of NT\$1,000,000 thousand, with each unit having a face value of NT\$1,000 thousand. They are repayable in lump sum on maturity, with composite interest calculated semiannually and paid annually. The Company has already redeemed the full amount in January 2008.
- b. 70th tranche on August 4 to 6, 2003. These bonds have an aggregate face value of NT\$2,000,000 thousand, with each unit having a face value of NT\$10,000 thousand. They are repayable in lump sum on maturity, with composite interest calculated and paid semiannually. The Company has already redeemed the full amount in August 2008.
- c. 71st tranche on October 22, 2003. These bonds have an aggregate face value of NT\$1,000,000 thousand, with each unit having a face value of NT\$10,000 thousand. They are repayable in lump sum on maturity, with composite interest calculated semiannually and paid annually. The Company has already redeemed the full amount in October 2008.
- d. 72nd tranche on August 13, 2004. The total face value of the bond is NT\$1,500,000 thousand, with each unit having a face value of NT\$10,000 thousand. These bonds are repayable in lump sum on maturity, with composite interest calculated quarterly and paid annually. The Company has already redeemed the full amount in August 2009.

In order to hedge the risks resulted from the interests of the 69th, 70th, 71st, 72nd secured convertible bonds, the Company engaged in interest rate swap contracts for the accrued bond interests and all secured convertible bonds had been redeemed.

The Company launched its first issuance of unsecured bonds of 2007 with an aggregate value of NT\$800,000 thousand and at par value of NT\$1,000 thousand for each on October 31, 2007. These three-year unsecured bonds will be paid off in lump sum on maturity and the simple interests will be calculated with 2.62% and paid annually.

The Company launched its second issuance of unsecured bonds of 2007 with an aggregate value of NT\$2,000,000 thousand and at par value of NT\$1,000 thousand for each on November 22, 2007. These three-year unsecured bonds will be paid off in lump sum on maturity and the simple interests will be calculated with 2.80% and paid annually.



The Company launched its first issuance of unsecured bonds of 2008 with an aggregate value of NT\$26,000,000 thousand and at par value of NT\$1,000 thousand for each on May 28, 2008. These three-year unsecured bonds will be paid off in lump sum on maturity and the simple interests will be calculated with 2.67% and paid annually.

The Company launched its second issuance of unsecured bonds of 2008 with an aggregate value of NT\$1,000,000 thousand and at par value of NT\$1,000 thousand for each on June 20, 2008. These five-year unsecured bonds will be respectively paid 30%, 30% and 40% of the aggregate value at the end of 3rd, 4th and 5th year and the simple interests will be calculated with 2.83% and paid annually.

The Company launched its third issuance of unsecured bonds of 2008 with an aggregate value of NT\$1,200,000 thousand and at par value of NT\$1,000 thousand for each on July 18, 2008. These five-year unsecured bonds will be respectively paid 30%, 30% and 40% of the aggregate value at the end of 3rd, 4th and 5th year and the simple interests will be calculated with 2.95% and paid annually.

On October 29, 2009, the Company made a first issuance of unsecured bonds of 2009 with par value of NT\$1,000 thousand and an aggregate value of NT\$3,000,000 thousand. These five-year unsecured bonds will be paid at 50% and 50% of their aggregate value at the end of the fourth and fifth years, respectively, of bond issuance, and simple interests will be calculated at 1.85% and paid 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. The bond is repayable in lump sum on maturity at a 2.512% interest rate. Under the Statement of Financial Accounting Standards No. 36 - ("Financial Instruments: Disclosure and Presentation," the Company recognized the exchangeable call and put options and the liability on these bonds as separate assets (Note 5) and liabilities.

Other bond issuance terms are as follows:

a. Exchangeable period:

The bondholders can exchange their bonds for Asia Cement Corporation's (ACC) shares under the bond terms at any time between October 15, 2007, the day after the issuance date, and September 4, 2012, the 10th day before the maturity date, except during the period starting from (a) the third day before the ex-right date of stock dividend issuance, (b) the third day before the ex-right date of cash dividend issuance, (c) the third day before the ex-right date of new share issuance, or (d) the third day before the ex-right date of capital decrease, until the effective date of dividend or new share distribution or of capital decrease. In addition, bondholders cannot exchange bonds for ACC's shares in the period for which this exchange is prohibited by law.

b. Exchange price

- 1) The exchange price was NT\$57.88 per share on the issuance date.
- 2) The exchange price of the issued bonds will be adjusted in any one of these situations: (a) if the convertible securities issued by ACC are exchanged into common stock; (b) if the common shares issued by ACC increase because of new share issuance for cash, appropriation of stock dividends from retained earnings, transfer of stock dividends to common stock from additional paid-in capital, stock bonus of employees, new share issuance due to mergers, stock splits, issuance of overseas depositary receipts; etc.; (c) if securities with conversion rights or stock rights have a lower conversion or exercise price than the market price of ACC's stocks; (d) if the number of ACC's common shares decreases for reasons other than the write-off of treasury shares; or (e) if the ratio of cash dividends to the market value of the common stock is higher than 1.5%. The original exchange price of NT\$47.70 was unchanged as of December 31, 2009.

c. Call option:

If the closing price of ACC's shares on the Taiwan Stock Exchange for each of the 30 consecutive trading days is at least 150% of the exchange price between October 15, 2007, the 30th day after the ACC's share issuance date, and August 5, 2012, the 40th day before the maturity date of the exchangeable bond, the Company may redeem all the outstanding bonds at their principal amount within 30 trading days after this increase in closing price by sending to the bondholders a registered redemption notice, which is valid for one month from the date of the notice. However, if the bond principal amount is less than NT\$250,000 thousand, 10% of the principal amount) the Company may redeem the outstanding bonds at any time after this decrease by also using the registered redemption notice.

d. Put option:

Bondholders can require the Company to redeem their holdings at 100% of the principal amount at the end of 3rd year after the issuance date, which is September 14, 2010. The Company should redeem the bonds within five trading days after the bondholders' notifying the Company of their request for bond redemption. Bondholders could redeem their holdings within a year, so exchangeable bond has to be recognized as current maturities of long-term debt.

e. As of December 31, 2009, the amount of the outstanding exchangeable bonds, i.e., not yet exchanged into ACC's common shares, was still NT\$2,500,000 thousand.

## 15. STOCKHOLDERS' EQUITY

Under government regulations, capital surplus from equity-method investments cannot be used for any purpose. However, other capital surplus (e.g., paid-in capital in excess of par value and that arising from business combination and treasury stock transactions) may be used to offset a deficit or transferred to capital as a stock dividend within prescribed limits.

The Company's Articles of Incorporation provide that a portion of annual net income, less 10% legal reserve and any deficit, together with prior years' unappropriated earnings, may be retained on the basis of operating requirements, and the remainder should be distributed as follows:

	%
a. Dividends	60.0
b. Bonus for stockholders	33.0
c. Bonus for employees	4.0
d. Remuneration for directors and supervisors	<u>3.0</u>
	<u>100.0</u>

All appropriations are approved by the stockholders in the following year and given effect to in the financial statements of that year. The Company's dividend policy takes into account future capital expenditure outlays and cash requirements resulting from any changes in tax regulations. For financing these capital expenditures, a portion of the earnings may be retained. The remaining earnings may then be distributed as stock and cash dividends, and the cash dividends should be equal to or greater than 10% of the sum of both dividends and remuneration of stockholders.

For the years ended December 31, 2009 and 2008, the bonus to employees was NT\$300,732 thousand and NT\$196,557 thousand, respectively, and the remuneration to directors and supervisors was NT\$225,549 thousand and NT\$147,418 thousand, respectively. The bonus to employees and remuneration to directors and supervisors represented 4% and 3%, respectively, of expected distributed earnings (net of the bonus and remuneration). Material differences between such estimated amounts and the amounts proposed by the Board of Directors in the following year are adjusted for in the current year. If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share 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.

Under the Company Law, legal reserve should be appropriated until the reserve equals the Company's paid-in capital. This reserve may be used to offset a deficit. Also, when the reserve has reached 50% of the Company's paid-in capital, up to 50% thereof may be transferred to capital.

The appropriation and distribution of the 2008 and 2007 earnings were approved by the stockholders on June 26, 2009 and June 18, 2008, respectively.

	2008		2007	
	<b>Appropriation and Distribution</b>	<b>Dividend Per Share (Dollars)</b>	<b>Appropriation and Distribution</b>	<b>Dividend Per Share (Dollars)</b>
Legal reserve	\$ 405,825		\$ 1,135,123	
Cash dividend	3,655,963	\$ 0.8	8,064,624	\$ 1.8
Stock dividend	913,991	0.2	896,069	0.2
Remuneration of directors and supervisors	-		289,055	
Bonus of employees	-		385,406	
	<u>\$ 4,975,779</u>		<u>\$ 10,770,277</u>	

In the case described above, capital increase from stock dividend of NT\$913,991 thousand had been approved by Financial Supervisory Commission Executive Yuan on July 21, 2009. The effective date of this distribution is August 31, 2009 and was approved by the Company's board of directors and registered on October 19, 2009.

The bonus to employees of NT\$196,557 thousand and the remuneration to directors and supervisors of NT\$147,418 thousand for 2008 were approved in the stockholders' meeting on June 26, 2009. The approved amounts of the bonus to employees and the remuneration to directors and supervisors were the same. Total bonus to employees are paid by cash.

Information on the bonus of employees approved by stockholder's meeting 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>).

## 16. 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.

In 2005, the Company adopted the linked-tax system for tax filing with a subsidiary, Far Eastern Resources Development Co., Ltd. (FERD).

a. Income tax components:

	<b>2009</b>	<b>2008</b>
Income tax expense on income before income tax at statutory rate (25%)	\$ 2,033,927	\$ 1,153,616
Add (deduct) tax effects of:		
Tax-exempt income	(220,254)	(6,884)
Permanent differences	(2,116,933)	(1,535,342)
Temporary differences	241,517	388,610
10% tax on undistributed earnings generated since 1998	56,370	74,949
Additional tax effects on linked-tax system for filing with subsidiaries	62,037	62,777
Investment tax credit	<u>(56,664)</u>	<u>(131,209)</u>
Current income tax payable	<u>\$ -</u>	<u>\$ 6,517</u>
Income tax benefit components:		
Current income tax payable	\$ -	\$ 6,517
Effect of adoption of the linked-tax system for filing with subsidiaries	(62,037)	(62,777)
Income tax adjustment from previous year	1,088	48,820
Deferred income tax		
Income tax expense (benefit)	<u>107,960</u>	<u>-</u>
	<u>\$ 47,011</u>	<u>\$ (7,440)</u>

In May 2009, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 25% to 20%, effective 2010. The Company recalculated its deferred tax assets and liabilities in accordance with this amendment and recorded the resulting difference as a deferred income tax benefit or expense.

b. Deferred income taxes:

	<b>December 31</b>	
	<b>2009</b>	<b>2008</b>
Current		
Deferred tax assets		
Investment tax credit	\$ 139,600	\$ 3,555
Allowance for losses on inventories	64,034	200,769
Unrealized exchange loss	5,192	-
Unrealized loss on purchase contract	<u>-</u>	<u>7,853</u>
	208,826	212,177
Less: Valuation allowance	<u>110,788</u>	<u>-</u>
	98,038	212,177
Deferred tax liabilities		
Unrealized exchange gain	<u>-</u>	<u>(43,617)</u>
Deferred income tax assets - current, net	<u>\$ 98,038</u>	<u>\$ 168,560</u>

(Continued)

	<u>December 31</u>	
	<b>2009</b>	<b>2008</b>
Noncurrent		
Deferred tax assets		
Investment tax credits	\$ 174,678	\$ 203,027
Accrued pension cost	265,099	389,883
Equity in net loss of investees	89,151	264,123
Allowance for losses on properties	182,066	194,623
Realized losses on long-term investments	<u>39,797</u>	<u>49,746</u>
	750,791	1,101,402
Less: Valuation allowance	<u>393,918</u>	<u>707,091</u>
Deferred income tax assets - noncurrent, net	<u>\$ 356,873</u>	<u>\$ 394,311</u>

(Concluded)

c. Unused investment tax credits and loss carryforwards as of December 31, 2009:

<b>Regulatory Basis of Investment Tax Credits</b>	<b>Investment Tax Credit Item</b>	<b>Deductible Amount</b>	<b>Remaining Deductible Amount</b>	<b>Expiry Year</b>
Statute for Upgrading Industries	Automatic equipment	\$ 101,656	\$ 101,656	2010-2012
	Research development	202,964	202,964	2010-2012
	Personnel training	9,610	9,610	2010-2012
	Automatic technology	<u>48</u>	<u>48</u>	2010
		<u>\$ 314,278</u>	<u>\$ 314,278</u>	

The tax authorities had examined and cleared the income tax returns as of 2004.

d. Information on the Integrated Income Tax System:

	<b>Year Ended Balance of Imputation Credit Account</b>
December 31, 2009	<u>\$ 475,496</u>
December 31, 2008	<u>\$ 525,510</u>

The expected ratio of imputation tax credits to undistributed earnings as of December 31, 2009 and the actual ratio of imputation credits as of December 31, 2008 were 5.04% and 32.69%, respectively.

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 imputation credit account (ICA) balance will be used by the Company for allocating tax credits to the respective companies' stockholders. The expected creditable ratio for the 2009 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

e. Information on unappropriated earnings:

	<u>December 31</u>	
	<u>2009</u>	<u>2008</u>
Unappropriated earnings before and of 1997	\$ 236,793	\$ 236,793
Unappropriated earnings after 1998	<u>9,435,312</u>	<u>6,298,483</u>
	<u>\$ 9,672,105</u>	<u>\$ 6,535,276</u>

**17. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES**

	<u>2009</u>			<u>2008</u>		
	<u>Operating Cost</u>	<u>Operating Expense</u>	<u>Total</u>	<u>Operating Cost</u>	<u>Operating Expense</u>	<u>Total</u>
Personnel expense						
Salary	\$ 2,261,037	\$ 1,019,542	\$ 3,280,579	\$ 2,529,130	\$ 969,637	\$ 3,498,767
Labor and health insurance	170,658	52,940	223,598	184,782	50,920	235,702
Pension cost	252,916	71,044	323,960	140,336	53,019	193,355
Other	<u>89,984</u>	<u>272,188</u>	<u>362,172</u>	<u>106,865</u>	<u>234,097</u>	<u>340,962</u>
	<u>\$ 2,774,595</u>	<u>\$ 1,415,714</u>	<u>\$ 4,190,309</u>	<u>\$ 2,961,113</u>	<u>\$ 1,307,673</u>	<u>\$ 4,268,786</u>
Depreciation	<u>\$ 1,607,881</u>	<u>\$ 143,182</u>	<u>\$ 1,751,063</u>	<u>\$ 1,740,951</u>	<u>\$ 130,979</u>	<u>\$ 1,871,930</u>
Amortization	<u>\$ -</u>	<u>\$ 84,360</u>	<u>\$ 84,360</u>	<u>\$ 286</u>	<u>\$ 66,657</u>	<u>\$ 66,943</u>

**18. EARNINGS PER SHARE**

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

	<u>New Taiwan Dollars</u>				
	<u>Amounts (Numerator)</u>			<u>Earnings Per Share</u>	
	<u>Before Income Tax</u>	<u>After Income Tax</u>	<u>Shares in Thousands (Denominator)</u>	<u>Before Income Tax</u>	<u>After Income Tax</u>
<u>2009</u>					
Basic EPS					
Income for the year	\$ 8,135,707	\$ 8,088,696	4,661,353	<u>\$ 1.75</u>	<u>\$ 1.74</u>
Add: Effect of dilutive potential common stock - bonus to employees	<u>-</u>	<u>-</u>	<u>7,518</u>		
Diluted EPS					
Income for the year attributable to common stockholders plus effect of potential dilutive common stock	<u>\$ 8,135,707</u>	<u>\$ 8,088,696</u>	<u>4,668,871</u>	<u>\$ 1.74</u>	<u>\$ 1.73</u>

(Continued)

	New Taiwan Dollars				
	Amounts (Numerator)			Earnings Per Share	
	Before Income Tax	After Income Tax	Shares in Thousands (Denominator)	Before Income Tax	After Income Tax
<u>2008</u>					
Basic EPS					
Income for the year	\$ 4,614,504	\$ 4,621,944	4,661,353	<u>\$ 0.99</u>	<u>\$ 0.99</u>
Add: Effect of dilutive potential common stock - bonus to employees	-	-	<u>9,546</u>		
Diluted EPS					
Income for the year attributable to common stockholders plus effect of potential dilutive common stock	<u>\$ 4,614,504</u>	<u>\$ 4,621,944</u>	<u>4,670,899</u>	<u>\$ 0.99</u>	<u>\$ 0.99</u>

(Concluded)

The Accounting Research and Development Foundation issued Interpretation 2007-052, which requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. If the Company decides to settle the bonus to employees by cash or shares, the Company should presume that the entire amount of the bonus will be settled in shares, and if the shares have a potential dilutive effect, should include these shares in the weighted average number of shares outstanding used in the calculation of 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 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 stock dividends. This adjustment caused the basic and diluted after income tax EPS for the year ended December 31, 2008 to decrease from NT\$1.01 to NT\$0.99.

## 19. PENSION PLAN

- a. Based on the Labor Pension Act, the rate of monthly contributions to the employees' individual pension fund accounts is at 6% of monthly wages and salaries. The pension costs under the defined contribution plan amounted to NT\$50,887 thousand and NT\$48,759 thousand in the years ended December 31, 2009 and 2008, respectively.
- b. The Company has a defined benefit pension plan for all regular employees, as required 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. These companies accrue pension costs on the basis of actuarial calculations and make monthly contributions, at 4% of salaries and wages, 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. In addition, the Company paid pension expense of NT\$2,038 thousand in 2009.

Other information on the defined benefit pension plan was as follows:

a. Net pension cost consists of:

	<b>2009</b>	<b>2008</b>
Service cost	\$ 112,392	\$ 108,335
Interest cost	112,712	133,247
Expected return on pension assets	(128,438)	(204,237)
Amortization	<u>175,230</u>	<u>108,151</u>
Net pension cost	<u>\$ 271,896</u>	<u>\$ 145,496</u>

The net pension costs which the related parties in 2009 and 2008 were NT\$861 thousand and NT\$900 thousand, respectively.

b. Reconciliation of the fund status of the plan and accrued pension cost was as follows:

	<b>December 31</b>	
	<b>2009</b>	<b>2008</b>
Benefit obligation:		
Vested benefit obligation	\$ 2,232,105	\$ 2,219,204
Non-vested benefit obligation	<u>1,485,556</u>	<u>1,921,612</u>
Accumulated benefit obligation	3,717,661	4,140,816
Additional benefits based on future salaries	<u>852,431</u>	<u>984,231</u>
Projected benefit obligation	4,570,092	5,125,047
Fair value of plan assets	<u>(3,465,176)</u>	<u>(2,206,901)</u>
Funded status	1,104,916	2,918,146
Unrecognized net transition obligation	(244,356)	(366,537)
Unamortized balance in previous service costs	277,802	300,251
Unrecognized pension gains	(87,970)	(1,569,470)
Additional liability	<u>-</u>	<u>651,525</u>
Accrued pension cost	<u>\$ 1,050,392</u>	<u>\$ 1,933,915</u>
c. Vested benefit amounts	<u>\$ 2,921,130</u>	<u>\$ 2,946,852</u>

d. Actuarial assumptions were as follows:

Discount rate used in determining present value	2.25%	2.25%
Future salary increasing rate	2.00%	2.00%
Expected rate of return on plan assets	6.00%	6.00%

e. Changes in pension fund

Contributions	<u>\$ 503,894</u>	<u>\$ 131,195</u>
Payments	<u>\$ 507,167</u>	<u>\$ 167,033</u>

## 20. RELATED-PARTY TRANSACTIONS

Except for those mentioned above, the Company's related-party transactions and the related year-end balances are summarized in the accompanying Schedule A, B and C.



## 21. ASSETS PLEDGED OR MORTGAGED

The following assets had been pledged or mortgaged as collateral for the Company's short-term loans and long-term liabilities:

	<u>December 31</u>	
	<u>2009</u>	<u>2008</u>
Mutual funds and investments	\$ 1,007,247	\$ 845,003
Properties, net	5,462,101	5,041,881
Nonoperating properties, net	<u>56,204</u>	<u>59,180</u>
	<u>\$ 6,525,552</u>	<u>\$ 5,946,064</u>

## 22. COMMITMENTS AS OF DECEMBER 31, 2009

- a. Unused letters of credit aggregated about NT\$2,330,896 thousand.
- b. Unpaid building construction and equipment installation contracts aggregated approximately NT\$296,695 thousand.
- c. Unsettled cotton futures contract amounted to about NT\$705,310 thousand.
- d. Endorsements of promissory notes issued by affiliates or guarantees for liabilities of other affiliates: Schedule E (attached)
- e. The tax authorities of Taipei County imposed a land tax from 1999 to 2003 on the land in Banciao and penalized the Company with a triple fine, totaling NT\$252,442 thousand, because the authorities believed that this land, which FENC registered as a property for manufacturing purposes, was being used for general purposes instead and that FENC did not register the change in purpose of the land. The Company disagreed with the tax authorities' decision and applied for reexamination on December 27, 2004. However, after the reexamination, the tax authorities did not reverse their decision. Thus, the Company filed a lawsuit against the authorities on June 1, 2005. Though the result of this case is uncertain, the Company already accrued expense for this case in 2005. On January 18, 2006, the Company filed an appeal with the Taipei High Administrative Court and still lost the lawsuit. The Company appealed to the Supreme Administrative Court on January 3, 2007. The Supreme Administrative Court rejected this appeal on May 31, 2007. The Company applied for reexamination on July 13, 2007. On May 27, 2009, the supreme administrative court rejected the appeal, so the Company will be looking for another possibilities to win the suit. Nevertheless, the Company paid all its tax times on August 30, 2007.
- f. On December 29, 2005, the board of directors of Tai Ya International Telecommunications Co., Ltd. (TYIT) resolved to merge Mobitai communications Ltd. ("Mobitai") and TYIT as the survivor company, in accordance with Article 19 of the Business Mergers and Acquisitions Act and set January 1, 2006 as the record date of 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. The Company wrote off the investment in Mobitai and recognized a disposal gain of NT\$31,814 thousand. However, the Company regarded Mobitai's purchase price as too low and raised an objection to Mobitai. Afterwards, the Company filed a lawsuit against TYIT. As of March 4, 2009, the date of the accompanying accountants' report, the lawsuit was pending at the Taipei district court.

- g. Ming-Chiung Chang filed an incidental civil suit, which is in connection with a criminal case of forgery, against Ming-Chung Kuo and Hua-De Lin, Hung-Long Li and Yung-Gi Lai (the fiduciaries of Pacific Liu Tung Investment Co.). Chang claimed that he incurred financial losses because Kuo intentionally colluded with Hua-De Lin, Hung-Long Li and Yung-Gi Lai, with these three allegedly using their fiduciary roles to harm Chang's interests. Chang thus asked the Taiwan High Court to affirm that the "falsified" ownership of Pacific Liu Tung Investment controlled by the Company, Far Eastern Department Stores Ltd. and their subsidiaries never existed. In October 2009, Chang lost the suit and then appealed to the supreme court. As of March 5, 2010, the date of the accompanying auditors' report, this appeal is pending before the Supreme Court.

## 23. SUBSEQUENT EVENTS

The registered capital of Pacific Liu Tung Investment Corporation (PLT, an investee of the Company) was previously 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, the Ministry of Economic Affairs (MOEA) decided to nullify the registrations of several tranches of capital increases given to PLT, the registrations of amendments of Articles of Incorporation, the registrations of elected and appointed representatives of Board of Directors and Supervisors 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.

After consulting its legal counsel on the MOEA's decision, the Company was advised that the MOEA'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 MOEA'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 combined percentage ownership of PLT held by the Company and its subsidiaries reached 39.68%. Based on the local GAAP, these holdings were recognized by the equity method.

On January 27, 2010, PLT filed an appeal with the Taiwan High Prosecutors Office and pleaded for the withdrawal of the notice letter and cessation of the enforcement. On February 10, 2010, PLT filed an appeal to the MOEA to withdraw the decision and pleaded for ceasing of the enforcement of such decision; on February 24, 2010, Far Eastern Department Stores Ltd. (FEDS), the parent company of PLT, also filed an appeal to MOEA to withdraw the decision and pleaded for ceasing of the enforcement of such decision. On February 10, 2010, FEDS filed a suit with the Taipei District Court to ensure the validity of FEDS's ownership of PLT.

The Company received the authority from Investment Commission, MOEA on December 25, 2009. In February 2010, the Company respectively acquired 42 thousand shares of PET Far Eastern (Holding) Ltd. from Ding Yuan International Investment Corp. (a subsidiary of the Company) and Oriental Union Chemical Corporation (the Company's related party) for each amount of NT\$659,422 thousand. The equity interest thus increased from 49.42% to 85.28%.

## 24. FINANCIAL INSTRUMENTS

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

	December 31			
	2009		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative financial instruments</u>				
Financial assets				
Cash	\$ 5,928,545	\$ 5,928,545	\$ 5,275,744	\$ 5,275,744
Notes receivable	505,389	505,389	426,799	426,799
Accounts receivable, net	6,214,196	6,214,196	6,712,735	6,712,735
Other receivables	428,701	428,701	414,997	414,997
Financial instruments in available-for-sale - noncurrent	722,890	722,890	-	-
Financial assets carried at cost - noncurrent	53,667	-	53,667	-
Refundable deposits (under "other assets - others")	50,637	50,637	60,357	60,357
Financial liabilities				
Short-term bank loans	3,422,461	3,422,461	6,608,803	6,608,803
Notes payable	1,871	1,871	1,767	1,767
Accounts payable	3,253,585	3,253,585	1,973,753	1,973,753
Accrued expense	2,578,141	2,578,141	2,176,594	2,176,594
Long-term loans (including current portion)	28,320,912	28,320,912	28,097,320	28,097,320
Long-term commercial paper	499,428	499,428	2,098,170	2,098,170
Bonds payable (including current portion)	12,942,343	13,126,717	11,384,012	11,455,991
Guarantee deposits received	615	615	615	615
<u>Derivative financial instruments</u>				
Cotton futures contracts	32,768	32,768	29,941	29,941
Exchangeable bonds collection right	9,000	9,000	49,500	49,500
Forward exchange contracts	11,460	11,460	(30,362)	(30,362)
Interest rate swap contracts	-	-	(7,656)	(7,656)
Exchangeable bonds exchange right	-	-	(30,500)	(30,500)
Exchangeable bonds redemption right	(20,750)	(20,750)	(42,000)	(42,000)

b. The methods and assumptions used for estimating the fair values of financial instruments were as follows:

- 1) Short-term instruments: The carrying values of short-term instruments reported in the balance sheet approximate the fair values of these instruments because of their short maturities.
- 2) If quoted market prices are available, these are used as fair values of derivative financial instruments. For those derivatives with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.
- 3) The fair values of financial instruments in available-for-sale - noncurrent. The fair values of financial assets carried at cost - noncurrent cannot be reasonably measured since the quoted market prices are not available.

- 4) Fair values of long-term bank loans (including current portion) and long-term commercial paper are estimated using discounted cash flow analysis based on the Company's current incremental borrowing rates for borrowings with similar maturity dates. Fair values of bonds payable (including current portion) (traded over the counter) are based on market price.
- 5) The values of refundable deposits and guarantee deposits are based on their carrying values.
- c. The fair values of financial assets and financial liabilities, which were determined at their quoted prices in an active market or at estimated prices, were as follows:

	Quoted Price		Estimated Price	
	December 31		December 31	
	2009	2008	2009	2008
<u>Derivative financial instruments</u>				
Assets				
Deposit for cotton future contract				
- FENC	\$ 32,768	\$ 29,941	\$ -	\$ -
- FEIH	-	3,431	-	-
Exchangeable bonds collection right				
- FENC	-	-	9,000	49,500
Interest rate swap contracts				
- YDI	-	-	-	8,070
Forward exchange contract				
- FENC	11,460	-	-	-
Cross - currency swap contract				
- KG Telecom	-	-	2,750	-
Liabilities				
Forward exchange contract				
- FENC	-	(30,362)	-	-
- FEIH	-	(2,491)	-	-
Interest rate swap				
- FENC	-	-	-	(7,656)
Exchangeable bonds exchange right				
- FENC	-	-	-	(30,500)
Exchangeable bonds redemption right				
- FENC	-	-	(20,750)	(42,000)

- d. As of December 31, 2009 and 2008, financial assets with fair value risk from interest rate fluctuations amounted to NT\$1,620,163 thousand and NT\$4,928,414 thousand, respectively, while financial liabilities with fair value risk from interest rate fluctuations amounted to NT\$42,912,358 thousand and NT\$45,320,872 thousand, respectively. As of December 31, 2009 and 2008, financial assets with cash flow risk from interest rate fluctuations amounted to NT\$4,334,231 thousand and NT\$377,948 thousand, respectively, while financial liabilities with cash flow risk from interest rate fluctuations amounted to NT\$2,273,401 thousand and NT\$2,875,704 thousand, respectively.
- e. For the years ended December 31, 2009 and 2008, financial assets and liabilities not measured by fair value and at fair value with fair value changes in profit or loss, their interest revenues were NT\$16,019 thousand and NT\$177,137 thousand, respectively; interest expenses were NT\$599,907 thousand and NT\$1,217,020 thousand, respectively.

f. Financial risks

1) Market risk

Forward contracts and currency option contracts

The Company uses forward contracts and currency option contracts to hedge the effect of adverse exchange rate fluctuations on net assets or net liabilities.

The Company had no outstanding currency option contracts as of December 31, 2009 and 2008. As about the outstanding forward contracts of December 31, 2009 and 2008.

The forward exchange contracts of 2009 and 2008 not on maturity are referred to Note E. The subsidiary FEIH uses forward contracts to hedge the effect of adverse exchange rate fluctuations on liability evaluated by foreign currencies in 2009 and 2008.

In 2009, Wuhan Far Eastern New Material Ltd. and in 2008, Oriental Textile Industry Suzhou Ltd. (OTIZ), Far Eastern Industries (Shanghai) Ltd. (FEIS), Far Eastern Industries (Wuxi) Ltd. (FEIW), and Sino Belgium (Suzhou) Ltd. authorized FEIH to use certain derivative financial instruments to hedge against adverse fluctuations on exchange rates for foreign investments.

The subsidiary FEIH had no outstanding forward contracts as of December 31, 2009. The outstanding forward contract held by FEIH as of December 31, 2008 is summarized as follows:

<b>Type of Derivative Instrument</b>	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<u>December 31, 2008</u>			
Sell	USD/CAD	2009.1.23-2009.2.25	USD2,000/CAD2,339

On its derivative financial transactions, a subsidiary, FEIH, had a net gain of NT\$14,892 thousand in 2009 and a net loss of NT\$54,054 thousand in 2008.

Two subsidiaries, Far Eastern Construction Corp. and Far Eastern General Contractor Inc., had forward exchange transactions in 2008 to hedge against foreign exchange risks on foreign currency-denominated assets. All of their forward exchange contracts had been settled as of the end of 2008.

Far Eastern Construction Corp, a subsidiary, had a net loss of NT\$13,334 thousand on its derivative financial instruments in 2008.

The subsidiary, Far Eastern General Contractor Inc. engaged in forward exchange transactions to hedge the foreign exchange risks resulted from the assets evaluated by foreign currencies in 2008. All forward exchange contracts had been fulfilled at the end of 2008.

A subsidiary, Far Eastern General Contractor Inc., had a net loss of NT\$7,789 thousand on its derivative financial instruments in 2008.

A subsidiary, Oriental Petrochemicals (Taiwan) Co., Ltd. used forward exchange transactions in 2009 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 2009.

A subsidiary, Oriental Petrochemicals (Taiwan) Co., Ltd. had a net loss of NT\$17,368 thousand on its derivative financial instruments.

A subsidiary, Far Eastern Fibertech Co., Ltd., had forward exchange transactions in 2009 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 2009.

A subsidiary, Far Eastern Fibertech Co., Ltd. had a net loss of NT\$1,691 thousand in 2009 on its derivative financial instruments.

A subsidiary, Yuan Tung Investment Corp., had forward exchange transactions in 2009 and 2008 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 2009 and of 2008.

A subsidiary, Yuan Tung Investment Corp., had net gains of NT\$371 thousand in 2009 and NT\$12,988 thousand in 2008 on its derivative financial instruments.

A subsidiary, Far Eastern Polytex (Holding) Limited, had forward exchange transactions in 2009 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 2009.

A subsidiary, Far Eastern Polytex (Holding) Limited, had a net gain of NT\$284 thousand on its derivative financial instruments in 2009.

#### Interest rate swap contracts

The Company used interest rate swap contracts to hedge fluctuations of interest rates of corporate bonds (69th, 70th, 71st and 72nd tranches). The Company has already redeemed the full amount of corporate bonds 69th, 70th, 71st and 72nd tranches before December 31, 2009.

YDI entered into interest rate swap contracts to hedge interest rate fluctuations of corporate bonds - ninth issue. YDI used interest rate swap contracts to hedge the risks on its obligations with floating interest rates and the contracts are settled at net amounts. Thus, the market risk is not material. YDI has already redeemed the full amount of corporate bonds - ninth before December 31, 2009.

Far EasTone entered into interest rate swap contracts to hedge the effect of interest rate fluctuations on its obligations with floating interest rates. The contracts are settled at net amounts. Therefore, the market risk is not material.

#### Cross-currency swap contracts

The subsidiary, KG Telecommunications Co., Ltd. used cross-currency swap contracts to hedge against the effect of exchange rate fluctuations in 2009. 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.

#### Others

Fair values of mutual funds and domestic quoted stocks held by YDI, Yuan Tong Investment Co., Ltd., Far Eastern Construction Co., Ltd., Far Eastern General Contractor Inc., Far EasTone Telecom Co., Ltd., KG Telecom Co., Ltd. and ARCOA are determined at their quoted prices in an active market; thus, market price fluctuations would result in changes in the fair values of these investments. However, since these subsidiaries periodically evaluate the performance of these investments, market risk is expected to be immaterial.

## 2) Credit risk

The Company and its subsidiaries are exposed to credit risk, i.e., counter-parties' default on contracts. And these financial instruments are evaluated on the basis of fair value under the contract as of December 31, 2009.

The Company conducts transactions only with selected financial institutions and corporations with good credit ratings. Thus, management does not anticipate any material losses resulting from default on contracts.

## 3) Liquidity risk

The exchange rates of forward exchange contracts and currency option contracts, interest of interest rate swap contracts and prices of cotton futures contracts are fixed and certain. In addition, the Company has sufficient operating capital to meet cash flow requirements. Thus, the Company does not have liquidity risk. However, financial assets measured at cost and equity-method investments have no active market; thus, material liquidity risk on these assets and investments is anticipated.

The subsidiary, Yuan Tong Investment Co., Ltd. invested the convertible bond issued by Bockhold N.V. in February 26, 2009. The amount on this liability contract was recognized as Investment on inactive market - Bond and the value of the conversion right was recognized as financial assets carried at cost because of the inactive market. Thus, material liquidity risk on this investment is expected.

The subsidiaries, YDI, Yuan Tong Investment Co., Ltd., Far Eastern Apparel Co., Ltd., Far Eastern General Contractor Inc., Far EasTone Telecom Co., Ltd., KG Telecom and ARCOA invested in the active markets such as listed company, bonds, and open-ended mutual funds in 2009 and in 2008 and we expect that those financial assets can be sold immediately at the price close to the fair values. However, the private fund KG Telecom Co., Ltd. invested in was a inactive market, these investments were expected to have material liquidity risks. ARCOA's investments on the markets such as bonds and equity instruments were considered to be inactive, so the investments were also expected to have material liquidity risks.

Two subsidiaries, YDI and Kai-Yuan Investment Co., Ltd. participated in the private placement of shares provided by Far Eastern International Commercial Bank. According to Article 43-8 of the Security and Exchange Law, the holding period and trading volume of this investment is restricted; thus, the Company believed this investment had material liquidity risks.

A subsidiary, KG Telecom, used cross-currency swap contracts, which resulted in simultaneous cash inflows and outflows that balanced each other in 2009; thus, cash demand was not significant.

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

Far EasTone Telecom Co., Ltd. and its subsidiaries have partial short-term liabilities with floating interest rates. As a result, the effective interest rates on these loan will change as the market interest rates change.

## g. Cash flow hedge

The Company's 69th, 70th, 71st and 72nd tranches of secured non-convertible bonds and YDI's 9th tranche of secured non-convertible bond and the liability of Far EasTone Telecom Co., Ltd. may cause material cash flow risks due to the fluctuations of its floating interest rate, therefore these companies engaged in interest rate swap to hedge the risks.

The Company's 69th, 70th, 71st and 72nd tranches of secured non-convertible bonds and YDI's 9th tranche of secured non-convertible bond has already redeemed the full amount of bonds before December 31, 2009.

KG Telecommunications Co., Ltd. used cross-currency swaps to hedge against cash flow fluctuation on its assets.

Hedged Items	Instruments	Designated Hedging Instruments		Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses
		Fair Value			
		2009	2008		
Bonds with floating interest rate	Interest rate swap				
	- FENC	\$ -	\$ (7,656)	2003-2009	2003-2009
	- YDI	-	8,070	2005-2009	2005-2009
Foreign-currency denominated assets	Cross-currency swap				
	- KG Telecom	2,750	-	2010	2010

## 25. ADDITIONAL DISCLOSURES

### a. Important transactions and b. Reinvestment information.

- 1) Financing provided: Schedule D (attached)
- 2) Endorsement/guarantee provided: Schedule E (attached)
- 3) Marketable securities held: Schedule F (attached)
- 4) Marketable securities acquired of or disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Schedule G (attached)
- 5) Acquisition of individual real states at costs of at least NT\$100 million or 20% of the paid-in capital: Schedule H (attached)
- 6) Disposal of individual real states at prices of at least NT\$100 million or 20% of the paid-in capital: Schedule I (attached)
- 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Schedule J (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Schedule K (attached)
- 9) Names, locations, and related information of investees over which the Company exercises significant influence: Schedule L (attached)
- 10) Derivative transactions of investees over which the Company has a controlling interest: See Note 24.

### c. Investments in Mainland China

- 1) Name of the investees in Mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in Mainland China: Schedules M and M-1 (attached)



- 2) Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss: Note 20, Schedules J and K (attached)
- 3) Endorsements, guarantees or collateral directly or indirectly provided to the investees: Schedule E
- 4) Financings directly or indirectly provided to the investees: Schedule D
- 5) Other transactions that significantly impacted current year's profit or loss or financial position: None

## 26. SEGMENT INFORMATION

### a. Industry segment information

Summarized segment information is shown in Schedule N.

### b. Geographic information

The Company had no revenue-generating unit outside Taiwan as of December 31, 2009.

### c. Export sales

<b>Territory</b>	<b>2009</b>	<b>2008</b>
Asia	\$ 13,066,083	\$ 15,672,363
America	11,109,316	13,922,748
Europe	4,329,947	5,473,177
Other	<u>2,332,115</u>	<u>1,692,252</u>
	<u>\$ 30,837,461</u>	<u>\$ 36,760,540</u>

### d. Major customers

No single customer accounted for at least 10% of the Company's revenues in 2009 and 2008.

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

**RELATED-PARTIES**  
**DECEMBER 31, 2009**

No.	Related Party	Relationship with Far Eastern New Century Corporation (the “Company”)
1	Yuan Ding Investment Co., Ltd.	a
2	Far Eastern Resources Development Co., Ltd.	a
3	An Ho Garment Co., Ltd.	a
4	Far Eastern Apparel Co., Ltd.	a
5	Yuan Cheng Human Resources Consultant Corp.	a
6	Far Eastern Construction Co., Ltd.	a
7	Far Eastern General Contractor Inc.	a
8	Far Eastern Electronic Toll Collection Co., Ltd.	a
9	Fu Kwok Garment Manufacturing Co., Ltd.	a
10	Oriental Resources Development Ltd.	a
11	Pet Far Eastern (M) Sdn. Bhd.	a
12	F.E.D.P. (Holding) Ltd. (F.E.D.P. (H))	a
13	Far Eastern New Century (China) Investment Ltd.	a
14	FETG Investment Antilles N.V. (F.E.T.G)	a
15	Ming Ding Co.	a
16	Oriental Industries (Suzhou) Ltd.	a
17	Far Eastern Industries (Jiujiang) Ltd. (had been liquidated in December 2009)	a
18	Sino Belgium (Suzhou) Limited	a
19	Oriental Petrochemical (Shanghai) Corp.	a
20	Far Eastern Industries (Shanghai) Ltd.	a
21	Far Eastern Polychem Industries Co., Ltd. (F.E.P.I.)	a
22	Far Eastern Industries (Suzhou) Ltd.	a
23	Shanghai Yuan Hua Logistic Corporation	a
24	Shanghai Far Eastern IT Corp.	a
25	Suzhou An He Apparel Ltd.	a
26	Wuhan Far Eastern New Material Ltd.	a
27	Waldorf Services B.V.	a
28	Yuan Cing Co., Ltd.	a
29	E. World (Holdings) Ltd.	a
30	Far Eastern Info Service (Holding) Ltd.	a
31	Oriental Textile (Holding) Ltd. (O.T (H))	a
32	Far Eastern Apparel (Suzhou) Ltd.	a
33	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	a
34	Far Eastern Industries (Wuxi) Ltd.	a
35	Far EasTone Telecommunications Co., Ltd.	a
36	Arcoa Communication Co., Ltd. (ARCOA)	a
37	Far Eastern Tech-Info (Shanghai) Ltd.	a
38	KGEx.com Co., Ltd.	a
39	ADCast Interactive Marketing Co., Ltd	a

(Continued)

No.	Related Party	Relationship with Far Eastern New Century Corporation (the “Company”)
40	Far EasTron Holding Ltd.	a
41	Q-Ware Communication Corp.	a
42	KG Telecommunications Co., Ltd.	a
43	Yuan Cing Infocomm Tech Co., Ltd.	a
44	Yuan Tong Investment Co., Ltd.	a
45	Kai Yuan International Investment Co., Ltd.	a
46	Ding Yuan International Investment Corp.	a
47	Far Eastern Polytex (Holding) Limited	a
48	Far Eastern Investment (Holding) Ltd. (F.E.I.H.)	a
49	Far Eastern Fibertech Co., Ltd.	a
50	Oriental Petrochemical (Taiwan) Co., Ltd.	a
51	Far Eastern Apparel (Vietnam) Ltd.	a
52	Yuan Faun Ltd.	a
53	Far Eastern Apparel (Holding) Ltd. (F.E.A.H)	a
54	Sino Belgium (Holding) Limited	a
55	PET Far Eastern (Holding) Ltd. (Pet F.E (H))	a
56	Martens Beers Trading (Shanghai) Co.	a
57	Oriental Securities Co., Ltd.	b
58	Yuang Ding Company Ltd.	b
59	Everest Textile Co., Ltd.	b
60	Pacific Liu Tung Investment Co.	b
61	New Century InfoComm Tech Co., Ltd.	b and c
62	Asia Cement Corporation	b and c
63	Far Eastern Department Stores, Ltd.	b and c
64	Ding Ding Hotel Co., Ltd.	b and c
65	Oriental Union Chemical Corporation	b and c
66	Chiahui Power Corporation	c
67	Ding Ding Integrated Marketing Service Co., Ltd.	c
68	Tranquil Enterprise Co., Ltd.	c
69	Yuan Ze University	c
70	Oriental Institute of Technology	c
71	Far Eastern Memorial Hospital	c
72	Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	c
73	U-Ming Marine Transport Corporation	c
74	Asia Concrete Corporation	d
75	Fu Ming Transportation Co., Ltd.	d
76	Pacific SOGO Department Stores Co., Ltd.	e
77	Liquid Air Far East Co., Ltd.	f
78	Malaysia Garment Manufactures PTE Ltd.	f
79	Freudenberg Far Eastern Spunweb Co., Ltd.	f
80	Yue Ding Industry Co., Ltd.	f
81	Far Eastern International Leasing Co.	f
82	Da Ju Fiber Co., Ltd.	f
83	The Affiliated Golf Club of Employees Welfare Committee of Far Eastern New Century Corporation	g
84	Employees Welfare Committee of Far Eastern New Century Corporation	g
85	Everest Textile (Shanghai) Ltd.	h

(Continued)

No.	Related Party	Relationship with Far Eastern New Century Corporation (the "Company")
86	Everest Investment (Holding) Ltd.	h
87	FuDa Transport Co., Ltd.	i
88	Far Eastern International Commercial Bank	j
89	Far Eastern Grant Co., Ltd.	k
90	Ya Tung Department Store	k
91	FECS City Super	k
92	Yu Chang Vocational School	l
93	Wellcome Investment Co.	l
94	TECO Electric & Machinery Co., Ltd.	m
95	Ding Ding Management Consulting Ltd.	n
96	Deutsche Far Eastern Asset Management Co., Ltd.	n

Note:

- a. Subsidiary.
- b. Investee accounted for by equity method; with shares held less than 50%.
- c. Same chairman or general manager.
- d. Equity-method investee of Asia Cement Corporation.
- e. The subsidiaries of Pacific Liu Tung Investment Co., Ltd.
- f. Equity-method investee of subsidiary.
- g. The chairman of the organization is FENC's senior manager.
- h. Subsidiary of Everest Textile Co., Ltd.
- i. Subsidiary of U-Ming Marine Transport Corporation.
- j. The vice-chairman is the chairman of FENC.
- k. The subsidiary of Far Eastern Department Stores Ltd.
- l. The chairman is the chairman's relative of the company.
- m. The institutional director of Far Eastern Electronic Toll Collection Co., Ltd.
- n. The chairman is the vice president of FENC.

(Concluded)

**SCHEDULE B****FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)**RELATED-PARTY TRANSACTIONS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(In Thousands of New Taiwan Dollars)

	Notes	2009		2008	
		Amount	%	Amount	%
<b>Sales</b>					
Freudenberg Fat Eastern Spunweb Co., Ltd.		\$ 288,165	1	\$ 360,989	1
Everest Textile Co., Ltd.		192,959	-	326,786	-
Others	b.	<u>288,013</u>	<u>1</u>	<u>391,372</u>	<u>1</u>
		<u>\$ 769,137</u>	<u>2</u>	<u>\$ 1,079,147</u>	<u>2</u>
<b>Cost of goods sold and expenses</b>					
<b>Purchases</b>					
Oriental Petrochemical (Taiwan) Co., Ltd.		\$ 8,250,881	29	\$ 8,289,025	25
Oriental Union Chemical Corp.		931,735	3	2,199,195	6
Others	b.	<u>385,333</u>	<u>2</u>	<u>252,372</u>	<u>1</u>
		<u>\$ 9,567,949</u>	<u>34</u>	<u>\$ 10,740,592</u>	<u>32</u>
<b>Manufacturing overhead - processing</b>					
Far Eastern Apparel (Suzhou) Ltd.		\$ 910,245	53	\$ 596,316	32
Far Eastern Apparel (Vietnam) Ltd.		161,386	9	111,422	6
Others	b.	<u>-</u>	<u>-</u>	<u>7,680</u>	<u>-</u>
		<u>\$ 1,071,631</u>	<u>62</u>	<u>\$ 715,418</u>	<u>38</u>
<b>Computer processing expenses</b>					
Ding Ding Management Consulting Ltd.		\$ 43,593	44	\$ 43,580	39
Others	b.	<u>85</u>	<u>-</u>	<u>50</u>	<u>-</u>
		<u>\$ 43,678</u>	<u>44</u>	<u>\$ 43,630</u>	<u>39</u>
<b>Rent expense</b>					
Yuan Ding Co., Ltd.	f.	\$ 156,589	72	\$ 156,294	72
Far Eastern Resources Development Co., Ltd.	f.	31,231	15	31,407	14
Others	b.	<u>16,212</u>	<u>7</u>	<u>15,602</u>	<u>7</u>
		<u>\$ 204,032</u>	<u>94</u>	<u>\$ 203,303</u>	<u>93</u>

(Continued)

	Notes	2009		2008	
		Amount	%	Amount	%
Nonoperating revenue					
Rent revenue					
Yuan Ze University	e.	\$ 4,132	36	\$ 4,653	41
Far EasTone Telecommunications Co., Ltd.	e.	3,275	29	3,250	29
Fu-Ming Transportation Co., Ltd.	e.	2,125	19	2,124	19
Oriental Resources Development Ltd.	e.	1,564	14	1,200	11
Others	b.	<u>246</u>	<u>1</u>	<u>-</u>	<u>-</u>
		<u>\$ 11,342</u>	<u>99</u>	<u>\$ 11,227</u>	<u>100</u>
Other revenue - endorsement guarantee revenue					
Yuan Ding Investment Co., Ltd.		\$ 12,793	8	\$ 13,001	6
Pacific Liu Tung Investment Co., Ltd.		<u>918</u>	<u>1</u>	<u>1,123</u>	<u>-</u>
		<u>\$ 13,711</u>	<u>9</u>	<u>\$ 14,124</u>	<u>6</u>
Other revenue - commission revenue					
Fu Kwork Garment Manufacturing		<u>\$ 29,739</u>	<u>19</u>	<u>\$ 30,554</u>	<u>13</u>
Nonoperating expense					
Other expense					
Others	b. 、 d.	<u>\$ 18,983</u>	<u>4</u>	<u>\$ 22,942</u>	<u>3</u>
Endorsement/guarantee expense					
Far Eastern Resources Development Co., Ltd.		23,037	5	40,936	5
Yuan Ding Investment Co., Ltd.		<u>-</u>	<u>-</u>	<u>4,667</u>	<u>1</u>
		<u>23,037</u>	<u>5</u>	<u>45,603</u>	<u>6</u>
		<u>\$ 42,020</u>	<u>15</u>	<u>\$ 68,545</u>	<u>9</u>

Note:

- For the relationships between FENC and subsidiaries, please refer to schedule A.
- The transaction amount between related-parties was not over 5% of the total amount of the account.
- The terms of FENC's sales to and purchases from the related parties were the same as those for third parties.
- FENC donated NT\$2,773 thousand and NT\$1,736 thousand to Yuan Ze University in 2009 and 2008, respectively; FENC also donated NT\$729 thousand to Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation in 2009.
- FENC leased the lands, factories and equipment in Sinpu, Neili and Hukou to Yuan Ze University, Far EasTone Communication Co., Ltd., Fu-Ming Transportation Co., Ltd. and Oriental Resources Development Co., Ltd. and the rental revenues were collected monthly or quarterly. All details of the lease contracts were agreed by the renter and the tenants.

f. FENC rented the office buildings and factories from Yuan Ding Co. and Far Eastern Resources Development Co., Ltd. and the rent expenses were paid monthly or quarterly. All details of the lease contracts were agreed by the renters and the tenant.

g. The compensation information of director, supervisors and executives:

	<b>2009</b>	<b>2008</b>
Salary and bonus (employees' bonus were included)	\$ 96,841	\$ 98,711
Remunerations of directors and supervisors	225,549	147,418
Operation fees - directors and supervisors	<u>2,736</u>	<u>2,880</u>
	<u>\$ 325,126</u>	<u>\$ 249,009</u>

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

**RELATED-PARTY TRANSACTIONS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(In Thousands of New Taiwan Dollars)

	Notes	December 31			
		2009		2008	
		Amount	%	Amount	%
Notes receivable					
Everest Textile Co., Ltd.		\$ 21,792	4	\$ 11,703	3
Others	b.	<u>2,913</u>	<u>1</u>	<u>3,843</u>	<u>1</u>
		<u>\$ 24,705</u>	<u>5</u>	<u>\$ 15,546</u>	<u>4</u>
Accounts receivable					
Freudenberg Far Eastern Spunweb Co., Ltd.		\$ 80,580	1	\$ 53,890	1
Far Eastern Industries (Shanghai) Ltd.		28,932	1	-	-
Pet Far Eastern (M) Sdn. Bhd.		27,792	-	33,007	1
Far Eastern Apparel (SuZhou) Ltd.		26,778	-	68,722	1
Others	b.	<u>38,319</u>	<u>1</u>	<u>17,475</u>	<u>-</u>
		<u>\$ 202,401</u>	<u>3</u>	<u>\$ 173,094</u>	<u>3</u>
Other receivables					
Far Eastern Resources Development Co., Ltd.		\$ 64,209	13	\$ 68,029	14
Pet Far Eastern (M) Sdn. Bhd.		32,208	7	-	-
Fu Kwork Garment Manufacturing Co., Ltd.		24,118	5	17,875	4
Others	b.	<u>106,943</u>	<u>22</u>	<u>58,792</u>	<u>13</u>
		<u>\$ 227,478</u>	<u>47</u>	<u>\$ 144,696</u>	<u>31</u>
Prepayments (included in prepaid expense)					
Far Eastern Apparel (SuZhou) Ltd.		<u>\$ 379,504</u>	<u>80</u>	<u>\$ 107,377</u>	<u>44</u>
Refundable deposits (included in other assets - miscellaneous)					
Yuan Ding Co., Ltd.		\$ 33,251	66	\$ 33,251	55
Da Ju Fiber Co., Ltd.		8,000	15	8,000	13
Far Eastern Apparel Co., Ltd.		-	-	4,269	7
The Affiliated Golf Club of Employees Welfare Committee of Far Eastern Textile Co., Ltd.		-	-	3,000	5
Others	b.	<u>368</u>	<u>1</u>	<u>368</u>	<u>1</u>
		<u>\$ 41,619</u>	<u>82</u>	<u>\$ 48,888</u>	<u>81</u>

(Continued)



	Notes	December 31			
		2009		2008	
		Amount	%	Amount	%
Accounts payable					
		\$ 572,155	18	\$ 19,575	1
		94,962	3	56,774	3
		-	-	28,880	2
		<u>36,062</u>	<u>1</u>	<u>5,638</u>	<u>-</u>
	b.	<u>\$ 703,179</u>	<u>22</u>	<u>\$ 110,867</u>	<u>6</u>
Accrued expense					
		\$ 73,092	3	\$ 8,359	-
		38,722	2	29,540	1
		249	-	20,136	1
	b.	<u>28,386</u>	<u>1</u>	<u>22,896</u>	<u>2</u>
		<u>\$ 140,449</u>	<u>6</u>	<u>\$ 80,931</u>	<u>4</u>
Deferred income					
Sale of securities					
	c.	\$ 35,445	67	\$ 35,445	67
	d.	2,579	5	2,579	5
Sale of land					
	e.	<u>14,749</u>	<u>28</u>	<u>14,749</u>	<u>28</u>
		<u>\$ 52,773</u>	<u>100</u>	<u>\$ 52,773</u>	<u>100</u>

Financing to affiliates (included in other receivables):

	Year Ended December 31, 2008			
	Highest Outstanding Balance	Balance on December 31, 2008	Interest Rate (%)	Interest Revenue
Far Eastern Polychem Industries Co., Ltd. (F.E.P.I.)	\$ 1,429,780	\$ -	2.94%-3.07%	\$ 39,920
Oriental Textile (Holding) Ltd. (O.T.(H))	486,630	-	2.94%-3.07%	<u>11,996</u>
		<u>\$ -</u>		<u>\$ 51,916</u>

Note:

- For the relationships between FENC and subsidiaries, please refer to schedule A.
- The transaction amount between related-parties was not over 5% of the total amount of the account.
- In 1994, the Company sold the following shares to Yuan Ding Investment Co., Ltd. and recognized deferred incomes on these sales: Yu Yuan Investment Co., Ltd. shares for NT\$30,256 thousand; Nan Shan Life Insurance Co., Ltd. shares for NT\$216 thousand; and Hantech Venture Capital Co., Ltd., shares for NT\$4,973 thousand.

(Continued)

- d. The deferred income was made by selling the stocks of Oriental Petrochemical (Taiwan) Co., Ltd. to Yue Ding Industry Co., Ltd. in March 2008.
- e. The deferred income was from the sale of land in the Hsin-Ya Section of Banchiao to Far Eastern Construction Co., Ltd. in 1988.
- f. The machinery and equipment were sold to Pet Far Eastern (M) Sdn. Bhd., Far Eastern Fibertech Co., Ltd. and Oriental Resources Development Ltd. at NT\$52,517 thousand, NT\$171 thousand and NT\$18 thousand in 2009. The machinery and equipment were sold to Oriental Resources Development Ltd. and Pet Far Eastern (M) Sdn. Bhd. at NT\$22,218 thousand and NT\$ 468 thousand in 2008.
- g. FENC bought the machinery and equipment from Ding Ding Management Consultants Co., Ltd. at NT\$1,750 thousand in 2009 and NT\$1,289 thousand in 2008.
- h. The terms of sales to and purchases from the related parties were the same as those for third parties.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

**FINANCING PROVIDED**

YEAR ENDED DECEMBER 31, 2009

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

Financier	Counter-party	Financial Statement Account	Highest Balance for the Period	Ending Balance	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.	An Ho Garment Co., Ltd.	Receivables from related parties	\$ 16,000	\$ -	2.13%-2.69%	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 1,831,628 (Note B)	\$ 18,316,280 (Note E)
	Da Ju Fiber Co., Ltd.	"	277,000	-	2.13%-2.69%	2	-	For revolving fund	-	Promissory note	-	1,831,628 (Note B)	18,316,280 (Note E)
	Oriental Textile (Holding) Ltd.	"	868,571	-	2.69%	2	-	For revolving fund	-	Promissory note	-	1,831,628 (Note B)	18,316,280 (Note E)
	Yue Ding Industry Co., Ltd.	"	160,000	-	1.53%-2.69%	2	-	For revolving fund	-	Promissory note	-	1,831,628 (Note B)	18,316,280 (Note E)
	Yuan Tong Investment Co., Ltd.	"	226,000	-	1.53%-1.67%	2	-	For revolving fund	-	Promissory note	-	1,831,628 (Note B)	18,316,280 (Note E)
Far Eastern Investment (Holding) Ltd.	Waldorf Services B.V.	Receivables from affiliates	US\$ 800	US\$ 800	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
	Far Eastern Polytex (Holding) Ltd.	"	US\$ 12,000	US\$ 12,000	2.11%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
	Flying Dutchman Ltd.	Other receivables	US\$ 1,936	US\$ 1,936	0%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
	F.E.T.G. Investment Antilles N.V.	Receivables from affiliates	US\$ 11,397	US\$ 6,292	2.11%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
	Oriental Textile (Holding) Ltd.	"	US\$ 30,400	US\$ 23,400	2.11%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
	Pet Far Eastern (Holding) Ltd.	"	US\$ 20,000	US\$ 2,666	2.11%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
	Malaysia Garment	"	US\$ 3,786	US\$ 3,786	0%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
	PET Far Eastern (M) Sdn. Bhd.	"	US\$ 5,739	MYR 19,206	2.11%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
	Far Eastern Polychem Industries Co., Ltd.	"	US\$ 50,000	US\$ 50,000	2.11%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
	Far Eastern Apparel (Vietnam) Ltd.	"	US\$ 2,500	US\$ 2,500	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
Ding Yuan International Investment Co., Ltd.	An Ho Garment Co., Ltd.	Receivables from related parties	100,000	-	1.03%-2.12%	2	-	For revolving fund	-	Promissory note	-	121,198 (Note B)	1,211,984 (Note E)
	Yuan Tong Investment Co., Ltd.	"	90,000	90,000	1.56%	2	-	For revolving fund	-	Promissory note	-	121,198 (Note B)	1,211,984 (Note E)
Far Eastern Polychem Industries Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	Receivables from affiliates	US\$ 69,000	US\$ 69,000	0%	1	HK\$ 1,747,476	-	-	Promissory note	-	46,255,594 (Note H)	46,255,594 (Note H)
	Far Eastern Industries (Suzhou) Ltd.	"	US\$ 10,000	US\$ 10,000	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
Far Eastern Apparel (Holding) Ltd.	Far Eastern Spinning Waving and Dyeing (Suzhou) Ltd.	Receivables from affiliates	US\$ 11,500	US\$ 8,000	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
	Far Eastern Apparel (Suzhou) Ltd.	"	US\$ 8,000	-	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
	Far Eastern Investment (Holding) Ltd.	"	US\$ 19,600	US\$ 12,600	2.11%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)

(Continued)

Financier	Counter-party	Financial Statement Account	Highest Balance for the Period	Ending Balance	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		
F.E.T.G Investment Antilles N.V.	Waldorf Services B.V.	Receivables from affiliates	US\$ 11,519	US\$ 6,406	2.11%-2.78917%	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 4,625,559 (Note C)	\$ 13,876,678 (Note D)
Waldorf Services B.V.	Malaysia Garment	Receivables from affiliates	US\$ 4,600	US\$ 4,600	0%	2	-	Set up PFEM funding	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
	Chuang Yuan Co. Ltd.	Other receivables	US\$ 6,380	US\$ 6,380	2.11%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd.	Receivables from affiliates	US\$ 36,800	US\$ 25,000	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
	Oriental Industries (Suzhou) Ltd.	"	US\$ 20,000	US\$ 4,000	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
	Far Eastern Polychem Industries Co., Ltd.	"	US\$ 16,000	US\$ 7,000	2.11%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Ltd.	Receivables from affiliates	US\$ 28,700	-	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
F.E.D.P. (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	Receivables from affiliates	US\$ 18,800	US\$ 14,800	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
Far Eastern Resources Development Co., Ltd.	An Ho Garment Co., Ltd.	Receivables from related parties	440,000	400,000	1.05%-2.48%	2	-	For revolving fund	-	Promissory note	-	873,173 (Note B)	8,731,733 (Note E)
	Kai Yuan International Investment Co., Ltd.	"	400,000	400,000	1.05%-2.48%	2	-	For revolving fund	-	Promissory note	-	873,173 (Note B)	8,731,733 (Note E)
	Yuan Tong Investment Co., Ltd.	"	400,000	400,000	1.05%-1.6%	2	-	For revolving fund	-	Promissory note	-	873,173 (Note B)	8,731,733 (Note E)
	Da Ju Fiber Co., Ltd.	"	277,000	148,000	1.05%-1.6%	2	-	For revolving fund	-	Promissory note	-	873,173 (Note B)	8,731,733 (Note E)
	Yuan Ding Investment Co., Ltd.	"	361,000	361,000	1.05%-1.25%	2	-	For revolving fund	-	Promissory note	-	873,173 (Note B)	8,731,733 (Note E)
	Yue Ding Industry Co., Ltd.	"	10,000	10,000	1.05%	2	-	For revolving fund	-	Promissory note	-	873,173 (Note B)	8,731,733 (Note E)
Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Limited	Receivables from affiliates	US\$ 29,000	US\$ 26,500	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
	Martens Beers Trading (Shanghai) Co.	"	US\$ 1,800	US\$ 1,800	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
Far Eastern Polytex (Holding) Ltd.	Wuhan Far Eastern New Material Ltd.	"	US\$ 12,000	US\$ 12,000	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
Far Eastern Apparel (Suzhou) Ltd.	Sino Belgium (Suzhou) Limited	Receivables from affiliates	US\$ 7,000	-	2.88%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
Oriental Petrochemical (Shanghai) Ltd.	Far Easter Industries (Shanghai) Ltd.	Receivables from affiliates	RMB 100,000	-	4.86%	1	RMB 1,540,069	-	-	Promissory note	-	RMB 818,037 (Note F)	RMB 818,037 (Note F)

- Notes: A. Reasons for financing are as follows:  
1. Business relationship.  
2. For short-term financing.  
B. The upper limit is equivalent to 5% of the net value of the financier as of December 31, 2009.  
C. The upper limit is equivalent to 5% of the net value of FENC as of December 31, 2009.  
D. The upper limit is equivalent to 15% of the net value of FENC as of December 31, 2009.  
E. The upper limit is equivalent to 50% of the net value of the financier as of December 31, 2009. If necessary for short-term financing, the upper limit is equivalent to 15%.  
F. The maximum total financing providing amount should be the lower of 50% of the Company's net worth of most current audited financial statements or trading amount of both parties.  
G. The upper limit is equivalent to 25% of the net value of FENC as of December 31, 2008.  
H. The maximum total financing providing amount should be the lower of 50% of FENC's net worth of most current audited financial statement or trading amount of both parties.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

**ENDORSEMENT/GUARANTEE PROVIDED**  
**YEAR ENDED DECEMBER 31, 2009**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Endorsement/ Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statements (%) (Note O)	Maximum Collateral/Guarantee Amounts Allowable
	Name	Nature of Relationship						
Far Eastern New Century Corporation	Yuan Ding Investment Co., Ltd.	(Note A)	\$ 46,255,594 (Note G)	\$ 9,646,300	\$ 9,646,300	\$ -	10	\$ 92,511,188 (Note H)
	Pacific SOGO Department Store Co., Ltd.	(Note C)	46,255,594 (Note G)	280,719	-	-	-	92,511,188 (Note H)
Yuan Ding Investment Co., Ltd.	Pacific SOGO Department Store Co., Ltd.	(Note C)	18,316,280 (Note G)	1,650,000	-	-	-	36,632,559 (Note H)
	Da Ju Fiber Co., Ltd.	(Note B)	18,316,280 (Note G)	144,000	144,000	-	-	36,632,559 (Note H)
	Oriental Resources Development Ltd.	(Note A)	18,316,280 (Note G)	139,000	89,000	-	-	36,632,559 (Note H)
	Far Eastern Apparel Co., Ltd.	(Note A)	18,316,280 (Note G)	135,000	135,000	-	-	36,632,559 (Note H)
	Oriental Textile (Holding) Ltd. (O.T (H))	(Note A)	18,316,280 (Note G)	1,236,900	1,223,980	-	1	36,632,559 (Note H)
	Far Eastern Apparel (Holding) Ltd.	(Note A)	18,316,280 (Note G)	1,063,755	901,880	-	1	36,632,559 (Note H)
	Oriental Industries (Suzhou) Ltd.	(Note A)	18,316,280 (Note G)	1,256,190	1,256,190	-	1	36,632,559 (Note H)
Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note P)	46,255,594 (Note O)	US\$ 6,000	US\$ 6,000	-	-	92,511,188 (Note M)
Ding Yuan International Investment Co., Ltd.	Pacific SOGO Department Store Co., Ltd.	(Note C)	46,255,594 (Note K)	37,629	-	-	-	92,511,188 (Note I)
Kai Yuan International Investment Co., Ltd.	Pacific SOGO Department Store Co., Ltd.	(Note C)	46,255,594 (Note K)	37,629	-	-	-	92,511,188 (Note I)
Far Eastern Polychem Industries Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note P)	46,255,594 (Note O)	RMB 510,000	RMB 420,000	-	2	92,511,188 (Note M)
	Far Eastern Industries (Suzhou) Ltd.	(Note E)	46,255,594 (Note O)	US\$ 67,500	US\$ 27,500	-	-	92,511,188 (Note M)
Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Co., Ltd.	(Note A)	9,832,410 (Note L)	2,450,600	2,101,000	-	2	9,832,410 (Note L)
Far Eastern Apparel (Holding) Ltd.	Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	(Note A)	46,255,594 (Note O)	RMB 41,500	-	-	-	92,511,188 (Note M)
Far Eastern General Contractor Ltd.	Far Eastern Construction Co., Ltd.	(Note D)	4,560,939 (Note L)	100,000	-	-	-	4,560,939 (Note L)
An Ho Garment Co., Ltd.	Pacific SOGO Department Store Co., Ltd.	(Note C)	46,255,594 (Note K)	20,313	-	-	-	92,511,188 (Note I)
Yuan Tong Investment Co., Ltd.	Pacific SOGO Department Store Co., Ltd.	(Note C)	46,255,594 (Note K)	37,629	-	-	-	92,511,188 (Note I)
	Sino Belgium (Holding) Limited	(Note A)	46,255,594 (Note K)	1,748,250	1,610,500	-	2	92,511,188 (Note I)
Far EasTone Telecommunications Co., Ltd.	KG Telecommunications Co., Ltd.	(Note A)	35,771,294 (Note G)	450,000	450,000	-	-	71,542,587 (Note H)
	KGEx.com	(Note A)	35,771,294 (Note G)	45,000	45,000	-	-	71,542,587 (Note H)
	Q-Ware Communication Corp.	(Note A)	35,771,294 (Note G)	149,840	149,840	-	-	71,542,587 (Note H)
Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note E)	46,255,594 (Note O)	RMB 140,400	RMB 110,000	-	1	92,511,188 (Note M)
Far Eastern Industries (Shanghai) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note E)	RMB 1,413,975 (Note H)	RMB 280,000	RMB 160,000	-	1	RMB 2,827,949 (Note Q)
	Wuhan Far Eastern New Material Ltd.	(Note P)	RMB 1,413,975 (Note H)	RMB 110,000	RMB 110,000	-	1	RMB 2,827,949 (Note Q)
	Everest Textile (Shanghai) Ltd.	(Note P)	RMB 1,413,975 (Note H)	RMB 100,000	RMB 80,000	-	-	RMB 2,827,949 (Note Q)
Oriental Textile (Holding) Ltd. (O.T (H))	Far Eastern Industries (Wuxi) Ltd.	(Note A)	46,255,594 (Note O)	US\$ 30,000	US\$ 3,750	-	1	92,511,188 (Note M)
	Oriental Industries (Suzhou) Ltd.	(Note A)	46,255,594 (Note O)	RMB 425,500	RMB 195,000	-	-	-
		(Note A)		US\$ 93,000	US\$ 69,000	-	3	92,511,188 (Note M)
				RMB 50,000	RMB 50,000	-	-	

(Continued)

Endorsement/ Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statements (%) (Note O)	Maximum Collateral/Guarantee Amounts Allowable
	Name	Nature of Relationship						
PET Far Eastern (Holding) Ltd. (Pet F.E. (H))	Oriental Petrochemical (Shanghai) Co., Ltd.	(Note F)	\$ 46,255,594 (Note O)	US\$ 40,226 RMB 122,500	US\$ 28,166	\$ -	1	\$ 92,511,188 (Note M)
Far Eastern Polytex (Holding) Limited	Far Eastern Apparel (Suzhou) Ltd.	(Note A)	46,255,594 (Note O)	RMB 30,400	RMB 30,000	-	-	92,511,188 (Note M)
KG Telecommunications Co., Ltd.	Far Eastone Telecommunications Co., Ltd.	(Note D)	15,286,749 (Note G)	1,240,000	1,240,000	-	1	30,573,498 (Note H)
Far Eastern Resources Development Co., Ltd.	Far Eastern New Century Corp.	(Note D)	46,255,594 (Note K)	12,311,748	10,001,748	9,887,598	11	92,511,188 (Note I)
Far Eastern New Century (China) Investment Ltd.	Oriental Petrochemical (Shanghai) Co., Ltd.	(Note F)	46,255,594 (Note O)	US\$ 1,217	US\$ 1,217	-	-	92,511,188 (Note M)
FEDP (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note A)	46,255,594 (Note O)	RMB 50,000	RMB 50,000	-	-	92,511,188 (Note M)
Wuhan Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note P)	US\$ 20,777 (Note J)	RMB 100,000	RMB 100,000	-	1	US\$ 20,777 (Note J)
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note P)	46,255,594 (Note O)	RMB 30,000	RMB 30,000	-	-	92,511,188 (Note M)

Notes: A. Subsidiary with common stock shares held directly or indirectly equivalent to or above 50%.

B. Equity-method investees.

C. Investee of an equity-method investee.

D. Parent company.

E. Investee of an equity-accounted investee of parent company.

F. The investment relationship is based on guarantee of each stockholder's retention ratio.

G. Collateral/guarantee is equivalent to 50% of the net value of the guarantor as of December 31, 2009.

H. Limit is computed using the net value of the guarantor as of December 31, 2009.

I. Limit is computed using the net value of parent company as of December 31, 2009.

J. Collateral/guarantee is equivalent to 20% of the audited net value of the parent company as of December 31, 2009.

K. Collateral/guarantee is equivalent to 50% of the net value of FENC as of December 31, 2009.

L. Collateral/guarantee is equivalent to 300% of the net value of the guarantor as of December 31, 2009.

M. Collateral/guarantee is equivalent to the net value of Far Eastern New Century Corp. Ltd. as of December 31, 2009

N. The ratio calculation is in accordance with the Regulations Governing Loaning of Funds and Marking of Endorsements/Guarantees by Public Companies.

O. Collateral/guarantee is equivalent to 50% of the net value of Far Eastern as of December 31, 2009.

P. Business relationship.

Q. Collateral/guarantee is equivalent to 200% of the net value of the guarantor as of December 31, 2009.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

**MARKETABLE SECURITIES AND INVESTMENTS IN SHARES OF STOCK HELD**  
**DECEMBER 31, 2009**  
(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, 2009			Market Value or Net Asset Value	Note	
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)			
Far Eastern New Century Corporation	Asia Cement Corporation	(Note A)	Equity method investments	666,632	\$ 12,500,165	22.33	\$ 23,065,492	22,288 thousand shares pledged or mortgaged as collaterals for loans	
	Far Eastern Department Stores, Ltd.	(Note A)	Equity method investments	203,659	3,877,699	16.80	7,474,248	-	
	Oriental Union Chemical Corporation	(Note A)	Equity method investments	73,833	1,155,372	9.17	1,890,116	-	
	Everest Textile Co., Ltd.	(Note A)	Equity method investments	129	1,540	0.03	880	-	
	Yuan Ding Investment Co., Ltd.	(Note A)	Equity method investments	1,828,323	36,155,036	99.7	36,424,157	-	
	Far Eastern Resources Development Co., Ltd.	(Note A)	Equity method investments	283,797	15,693,512	100.00	17,463,466	-	
	Yuan Tong Investment Co., Ltd.	(Note A)	Equity method investments	705,147	7,296,064	100.00	7,296,064	-	
	Far Eastern Investment (Holding) Ltd.	(Note A)	Equity method investments	1,700	5,238,743	100.00	5,238,743	-	
	Far Eastern Polychem Industries Co., Ltd.	(Note A)	Equity method investments	493,631	4,185,668	59.81	4,185,668	-	
	Kai Yuan International Investment Co., Ltd.	(Note A)	Equity method investments	291,196	4,366,102	100.00	4,366,102	-	
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note A)	Equity method investments	337,678	3,875,245	75.56	3,922,249	-	
	Far Eastern Polytex (Holding) Limited	(Note A)	Equity method investments	46	3,323,320	100.00	3,323,320	-	
	Yuan Ding Co., Ltd.	(Note A)	Equity method investments	186,926	3,180,506	37.13	3,242,218	-	
	Far Eastern Construction Co., Ltd.	(Note A)	Equity method investments	154,372	2,078,321	65.11	2,133,961	-	
	Ding Yuan International Investment Co., Ltd.	(Note A)	Equity method investments	205,000	2,412,433	100.00	2,423,968	-	
	Oriental Securities Co., Ltd.	(Note A)	Equity method investments	140,278	2,066,710	19.65	2,060,391	40,000 thousand shares pledged or mortgaged as collaterals for loans	
	PET Far Eastern (Holding) Ltd.	(Note A)	Equity method investments	117	1,996,083	49.42	1,996,083	-	
	An Ho Garment Co., Ltd.	(Note A)	Equity method investments	66,346	1,537,449	100.00	1,606,426	-	
	Pacific Liu Tung Investment Co., Ltd.	(Note A)	Equity method investments	67,500	1,165,944	16.83	1,073,855	-	
	Fu Kwok Garment Manufacturing Co., Ltd.	(Note A)	Equity method investments	3,999	128,923	99.99	132,253	-	
	Ding Ding Hotel Co., Ltd.	(Note A)	Equity method investments	5,386	28,962	19.00	28,962	-	
	New Century InfoComm Tech Co., Ltd.	(Note A)	Equity method investments	2,605	26,078	0.10	25,831	-	
	Hantech Venture Capital Corp.	-	Financial assets carried at cost	4,939	53,667	3.73	62,740	-	
	Far Eastern International Commercial Bank	(Note C)	Available-for-sale financial assets - noncurrent	60,241	722,890	2.57	722,890	-	
	Yuan Ding Investment Co., Ltd.	Oriental Union Chemical Corporation	(Note A)	Equity method investments	73,614	1,234,120	9.14	1,884,525	-
		Everest Textile Co., Ltd.	(Note A)	Equity method investments	118,869	1,156,375	25.23	809,500	-
		Asia Cement Corporation	(Note A)	Equity method investments	4,135	66,207	0.14	143,056	-
Far Eastern Department Stores, Ltd.		(Note A)	Equity method investments	4,806	132,492	0.40	176,366	-	
Far EasTone Telecommunications Co., Ltd.		(Note A)	Equity method investments	1,066,658	23,371,725	32.73	40,692,988	43,145 thousand shares pledged or mortgaged as collaterals for short-term loans	
Oriental Textile (Holding) Ltd.		(Note A)	Equity method investments	90	5,277,067	100.00	5,277,067	-	
Far Eastern Polychem Industries Co., Ltd.		(Note A)	Equity method investments	331,717	2,812,608	40.19	2,812,608	-	
Oriental Securities Co., Ltd.		(Note A)	Equity method investments	185,040	2,831,933	25.93	2,718,878	112,850 thousand shares pledged or mortgaged as collaterals for short-term loans	
Far Eastern Apparel (Holding) Ltd.		(Note A)	Equity method investments	95	1,934,377	100.00	1,934,377	-	
Liquid Air Far East Glycol Co., Ltd.		(Note A)	Equity method investments	69,115	1,136,367	35.00	1,134,000	-	
New Century InfoComm Tech Co., Ltd.	(Note A)	Equity method investments	100,694	1,007,911	3.87	1,006,944	-		
Yuan Ding Co., Ltd.	(Note A)	Equity method investments	64,759	1,099,336	12.86	1,122,944	43,500 thousand shares pledged or mortgaged as collaterals for short-term loans		

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Pacific Liu Tung Investment Co., Ltd. (Note G)	(Note A)	Equity method investments	59,827	\$ 946,933	14.92	\$ 951,985	-
	Far Eastern International Leasing Corp.	(Note A)	Equity method investments	75,269	1,001,832	16.87	1,013,369	-
	Far Eastern Fibertech Co., Ltd.	(Note A)	Equity method investments	66,673	726,257	100.00	716,293	-
	Pacific Petrochemical (Holding) Co., Ltd.	(Note A)	Equity method investments	20	709,848	24.63	709,848	-
	Yuan Ding Leasing Co.	(Note A)	Equity method investments	36,706	359,363	46.20	361,001	-
	Far Eastern Apparel Co., Ltd.	(Note A)	Equity method investments	19,664	356,448	100.00	356,346	-
	Da Ju Fiber Co., Ltd.	(Note A)	Equity method investments	17,182	513,180	41.86	523,395	-
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note A)	Equity method investments	13,053	274,931	29.80	274,647	-
	Oriental Resources Development Ltd.	(Note A)	Equity method investments	21,322	130,963	70.32	134,885	-
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note A)	Equity method investments	23,222	258,218	5.20	269,927	-
	Yuan Faun Ltd.	(Note A)	Equity method investments	5,000	104,778	100.00	102,755	-
	Yue Ming Co., Ltd.	(Note A)	Equity method investments	1,280	70,195	45.50	72,226	-
	Far Eastern General Constructor Inc.	(Note A)	Equity method investments	1,205	16,466	1.00	15,203	-
	Far Eastern International Commercial Bank	(Note C)	Financial assets carried at cost	66,716	755,313	3.45	800,592	-
	Yue Yuan Investment Co., Ltd.	(Note D)	Financial assets carried at cost	93,959	677,240	19.05	1,853,803	-
	Chung Nan Textile Co., Ltd.	-	Financial assets carried at cost	2,985	81,405	5.27	115,215	-
	Hantech Venture Capital Corp.	-	Financial assets carried at cost	4,688	56,019	3.54	59,337	-
	Taiwan Stock Exchange Corp.	-	Financial assets carried at cost	887	22,493	0.16	46,714	-
	Universal Venture Capital Investment Corp.	-	Financial assets carried at cost	1,400	14,000	1.16	21,910	-
	Overseas Investment and Development Co., Ltd.	-	Financial assets carried at cost	1,000	10,000	1.11	8,940	-
	China Investment and Development Co., Ltd.	-	Financial assets carried at cost	1,287	8,250	0.80	14,427	-
	Nan Shan Insurance Co., Ltd.	-	Financial assets carried at cost	5	221	-	816	-
	Oriental Securities Investment Consultant Co., Ltd.	-	Financial assets carried at cost	1	10	-	12	-
	Hantech Venture Capital Corp.	-	Financial assets carried at cost	914	6,597	9.81	2,997	-
	DFE DWS Global Multi-asset Income Plus FOF	-	Available-for-sale financial assets - current	5,000	52,050	0.83	52,050	-
	U-Ming Marine Transport Corporation	(Note B)	Available-for-sale financial assets - current	50	3,250	0.01	3,250	-
	Far Eastern International Commercial Bank	(Note C)	Available-for-sale financial assets - noncurrent	15,239	182,872	0.79	182,872	-
	<u>Under asset management contracts (Note E)</u>							
	DaChan Greatwall Co., Ltd.	-	Financial assets at fair value through profit or loss - current	325	11,440	-	11,440	-
	Liteon Technology Corporation	-	Financial assets at fair value through profit or loss - current	50	2,402	-	2,402	-
	Delta Electronics, Inc.	-	Financial assets at fair value through profit or loss - current	140	14,000	-	14,000	-
	Compal Electronics, Inc.	-	Financial assets at fair value through profit or loss - current	100	4,435	-	4,435	-
	Acer Inc.	-	Financial assets at fair value through profit or loss - current	50	4,810	-	4,810	-
	Chroma ATE Inc.	-	Financial assets at fair value through profit or loss - current	210	15,267	-	15,267	-
	Ability Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss - current	50	3,140	-	3,140	-
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	400	15,720	-	15,720	-
	Cathay Financial Holdings	-	Financial assets at fair value through profit or loss - current	250	14,925	-	14,925	-
	Dynapack Corporation	-	Financial assets at fair value through profit or loss - current	50	5,650	-	5,650	-
	Gemted Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	100	5,780	-	5,780	-
	Sino-American Silicon Products Inc.	-	Financial assets at fair value through profit or loss - current	50	4,405	-	4,405	-
	Taiwan Cooperative Bank	-	Financial assets at fair value through profit or loss - current	950	19,095	-	19,095	-

(Continued)



Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Far Eastern Investment (Holding) Ltd.	APCB Inc.	-	Financial assets at fair value through profit or loss - current	200	\$ 8,500	-	\$ 8,500	-
	Wistron Neweb Corporation	-	Financial assets at fair value through profit or loss - current	200	11,080	-	11,080	-
	DWS Taiwan Bond Fund	-	Financial assets at fair value through profit or loss - current	1,833	20,478	-	20,478	-
	F.E.T.G. Investment Autilles N.V.	(Note A)	Equity method investments	6	US\$ 9,678	100.00	US\$ 9,678	-
	Filsyn Corporation	(Note A)	Equity method investments	45,066	US\$ -	21.85	PHP (2,422)	-
	PET F.E. (M) Sdn. Bhd.	(Note A)	Equity method investments	Common stock 5,000 Preferred stock 3,000	US\$ 6,141	50.00	US\$ 6,141	-
	Com2B	(Note A)	Equity method investments	9,000	US\$ 877	20.00	US\$ 877	-
	Far Eastern Apparel (Vietnam) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 5,122	100.00	US\$ 5,122	-
	Kai Yuang Fund	-	Long-term Investment in stock classified as held for sale	-	US\$ 7,550	-	US\$ 7,550	-
	Opas Fund Segregated Portfolio Company	-	Financial assets carried at cost	34	US\$ 51	34.00	US\$ 51	-
Ding Yuan International Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Equity method investments	2,806	107,182	0.09	97,088	-
	Far Eastern Department Stores, Ltd.	(Note A)	Equity method investments	2,988	56,000	0.25	109,660	-
	Everest Textile Co., Ltd.	(Note A)	Equity method investments	8,506	74,668	1.81	57,926	-
	Oriental Union Chemical Corporation	(Note A)	Equity method investments	9,815	206,368	1.22	251,264	-
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity method investments	920	40,361	0.03	35,060	-
	Pacific Liu Tung Investment Co., Ltd. (Note G)	(Note A)	Equity method investments	9,000	137,356	2.24	143,205	-
	PET Far Eastern (Holding) Ltd.	(Note A)	Equity method investments	42	724,196	17.93	724,196	-
	Yue Ding Industry Co., Ltd.	(Note A)	Equity method investments	9,683	191,516	13.2	182,328	-
	Far Eastern International Commercial Bank	(Note J)	Available-for-sale financial assets - noncurrent	60,899	730,787	3.15	730,786	8,259 thousand shares pledged or mortgaged as collaterals for loans
	Ya Li Transportation Co., Ltd.	-	Financial assets carried at cost	1,000	16,240	10.00	58,099	-
Kai Yuan International Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Equity method investments	11,377	241,143	0.38	393,641	-
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity method investments	100,057	2,612,199	3.07	3,817,176	75,784 thousand shares pledged or mortgaged as collaterals for loans
	Oriental Union Chemical Corporation	(Note A)	Equity method investments	25,463	468,179	3.16	651,850	-
	Far Eastern Department Stores, Ltd.	(Note A)	Equity method investments	5,496	125,275	0.45	201,719	-
	Kowloon Cement Co., Ltd.	(Note A)	Equity method investments	1,127	380,159	49.00	380,159	-
	Far Eastern International Leasing Corp.	(Note A)	Equity method investments	74,970	1,002,640	16.80	1,009,206	-
	Pacific Liu Tung Investment Co., Ltd. (Note G)	(Note A)	Equity method investments	9,000	137,356	2.24	143,205	-
	Far Eastern International Commercial Bank	(Note J)	Financial assets carried at cost	38,676	531,063	2.00	464,108	-
	DWS Taiwan Bond Fund	-	Available-for-sale financial assets - current	5,000	67,600	-	67,600	-
	Yi Jinn Industrial Co., Ltd.	-	Available-for-sale financial assets - noncurrent	16,430	137,188	7.30	137,188	-
Far Eastern International Commercial Bank	(Note J)	Available-for-sale financial assets - noncurrent	35,258	423,098	1.82	423,098	-	
Far Eastern Polychem Industries Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Equity method investments	(Note H)	HK\$ 1,384,528	87.03	RMB 1,230,582	-
	PET Far Eastern (Holding) Ltd.	(Note A)	Equity method investments	35	HK\$ 144,965	14.72	US\$ 18,585	-
	FEDP (Holding) Limited	(Note A)	Equity method investments	240	HK\$ 179,719	49.57	US\$ 23,041	-
	Nippon Parison Co., Ltd.	-	Financial assets carried at cost	36	HK\$ 16,941	10.00	-	-
Far Eastern Construction Co., Ltd.	Far Eastern General Constructor Inc.	(Note A)	Equity method investments	119,202	1,451,879	98.95	1,504,349	-
	Asia Cement Corporation	(Note A)	Equity method investments	15,745	396,699	0.53	544,772	-
	U-Ming Marine Transport Corporation	(Note F)	Available-for-sale financial assets - current	1,590	103,336	0.19	103,336	1,152 thousand shares pledged or mortgaged as collaterals for loans
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 14,826	38.46	RMB 101,220	-
	Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 25,672	100.00	RMB 175,263	-

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				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 Co., Ltd.	Ming Ding Co., Ltd.	(Note A)	Equity method investments	448	\$ 6,523	44.80	\$ 6,470	-
	Yue Ding Industry Co., Ltd.	(Note A)	Equity method investments	6	50	0.01	82	-
Far Eastern General Constructor Inc.	U-Ming Marine Transport Corporation	(Note F)	Available-for-sale financial assets - current	746	48,522	0.09	48,522	-
	Kaohsiung Rapid Transit Co., Ltd.	-	Financial assets carried at cost - noncurrent	20,000	108,313	2.00	108,313	-
	Ya Li Precast & Prestressed Concrete Industries Ltd.	(Note I)	Financial assets carried at cost - noncurrent	3,106	25,142	16.03	13,745	-
	Far Eastern Technical Consultants Co., Ltd.	(Note I)	Financial assets carried at cost - noncurrent	450	3,864	9.00	5,162	-
	89-2 Bond Fund	-	Limited asset	-	3,500	-	3,500	Pledged to NTU as a contracting guarantee
	Invesco ROC Bond Fund	-	Financial assets at fair value through profit or loss - current	13,046	200,001	-	200,001	-
	UPAMC James Bond Fund	-	Financial assets at fair value through profit or loss - current	3,128	50,002	-	50,002	-
	Taishin Lucky Fund	-	Financial assets at fair value through profit or loss - current	9,408	100,001	-	100,001	-
	TLG Solomon Bond Fund	-	Financial assets at fair value through profit or loss - current	6,630	80,004	-	80,004	-
	FSI TC Bond Fund	-	Financial assets at fair value through profit or loss - current	529	90,076	-	90,076	-
	Shin Kong Chi-Shin Fund	-	Financial assets at fair value through profit or loss - current	14,452	214,062	-	214,062	-
	Mega Diamond Bond Fund	-	Financial assets at fair value through profit or loss - current	4,191	50,000	-	50,000	-
	Hua Nan Phoenix Bond Fund	-	Financial assets at fair value through profit or loss - current	5,974	93,058	-	93,058	-
	Hua Nan Kirin Fund	-	Financial assets at fair value through profit or loss - current	9,591	110,015	-	110,015	-
	Capital Income Fund	-	Financial assets at fair value through profit or loss - current	8,629	133,009	-	133,009	-
	PAC Well Pool Fund	-	Financial assets at fair value through profit or loss - current	11,554	150,011	-	150,011	-
F.E.T.G Investment Antilles N.V.	Waldorf Services B. V.	(Note A)	Equity method investments	2	US\$ 9,846	100.00	US\$ 9,846	-
Waldorf Services B.V.	Cemtex Apparel Inc.	(Note A)	Equity method investments	90	US\$ (143)	50.00	PHP (6,461)	-
	Malaysia Garment Manufactures Pte. Ltd.	(Note A)	Equity method investments	30	US\$ 1,408	37.90	SGD 1,972	-
	Far Eastern International Garments	(Note A)	Equity method investments	59	US\$ (847)	41.00	PHP (38,156)	-
	Albert & Orient Glycol Ltd.	-	Financial assets carried at cost	0.3	US\$ 4,304	25.00	US\$ -	-
	Filsyn Corporation	-	Financial assets carried at cost	20,513	US\$ -	9.95	PHP (1,103)	-
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity method investments	80,172	1,943,414	2.46	3,058,524	44,329 thousand shares pledged or mortgaged as collaterals for loans
	Asia Cement Corporation	(Note A)	Equity method investments	2,760	106,314	0.09	95,496	-
	Yue Ding Industry Co., Ltd.	(Note A)	Equity method investments	11,494	128,387	15.66	127,940	-
	Pacific Liu Tung Investment Co., Ltd. (Note G)	(Note A)	Equity method investments	4,841	78,841	1.21	77,029	-
	Oriental Securities Co., Ltd.	(Note A)	Equity method investments	5,000	79,363	0.70	73,457	-
	Yuan Ding Investment Co., Ltd.	(Note A)	Equity method investments	5,502	152,569	0.30	109,612	-
	Far Eastern International Commercial Bank	(Note J)	Available-for-sale financial assets - noncurrent	15,165	181,977	0.78	181,978	-
Yuan Faun Ltd.	Yi Tong Fiber Co., Ltd.	-	Financial assets carried at cost	3,504	28,519	3.56	34,868	-
	Far Eastern International Commercial Bank	(Note J)	Available-for-sale financial assets - noncurrent	3,213	38,562	0.17	38,556	-
	Yuan Cheng Human Resources Consultant Co., Ltd.	(Note A)	Equity method investments	278	6,271	55.56	6,271	-

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note	
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value		
Yuan Tong Investment Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note A)	Equity method investments	312,221	\$ 3,124,930	12.01	\$ 1,008,130	-	
	Pacific Liu Tung Investment Co., Ltd. (Note G)	(Note A)	Equity method investments	9,000	137,356	2.24	143,205	-	
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity method investments	112,002	3,056,958	3.44	4,272,876	72,674 thousand shares pledged or mortgaged as collaterals for loans	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Equity method investments	35,048	46,691	9.15	5,152	-	
	Far Eastern Department Stores, Ltd.	(Note A)	Equity method investments	1,685	38,109	0.14	61,840	-	
	Oriental Union Chemical Corporation	(Note A)	Equity method investments	439	9,631	0.05	11,238	-	
	Asia Cement Corporation	(Note A)	Equity method investments	8,531	331,824	0.29	295,173	-	
	FEDP (Holding) Ltd.	(Note A)	Equity method investments	196	599,684	40.33	599,684	-	
	Sino Belgium (Holding) Ltd.	(Note A)	Equity method investments	17	668,259	87.50	668,259	-	
	Far Eastern International Commercial Bank	(Note J)	Available-for-sale financial assets - noncurrent	14,655	175,856	0.76	175,856	-	
	Bockhold N.V	-	Financial assets carried at cost	1	223,533	12.51	61,884	-	
	Bockhold N.V	-	Financial assets carried at cost	-	7,895	-	-	-	
	Bockhold N.V	-	Bond carried at amortized cost	-	293,454	-	-	-	
	<u>Under asset management contracts (Note E)</u>								
	Chung Hung Steel Corporation	-	Financial assets at fair value through profit or loss - current	1,282	21,666	-	21,666	-	
	Hsin Kuang Steel Co., Ltd.	-	Financial assets at fair value through profit or loss - current	882	30,297	-	30,297	-	
	Nantex Industry Co., Ltd.	-	Financial assets at fair value through profit or loss - current	252	6,149	-	6,149	-	
	AUO Co., Ltd.	-	Financial assets at fair value through profit or loss - current	234	9,079	-	9,079	-	
	Lelon Electronics Corp.	-	Financial assets at fair value through profit or loss - current	270	4,577	-	4,577	-	
	GoldSun Development & Construction Co., Ltd.	-	Financial assets at fair value through profit or loss - current	452	6,674	-	6,674	-	
	E.Sun Financial Holding Company Ltd.	-	Financial assets at fair value through profit or loss - current	1,926	25,712	-	25,712	-	
	China Trust Financial Holding Company Ltd.	-	Financial assets at fair value through profit or loss - current	1,305	26,035	-	26,035	-	
	First Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,872	37,159	-	37,159	-	
	Asia Vital Components Co., Ltd.	-	Financial assets at fair value through profit or loss - current	198	7,920	-	7,920	-	
	TXC Corporation	-	Financial assets at fair value through profit or loss - current	180	10,602	-	10,602	-	
	Dynapack Corporation	-	Financial assets at fair value through profit or loss - current	144	16,272	-	16,272	-	
	ShenMao Technology Inc.	-	Financial assets at fair value through profit or loss - current	153	10,787	-	10,787	-	
	Young Fast Optoelectronics Co., Ltd.	-	Financial assets at fair value through profit or loss - current	135	47,453	-	47,453	-	
	Dynamic Electronics Co., Ltd.	-	Financial assets at fair value through profit or loss - current	270	10,436	-	10,436	-	
	Hu Lane Associate Inc.	-	Financial assets at fair value through profit or loss - current	169	11,796	-	11,796	-	
	Taiwan Sakura Corporation	-	Financial assets at fair value through profit or loss - current	351	5,897	-	5,897	-	
	Thye Ming Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss - current	320	15,296	-	15,296	-	
	Holiday Entertainment Co., Ltd.	-	Financial assets at fair value through profit or loss - current	90	2,939	-	2,939	-	

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Far EasTone Telecommunications Co., Ltd.	KG Telecommunication Co., Ltd.	(Note A)	Equity method investments	1,332,998	\$ 30,573,498	100.00	\$ 30,573,498	-
	New Century InfoComm Tech Co., Ltd.	(Note A)	Equity method investments	691,096	6,000,018	26.59	6,000,018	-
	Arcoa Communication Co., Ltd.	(Note A)	Equity method investments	82,009	1,116,869	61.07	1,116,869	-
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Equity method investments	157,714	232,803	41.18	232,803	-
	Far Eastern Info Service (Holding) Ltd.	(Note A)	Equity method investments	1	161,358	100.00	161,358	-
	E. World (Holdings) Ltd.	(Note A)	Equity method investments	6,015	71,337	85.92	71,337	-
	Ding Ding Integrated Marketing Service Co., Ltd.	(Note A)	Equity method investments	4,725	39,519	15.00	39,519	-
	Q-Ware Communications Co., Ltd.	(Note A)	Equity method investments	36,460	28,440	51.00	28,440	-
	Far EasTron Holding Ltd.	(Note A)	Equity method investments	4,487	26,022	100.00	26,022	-
	Yuan Cing Information Tech Co., Ltd.	(Note A)	Equity method investments	100	993	100.00	993	-
	ADCast Interactive Marketing Co., Ltd.	(Note A)	Equity method investments	18	174	0.40	174	-
		<u>Open-end mutual funds</u>						
	DFE DWS Global Multi-asset Income Plus FOF	-	Available-for-sale financial assets - current	5,000	52,050	-	52,050	-
Far Eastern Apparel (Suzhou) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note A)	Equity method investments	(Note H)	RMB 350	0.17	RMB 291	-
	Shanghai Yuanzi Information Co., Ltd.	(Note A)	Equity method investments	(Note H)	RMB 100	5.00	RMB 1,856	-
	An Ho Garment (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	RMB 2,173	100.00	RMB 1,991	-
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note A)	Equity method investments	(Note H)	RMB 3,700	3.63	RMB 6,204	-
	Shanghai Yuanzi Information Co., Ltd.	(Note A)	Equity method investments	(Note H)	RMB 1,764	95.00	RMB 1,764	-
	Shanghai YuanHua Logistic Ltd.	(Note A)	Equity method investments	(Note H)	RMB 5,872	100.00	RMB 5,872	-
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 71,285	100.00	RMB 486,662	-
	Oriental Industries (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 87,237	100.00	RMB 595,568	-
PET Far Eastern (Holding) Ltd.	Oriental Petrochemicals (Shanghai) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 127,588	53.24	RMB 871,046	-
FEDP (Holding) Limited	Far Eastern Industries (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 37,682	100.00	RMB 257,254	-
Far Eastern Polytex (Holding) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 24,079	96.20	RMB 164,405	-
	Far Eastern Apparel (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 23,721	61.54	RMB 161,963	-
	FEDP (Holding) Ltd	(Note A)	Equity method investments	49	US\$ 4,774	10.10	US\$ 4,695	-
	Far Eastern (China) Investment Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 50,792	100.00	RMB 352,733	-
KG Telecommunication Co., Ltd.	<u>Stocks</u>							
	KGEX.com Co., Ltd.	(Note A)	Equity method investments	89,088	794,752	79.25	794,752	-
	iScreen Co., Ltd.	(Note A)	Equity method investments	4,000	30,030	40.00	30,030	-
	ADCast Interactive Marketing Co., Ltd.	(Note A)	Equity method investments	369	3,501	8.16	3,501	-
	Tong Yang Co., Ltd.	-	Available-for-sale financial assets - current	50	2,940	-	2,940	-
	Sanyo Electrics (Taiwan) Co., Ltd.	-	Available-for-sale financial assets - current	200	6,820	-	6,820	-
	Yeun Chyang Industrial Co., Ltd.	-	Available-for-sale financial assets - current	150	4,125	-	4,125	-
	HiWin Technologies Corp.	-	Available-for-sale financial assets - current	140	5,859	-	5,859	-
	Nantex Industry Co., Ltd.	-	Available-for-sale financial assets - current	250	6,100	-	6,100	-
	Chunghwa Telecom Co., Ltd.	-	Available-for-sale financial assets - current	167	9,923	-	9,923	-
Lien Chang Electronic Enterprise Co., Ltd.	-	Available-for-sale financial assets - current	500	12,525	-	12,525	-	

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Highwealth Construction Corp.	-	Available-for-sale financial assets - current	209	\$ 9,884	-	\$ 9,884	-
	China Airlines Ltd.	-	Available-for-sale financial assets - current	750	8,513	-	8,513	-
	Taichung Commercial Bank Co., Ltd.	-	Available-for-sale financial assets - current	300	2,508	-	2,508	-
	E.Sun Financial Holding Company Ltd.	-	Available-for-sale financial assets - current	300	4,005	-	4,005	-
	Elite Semiconductor Memory Technology Inc.	-	Available-for-sale financial assets - current	170	9,622	-	9,622	-
	Asia Vital Components Co., Ltd.	-	Available-for-sale financial assets - current	100	4,000	-	4,000	-
	Chinesegamer International Co., Ltd.	-	Available-for-sale financial assets - current	9	3,816	-	3,816	-
	Ardentec Corp.	-	Available-for-sale financial assets - current	160	3,400	-	3,400	-
	ShenMao Technology Inc.	-	Available-for-sale financial assets - current	150	10,575	-	10,575	-
	Entire Technology Co., Ltd.	-	Available-for-sale financial assets - current	20	4,600	-	4,600	-
	Gemtek Technology Co., Ltd.	-	Available-for-sale financial assets - current	81	4,679	-	4,679	-
	Lite-On Semiconductor Corp.	-	Available-for-sale financial assets - current	500	12,075	-	12,075	-
	Soft-World International Corp.	-	Available-for-sale financial assets - current	50	10,226	-	10,226	-
	Laser Tek Taiwan Co., Ltd.	-	Available-for-sale financial assets - current	150	4,245	-	4,245	-
	Dynamic Electronics Co., Ltd.	-	Available-for-sale financial assets - current	150	5,797	-	5,797	-
	Hu Lane Associate Inc.	-	Available-for-sale financial assets - current	70	4,886	-	4,886	-
	AV Tech Corporation	-	Available-for-sale financial assets - current	35	3,762	-	3,762	-
	Creative Sensor Inc.	-	Available-for-sale financial assets - current	180	4,536	-	4,536	-
	Holiday Entertainment Co., Ltd.	-	Available-for-sale financial assets - current	350	11,427	-	11,427	-
	<u>Open-ended mutual funds</u>							
	PCA Well Pool Fund	-	Available-for-sale financial assets - current	19,276	250,271	-	250,271	-
	Prudential Financial Bond Fund	-	Available-for-sale financial assets - current	16,540	250,337	-	250,337	-
	Hua Nan Phoenix Bond Fund	-	Available-for-sale financial assets - current	16,073	250,352	-	250,352	-
	Deutsche Far Eastern DWS Taiwan Bond Security Investment Trust Fund	-	Available-for-sale financial assets - current	67,799	757,416	-	757,416	-
	DFE DWS Global Multi-asset Income Plus FOF	-	Available-for-sale financial assets - current	4,766	49,619	-	49,619	-
	Cathay Bond Fund	-	Available-for-sale financial assets - current	1,673	20,007	-	20,007	-
	PCA Global Green Solutions Fund	-	Available-for-sale financial assets - current	1,972	20,001	-	20,001	-
	Opas Fund Segregated Portfolio Tranche B	-	Available-for-sale financial assets - current	10	358,938	-	358,938	-

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note	
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value		
Arcoa Communication Co., Ltd.	<u>Private funds</u> Fuh Hwa Value Added Strategy Fund	-	Financial assets carried at cost-noncurrent	14,866	\$ 150,000	-	\$ 150,000	-	
	<u>Bonds</u> 98 ACC 1	-	Held-to-maturity financial assets - noncurrent	-	199,567	-	199,172	-	
	<u>Stocks</u> THI Consultants, Inc.	-	Financial assets carried at cost-noncurrent	1,214	13,729	18.32	13,729	-	
	Chunghwa Int'l Communication Network Co., Ltd.	-	Financial assets carried at cost-noncurrent	2,087	6,714	3.98	6,714	-	
	VIBO Telecom Inc.	-	Financial assets carried at cost-noncurrent	840	8,400	0.04	8,400	-	
	Web Point Co., Ltd.	-	Financial assets carried at cost-noncurrent	161	1,618	0.63	1,618	-	
	<u>Open-ended mutual funds</u> PCA Well Pool Fund	-	Available-for-sale financial assets - current	4,636	60,187	-	60,187	-	
	Prudential Financial Bond Fund	-	Available-for-sale financial assets - current	5,302	80,256	-	80,256	-	
	Capital Income Fund	-	Available-for-sale financial assets - current	1,946	30,000	-	30,000	-	
	Fuh-Hwa Bond Fund	-	Available-for-sale financial assets - current	2,172	30,000	-	30,000	-	
	Fuh-Hwa Global Fixed Income Fund of Funds	-	Available-for-sale financial assets - current	1,664	20,418	-	20,418	-	
	UPAMC James Bond Fund	-	Available-for-sale financial assets - current	5,020	80,249	-	80,249	-	
	Bond Fund	-	Available-for-sale financial assets - current	4,765	60,063	-	60,063	-	
	<u>Private bonds</u> YDI 98-1	-	Held-to-maturity financial assets - noncurrent	-	10,000	-	10,000	-	
	Far Eastern Info Service (Holding) Ltd.	<u>Share certificates</u> Far Eastern Tech-info Ltd. (Shanghai)	(Note A)	Equity method investments	-	US\$ 4,427	100.00	US\$ 4,427	-
	Far EasTron Holding Ltd.	<u>Stocks</u> ADCast Interactive Marketing Co., Ltd.	(Note A)	Equity method investments	2,734	US\$ 812	60.52	US\$ 812	-
E. World (Holdings) Ltd.	<u>Stocks</u> Yuan Cing Co., Ltd.	(Note A)	Equity method investments	19,350	US\$ 2,334	99.99	US\$ 2,334	-	
Far Eastern New Century (China) Investment Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Equity method investments	(Note H)	RMB 219,138	12.97	RMB 183,392	-	
	Oriental Petrochemical (Shanghai) Ltd.	(Note A)	Equity method investments	(Note H)	RMB 115,232	8.11	RMB 132,686	-	
Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Limited	(Note A)	Equity method investments	(Note H)	US\$ 22,629	100.00	RMB 154,486	-	
	Martens Beers Trading (Shanghai) Co.	(Note A)	Equity method investments	(Note H)	US\$ 606	100.00	RMB (4,435)	-	

(Continued)

Notes: A. Equity-method investee.

B. Investor company and investee have the same chairman.

C. The deputy chairman of investee is the chairman of FENC.

D. Equity-method investee by investee(s) which the Company and its subsidiaries hold 100% of the shares.

E. Under assets management contract, sale in open market by trustee.

F. The chairman of the investee's board of directors is a member of the holding company's board of directors.

G. The holding company opened a trust account in Shanghai Bank on September 26, 2002 to buy equity in Pacific Liu Tung Investment Co., Ltd.

H. Private company.

I. The holding company is a member of the investee's board of directors.

J. Equity-method investee of FENC.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

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, 2009  
(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) (Note A)	Amount	Shares (Thousands)	Price	Book Value	Disposal Gain		Shares (Thousands)/Thousand Units	Amount
Far Eastern New Century Corporation	Asia Cement Corporation	Equity-method investments	Open market	-	697,216	\$ 11,522,853	-	\$ -	50,000	\$ 1,581,150	\$ 891,500	\$ 689,650	\$ 1,868,812	666,632	\$ 12,500,165
		Equity-method investments	Stock dividend	-	-	-	19,416	-	-	-	-	-	-	-	-
	Far Eastern Polytex (Holding) Ltd.	Equity-method investments	Issuance of stock by cash	-	41	2,900,781	5	330,150	-	-	-	-	92,389	46	3,323,320
	Far Eastern Polychem Industries Co., Ltd.	Equity-method investments	Issuance of stock by cash	-	451,476	4,142,822	42,155	373,364	-	-	-	-	(330,518)	493,631	4,185,668
Yuan Ding Investment Co., Ltd.	Asia Cement Corporation	Equity-method investments	Open market	-	14,782	284,046	6,350	184,732	17,631	634,407	412,502	221,757	9,931	4,135	66,207
	Asia Cement Corporation	Equity-method investments	Stock dividend	-	-	-	634	-	-	-	-	-	-	-	-
	Oriental Union Chemical Corporation	Equity-method investments	Open market	-	73,373	1,104,978	5,949	90,806	5,708	138,372	92,251	48,623	130,587	73,614	1,234,120
	Da Ju Fiber Co., Ltd.	Equity-method investments	Issuance of stock by cash	-	11,880	263,490	5,302	127,258	-	-	-	-	122,432	17,182	513,180
	Shin Kong Financial Holding Co., Ltd.	Available-for-sale financial assets-current	Open market	-	10,000	76,928	-	-	10,000	109,181	76,929	32,252	-	-	-
Far Eastern Construction Co., Ltd.	Mega Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	25,211	300,000	25,211	300,164	300,000	164	-	-	-
	Sino Pac Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	7,509	100,000	7,509	100,002	100,000	2	-	-	-
	UPAMC James Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	6,272	100,000	6,272	100,027	100,000	27	-	-	-
	Fubon Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	11,142	167,000	11,142	167,074	167,000	74	-	-	-
	Hua Nan Phoenix Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	11,176	174,000	11,176	174,028	174,000	28	-	-	-
	Capital Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	11,030	236,000	11,030	236,009	236,000	9	-	-	-

(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) (Note A)	Amount	Shares (Thousands)	Price	Book Value	Disposal Gain		Shares (Thousands)/ Thousand Units	Amount
Far Eastern General Constructor Inc.	Invesco ROC Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	13,046	\$ 200,000	-	\$ -	\$ -	\$ -	\$ -	13,046	\$ 200,001
	UPAMC James Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	3,128	50,000	-	-	-	-	-	3,128	50,002
	Taishin Lucky Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	9,408	100,000	-	-	-	-	-	9,408	100,001
	TLAM Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	6,630	80,000	-	-	-	-	-	6,630	80,004
	FTSI Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	992	169,000	463	79,000	78,989	11	-	529	90,076
	Shin Kong Chi-Shin Fun	Financial assets at fair value through profit or loss - current	-	-	-	-	15,127	224,000	675	10,000	9,998	2	-	14,452	214,062
	Mega Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	18,046	215,000	13,855	165,032	165,000	32	-	4,191	50,000
	Hua Nan Phoenix Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	14,660	228,000	8,686	135,040	134,980	60	-	5,974	93,058
	Hua Nan Kirin Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	20,319	233,000	10,728	123,022	123,000	22	-	9,591	110,015
	Capital Income Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	15,122	233,000	6,493	100,003	100,000	3	-	8,629	133,009
	PCAF Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	15,410	200,000	3,856	50,003	50,000	3	-	11,544	150,011
	DFE DWS Taiwan Bond Security Investment Trust Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	17,883	199,500	17,883	199,570	199,500	70	-	-	-
	Fubon Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	13,312	199,500	13,312	199,522	199,500	22	-	-	-
	Shin Kong Chi-Li Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	6,986	120,000	6,986	120,001	120,000	1	-	-	-

(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) (Note A)	Amount	Shares (Thousands)	Price	Book Value	Disposal Gain		Shares (Thousands)/ Thousand Units	Amount
Yuan Tong Investment Co., Ltd.	KGI Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	9,031	\$ 100,000	9,031	\$ 100,004	\$ 100,000	\$ 4	\$ -	-	\$ -
	Bockhold N.V	Bonds carried at amortized cost	Bockhold N.V	-	-	-	-	293,454	-	-	-	-	-	-	293,454
	Bockhold N.V	Financial assets carried at cost	Bockhold N.V	-	-	-	-	1	223,533	-	-	-	-	1	223,533
	Far EasTone Telecommunications Co., Ltd.	Equity-method investments	Open market	-	91,088	2,286,401	20,914	789,519	-	-	-	-	(18,962)	112,002	3,056,958
	Far Eastern Department Stores, Ltd.	Equity-method investments	Open market	-	10,998	208,132	-	-	9,370	287,000	181,798	86,948	11,775	1,685	38,109
Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	Equity-method investments	Hantech Venture Capital Co., Ltd. and Han Yo Investment and Consultant Co., Ltd.	-	980,315	5,490,024	83,051	333,041	372,270 (Note B)	-	-	-	176,953	691,096	6,000,018
Ding Yuan International Investment Co., Ltd.	Oriental Union Chemical Corporation	Equity-method investments	Open market	-	8,587	190,365	6,330	104,173	5,102	121,852	105,360	19,151	17,190	9,815	206,368
Kai Yuan International Investment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Equity-method investments	Open market	-	84,858	2,048,611	15,199	576,390	-	-	-	-	(12,802)	100,057	2,612,199
	Far Eastern Department Stores, Ltd.	Equity-method investments	Open market	-	16,267	337,688	-	-	11,022	355,165	239,408	98,454	26,995	5,496	125,275
		Equity-method investments	Stock dividend	-	-	-	251	-	-	-	-	-	-	-	-
KG Telecommunication Co., Ltd.	Asia Cement Corporation	Available-for-sale financial assets - current	-	-	3,449	93,081	892	23,516	4,341	159,297	116,597	42,700	-	-	-
	Oriental Union Chemical Corporation	Available-for-sale financial assets - current	-	-	500	6,657	4,850	68,182	5,350	103,252	74,839	28,413	-	-	-
	Opas Fund Segregated Portfolio Tranche B	Available-for-sale financial assets - current	Opas Fund Segregated Portfolio Company	-	-	-	10	328,700	-	-	-	-	-	10	328,700
	PCA Well Pool Fund	Available-for-sale financial assets - current	-	-	-	-	19,276	250,000	-	-	-	-	-	19,276	250,000
	Prudential Financial Bond Fund	Available-for-sale financial assets - current	-	-	-	-	16,540	250,000	-	-	-	-	-	16,540	250,000
	Hua Nan Phoenix Bond Fund	Available-for-sale financial assets - current	-	-	-	-	16,073	250,000	-	-	-	-	-	16,073	250,000
	Deutsche Far Eastern Alliance Taiwan Bond Fund	Available-for-sale financial assets - current	-	-	10,000	100,000	-	-	10,000	113,825	100,000	13,825	-	-	-
	JP Mrich Europe bond Fund	Available-for-sale financial assets - current	-	-	20,000	199,956	-	-	20,000	198,295	199,956	(1,661)	-	-	-

(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) (Note A)	Amount	Shares (Thousands)	Price	Book Value	Disposal Gain		Shares (Thousands)/ Thousand Units	Amount
	Deutsche Far Eastern DWS Taiwan Bond	Available-for-sale financial assets - current	-	-	73,960	\$ 800,000	58,192	\$ 650,000	64,353	\$ 718,828	\$ 700,000	\$ 18,828	\$ -	67,799	\$ 750,000
	98 ACC 1	Held-to-maturity financial assets - noncurrent	Asia Cement Corporation	(Note C)	-	-	-	199,540	-	-	-	-	-	-	199,540

Notes: A. Shares bought-in include portion appropriated of earnings.

B. New Century InfoComm Tech Co., Ltd. sold the holding shares of Far EasTone Telecommunications Co., Ltd. in order to offset the deficit in August 2009.

C. The chairman is the same.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

**REAL ESTATE ACQUIRED AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK**  
**YEAR ENDED DECEMBER 31, 2009**  
(In Thousands of New Taiwan Dollars)

Company Name	Real Estate	Trading Date	Trading Amount	Payment	Related 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 Construction Co., Ltd.	Lot Number 1019 of the Hsin-Ya Section in Banciao, Taipei County	2009.12.23 (Note A)	\$ 2,147,715	The full amount had been paid off by the end of 2009 (Note B)	Far Eastern Resources Development Co., Ltd.	The same parent company	Far Eastern New Century Corp.	The Parent Company	2003.09.02	None	Refer to Appraisal Report provided by Great Eastern Real Estate Appraisers Firm and TeamCan Real Estate Appraisers Firm	Construction development	None

Notes: A. The contract was signed on August 29, 2008 and the ownership had been transferred by December 23, 2009..

B. \$214,771 thousand had been paid in 2008 and the rest of the payment was paid off by 2009.

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

**REAL ESTATE SOLD AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK**  
**YEAR ENDED DECEMBER 31, 2009**  
(In Thousands of New Taiwan Dollars)

Company Name	Real Estate	Trading Date	Acquiring Date	Trading Amount	Payment Amount	Payment	Gain (Loss)	Related Party	Nature of Relationship	Price Basis of the Transfer	Purpose	Other Contract Items
Far Eastern Resources Development Co., Ltd.	Lot Number 988, 1007 of the Ya-Tong Section in Banciao, Taipei County	2009.03.09	2003.09.02	\$ 167,336	\$ 448,329	The full amount had been paid off by the end of 2009	\$ 331,124 (Note A)	Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	The same chairman	A new medical building of Far Eastern Memorial Hospital	Refer to Appraisal Report provided by Great Eastern Real Estate Appraisers Firm and TeamCan Real Estate Appraisers Firm	None
	Lot Number 1019 of the Hsin-Ya Section in Banciao, Taipei County	2009.12.23 (Note B)	2003.09.02	554,010	2,147,715	The full amount had been paid off by the end of 2009 (Note C)	1,745,800 (Note D)	Far Eastern Construction Co., Ltd.	The same parent company	Construction development	Refer to Appraisal Report provided by Great Eastern Real Estate Appraisers Firm and TeamCan Real Estate Appraisers Firm	None

- Note A. The net income of deducting the trading amount \$167,336 thousand and the land value increment tax \$54,205 thousand from the payment amount \$448,329 and reversing the allowance for land value increment tax \$44,581 thousand and the unrealized revaluation increments \$59,755 thousand.
- B. The contract was signed on August 29, 2008 and the ownership had been transferred by December 23, 2009.
- C. \$214,771 thousand had been paid in 2008 and the rest of the payment was paid off by 2009.
- D. The net income of deducting the trading amount \$554,010 thousand and the land value increment tax \$188,960 thousand from the payment amount \$2,147,715 thousand and reversing the allowance for land value increment tax \$146,332 thousand and the unrealized revaluation increments \$194,723 thousand; the income (loss) from side-stream trading had been deferred.

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

**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, 2009**  
(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	Everest Textile Co., Ltd.	(Note A)	Sale	\$ (192,959)	-	30 to 90 days	\$ -	-	\$ 21,792	4	\$ 16,061	-	
	Oriental Union Chemical Corporation	(Note A)	Purchase	931,735	3	Average 45 days	-	-	-	-	(94,962)	(3)	
	Oriental Resources Development Ltd.	(Note F)	Purchase	155,580	-	30 days	-	-	-	-	-	-	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note H)	Sale	(288,165)	(1)	45 days	-	-	-	-	80,580	1	
	Far Eastern Apparel (Suzhou) Ltd.	(Note H)	Sale	(131,020)	-	90 days	-	-	-	-	26,778	-	
Far Eastern Polychem Industries Co., Ltd.	Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	(Note F)	Purchase	8,250,881	29	45 days	-	-	-	-	(572,155)	(18)	
	Far Eastern Industries (Shanghai) Ltd.	(Note F)	Purchase	5,194,056	88	60 days	-	-	-	-	(1,552,726)	(96)	
	Far Eastern Industries (Shanghai) Ltd.	(Note F)	Sale	(665,525)	(11)	60 days	-	-	-	-	-	-	
Far Eastern Construction Co., Ltd.	Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	(Note G)	Purchase	666,948	11	60 days	-	-	-	-	-	-	
	Far Eastern General Constructor Inc.	(Note F)	Purchase	1,442,448	41	30 days	-	-	(194,926)	(99)	-	-	
Far Eastern General Constructor Inc.	Ya Tung Ready Mixed Concrete Co., Ltd.	(Note N)	Purchase	593,662	11	45 days	-	-	(83,266)	(17)	(89,533)	(11)	
	Far Eastern Construction Co., Ltd.	(Note F)	Construction income	(1,432,812)	(25)	60 days	-	-	2,308,339	12	194,926	37	
	Far Eastern Department Stores, Ltd.	(Note O)	Construction income	(220,935)	(4)	30 days	-	-	(Note K) 473,037	2	44,180	8	
	Far Eastern Resources Development Co., Ltd.	(Note G)	Construction income	(178,057)	(3)	60 days	-	-	(Note K) 126,333	1	-	-	
Far Eastern Apparel (Suzhou) Ltd.	Far Eastern New Century Corporation	(Note B)	Purchase	131,020	38	90 days	-	-	-	-	(26,778)	(44)	
	Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	(Note G)	Purchase	317,283	10	60 days	-	-	-	-	(183,719)	(25)	
Far EastTone Telecommunications Co., Ltd.	KG Telecommunication Co., Ltd.	(Note F)	Operating revenue	(3,128,129)	(6)	For contract	-	-	-	-	438,482	7	
	Arcoa Communication Co., Ltd.	(Note F)	Operating cost	1,073,889	5	For contract	-	-	-	-	(142,806)	(6)	
		(Note F)	Operating commissions, revenue, and service revenue	(315,215)	(1)	For contract	-	-	-	-	203,027	3	
		(Note F)	Purchase and service cost	2,325,811	6	For contract	-	-	-	-	Accounts payable and accrued expense (225,755)	(4)	
	KGEx.com Co., Ltd.	(Note I)	Operating revenue	(198,362)	-	For contract	-	-	-	-	32,649	1	
	New Century InfoComm Tech Co., Ltd.	(Note A)	Operating revenue	(603,718)	(1)	For contract	-	-	-	-	Accounts receivable (Note C)	-	
Far EastTone Telecommunications Co., Ltd.	Ding Ding Integrated marketing Service Co., Ltd.	(Note A)	Operating cost	532,217	2	For contract	-	-	-	-	Accounts payable and accrued expense (Note C) (206,153)	(4)	
		(Note A)	Marketing expense	140,535	2	For contract	-	-	-	-	Accrued expense (63,021)	(2)	

(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 Tech-info Ltd. (Shanghai)	(Note I)	Operating expense	\$ 144,930	50	For contract	\$ -	-	\$ -	-	Accrued expense \$ (24,755)	(1)		
Far Eastern Fibertech Co., Ltd.	Everest Textile Co., Ltd.	(Note L)	Sale	(103,480)	(7)	30 days	-	-	-	-	10,737	7		
Far Eastern Apparel (Holding) Ltd.	Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	(Note F)	Purchase	273,423	99	60 days	-	-	-	-	(20,025)	(89)		
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note G)	Sale	(957,264)	(4)	60 days	-	-	-	-	366,844	10		
	Wu Han Far Eastern New Material Ltd.	(Note G)	Purchase	113,969	1	60 days	-	-	-	-	(51,007)	(1)		
	Oriental Industries (Suzhou) Ltd.	(Note G)	Purchase	1,729,210	9	60 days	-	-	-	-	(215,214)	(5)		
	Oriental Petrochemical (Shanghai) Ltd.	(Note G)	Purchase	8,084,484	41	60 days	-	-	(1,434,764)	(100)	(896,691)	(24)		
	Far Eastern Polychem Industries Co., Ltd.	(Note E)	Sale	(5,194,056)	(23)	60 days	-	-	-	-	1,552,726	48		
	Far Eastern Polychem Industries Co., Ltd.	(Note E)	Purchase	665,525	3	60 days	-	-	-	-	-	-	-	
	Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	(Note G)	Purchase	2,715,896	14	90 days	-	-	-	-	(879,654)	(23)		
	Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	(Note G)	Sale	(151,843)	(1)	60 days	-	-	-	-	42,716	1		
	Far Eastern Industries (Suzhou) Ltd.	(Note G)	Purchase	806,610	5		-	-	-	-	(56,984)	(1)		
	Everest Textile (Shanghai) Ltd.	(Note J)	Purchase	363,693	2	60 days	-	-	-	-	(173,838)	(5)		
KG Telecommunication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note E)	Operating revenue	(1,073,889)	(14)	For contract	-	-	-	-	Account receivable 142,806	17		
			Operating cost	3,128,129	40	For contract	-	-	-	-	Account payable (438,482)	(60)		
Arcoa Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note E)	Operating commissions, revenue, and service revenue	(2,325,811)	(44)	For contract	-	-	-	-	Account receivable 225,755	72		
			Purchase and service cost	315,215	7	For contract	-	-	-	-	Account payable (203,027)	(43)		
KGEx.com Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note L)	Operating revenue	(592,431)	(48)	For contract	-	-	-	-	Account receivable 113,439	53		
	Far EasTone Telecommunications Co., Ltd.	(Note E)	Operating cost	198,362	15	For contract	-	-	-	-	Account payable (32,649)	(16)		
Far Eastern Tech-info Ltd. (Shanghai)	Far EasTone Telecommunications Co., Ltd.	(Note E)	Service revenue	(144,930)	(93)	For contract	-	-	-	-	Account receivable 24,755	86		
Oriental Petrochemical (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	Far Eastern New Century Corporation	(Note B)	Sale	(8,250,881)	36	45 days	-	-	-	-	572,155	14		
	Far Eastern Polychem Industries Co., Ltd.	(Note G)	Sale	(666,948)	3	90 days	-	-	-	-	-	-		
	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sale	(2,715,896)	12	90 days	-	-	-	-	879,654	21		
	Far Eastern Industries (Suzhou) Ltd.	(Note G)	Sale	(113,743)	1	90 days	-	-	-	-	47,850	1		
Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note G)	Purchase	3,073,071	82	90 days	-	-	(832,920)	100	(375,746)	(78)		
	Oriental Textile (Holding) Ltd.	(Note E)	Sale	(747,733)	(19)	60 days	-	-	-	-	65,321	3		
	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sale	(1,729,210)	(51)	90 days	-	-	-	-	215,214	39		
Oriental Textile (Holding) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note F)	Purchase	747,733	83	90 days	-	-	-	-	(65,321)	(40)		
	Far Eastern Industries (Wuxi) Ltd.	(Note F)	Purchase	146,440	17	60 days	-	-	-	-	(97,129)	(60)		
Far Eastern Apparel Co., Ltd.	Far Eastern Department Stores, Ltd.	(Note L)	Sale	(181,469)	(14)	45 to 90 days	-	-	-	-	-	-		
	Pacific SOGO Department Stores Co., Ltd.	(Note M)	Sale	(157,068)	(12)	45 to 90 days	-	-	-	-	80,364	28		

(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	
Oriental Resources Development Ltd.	Far Eastern New Century Corp.	(Note B)	Sale	\$ (155,580)	(47)	90 days	\$ -	-	\$ -	-	\$ -	-	
Wu Han Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Purchase	957,264	93	60 days	-	-	-	-	(366,844)	(85)	
	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sale	(113,969)	(10)	90 days	-	-	-	-	51,007	48	
Oriental Petrochemical (Shanghai) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sale	(8,084,484)	(43)	90 to 180 days	-	-	1,434,764	53	896,691	77	
	Far Eastern Industries (Suzhou) Ltd.	(Note G)	Sale	(2,612,270)	(14)	90 to 180 days	-	-	520,210	19	270,327	23	
Far Eastern Industries (Suzhou) Ltd.	Oriental Petrochemical (Shanghai) Ltd.	(Note G)	Purchase	2,612,270	70	90 days	-	-	(520,210)	100	(270,327)	(44)	
	Oriental Industries (Suzhou) Ltd.	(Note G)	Sale	(3,073,071)	(76)	90 days	-	-	832,920	100	375,746	76	
	Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	(Note G)	Purchase	113,743	3	90 days	-	-	-	-	(47,850)	(8)	
	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sale	(806,610)	(20)	90 days	-	-	-	-	56,984	12	
	Oriental Textile (Holding) Ltd.	(Note E)	Sale	(146,440)	(6)	60 days	-	-	-	-	97,129	34	
Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Purchase	151,843	19	60 days	-	-	-	-	(42,716)	(28)	
	Far Eastern Apparel (Suzhou) Ltd.	(Note G)	Sale	(317,283)	(25)	60 days	-	-	-	-	183,719	30	
	Far Eastern Apparel (Holding) Ltd.	(Note E)	Sale	(273,423)	(21)	60 days	-	-	-	-	20,025	5	

Notes:

- A. Equity-method investee.
- B. Ultimate parent company.
- C. All revenues and costs between Far EastOne and NCIC were settled at full amount except interconnection revenues and costs and were included in payables to related parties, respectively.
- D. Same parent company.
- E. Parent company.
- F. The subsidiary.
- G. Same ultimate parent company.
- H. The investee (equity method) held by FENC's subsidiary (equity method).
- I. The sub-affiliate.
- J. The subsidiary of Everest Textile Co., Ltd.
- K. The advance construction receipts with Far Eastern General Contractor Co., Ltd. received from Far Eastern Department Stores, Ltd. and Far Eastern Construction Co., Ltd.
- L. The investee of the parent company applying equity method.
- M. The subsidiary of Pacific Liu Tung Investment Co., Ltd.
- N. The subsidiary of Asia Cement Corporation.
- O. The chairman is the chairman of FENC.

(Concluded)



**FAR EASTERN NEW CENTURY CORPORATION**

(Formerly Far Eastern Textile Ltd.)

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

YEAR ENDED DECEMBER 31, 2009

(In Thousands of New Taiwan Dollars)

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 EasTone Telecommunications Co., Ltd.	KG Telecommunication Co., Ltd.	(Note E)	\$ 449,328	(Note B)	\$ -	-	\$ 449,328	\$ -
	Arcoa Communication Co., Ltd.	(Note E)	205,974	8.01	-	-	137,616	-
	New Century InfoComm Tech Co., Ltd.	(Note H)	161,962	(Note B)	-	-	64,982	-
KG Telecommunication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note F)	1,192,570	(Note C)	-	-	1,192,570	-
Arcoa Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note F)	225,755	12.64	-	-	186,186	-
KG Ex.com Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note J)	113,439	7.86	-	-	55,373	-
Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	Far Eastern New Century Corporation	(Note F)	572,155	14.28	-	-	572,155	-
	Far Eastern Industries (Shanghai) Ltd.	(Note D)	879,654	6.17	-	-	879,654	-
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note D)	366,844	1.74	-	-	-	-
	Far Eastern Polychem Industries Co., Ltd.	(Note F)	1,552,726	3.03	-	-	-	-
	Everest Textile (Shanghai) Ltd.	(Note K)	115,232	3.41	-	-	-	-
Oriental Petrochemicals (Shanghai) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note D)	2,331,455	11.83	-	-	2,331,455	-
	Far Eastern Industries (Suzhou) Ltd.	(Note D)	790,537	11.68	-	-	790,537	-
Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note D)	1,208,666	8.50	-	-	1,208,666	-
Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note D)	215,214	2.07	-	-	-	-
Far Eastern Investment (Holding) Ltd.	Far Eastern Polychem Industries Co., Ltd.	(Note D)	222,417	(Note G)	-	-	-	-
Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note D)	183,719	64.00	-	-	-	-
Far Eastern General Constructor Inc.	Far Eastern Construction Co., Ltd.	(Note F)	194,926	(Note L)	-	-	-	-

(Continued)

Note A: Receivables from financing provided weren't included in Schedule K, and please refer to Schedule D.

Note B: The turnover rate is unavailable as the receivables from related parties were mainly from the advances in operating expenses for KG Telecommunication Co., Ltd. and New Century InfoComm Tech Co., Ltd.

Note C: The turnover rate is unavailable as the receivable of telecommunication bills is mainly handled by Far Eastone Telecommunications Co., Ltd.

Note D: Same ultimate parent company.

Note E: The subsidiary.

Note F: The parent company.

Note G: The turnover rate is not calculated as the amount is an expense Far Eastern Investment (Holding) Ltd. paid for Far Eastern Polychem Industries Co., Ltd.

Note H: The investee evaluated by equity method.

Note I: KG Telecom will be merged by Far Eastone Telecom on January 1, 2010, so accounts receivable will be eliminated.

Note J: The investee evaluated by equity method.

Note K: The subsidiary of Everest Textile Co., Ltd.

Note L: The turnover rate is not calculated because the income of Far Eastern General Constructor Inc. is recognized by percentage of "Percentage-of-completion method" and "Completed-contract method".

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
YEAR ENDED DECEMBER 31, 2009  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2009			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				December 31, 2009	December 31, 2008	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern New Century Corporation	Asia Cement Corporation	Taipei, Taiwan	Cement production	\$ 2,652,282	\$ 2,857,181	666,632	22.33	\$ 12,500,165	\$ 7,885,009	\$ 1,440,960	Gain or loss recognized under the treasury stock method
	Far Eastern Department Stores, Ltd.	Taipei, Taiwan	Department store operations	1,254,158	1,254,158	203,659	16.80	3,877,699	1,932,776	324,706	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	1,176,211	1,176,211	73,833	9.17	1,155,372	1,434,703	129,725	Including write off by upstream transactions \$1,837
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	1,689	1,689	129	0.03	1,540	6,135	2	
	Yuan Ding Investment Co., Ltd.	Taipei, Taiwan	Investment	100,294	100,539	1,828,323	99.70	36,155,036	3,882,827	3,851,592	Including write off by side-stream transactions \$19,587
	Far Eastern Resources Development Co., Ltd.	Taipei, Taiwan	Real estate Investment	14,931,733	14,931,733	283,797	100.00	15,693,512	2,263,926	518,125	Including write off by side-stream transactions \$1,745,801
	Yuan Tong Investment Co., Ltd.	Taipei, Taiwan	Investment	5,850,000	5,850,000	705,147	100.00	7,296,064	156,952	156,952	
	Far Eastern Investment (Holding) Ltd.	Clarendon House, Hamilton HM 11, Bermuda	Investment	5,833,333	5,833,333	1,700	100.00	5,238,743	6,753	6,753	
	Far Eastern Polychem Industries Co., Ltd.	Clarendon House, Hamilton HM 11, Bermuda	Investment	4,306,228	3,932,864	493,631	59.81	4,185,668	(351,796)	(210,249)	Including write off by side-stream transactions \$5,539
	Kai Yuan International Investment Co., Ltd.	Taipei, Taiwan	Investment	999,993	999,993	291,196	100.00	4,366,102	517,921	517,921	
	Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	Taoyuan, Taiwan	Petrochemical materials production	4,875,315	4,875,315	337,678	75.56	3,875,245	707,058	470,174	Including write off by upstream transactions \$37,857 and including write off by side-stream transactions \$26,222
	Far Eastern Polytex (Holding) Limited	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	Investment	2,984,602	2,654,452	46	100.00	3,323,320	241,957	232,106	Including write off by side-stream transactions \$9,851
	Yuan Ding Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	857,447	857,447	186,926	37.13	3,180,506	156,920	58,265	
	Far Eastern Construction Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	143,450	143,450	154,372	65.11	2,078,321	275,768	179,553	
	Ding Yuan International Investment Co., Ltd.	Taipei, Taiwan	Investment	2,000,062	2,000,062	205,000	100.00	2,412,433	324,746	313,151	Including write off by side-stream transactions \$11,595
	Oriental Securities Co., Ltd.	Taipei, Taiwan	Broker	159,823	159,823	140,278	19.65	2,066,710	1,056,378	207,578	
	PET Far Eastern (Holding) Ltd.	Clarendon House, 2 Church St. Hamilton HM 11, Bermuda	Investment	1,509,008	1,509,008	117	49.42	1,966,083	1,242,597	582,132	Including write off by side-stream transactions \$31,959
	An Ho Garment Co., Ltd.	Taipei, Taiwan	Garment production	1,023	1,023	66,346	100.00	1,537,449	253,887	253,887	
	Pacific Liu Tung Investment Co., Ltd.	Taipei, Taiwan	Investment	810,000	810,000	67,500	16.83	1,165,944	1,113,445	187,393	
	Fu Kwok Garment Manufacturing Co., Ltd.	Kaohsiung, Taiwan	Garment production	9,129	9,129	3,999	99.99	128,923	2,411	2,411	
Ding Ding Hotel Co., Ltd.	Taipei, Taiwan	Hotel	249,795	249,795	5,386	19.00	28,962	(118,737)	(22,560)		
New Century Information Communication Co., Ltd.	Taipei, Taiwan	Telecommunications	40,560	40,560	2,605	0.10	26,078	6,078	6		
Yuan Ding Investment Co., Ltd.	Asia Cement Corporation	Taipei, Taiwan	Cement production	81,967	310,065	4,135	0.14	66,207	7,885,009	37,982	Gain or loss recognized under the treasury stock method, including discount amortization of \$2,528
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	2,723,598	2,723,598	1,066,658	32.73	23,371,725	9,230,107	3,021,014	
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	470,103	470,103	118,869	25.23	1,156,375	6,135	1,538	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	1,132,851	1,129,885	73,614	9.14	1,234,120	1,434,703	138,056	Including discount amortization of \$468
	Far Eastern Department Stores, Ltd.	Taipei, Taiwan	Department store operations	123,123	36,892	4,806	0.40	132,492	1,932,776	4,832	
	Oriental Textile (Holding) Ltd.	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda	Investment	5,861,253	5,861,253	90	100.00	5,277,067	(399,500)	(399,500)	
	Far Eastern Polychem Industries Co., Ltd.	Clarendon House, Hamilton HM11, Bermuda	Investment	1,620,452	1,620,452	331,717	40.19	2,812,608	(351,796)	(147,086)	
	Oriental Securities Co., Ltd.	Taipei, Taiwan	Broker	253,359	252,031	185,040	25.93	2,831,933	1,056,378	274,512	Including discount amortization of \$593
	Far Eastern Apparel (Holding) Ltd.	Clarendon House, Hamilton Hm 11, Bermuda	Sale of textile, garments, and clothing	1,858,657	1,858,657	95	100.00	1,934,377	85,231	85,231	
	Liquid Air Far East Co., Ltd.	Taipei, Taiwan	Industrial gas production and selling	329,814	329,778	69,115	35.00	1,136,367	440,547	154,191	
New Century InfoComm Tech Co., Ltd.	Taipei, Taiwan	Telecommunications	1,549,473	1,549,473	100,694	3.87	1,007,911	6,078	235		
Yuan Ding Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	188,846	188,846	64,759	12.86	1,099,336	156,920	20,180		

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2009			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				December 31, 2009	December 31, 2008	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Investment (Holding) Ltd.	Pacific Liu Tung Investment Co., Ltd. (Note C)	Taipei, Taiwan	Investment	\$ 796,491	\$ 796,491	59,827	14.92	\$ 946,933	\$ 1,113,445	\$ 166,126	
	Far Eastern International Leasing Corp.	Taipei, Taiwan	Leasing of real estate and movable property, etc.	1,012,057	916,865	75,269	16.87	1,001,832	123,489	20,549	
	Far Eastern Fibertech Co., Ltd.	Taoyuan, Taiwan	Nylon production	585,000	585,000	66,673	100.00	726,257	6,243	6,243	
	Pacific Petrochemical (Holding) Co., Ltd.	P.O. BOX 3140 Tortola British Virgin Islands	Investment	681,000	681,000	20	24.63	709,848	903,820	222,611	
	Yuan Ding Leasing Co.	Taipei, Taiwan	Real estate construction and selling	319,380	319,380	36,706	46.20	359,363	15,195	7,020	
	Far Eastern Apparel Co., Ltd.	Taipei, Taiwan	Sale of textile, garments, and clothing	287,984	287,984	19,664	100.00	356,448	51,766	51,766	
	Da Ju Fiber Co., Ltd.	Taipei, Taiwan	Polyester production	263,790	136,532	17,182	41.86	513,180	409	171	
	Freudenberg Far Eastern Spunweb Co., Ltd.	Taoyuan, Taiwan	Production of nonwoven industrial fabrics	144,797	144,797	13,053	29.80	274,931	171,462	51,096	
	Oriental Resources Development Ltd.	Taipei, Taiwan	Waste recycling and processing	279,901	279,901	21,322	70.32	130,963	(24,711)	(17,377)	
	Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	Taoyuan, Taiwan	PTA production and sale	-	-	23,222	5.20	258,218	707,058	38,405	Including discount amortization of \$1,638
	Yuan Faun Ltd.	Taipei, Taiwan	PET bottle production and selling	51,671	51,671	5,000	100.00	104,778	329	329	
	Yue Ming Co., Ltd.	Taipei, Taiwan	Trading	36,482	36,482	1,280	45.50	70,195	1,472	670	
	Far Eastern General Constructor Inc.	Taipei, Taiwan	Real estate construction	14,682	14,682	1,205	1.00	16,466	145,264	1,479	Including discount amortization of \$26
	Far Eastern Investment (Holding) Ltd.	F.E.T.G. Investment Antilles N.V.	Kaya W.F.G. Mensing 14, Curacao, Nederlandse Antillen	Investment	US\$ 6	US\$ 6	6	100.00	US\$ 9,678	US\$ 3,497	-
Filsyn Corporation		Unit 8, 5B Pearlbank Centre 146 Valero St. Makati City 1227, Philippines	Polychemical products	PESO225,324	PESO225,324	45,066	21.85	US\$ -	US\$ (10,701)	-	
PET F.E. (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\$ 6,141	US\$ 2,917	-	
Com 2B Far Eastern Apparel (Vietnam) Ltd.		Cayman Islands 11 VSIP Street 4, Vietnam Singapore Industrial Park, Thuan An District, Binh Duong Province, Vietnam	E-business Clothing production	US\$ 3,375 US\$ 6,000	US\$ 3,375 US\$ 6,000	9,000 (Note B)	20.00 100.00	US\$ 877 US\$ 5,122	US\$ (139) US\$ 621	- -	
Ding Yuan International Investment Co., Ltd.	Far Eastern Department Stores, Ltd.	Taipei, Taiwan	Department store operations	34,795	38,179	2,988	0.25	56,000	1,932,776	-	
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	146,283	146,283	8,506	1.81	74,668	6,135	-	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	200,463	200,473	9,815	1.22	206,368	1,434,703	-	
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	38,457	26,509	920	0.03	40,361	9,230,107	-	
	Pacific Liu Tung Investment Co., Ltd. (Note C)	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	137,356	1,113,445	-	
	PET Far Eastern (Holding) Ltd.	Clarendon House, 2 Church St. Hamilton HM 11, Bermuda	Investment	795,762	795,762	42	17.93	724,196	1,242,597	-	
	Yue Ding Industry Co., Ltd. Asia Cement Corporation	Taipei, Taiwan Taipei, Taiwan	Department store operations Cement production	95,624 100,711	4,424 79,989	9,683 2,806	13.20 0.09	191,516 107,182	11,161 7,885,009	- -	
Kai Yuan International Investment Co., Ltd.	Asia Cement Corporation	Taipei, Taiwan	Cement production	151,277	151,277	11,377	0.38	241,143	7,885,009	-	
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	2,135,682	1,559,293	100,057	3.07	2,612,199	9,230,107	-	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	569,344	569,344	25,463	3.16	468,179	1,434,703	-	
	Far Eastern Department Stores, Ltd.	Taipei, Taiwan	Department store operations	133,316	372,724	5,497	0.45	125,275	1,932,776	-	
	Kowloon Cement Co., Ltd.	Hong Kong	Cement production	226,896	226,896	1,127	49.00	380,159	14,474	-	
	Far Eastern International Leasing Corp.	Taipei, Taiwan	Leasing	1,026,489	931,673	74,970	16.80	1,002,640	123,489	-	
	Pacific Liu Tung Investment Co., Ltd. (Note C)	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	137,356	1,113,445	-	
Far Eastern Polychem Industries Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	China	Chemical fiber production	HK\$ 604,500	HK\$ 604,500	(Note B)	87.03	HK\$1,384,528	RMB 61,263	-	
	PET Far Eastern (Holding) Ltd.	Clarendon House, 2 Charch St. Hamilton HM 11, Bermuda	Investment	US\$ 17,622	US\$ 17,622	35	14.72	HK\$ 144,965	US\$ 37,608	-	
	FEDP (Holding) Ltd.	Clarendon House, 2 Charch St. Hamilton HM 11, Bermuda	Investment	US\$ 29,240	US\$ 29,240	240	49.57	HK\$ 179,719	US\$ (4,655)	-	

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2009			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				December 31, 2009	December 31, 2008	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Construction Co., Ltd.	Far Eastern General Constructor Inc. Asia Cement Corporation	Taipei, Taiwan	Construction	\$ 271,587	\$ 271,587	119,202	98.95	\$ 1,451,879	\$ 145,264	\$ -	
		Taipei, Taiwan	Cement production	216,959	216,959	15,745	0.53	396,699	7,885,009	-	
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd. Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	China	Garment production	US\$ 10,000	US\$ 10,000	(Note B)	38.46	US\$ 14,826	RMB 30,572	-	
		China	Dyeing and finishing	US\$ 20,000	US\$ 20,000	(Note B)	100.00	US\$ 25,672	RMB 14,644	-	
Far Eastern Apparel Co., Ltd.	Ming Ding Co. Yue Ding Industry Co., Ltd.	Taipei, Taiwan	Underwear selling	2,174	2,174	448	44.80	6,523	118	-	
		Taipei, Taiwan	Department store operations	29	29	6	0.01	50	11,161	-	
F.E.T.G. Investment Antilles N.V.	Waldorf Services B.V.	Leidesplein 9, 1017 PS Amsterdam, The Netherland	Investment	US\$ 19	US\$ 19	2	100.00	US\$ 9,846	US\$ 3,506	-	
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	Clothing O.E.M.	PESO 9,000	PESO 9,000	90	50.00	US\$ (143)	US\$ (98)	-	
		No. 5-9, Little Rd, Singapore (536985)	Garment production	SGD 3,000	SGD 3,000	30	37.90	US\$ 1,408	US\$ (2,052)	-	
		Bldg. #5 Cor. Sirloinand Bagsakan Ave, FTI Taguig, MM Filipino	Garment production	US\$ 290	US\$ 290	59	41.00	US\$ (847)	PESO (1,550)	-	
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd. Asia Cement Corporation Oriental Securities Co., Ltd. Yue Ding Industry Co., Ltd. Pacific Liu Tung Investment Co., Ltd. (Note C) Yuan Ding Investment Co., Ltd.	Taipei, Taiwan	Telecommunications	1,469,123	1,469,123	80,172	2.46	1,943,414	9,230,107	-	
		Taipei, Taiwan	Cement production	99,925	99,925	2,760	0.09	106,314	7,885,009	-	
		Taipei, Taiwan	Broker	86,200	86,200	5,000	0.70	79,363	1,056,378	-	
		Taipei, Taiwan	Department store operations	111,997	111,997	11,494	15.66	128,387	11,161	-	
		Taipei, Taiwan	Investment	67,285	67,285	4,841	1.21	78,841	1,113,445	-	
		Taipei, Taiwan	Investment	148,994	148,994	5,502	0.30	152,569	3,882,827	-	
Yuan Faun Ltd.	Yuan Cheng Human Resources Consultant Co., Ltd.	Taipei, Taiwan	Personnel recruitment	6,271	4,222	278	55.56	6,271	3,925	-	
Yuan Tong Investment Co., Ltd.	Pacific Liu Tung Investment Co., Ltd. (Note C) New Century InfoComm Tech Co., Ltd. Far EasTone Telecommunications Co., Ltd. Far Eastern Toll Collection Co., Ltd. Far Eastern Department Stores, Ltd. Oriental Union Chemical Corporation Asia Cement Corporation FEDP (Holding) Ltd. Sino Belgium (Holding) Ltd.	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	137,356	1,113,445	-	
		Taipei, Taiwan	Telecommunications	4,794,137	4,794,137	312,221	12.01	3,124,930	6,078	-	
		Taipei, Taiwan	Telecommunications	2,458,607	1,669,088	112,002	3.44	3,056,958	9,230,107	-	
		Taipei, Taiwan	Electronic toll collection service	350,476	350,476	35,048	9.15	46,691	(400,580)	-	
		Taipei, Taiwan	Department store operations	34,245	230,298	1,685	0.14	38,109	1,932,776	-	
		Taipei, Taiwan	Chemical materials production	9,543	9,543	439	0.05	9,631	1,434,703	-	
		Taipei, Taiwan	Cement production	310,806	297,092	8,531	0.29	331,824	7,885,009	-	
		Clarendon House 2 Church Street, Hamilton HM11, Bermuda	Investment	810,739	810,739	196	40.33	599,684	(153,817)	-	
		Clarendon House 2 Church Street, Hamilton HM11, Bermuda	Investment	1,086,142	1,086,142	17	87.50	668,259	(410,844)	-	
		Far EasTone Telecommunications Co., Ltd.	KG Telecommunication Co., Ltd. New Century InfoComm Tech Co., Ltd. Arcoa Communication Co., Ltd. Far Eastern Toll Collection Co., Ltd. Far Eastern Info Service (Holding) Ltd. E. World (Holdings) Ltd. Ding Ding Integrated Marketing Service Co., Ltd. Q-Ware Communications Inc. Far EasTron Holding Ltd. Yuan Cing Infocomm Tech Co., Ltd. ADCast Interactive Marketing Co., Ltd.	Taiwan	Type I telecommunications services	29,629,139	29,629,139	1,332,998	100.00	30,573,498	(1,094,787)
Taiwan	Type I and II telecommunications services			6,395,041	6,062,000	691,096	26.59	6,000,018	6,078	-	
Taiwan	Type II telecommunications services, sales of communications products and office equipment			1,295,035	1,283,563	82,009	61.07	1,116,869	108,387	-	
Taiwan	Electronic toll collection service			1,577,140	1,577,140	157,714	41.18	232,803	(400,580)	-	
Bermuda	Investment			92,616	92,616	1	100.00	161,358	11,308	-	
Cayman Islands	Investment			82,883	82,883	6,015	85.92	71,337	4,900	-	
Taiwan	Marketing			90,000	45,000	4,725	15.00	39,519	(54,785)	-	
Taiwan	Type II Telecommunications services			495,855	495,855	36,460	51.00	28,440	(230,617)	-	
Cayman Islands	Investment			150,000	150,000	4,487	100.00	26,022	447	-	
Taiwan	Sale of communication products			1,000	-	100	100.00	993	(7)	-	
Taiwan	Internet service	1,000	1,000	18	0.40	174	1,065	-			

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2009			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				December 31, 2009	December 31, 2008	Shares (Thousands)	Percentage of Ownership	Carrying Value			
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Ltd.	China	PTA production and sale	US\$ 105,055	US\$ 105,055	(Note B)	53.24	US\$ 127,588	RMB 499,961	\$ -	
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd. Shanghai Yuan Zi Information Co., Ltd.	China	Garment production and sales	RMB 6,650	RMB 6,650	(Note B)	3.63	RMB 3,700	RMB 3,634	-	
		China	Software development, equipment maintenance and consulting	RMB 1,900	RMB 1,900	(Note B)	95.00	RMB 1,764	RMB 4	-	
	China	Shanghai Far Eastern Petrochemical Logistic Ltd.	Transportation	RMB 5,000	RMB 5,000	(Note B)	100.00	RMB 5,872	RMB 529	-	
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd. Oriental Industries (Suzhou) Ltd.	China	Fiber and textile production	US\$ 59,960	US\$ 59,960	(Note B)	100.00	US\$ 71,285	RMB 7,127	-	
		China	Textile production	US\$ 138,000	US\$ 138,000	(Note B)	100.00	US\$ 87,237	RMB (77,781)	-	
Far Eastern Apparel (Suzhou) Ltd.	Wu Han Far Eastern New Material Ltd. Shanghai Yuan Zi Information Co., Ltd.	China	Garment production and sales	RMB 350	RMB 350	(Note B)	0.17	RMB 350	RMB 3,634	-	
		China	Software development, equipment maintenance and consulting	RMB 100	RMB 100	(Note B)	5.00	RMB 100	RMB 4	-	
	China	An Ho Garment (Suzhou) Ltd.	Garment production	RMB 1,000	RMB 1,000	(Note B)	100.00	RMB 2,173	RMB 486	-	
FEDP (Holding) Limited	Far Eastern Industries (Suzhou) Ltd.	China	Garment production	US\$ 49,800	US\$ 49,800	(Note B)	100.00	US\$ 37,682	RMB (30,241)	-	
Far Eastern Polytex (Holding) Ltd.	Wu Han Far Eastern New Material Ltd. Far Eastern Apparel (Suzhou) Ltd. FEDP (Holding) Ltd.	China	Garment production and sales	US\$ 22,000	US\$ 12,000	(Note B)	96.20	US\$ 24,079	RMB 3,634	-	
		China	Garment production	US\$ 16,000	US\$ 16,000	(Note B)	61.54	US\$ 23,721	RMB 30,572	-	
		Clarendon House 2 Church Street, Hamilton HM11, Bermuda	Investment	US\$ 6,408	US\$ 6,408	49	10.10	US\$ 4,774	US\$ (4,655)	-	
	China	Far Eastern New Century (China) Investment Ltd.	Investment	US\$ 48,000	US\$ 48,000	(Note B)	100.00	US\$ 50,792	RMB (86)	-	
KG Telecommunications Co., Ltd.	KGEx.com Co., Ltd. iScreen ADCast Interactive Marketing Co., Ltd.	Taiwan	Type II telecommunications services	2,355,649	2,355,649	89,088	79.25	794,752	(121,296)	-	
		Taiwan	Information and software services	100,000	100,000	4,000	40.00	30,030	3,161	-	
		Taiwan	Internet service	3,652	3,652	369	8.16	3,501	1,065	-	
Far Eastern Info Service (Holding) Ltd.	Far Eastern Tech-info Ltd. (Shanghai)	China	Information services, software, and internet	US\$ 2,500	US\$ 2,500	-	100.00	US\$ 4,427	11,624	-	
Far EasTron Holding Ltd.	ADCast Interactive Marketing Co., Ltd.	Taiwan	Internet services	US\$ 4,532	US\$ 4,532	2,734	60.52	US\$ 812	1,065	-	
E. World (Holdings) Ltd.	Yuan Cing Co., Ltd.	Taiwan	Call center services	193,500	193,500	19,350	99.99	US\$ 2,334	5,378	-	
Far Eastern New Century (China) Investment Ltd.	Far Eastern Industries (Shanghai) Ltd. Oriental Petrochemical (Shanghai) Ltd.	China	Fiber and silk production	RMB 219,138	RMB 219,138	(Note B)	12.97	RMB 219,138	RMB (61,263)	-	
		China	PTA production and sale	RMB 115,232	RMB 115,232	(Note B)	8.11	RMB 115,232	RMB 499,961	-	
Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Ltd. Martens Beer (Shanghai) Co., Ltd.	China	Brewer production	US\$ 30,000	US\$ 30,000	(Note B)	100.00	US\$ 22,629	RMB (49,150)	-	
		China	Brewer sale	US\$ 3,633	US\$ -	(Note B)	100.00	US\$ 606	RMB (20,137)	-	

Notes:

- A. This included 5,000 thousand common shares and 3,000 thousand preferred shares.
- B. This is a private company.
- C. The investor company opened a trust account in Shanghai Bank in Taipei on September 26, 2002 to acquire equity in Pacific Liu Tung Investment Co., Ltd.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

INVESTMENT IN MAINLAND CHINA  
YEAR ENDED DECEMBER 31, 2009  
(In Thousands of New Taiwan Dollars, Renminbi and U.S. Dollars)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Accumulated Outflow of Investment from Taiwan as of January 1, 2009	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2009	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of December 31, 2009 (Note B)	Accumulated Inward Remittance of Earnings as of December 31, 2009
				Outflow	Inflow					
Far Eastern Industries (Shanghai) Ltd. (FEIS)	Manufacture and distribution of PET staple, PET filament, Polyester top, PET performs, draw textured yarn, spinning yarn, knit fabric, woven fabric, knit garments and woven garments.	\$ 8,364,363 (RMB 1,801,888)	\$ 2,726,116 793,920 (Note D)	\$ 373,364 (Note L)	\$ -	\$ 3,099,480 793,920 (Note D)	100.00%	\$ (293,084)	\$ 6,563,670	\$ 853,493 (Note C)
Far Eastern Apparel (Suzhou) Ltd. (FEAS)	Manufacture and distribution of knit garments, woven garments, non-knit garments, non-woven garments and accessories.	949,647 (RMB 204,577)	509,725 501,176 (Note D)	-	-	509,725 501,176 (Note D)	100.00%	146,257	1,221,694	-
Far Eastern Industries (Wuxi) Ltd. (FEIW)	Manufacture and distribution of combed cotton yarn, 60/40 poly/cotton blended yarn, 65/35 poly/cotton blended yarn, spun yarn, woven fabric, greige woven fabric, print woven fabric, piece dyed woven fabric, bleached woven fabric.	2,234,986 (RMB 481,471)	2,018,430 (Note D)	-	-	2,018,430 (Note D)	100.00%	34,096	2,259,083	-
Oriental Petrochemical (Shanghai) Ltd. (OPC)	Manufacture and distribution of PTA and it's by-product.	6,971,678 (RMB 1,501,870)	1,657,304 1,375,680 (Note E)	-	-	1,657,304 1,375,680 (Note E)	51.80%	1,238,960	3,934,032	-
Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	Manufacture and distribution of weaving, dyeing & finishing of novelty fabrics, high-value engineered textiles industrial woven fabrics and scraps.	768,451 (RMB 165,543)	1,342,854 (Note D)	-	-	1,342,854 (Note D)	100.00%	70,059	813,569	-
Far Eastern Industries (Suzhou) Ltd.	Manufacture and distribution of polyester chips, partially oriented yarn, fully oriented yarn, and polyester yarn	1,830,664 (RMB 394,370)	422,978 666,026 (Note K)	-	-	422,978 666,026 (Note K)	100.00%	(144,673)	1,194,174	-
Wu Han Far Eastern New Material Ltd.	Manufacture and distribution of PET chips, FET sheets, PET performs and garments and it's by-product.	794,003 (RMB 171,048)	393,960	330,150	-	724,110	100.00%	17,383	793,314	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Accumulated Outflow of Investment from Taiwan as of January 1, 2009	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2009	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of December 31, 2009 (Note B)	Accumulated Inward Remittance of Earnings as of December 31, 2009
				Outflow	Inflow					
Oriental Industries (Suzhou) Ltd.	Manufacture and distribution of PET performs and high-value engineered textiles industrial woven fabrics and scraps	\$ 3,653,626 (RMB 787,080)	\$ 3,421,559 (Note D)	\$ -	\$ -	\$ 3,421,559 (Note D)	100.00%	\$ (372,103)	\$ 2,764,626	\$ -
Far Eastern Industries (Jiujiang) Ltd. (Note M)	Manufacture of cotton yarns, natural fibers and chemical fibers and it's by-product.	-	258,880 (Note D)	-	-	258,880 (Note D)	100.00%	(6)	-	-
Far Eastern New Century (China) Investment Ltd.	Investment	1,692,195 (RMB 364,540)	1,577,040	-	-	1,577,040	100.00%	(411)	1,637,386	-
Sino Belgium (Suzhou) Limited	Brewer	1,014,182 (RMB 218,480)	962,577 (Note J)	-	-	962,577 (Note J)	87.5%	(210,633)	627,485	-
Martens Beer (Shanghai) Co., Ltd.	Beer sales	161,050 (RMB 25,000)	-	123,565 (Note J)	-	123,565 (Note J)	87.5%	(82,776)	17,613	-
Far Eastern Tech-info Ltd. (Shanghai) (Note F)	Service of software, data processing, information provider and information integration system service.	79,975 (US\$ 2,500)	92,616 (Note G)	-	-	92,616 (Note G)	41.736%	4,851	59,107 (US\$ 1,848)	-

Accumulated Investment in Mainland China as of December 31, 2009	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$253,349 (Note H)	US\$328,058 (Note I)	(Note N)

Notes:

- A. Recognition of gains/loss was based on the investee's audited financial statements.
- B. Recognition of the investment amount was based on the investee's audited financial statements.
- C. This was the amount of cash dividends received by the Company and Yuan Ding Investment over the years from FEPI.
- D. The amount was remitted by the Company's subsidiary, Yuan Ding Investments.
- E. The amount was remitted by the Company's subsidiaries, Yuan Ding Investments and Ding Yuan International Investment.
- F. Far EasTone's subsidiary.
- G. The amount was remitted by the Company's subsidiary, Far EasTone Telecommunications Co., Ltd.

(Continued)



- H. It was the actual amount remitted to Mainland China by FENC.
- I. Investment amounts authorized by the Investment Commission under the Ministry of Economic Affairs.
- J. The amount was remitted by the Company's subsidiary, Yuan Tong Investment Corporation.
- K. The amount was remitted by the by the Company's subsidiary, Yuan Ding Investment and Yuan Tong Investment.
- L. The Company has been approved by the Ministry of Economic Affairs to invest FEIS through FEPI will start the investment in February of 2010.
- M. The liquidation of Far Eastern Industries (Jiujiang) Ltd. had been done by December 2009 and all money had been returned to the stockholders.
- N. The Company was allowed to invest in Mainland China without the restriction of maximum amount according to MOEA Approval Letter No. 09701098660.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

INVESTMENT IN MAINLAND CHINA - INVESTMENT TYPE  
YEAR ENDED DECEMBER 31, 2009  
(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	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 Co., Ltd.	\$ 6,000	\$ 6,000			
	Yuan Ding Investment Co., Ltd.			Far Eastern Polychem Industries Co., Ltd.	24,000	24,000			
	Far Eastern New Century Corporation	2004.12.29	No. 093032400	Far Eastern Polychem Industries Co., Ltd.	1,712		\$ 1,712		
	Far Eastern New Century Corporation	2004.12.30	No. 093032090	Far Eastern Polychem Industries Co., Ltd.	1,540			\$ 1,540	
	Far Eastern New Century Corporation	2004.11.03	No. 093032240	Far Eastern Polychem Industries Co., Ltd.	3,879		3,879		
	Yuan Ding Investment Co., Ltd.	2004.12.29	No. 093032402	Far Eastern Polychem Industries Co., Ltd.	7,014		7,014		
	Yuan Ding Investment Co., Ltd.	2004.11.02	No. 093032239	Far Eastern Polychem Industries Co., Ltd.	15,898		15,898		
	Yuan Ding Investment Co., Ltd.	2004.12.29	No. 093032089	Far Eastern Polychem Industries Co., Ltd.	6,313				6,313
	Far Eastern New Century Corporation	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Co., Ltd.	31,779	31,779			
	Far Eastern New Century Corporation	2008.06.27	No. 09700163440	Far Eastern Polychem Industries Co., Ltd.	56,000	56,000			
	Far Eastern New Century Corporation	2008.04.18	No. 09700045490	Far Eastern Polychem Industries Co., Ltd.	4,800	4,800			
	Far Eastern New Century Corporation	2009.09.18	No. 09800283970	Far Eastern Polychem Industries Co., Ltd.	12,000	12,000			
	Far Eastern Apparel (Suzhou) Ltd. (FEAS)	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) Limited	11,000	11,000			
Far Eastern New Century Corporation		2008.03.31	No. 09700038490	Far Eastern Polytex (Holding) Limited	5,000	5,000			
Far Eastern Industries (Wuxi) Ltd. (FEIW)	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			

(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	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Oriental Petrochemical (Shanghai) Ltd. (OPC)	Yuan Ding Investment Co., Ltd.	2003.11.04	No. 092028575	Pacific Petrochemical (Holding) Co., Ltd.	\$ 20,000	\$ 20,000			
	Ding Yuan International Investment Co., Ltd.	2003.02.26	No. 091039560	PET Far Eastern (Holding) Ltd.	20,000	20,000			
	Far Eastern New Century Corporation	2009.11.17	No. 09800408170 (Note B)	Far Eastern Polychem Industries Co., Ltd.	1,228				\$ 1,228
	Far Eastern New Century Corporation	2009.11.17	No. 09800408170	PET Far Eastern (Holding) Ltd. Far Eastern Investment (Holding) Ltd.	\$ 10,755				\$ 10,755
	Yuan Ding Investment Co., Ltd.	2009.11.17	No. 09800408160 (Note C)	HSBC International Trustee Ltd. (B.V.) Pacific Petrochemical (Holding) Ltd. (B.V.) Far Eastern Polychem Industries Co., 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 Co., Ltd.	4,800	4,800			
	Far Eastern New Century Corporation	2009.12.25	No. 09800456740	PET Far Eastern (Holding) Ltd. PET Far Eastern (Holding) Ltd.	41,171	41,171			
	Far Eastern Spinning Wearing 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 Co., Ltd. FEDP	9,352				9,352
	Far Eastern New Century Corporation	2004.10.11	No. 093025506	Far Eastern Polychem Industries Co., Ltd.	1,569			1,569	
	Far Eastern New Century Corporation	2004.10.14	No. 093030298	FEDP Far Eastern Polychem Industries Co., Ltd.	713				713
	Far Eastern New Century Corporation	2007.3.13	No. 09600059830	FEDP Far Eastern Polytex (Holding) Limited	5,288	5,288			
	Far Eastern New Century Corporation	2006.11.01	No. 09500287850	FEDP Far Eastern Polychem Industries Co., Ltd.	4,524	4,524			
	Yuan Tong Investment Co., Ltd.	2007.07.11	No. 09600243260	FEDP FEDP	20,000	20,000			
	Far Eastern New Century Corporation.	2008.04.18	No. 09700045510	Far Eastern Polychem Industries Co., Ltd. FEDP	4,800	4,800			

(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	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Oriental Industries (Suzhou) Ltd.	Yuan Ding Investment Co., Ltd.	2005.08.01	No. 094015006	Oriental Textile (Holding) Ltd.	\$ 19,800	\$ 19,800			
	Yuan Ding Investment Co., Ltd.	2006.02.09	No. 094037416	Oriental Textile (Holding) Ltd.	30,200	30,200			
	Yuan Ding Investment Co., Ltd.	2007.10.02	No. 09600280400	Oriental Textile (Holding) Ltd.	23,000	23,000			
	Yuan Ding Investment Co., Ltd.	2008.09.01	No. 09700172130	Oriental Textile (Holding) Ltd.	32,500	32,500			
Far Eastern Industries (Jiujiang) (Note D)	Yuan Ding Investment Co., Ltd.	2006.03.03	No. 09500033740	Oriental Textile (Holding) Ltd.	8,000	8,000			
Wu Han Far Eastern New Material Ltd.	Far Eastern New Century Corporation	2006.05.19	No. 09500090070	Far Eastern Polytex (Holding) Limited	12,000	12,000			
	Far Eastern New Century Corporation	2009.6.29	No. 09800135640	Far Eastern Polytex (Holding) Limited	10,000	10,000			
Far Eastern New Century (China) Investment Ltd. (Note A)	Far Eastern New Century Corporation	2006.08.01	No. 09500124430	Far Eastern Polytex (Holding) Limited	48,000	48,000			
Sino Belgium (Suzhou) Ltd.	Yuan Tong Investment Co., Ltd.	2007.08.02	No. 09600248620	SINO BELGIUM (Holding) Limited	18,000	18,000			
	Yuan Tong Investment Co., Ltd.	2008.02.21	No. 09600451060	SINO BELGIUM (Holding) Limited	12,000	12,000			
Martens Beer (Shanghai) Ltd.	Yuan Tong Investment Co., Ltd.	2008.12.10	No. 09700456110	SINO BELGIUM (Holding) Limited	3,800	3,800			
Far Eastern Tech-info Ltd. (Shanghai)	Far EasTone Telecommunications Co., Ltd.	2004.08.26	No. 093018811	Far Eastern Info Service (Holding) Limited	2,700	2,700			

Notes:

- A. Far Eastern New Century (China) Investment Ltd. invested US\$30,000,000 in Far Eastern Industries (Shanghai) Ltd. and US\$16,000,000 in Oriental Petrochemical (Shanghai) Ltd.
- B. The document of No. 092035971 has been eliminated and renewed to the document of No. 09800408170.
- C. The document of No. 092035970 has been eliminated and renewed to the document of No. 09800408160 and then claimed NT\$1,561 thousand.
- D. The liquidation of Far Eastern Industries (Jinjiang) Ltd. had been done by December of 2009 and all money had been returned to the stockholders.
- E. The document of No. 091039560 has been eliminated after submitting the investment execution information to MOEA.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION**  
(Formerly Far Eastern Textile Ltd.)

**INDUSTRY SEGMENT INFORMATION**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(In Thousands of New Taiwan Dollars)

Industry information

	2009				2008			
	Polyester	Spinning, Weaving and Dyeing	Adjustments and Eliminations	Total (Note A)	Polyester	Spinning, Weaving and Dyeing	Adjustments and Eliminations	Total (Note A)
Sales to customers	\$ 33,022,098	\$ 8,917,980	\$ -	\$ 41,940,078	\$ 40,183,304	\$ 10,491,591	\$ -	\$ 50,674,895
Intracompany sales (Note B)	<u>617,617</u>	<u>-</u>	<u>(617,617)</u>	<u>-</u>	<u>886,247</u>	<u>-</u>	<u>(886,247)</u>	<u>-</u>
Total revenue	<u>\$ 33,639,715</u>	<u>\$ 8,917,980</u>	<u>\$ (617,617)</u>	<u>\$ 41,940,078</u>	<u>\$ 41,069,551</u>	<u>\$ 10,491,591</u>	<u>\$ (886,247)</u>	<u>\$ 50,674,895</u>
Segment operating income (Note C)	<u>\$ 829,659</u>	<u>\$ 80,475</u>	<u>\$ -</u>	\$ 910,134	<u>\$ 1,772,609</u>	<u>\$ 169,427</u>	<u>\$ -</u>	\$ 1,942,036
Investment income under the equity method				9,211,453				5,542,190
General income (loss), net				356,945				18,654
Interest expense				(599,907)				(1,217,020)
General expenses (Note D)				<u>(1,742,918)</u>				<u>(1,671,356)</u>
Income before income tax				<u>\$ 8,135,707</u>				<u>\$ 4,614,504</u>
Identifiable assets (Note E)	<u>\$ 18,705,149</u>	<u>\$ 5,925,558</u>	<u>\$ -</u>	\$ 24,630,707	<u>\$ 21,530,562</u>	<u>\$ 6,184,555</u>	<u>\$ -</u>	\$ 27,715,117
Long-term stock investments				112,289,875				105,870,248
General assets				<u>9,622,650</u>				<u>7,452,947</u>
Total assets				<u>\$ 146,543,232</u>				<u>\$ 141,038,312</u>
Depreciation expense	<u>\$ 1,481,110</u>	<u>\$ 195,268</u>			<u>\$ 1,606,761</u>	<u>\$ 207,458</u>		
Capital expenditures	<u>\$ 1,076,514</u>	<u>\$ 46,323</u>			<u>\$ 1,261,942</u>	<u>\$ 150,356</u>		

Note A. The Company operates principally in two segments: Polyester and apparel manufacturing polyester and spinning, weaving, and dyeing cloths.

B. Inter-division revenue from goods and services.

C. Represents revenue minus costs and operating expenses. Operating expenses included costs and expenses directly pertaining to an industry segment, excluding general and administrative expenses and interest expenses.

D. Represents general, administrative and sales expenses that could not be allocated to each division.

E. Represents tangible assets used by the industry segment, excluding:

- a. Assets maintained for general corporate purposes
- b. Advances or loans to another industry segment
- c. Long-term stock investments under the equity method.

## Special Disclosure

### 6. Consolidated Financial Reports in Recent Two Years

#### 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 (formerly Far Eastern Textile Ltd.) and subsidiaries as of December 31, 2009 and 2008 and the related consolidated statements of income, 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 0.62% (NT\$1,665,591 thousand) and 0.44% (NT\$1,184,885 thousand) of the consolidated total assets as of December 31, 2009 and 2008, respectively. Their total net operating revenues were 1.17% (NT\$1,945,364 thousand) and 0.80% (NT\$1,386,838 thousand) of the consolidated net operating revenues in 2009 and 2008, 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 0.63% (NT\$1,679,783 thousand) and 0.61% (NT\$1,638,901 thousand) of the consolidated total assets as of December 31, 2009 and 2008, respectively. The Company's equity in their net income was 0.95% (NT\$172,676 thousand) and the equity in their net income was 1.18% (NT\$155,901 thousand) of the consolidated income before income tax in 2009 and 2008, 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, 2009 and 2008 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, on January 1, 2009, the Company adopted the newly revised ROC Statement of Financial Accounting Standard No. 10 - "Inventories." This accounting change resulted in decreases of NT\$132,664 thousand in consolidated net income to stockholders belongs of parent company and of NT\$0.03 in the after income tax basic earnings per share in 2009. In March 2007, the Accounting Research and Development Foundation issued Interpretation 2007-052, which requires companies to recognize bonuses paid to employees, directors and supervisors

as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. This accounting change resulted in decreases of NT\$431,123 thousand in net consolidated income to stockholders belongs of parent company and of NT\$0.09 in after income tax basic earnings per share in 2008.

Note 32 describes a case related to the Department of Commerce's nullification of Pacific Liu Tung Investment Corporation's registration of capital increase and other relevant registrations and the impact of this case on Far Eastern New Century Corporation's controlling interest and several recapitalizations done by the Company and its subsidiaries, which are the investors of Pacific Liu Tung Investment Corporation ("PLT"), will depend on the final judgment of the court.

*Deloitte & Touche*

March 5, 2010

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.*

## Special Disclosure

### FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES (Formerly Far Eastern Textile Ltd. and Subsidiaries)

#### CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2009		2008	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 2 and 5)	\$ 21,141,998	8	\$ 22,946,534	8
Financial assets at fair value through profit or loss (Notes 2 and 6)	1,791,338	1	507,594	-
Hedging derivative assets - current (Notes 2 and 22)	2,750	-	8,070	-
Available-for-sale financial assets - current (Notes 2, 7 and 30)	2,815,770	1	1,988,763	1
Bond investments with no active market - current (Notes 2 and 8)	-	-	3,000	-
Accounts and notes receivable, net (Notes 2 and 23)	21,805,366	8	23,639,761	9
Accounts and notes receivable from affiliates (Notes 2, 23 and 29)	1,264,013	1	1,356,264	1
Inventories, net (Notes 2, 4 and 9)	12,073,494	5	13,695,819	5
Available-for-sale - building and land, net (Notes 2 and 23)	30,339	-	30,339	-
Available for construction - land (Notes 2, 10, 23 and 30)	620,013	-	620,013	-
Construction-in-progress (net of billings on construction-in-progress) (Notes 2, 11, 23, 29 and 30)	5,137,539	2	2,986,412	1
Other receivables	1,030,483	-	1,548,275	1
Long-term equity investments for disposal (Note 12)	241,519	-	-	-
Deferred income taxes - current (Notes 2 and 25)	606,274	-	915,583	-
Restricted assets	1,902,048	1	381,566	-
Prepayments and other current assets (Notes 2, 11, 23 and 30)	3,399,888	1	2,492,180	1
Total current assets	<u>73,862,832</u>	<u>28</u>	<u>73,120,173</u>	<u>27</u>
<b>FUNDS AND INVESTMENTS (Notes 2, 7, 8, 12, 13, 14 and 30)</b>				
Investments accounted for by the equity method	49,975,648	19	48,681,533	18
Available-for-sale financial assets - noncurrent	2,593,229	1	56,682	-
Held-to-maturity financial assets - noncurrent	199,567	-	-	-
Financial assets carried at cost - noncurrent	2,974,623	1	1,822,973	1
Bond investments with no active market - noncurrent	293,454	-	-	-
Total funds and investments	<u>56,036,521</u>	<u>21</u>	<u>50,561,188</u>	<u>19</u>
<b>PROPERTIES (Notes 2, 15, 26, and 30)</b>				
Cost				
Land	5,138,368	2	5,173,998	2
Buildings and equipment	17,845,711	7	17,813,835	7
Machinery and equipment	93,496,605	35	90,275,865	33
Telecommunications equipment	110,140,318	41	106,295,730	39
Computer equipment	17,335,723	6	16,010,904	6
Leasehold improvements	1,998,292	1	1,737,877	1
Other equipments	6,480,577	2	6,358,794	2
Total cost	252,435,594	94	243,667,003	90
Revaluation increment	19,023,754	7	19,706,480	7
Total cost and revaluation increment	271,459,348	101	263,373,483	97
Less: Accumulated depreciation	166,779,427	62	153,762,709	57
Construction in progress and prepayments for equipment	104,679,921	39	109,610,774	40
	<u>6,803,984</u>	<u>3</u>	<u>10,891,635</u>	<u>4</u>
Net properties	<u>111,483,905</u>	<u>42</u>	<u>120,502,409</u>	<u>44</u>
<b>INTANGIBLE ASSETS</b>				
Deferred pension cost (Notes 2 and 28)	17,061	-	90,592	-
Goodwill (Notes 2 and 16)	11,721,599	4	11,084,911	4
3G license fee (Notes 1, 2 and 17)	6,576,358	3	7,307,065	3
Land leasehold rights, net (Notes 2 and 30)	1,108,875	-	1,128,796	-
Other intangible assets (Notes 2 and 26)	88,813	-	148,982	-
Total intangible assets	<u>19,512,706</u>	<u>7</u>	<u>19,760,346</u>	<u>7</u>
<b>OTHER ASSETS</b>				
Nonoperating properties, net (Notes 2, 15 and 30)	3,718,091	2	3,796,652	2
Deferred income tax assets, net (Notes 2 and 25)	647,261	-	1,165,110	1
Refundable deposits (Notes 23 and 29)	471,180	-	484,400	-
Deferred charges, net (Notes 2 and 26)	636,370	-	750,994	-
Restricted assets	423,003	-	16,572	-
Farmland (Note 18)	276,661	-	276,661	-
Miscellaneous (Notes 2, 30 and 31)	351,137	-	387,433	-
Total other assets	<u>6,523,703</u>	<u>2</u>	<u>6,877,822</u>	<u>3</u>
<b>TOTAL</b>	<u>\$ 267,419,667</u>	<u>100</u>	<u>\$ 270,821,938</u>	<u>100</u>

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

(With Deloitte & Touche audit report dated March 5, 2010)



LIABILITIES AND STOCKHOLDERS' EQUITY	2009		2008	
	Amount	%	Amount	%
<b>CURRENT LIABILITIES</b>				
Short-term bank loans (Notes 19 and 30)	\$ 24,146,138	9	\$ 27,698,393	10
Short-term bills payable (Notes 20 and 30)	5,099,750	2	5,233,968	2
Financial liabilities at fair value through profit or loss - current (Notes 2 and 6)	20,750	-	105,353	-
Hedging derivative liabilities - current (Notes 2 and 22)	-	-	7,656	-
Accounts payable and notes payable (Note 23)	11,167,451	4	11,322,395	4
Accounts payable and notes payable to affiliates (Notes 23 and 29)	1,171,896	-	1,690,702	1
Income tax payable (Notes 2 and 25)	1,398,249	1	2,497,375	1
Accrued expenses (Note 29)	7,360,097	3	7,913,933	3
Guarantee deposits received - current	561,727	-	713,367	-
Payables for acquisition of properties	1,696,017	1	1,989,528	1
Advance sales receipts	706,034	-	694,820	-
Advances on real estate receipts (Notes 2, 11 and 23)	988,818	-	10,371	-
Unearned revenue (Note 2)	1,207,211	-	1,154,126	-
Progressive billings in excess of construction-in-progress (net of construction-in-progress) (Notes 2, 21, 23 and 30)	291,098	-	30,151	-
Current portion of long-term liabilities (Notes 22 and 30)	11,961,296	5	9,175,340	3
Other current liabilities (Note 2)	2,184,488	1	1,232,019	1
Total current liabilities	69,961,020	26	71,369,497	26
<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION (Notes 2, 22, 29 and 30)</b>				
Long-term debt	35,999,796	13	41,733,220	16
Bonds payable	9,788,724	4	13,881,849	5
Lease payable - noncurrent	-	-	12,618	-
Total long-term liabilities	45,788,520	17	55,627,687	21
<b>RESERVE FOR LAND VALUE INCREMENT TAX (Note 15)</b>	6,310,976	2	6,510,782	2
<b>OTHER LIABILITIES</b>				
Accrued pension cost (Notes 2 and 28)	1,731,977	1	2,570,012	1
Guarantee deposits received - noncurrent	470,784	-	318,539	-
Deferred income (Notes 2, 15 and 29)	1,024,856	1	1,078,588	1
Miscellaneous (Note 2)	623,764	-	532,713	-
Total other liabilities	3,851,381	2	4,499,852	2
Total liabilities	125,911,897	47	138,007,818	51
<b>STOCKHOLDERS' EQUITY OF PARENT COMPANY</b>				
Capital stock - NT\$10.00 par value				
Authorized - 4,950,000 thousand shares				
Issued and outstanding - 4,661,353 thousand shares in 2009 and 4,569,954 thousand shares in 2008	46,613,529	18	45,699,538	17
Capital surplus				
Premium on capital stock	932,814	-	932,814	-
Equity in capital surplus reported by investees	9,240,917	4	9,120,172	4
Others	7,672	-	7,672	-
Total capital surplus	10,181,403	4	10,060,658	4
Retained earnings				
Legal reserve	8,602,110	3	8,196,285	3
Special reserve	3,034,766	1	3,034,766	1
Unappropriated earnings	9,672,105	4	6,535,276	2
Total retained earnings	21,308,981	8	17,766,327	6
Other stockholders' equity				
Unrealized gains (loss) on financial instruments	3,276,309	1	(866,020)	-
Cumulative translation adjustments	2,490,010	1	3,696,557	1
Unrealized revaluation increment	8,721,219	3	8,843,128	3
Net loss not recognized as pension cost	(80,263)	-	(656,261)	-
Total other stockholders' equity	14,407,275	5	11,017,404	4
Total stockholders' equity of parent company	92,511,188	35	84,543,927	31
<b>MINORITY INTEREST</b>	48,996,582	18	48,270,193	18
Total stockholders' equity	141,507,770	53	132,814,120	49
<b>TOTAL</b>	\$ 267,419,667	100	\$ 270,821,938	100

## Special Disclosure

### FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES (Formerly Far Eastern Textile Ltd. and Subsidiaries)

CONSOLIDATED STATEMENTS OF INCOME  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	%	Amount	%
REVENUES (Notes 2 and 29)				
Net sales	\$ 102,976,116	62	\$ 107,700,012	62
Telecommunications service income	54,362,420	32	56,955,864	33
Gain on sale of investments, net	1,549,493	1	3,077,251	2
Construction revenues, net	6,289,737	4	4,107,440	2
Other operating revenues	<u>1,795,601</u>	<u>1</u>	<u>1,159,181</u>	<u>1</u>
Total operating revenues	<u>166,973,367</u>	<u>100</u>	<u>172,999,748</u>	<u>100</u>
OPERATING COSTS (Notes 2, 4, 9, 26 and 29)				
Cost of goods sold	94,094,317	56	102,098,293	59
Cost of telecommunications services	27,027,541	16	27,233,385	16
Construction cost	5,691,470	4	3,869,300	2
Other operating cost	<u>1,166,689</u>	<u>1</u>	<u>708,485</u>	<u>-</u>
Total operating costs	<u>127,980,017</u>	<u>77</u>	<u>133,909,463</u>	<u>77</u>
GROSS PROFIT EXCLUDING REALIZED CONSTRUCTION INCOME	38,993,350	23	39,090,285	23
REALIZED CONSTRUCTION INCOME (Notes 2 and 29)	<u>556</u>	<u>-</u>	<u>556</u>	<u>-</u>
GROSS PROFIT	<u>38,993,906</u>	<u>23</u>	<u>39,090,841</u>	<u>23</u>
OPERATING EXPENSES (Notes 2, 4, 26 and 29)				
Selling expenses	15,017,745	9	15,501,519	9
General and administrative expenses	7,651,061	5	8,038,210	5
Research and development expenses	<u>683,311</u>	<u>-</u>	<u>722,921</u>	<u>-</u>
Total operating expenses	<u>23,352,117</u>	<u>14</u>	<u>24,262,650</u>	<u>14</u>
OPERATING INCOME	<u>15,641,789</u>	<u>9</u>	<u>14,828,191</u>	<u>9</u>
NONOPERATING INCOME AND GAINS				
Interest income (Note 29)	211,470	-	549,257	-
Investment income recognized under the equity method (Notes 2 and 13)	3,921,059	3	-	-
Dividend income	209,016	-	267,783	-
Exchange gain, net (Note 2)	-	-	662,838	1

(Continued)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**  
 (Formerly Far Eastern Textile Ltd. and Subsidiaries)

**CONSOLIDATED STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	%	Amount	%
Rental revenue (Note 29)	62,140	-	47,173	-
Valuation gain on financial assets, net (Notes 2 and 6)	283,981	-	-	-
Valuation gain on financial liabilities, net (Notes 2 and 6)	93,123	-	411,653	-
Miscellaneous gains (Notes 2 and 29)	<u>848,295</u>	<u>1</u>	<u>1,603,961</u>	<u>1</u>
Total nonoperating income and gains	<u>5,629,084</u>	<u>4</u>	<u>3,542,665</u>	<u>2</u>
<b>NONOPERATING EXPENSES AND LOSSES</b>				
Interest expense (Notes 11 and 15)	1,449,745	1	2,791,776	2
Investment loss recognized under the equity method, net (Notes 2 and 13)	-	-	168,042	-
Impairment loss on assets (Notes 2, 12, 15 and 16)	419,762	-	90,620	-
Loss on disposal of properties, net (Note 25)	310,597	-	422,782	-
Exchange loss, net (Note 2)	207,020	-	-	-
Valuation loss on financial assets, net (Notes 2 and 6)	-	-	389,929	-
Miscellaneous expenses	<u>797,565</u>	<u>1</u>	<u>1,317,614</u>	<u>1</u>
Total nonoperating expenses and losses	<u>3,184,689</u>	<u>2</u>	<u>5,180,763</u>	<u>3</u>
<b>INCOME BEFORE INCOME TAX</b>	<b>18,086,184</b>	<b>11</b>	<b>13,190,093</b>	<b>8</b>
<b>INCOME TAX EXPENSE (Notes 2 and 25)</b>	<u><b>3,462,415</b></u>	<u><b>2</b></u>	<u><b>2,926,224</b></u>	<u><b>2</b></u>
<b>INCOME BEFORE EXTRAORDINARY GAIN</b>	<b>14,623,769</b>	<b>9</b>	<b>10,263,869</b>	<b>6</b>
<b>EXTRAORDINARY GAIN (NET, AFTER DEDUCTING INCOME TAX OF \$5,970 THOUSAND) (Note 25)</b>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>53,730</b></u>	<u><b>-</b></u>
<b>CONSOLIDATED NET INCOME</b>	<u><b>\$ 14,623,769</b></u>	<u><b>9</b></u>	<u><b>\$ 10,317,599</b></u>	<u><b>6</b></u>
<b>BELONG TO:</b>				
Stockholders of parent company	\$ 8,088,696	5	\$ 4,621,944	3
Minority interest	<u>6,535,073</u>	<u>4</u>	<u>5,695,655</u>	<u>3</u>
	<u><b>\$ 14,623,769</b></u>	<u><b>9</b></u>	<u><b>\$ 10,317,599</b></u>	<u><b>6</b></u>

(Continued)

	2009		2008	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
<b>EARNINGS PER SHARE (New Taiwan Dollars; Note 4 and 27)</b>				
Basic	<u>\$ 1.75</u>	<u>\$ 1.74</u>	<u>\$ 0.99</u>	<u>\$ 0.99</u>
Diluted	<u>\$ 1.74</u>	<u>\$ 1.73</u>	<u>\$ 0.99</u>	<u>\$ 0.99</u>

 The accompanying notes are an integral part of the consolidated financial statements.  
 (With Deloitte & Touche audit report dated March 5, 2010)  
 (Concluded)

## Special Disclosure

### FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES (Formerly Far Eastern Textile Ltd. and Subsidiaries)

#### CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock Issued and Outstanding (Note 24)		Capital Surplus (Notes 2 and 24)	Retained Earnings	
	Shares in Thousands	Amount		Legal Reserve	Special Reserve
BALANCE, JANUARY 1, 2008	4,480,347	\$ 44,803,469	\$ 9,327,997	\$ 7,061,162	\$ 3,034,766
Appropriation of the 2007 earnings:					
Legal reserve	-	-	-	1,135,123	-
Stock dividends - NT\$0.2 per share	89,607	896,069	-	-	-
Cash dividends - NT\$1.8 per share	-	-	-	-	-
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-
Balance after appropriations	4,569,954	45,699,538	9,327,997	8,196,285	3,034,766
Consolidated net income in 2008	-	-	-	-	-
Adjustments due to changes in investees' equity in long-term investments	-	-	696,871	-	-
Effect of changes in ownership percentage due to investees' issuance of capital stock for cash	-	-	(9,971)	-	-
Translation adjustment on foreign-currency equity-method investments	-	-	-	-	-
Change in net loss not recognized as pension cost	-	-	-	-	-
Change in unrealized gain (loss) on cash flow hedging financial instruments	-	-	-	-	-
Adjustments on stockholders' equity for sale of long-term equity investments	-	-	45,761	-	-
Decrease in minority interest	-	-	-	-	-
BALANCE, DECEMBER 31, 2008	4,569,954	45,699,538	10,060,658	8,196,285	3,034,766
Appropriation of the 2008 earnings (Note)					
Legal reserve	-	-	-	405,825	-
Stock dividends - NT\$0.2 per share	91,399	913,991	-	-	-
Cash dividends - NT\$0.8 per share	-	-	-	-	-
Balance after appropriations	4,661,353	46,613,529	10,060,658	8,602,110	3,034,766
Consolidated net income in 2009	-	-	-	-	-
Adjustments due to changes in investees' equity in long-term investments	-	-	194,351	-	-
Change in unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-
Translation adjustment on foreign-currency equity-method investments	-	-	-	-	-
Reversal of net loss not recognized as pension cost	-	-	-	-	-
Change in unrealized gain (loss) on cash flow hedging financial instruments	-	-	-	-	-
Adjustments on stockholders' equity due to the sale of long-term equity investments	-	-	(73,606)	-	-
Decrease in minority interest	-	-	-	-	-
BALANCE, DECEMBER 31, 2009	<u>4,661,353</u>	<u>\$ 46,613,529</u>	<u>\$ 10,181,403</u>	<u>\$ 8,602,110</u>	<u>\$ 3,034,766</u>

Note: Remuneration to directors and supervisors of NT\$147,418 thousand and bonus to employees of NT\$196,557 thousand had been deducted from the income statement of 2008.

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

(With Deloitte & Touche audit report dated March 5, 2010)

# Far Eastern New Century

Annual Report 2009

(Notes 224 and 25)		Other Stockholders' Equity						Total Stockholders' Equity
Unappropriated Earnings	Total	Unrealized Gain (Loss) on Financial Instruments (Note 2)	Cumulative Translation Adjustments (Note 2)	Unrealized Revaluation Increment on Properties (Notes 2 and 15)	Net Loss not Recognized as Pension Cost (Note 2)	Minority Interests		
\$	\$	\$	\$	\$	\$	\$	\$	
13,247,308	23,343,236	4,268,337	1,706,254	8,566,640	(69,966)	50,985,134	142,931,101	
(1,135,123)	-	-	-	-	-	-	-	
(896,069)	(896,069)	-	-	-	-	-	-	
(8,064,624)	(8,064,624)	-	-	-	-	-	(8,064,624)	
(674,461)	(674,461)	-	-	-	-	-	(674,461)	
2,477,031	13,708,082	4,268,337	1,706,254	8,566,640	(69,966)	50,985,134	134,192,016	
4,621,944	4,621,944	-	-	-	-	5,695,655	10,317,599	
(323,039)	(323,039)	(5,191,265)	1,761,305	276,491	(1,086)	-	(2,780,723)	
(240,880)	(240,880)	-	-	-	-	-	(250,851)	
-	-	-	229,496	-	-	-	229,496	
-	-	-	-	-	(585,239)	-	(585,239)	
-	-	56,160	-	-	-	-	56,160	
220	220	748	(498)	(3)	30	-	46,258	
-	-	-	-	-	-	(8,410,596)	(8,410,596)	
6,535,276	17,766,327	(866,020)	3,696,557	8,843,128	(656,261)	48,270,193	132,814,120	
(405,825)	-	-	-	-	-	-	-	
(913,991)	(913,991)	-	-	-	-	-	-	
(3,655,963)	(3,655,963)	-	-	-	-	-	(3,655,963)	
1,559,497	13,196,373	(866,020)	3,696,557	8,843,128	(656,261)	48,270,193	129,158,157	
8,088,696	8,088,696	-	-	-	-	6,535,073	14,623,769	
18,862	18,862	4,000,948	(789,566)	(121,909)	(13,090)	-	3,289,596	
-	-	146,473	-	-	-	-	146,473	
-	-	-	(332,652)	-	-	-	(332,652)	
-	-	-	-	-	585,239	-	585,239	
-	-	7,656	-	-	-	-	7,656	
5,050	5,050	(12,748)	(84,329)	-	3,849	-	(161,784)	
-	-	-	-	-	-	(5,808,684)	(5,808,684)	
<u>\$ 9,672,105</u>	<u>\$ 21,308,981</u>	<u>\$ 3,276,309</u>	<u>\$ 2,490,010</u>	<u>\$ 8,721,219</u>	<u>\$ (80,263)</u>	<u>\$ 48,996,582</u>	<u>\$ 141,507,770</u>	

## Special Disclosure

### FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

(Formerly Far Eastern Textile Ltd. and Subsidiaries)

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(In Thousands of New Taiwan Dollars)

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated net income	\$ 14,623,769	\$ 10,317,599
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of 3G concession	730,707	730,707
Depreciation and amortization	16,554,839	15,695,497
(Reversal of provision) provision for losses on inventories	(1,068,719)	720,032
Gain on sale of investments in share of stock, net	(1,559,860)	(3,084,891)
Provision for doubtful accounts	491,945	681,084
Gain on acquisition of donated equity investment	-	(591,120)
Extraordinary gain	-	(59,700)
Cash dividends received from equity-method investments	2,244,511	3,321,006
Impairment loss on assets	419,762	90,620
Deferred income of hedging derivative assets	6,050	-
Investment (income) loss recognized under equity method, net	(3,921,059)	168,042
Loss on disposal of properties, net	310,597	422,782
Realized deferred rental income	(53,176)	(53,177)
Accrued pension liabilities	(181,898)	51,172
Deferred income tax	827,158	(991,684)
Realized construction revenue	(556)	(556)
Net changes in operating assets and liabilities		
Financial assets held for trading	(1,283,744)	393,785
Financial liabilities held for trading	(84,603)	296,315
Accounts and notes receivable	1,346,569	(1,275,936)
Accounts and notes receivable from affiliates	(153,551)	38,183
Inventories	2,691,356	2,197,848
Buildings and land held for sale	-	(10,269)
Construction in progress, net	(2,151,127)	(182,096)
Other receivables	517,792	(383,106)
Prepayments and other current assets	(917,774)	222,789
Accounts and notes payable	(159,873)	(721,252)
Accounts and notes payable to affiliates	159,466	(1,141,493)
Income taxes payable	(1,099,126)	835,776
Accrued expenses	(460,187)	444,423
Advance sales receipts	11,214	78,701
Advance on real estate receipts	978,447	(112,430)
Unearned revenue	53,085	154,765
Progressive billings in excess of construction in progress, net	260,947	9,710
Other current liabilities	951,120	(527,020)
Net cash provided by operating activities	<u>30,084,081</u>	<u>27,736,106</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in receivables from affiliates	245,802	(73,081)

(Continued)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**  
(Formerly Far Eastern Textile Ltd. and Subsidiaries)

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(In Thousands of New Taiwan Dollars)

	2009	2008
Proceeds of sale of investments accounted for by equity method	3,157,154	5,364,899
Acquisition of investments accounted for by equity method	(1,358,863)	(2,093,653)
Proceeds of the sale of available-for-sale financial assets - current	2,396,055	3,504,786
Increase in available-for-sale financial assets - current	(2,830,183)	(3,970,886)
Purchase of held-to-maturity financial assets	(199,540)	-
Proceeds of the sale of financial assets carried at cost	-	87,509
Increase in financial assets carried at cost	(233,060)	-
Proceeds of sale of bond investments with no active market	3,000	-
Purchase of bond investments with no active market	(293,454)	-
Proceeds of disposal of properties	380,622	107,350
Acquisition of properties	(9,905,590)	(12,375,042)
Increase in intangible assets	(47,913)	(1,858)
(Increase) decrease in restricted assets	(1,926,913)	58,414
Decrease in refundable deposits	33,287	22,489
Increase in deferred charges	(154,770)	(113,379)
Increase in other assets	(66,552)	(161,882)
Net cash used in investing activities	<u>(10,800,918)</u>	<u>(9,644,334)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease) increase in short-term loans	(3,552,255)	9,240,659
(Decrease) increase in short-term bills payable	(134,218)	2,173,338
Decrease in payable to affiliates	(678,272)	(529,071)
Decrease in long-term liabilities	(7,040,593)	(11,840,860)
Increase (decrease) in guarantee deposits	605	(59,566)
Payments of cash dividends, remuneration to directors and supervisors and bonus to employees	(9,232,830)	(15,003,837)
Cash received from issuing common stock	163,785	620,000
Cash paid due to subsidiaries' capital decrease	-	(4,562,000)
Decrease in minority interest	(1,396,916)	(9,674)
(Decrease) increase in other liabilities	(16,373)	147,442
Net cash used in financing activities	<u>(21,887,067)</u>	<u>(19,823,569)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<u>732,874</u>	<u>328,514</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,871,030)	(1,403,283)
<b>EFFECT OF LOSING CONTROL OVER CERTAIN SUBSIDIARIES</b>	-	(460)
<b>EFFECT OF INCREASE IN CONSOLIDATED SUBSIDIARIES</b>	66,494	144,043
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>22,946,534</u>	<u>24,206,234</u>

(Continued)

**Special Disclosure**

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**(Formerly Far Eastern Textile Ltd. and Subsidiaries)**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2009 AND 2008**

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

	<b>2009</b>	<b>2008</b>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 21,141,998</u>	<u>\$ 22,946,534</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid	\$ 1,477,623	\$ 3,065,975
Less: Capitalized interest	53,930	185,201
Interest paid (excluding capitalized interest)	<u>\$ 1,423,693</u>	<u>\$ 2,880,774</u>
Income tax paid	<u>\$ 4,025,521</u>	<u>\$ 3,377,840</u>
NONCASH FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 11,961,296</u>	<u>\$ 9,175,340</u>

**SUPPLEMENTARY INFORMATION ON SUBSIDIARIES ACQUIRED**

a. In the first quarter of 2009, a Company subsidiary, Yuan Tong Investment Co., Ltd., acquired 70% equity in Martens Beers Trading (Shanghai) Co.

The fair values of Martens Beers Trading (Shanghai) Co.'s total assets and total liabilities at the time of acquisition were as follows:

	<b>Amount</b>
Cash and cash equivalents	\$ 66,494
Accounts receivable	4,117
Inventories	312
Other current assets	10,001
Properties, net	1,797
Accounts payable	(4,929)
Accrued expenses	(2,323)
Other current liabilities	(1,349)
Total	<u>74,120</u>
Percentage of ownership acquired	<u>70%</u>
Common equity acquired, net	51,884
Goodwill	<u>26,382</u>
Total acquisition cost of Martens Beers Trading (Shanghai) Co.	<u>\$ 78,266</u>
Total acquisition cost of Martens Beers Trading (Shanghai) Co.	
Cash payment	<u>\$ 78,266</u>

(Continued)



b. In 2008, a Company subsidiary, Yuan Ding Investment Co., Ltd., acquired about 42% equity in Oriental Petrochemical (Taiwan) Co., Ltd. (OPTC). As a result, the Group's equity in OPTC became about 60%, including the Company's own holding of 18%.

The fair values of OPTC's total assets and total liabilities at the time of acquisition were as follows:

	<b>Amount</b>
Cash and cash equivalents	\$ 8,818
Accounts and notes receivable, net	385,035
Prepaid expenses	1,426,956
Inventories	350,602
Other current assets	2,358
Properties, net	6,878,697
Refundable deposits	4,714
Other assets	5,085
Notes payable and accounts payable	(1,227,668)
Accrued expenses	(327,626)
Current portion of long-term liabilities	(4,416,434)
Other current liabilities	(62,622)
Long-term liabilities	(2,255,000)
Accrued pension liabilities	<u>(203,677)</u>
Total	569,238
Percentage of ownership acquired	<u>42%</u>
Common equity acquired, net	239,080
The difference between fair value of net assets and acquisition cost	<u>(13,757)</u>
Total acquisition cost of OPTC	<u>\$ 225,323</u>
Total acquisition cost of OPTC	<u>\$ 225,323</u>
Gain on grant of equity investment	<u>\$ 225,323</u>

(Continued)

c. In 2008, Yuan Ding Investment Co., Ltd acquired 50% equity in Far Eastern Fibertech Co., Ltd. (FEFC). The fair values of FEFC's total assets and liabilities at the time of acquisition were as follows:

	<b>Amount</b>
Cash and cash equivalents	\$ 113,580
Accounts and notes receivable, net	203,629
Prepaid expenses	15,630
Inventories	180,532
Other current assets	7,369
Properties, net	1,576,354
Other assets	1,563
Notes payable and accounts payable, net	(266,168)
Accrued expenses	(37,728)
Short-term liabilities	(960,000)
Long-term liabilities	(100,000)
Accrued pension liabilities	<u>(3,168)</u>
Total	731,593
Percentage of ownership acquired	<u>50%</u>
Common equity acquired, net	<u>365,797</u>
Total acquisition cost of Far Eastern Fibertech Co., Ltd.	<u>\$ 365,797</u>
Total acquisition cost of Far Eastern Fibertech Co., Ltd.	<u>\$ 365,797</u>
Gain on grant of equity investment	<u>\$ 365,797</u>

(Continued)

## Special Disclosure

d. In the year ended December 31, 2008, the subsidiaries of Far EasTone and Far EasTron Holding Ltd. swapped their holdings of Far EasTron's common shares for ADCast Interactive Marketing Co., Ltd.'s ("ADCast") common shares. KG Telecom also bought ADCast's common shares by cash. As a result, the Group acquired about 69.08% of ADCast's common stock; the fair value of ADCast's total assets and total liabilities at the time of acquisition was as follows:

	<b>Amount</b>
Cash and cash equivalents	\$ 22,434
Accounts and notes receivable, net	32,673
Prepaid expenses	2,306
Other current assets	4,054
Properties, net	1,725
Goodwill	3,417
Refundable deposits	907
Deferred charges, net	30
Other assets	1,307
Notes payable and accounts payable	(10,902)
Accrued expenses	(12,038)
Unearned revenues	(865)
Other current liabilities	(1,091)
Guarantee deposits received	(171)
Total	<u>43,786</u>
Percentage of ownership acquired	<u>69.08%</u>
Common equity acquired, net	30,248
Goodwill	1,717
Total acquisition cost of ADCast	<u>\$ 31,965</u>
Total acquisition cost of ADCast	
Carrying value of swapped equity-method investments	\$ 28,313
Cash payment	<u>3,652</u>
	<u>\$ 31,965</u>

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

(Concluded)

(With Deloitte & Touche audit report dated March 5, 2010)

**Far Eastern New Century Corporation and  
Subsidiaries**  
(Formerly Far Eastern Textile Ltd.)

**Consolidated Financial Statements for the  
Years Ended December 31, 2009 and 2008 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, 2009 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, 2009. 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 5, 2010

## **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 (formerly Far Eastern Textile Ltd.) and subsidiaries as of December 31, 2009 and 2008 and the related consolidated statements of income, 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 0.62% (NT\$1,665,591 thousand) and 0.44% (NT\$1,184,885 thousand) of the consolidated total assets as of December 31, 2009 and 2008, respectively. Their total net operating revenues were 1.17% (NT\$1,945,364 thousand) and 0.80% (NT\$1,386,838 thousand) of the consolidated net operating revenues in 2009 and 2008, 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 0.63% (NT\$1,679,783 thousand) and 0.61% (NT\$1,638,901 thousand) of the consolidated total assets as of December 31, 2009 and 2008, respectively. The Company's equity in their net income was 0.95% (NT\$172,676 thousand) and the equity in their net income was 1.18% (NT\$155,901 thousand) of the consolidated income before income tax in 2009 and 2008, 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, 2009 and 2008 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, on January 1, 2009, the Company adopted the newly revised ROC Statement of Financial Accounting Standard No. 10 - "Inventories." This accounting change resulted in decreases of NT\$132,664 thousand in consolidated net income to stockholders belongs of parent company and of NT\$0.03 in the after income tax basic earnings per share in 2009. In March 2007, the Accounting Research and Development Foundation issued Interpretation 2007-052, which requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. This accounting change resulted in decreases of NT\$431,123 thousand in net consolidated income to stockholders belongs of parent company and of NT\$0.09 in after income tax basic earnings per share in 2008.

Note 32 describes a case related to the Department of Commerce's nullification of Pacific Liu Tung Investment Corporation's registration of capital increase and other relevant registrations and the impact of this case on Far Eastern New Century Corporation's controlling interest and several recapitalizations done by the Company and its subsidiaries, which are the investors of Pacific Liu Tung Investment Corporation ("PLT"), will depend on the final judgment of the court.

March 5, 2010

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**  
(Formerly Far Eastern Textile Ltd.)

**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2009 AND 2008**  
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2009		2008		LIABILITIES AND STOCKHOLDERS' EQUITY	2009		2008	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 2 and 5)	\$ 21,141,998	8	\$ 22,946,534	8	Short-term bank loans (Notes 19 and 30)	\$ 24,146,138	9	\$ 27,698,393	10
Financial assets at fair value through profit or loss (Notes 2 and 6)	1,791,338	1	507,594	-	Short-term bills payable (Notes 20 and 30)	5,099,750	2	5,233,968	2
Hedging derivative assets - current (Notes 2 and 22)	2,750	-	8,070	-	Financial liabilities at fair value through profit or loss - current (Notes 2 and 6)	20,750	-	105,353	-
Available-for-sale financial assets - current (Notes 2, 7 and 30)	2,815,770	1	1,988,763	1	Hedging derivative liabilities - current (Notes 2 and 22)	-	-	7,656	-
Bond investments with no active market - current (Notes 2 and 8)	-	-	3,000	-	Accounts payable and notes payable, net (Note 23)	11,167,451	4	11,322,395	4
Accounts and notes receivable, net (Notes 2 and 23)	21,805,366	8	23,639,761	9	Accounts payable and notes payable to affiliates (Notes 23 and 29)	1,171,896	-	1,690,702	1
Accounts and notes receivable from affiliates (Notes 2, 23 and 29)	1,264,013	1	1,356,264	1	Income tax payable (Notes 2 and 25)	1,398,249	1	2,497,375	1
Inventories, net (Notes 2, 4 and 9)	12,073,494	5	13,695,819	5	Accrued expenses (Note 29)	7,360,097	3	7,813,933	3
Available-for-sale - building and land, net (Notes 2 and 23)	30,339	-	30,339	-	Guarantee deposits received - current	561,727	-	713,367	-
Available for construction - land (Notes 2, 10, 23 and 30)	620,013	-	620,013	-	Payables for acquisition of properties	1,696,017	1	1,989,528	1
Construction-in-progress (net of billings on construction-in-progress) (Notes 2, 11, 23, 29 and 30)	5,137,539	2	2,986,412	1	Advance sales receipts	706,034	-	694,820	-
Other receivables	1,030,483	-	1,548,275	1	Advances on real estate receipts (Notes 2, 11 and 23)	988,818	-	10,371	-
Long-term equity investments for disposal (Note 12)	241,519	-	-	-	Unearned revenue (Note 2)	1,207,211	-	1,154,126	-
Deferred income taxes - current (Notes 2 and 25)	606,274	-	915,583	-	Progressive billings in excess of construction-in-progress (net of construction-in-progress) (Notes 2, 21, 23 and 30)	291,098	-	30,151	-
Restricted assets	1,902,048	1	381,566	-	Current portion of long-term liabilities (Notes 22 and 30)	11,961,296	5	9,175,340	3
Prepayments and other current assets (Notes 2, 11, 23 and 30)	3,399,888	1	2,492,180	1	Other current liabilities (Note 2)	2,184,488	1	1,232,019	1
<b>Total current assets</b>	<b>73,862,832</b>	<b>28</b>	<b>73,120,173</b>	<b>27</b>	<b>Total current liabilities</b>	<b>69,961,020</b>	<b>26</b>	<b>71,369,497</b>	<b>26</b>
<b>FUNDS AND INVESTMENTS (Notes 2, 7, 8, 12, 13, 14 and 30)</b>					<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION (Notes 2, 22, 29 and 30)</b>				
Investments accounted for by the equity method	49,975,648	19	48,681,533	18	Long-term debt	35,999,796	13	41,733,220	16
Available-for-sale financial assets - noncurrent	2,593,229	1	56,682	-	Bonds payable	9,788,724	4	13,881,849	5
Held-to-maturity financial assets - noncurrent	199,567	-	-	-	Lease payable - noncurrent	-	-	12,618	-
Financial assets carried at cost - noncurrent	2,974,623	1	1,822,973	1	<b>Total long-term liabilities</b>	<b>45,788,520</b>	<b>17</b>	<b>55,627,687</b>	<b>21</b>
Bond investments with no active market - noncurrent	293,454	-	-	-	<b>RESERVE FOR LAND VALUE INCREMENT TAX (Note 15)</b>	<b>6,310,976</b>	<b>2</b>	<b>6,510,782</b>	<b>2</b>
<b>Total funds and investments</b>	<b>56,036,521</b>	<b>21</b>	<b>50,561,188</b>	<b>19</b>	<b>OTHER LIABILITIES</b>				
<b>PROPERTIES (Notes 2, 15, 26, and 30)</b>					Accrued pension cost (Notes 2 and 28)	1,731,977	1	2,570,012	1
Cost					Guarantee deposits received - noncurrent	470,784	-	318,539	-
Land	5,138,368	2	5,173,998	2	Deferred income (Notes 2, 15 and 29)	1,024,856	1	1,078,588	1
Buildings and equipment	17,845,711	7	17,813,835	7	Miscellaneous (Note 2)	623,764	-	532,713	-
Machinery and equipment	93,496,605	35	90,275,865	33	<b>Total other liabilities</b>	<b>3,851,381</b>	<b>2</b>	<b>4,499,852</b>	<b>2</b>
Telecommunications equipment	110,140,318	41	106,295,730	39	<b>Total liabilities</b>	<b>125,911,897</b>	<b>47</b>	<b>138,007,818</b>	<b>51</b>
Computer equipment	17,335,723	6	16,010,904	6	<b>STOCKHOLDERS' EQUITY OF PARENT COMPANY</b>				
Leasehold improvements	1,998,292	1	1,737,877	1	Capital stock - NT\$10.00 par value				
Other equipments	6,480,577	2	6,358,794	2	Authorized - 4,950,000 thousand shares				
Total cost	252,435,594	94	243,667,003	90	Issued and outstanding - 4,661,353 thousand shares in 2009 and 4,569,954 thousand shares in 2008	46,613,529	18	45,699,538	17
Revaluation increment	19,023,754	7	19,706,480	7	Capital surplus				
Total cost and revaluation increment	271,459,348	101	263,373,483	97	Premium on capital stock	932,814	-	932,814	-
Less: Accumulated depreciation	166,779,427	62	153,762,709	57	Equity in capital surplus reported by investees	9,240,917	4	9,120,172	4
Construction in progress and prepayments for equipment	104,679,921	39	109,610,774	40	Others	7,672	-	7,672	-
	6,803,984	3	10,891,635	4	Total capital surplus	10,181,403	4	10,060,658	4
<b>Net properties</b>	<b>111,483,905</b>	<b>42</b>	<b>120,502,409</b>	<b>44</b>	Retained earnings				
<b>INTANGIBLE ASSETS</b>					Legal reserve	8,602,110	3	8,196,285	3
Deferred pension cost (Notes 2 and 28)	17,061	-	90,592	-	Special reserve	3,034,766	1	3,034,766	1
Goodwill (Notes 2 and 16)	11,721,599	4	11,084,911	4	Unappropriated earnings	9,672,105	4	6,535,276	2
3G license fee (Notes 1, 2 and 17)	6,576,358	3	7,307,065	3	Total retained earnings	21,308,981	8	17,766,327	6
Land leasehold rights, net (Notes 2 and 30)	1,108,875	-	1,128,796	-	Other stockholders' equity				
Other intangible assets (Notes 2 and 26)	88,813	-	148,982	-	Unrealized gains (loss) on financial instruments	3,276,309	1	(866,020)	-
<b>Total intangible assets</b>	<b>19,512,706</b>	<b>7</b>	<b>19,760,346</b>	<b>7</b>	Cumulative translation adjustments	2,490,010	1	3,696,557	1
<b>OTHER ASSETS</b>					Unrealized revaluation increment	8,721,219	3	8,843,128	3
Nonoperating properties, net (Notes 2, 15 and 30)	3,718,091	2	3,796,652	2	Net loss not recognized as pension cost	(80,263)	-	(656,261)	-
Deferred income tax assets, net (Notes 2 and 25)	647,261	-	1,165,110	1	Total other stockholders' equity	14,407,275	5	11,017,404	4
Refundable deposits (Notes 23 and 29)	471,180	-	484,400	-	<b>Total stockholders' equity of parent company</b>	<b>92,511,188</b>	<b>35</b>	<b>84,543,927</b>	<b>31</b>
Deferred charges, net (Notes 2 and 26)	636,370	-	750,994	-	<b>MINORITY INTEREST</b>	<b>48,996,582</b>	<b>18</b>	<b>48,270,193</b>	<b>18</b>
Restricted assets	423,003	-	16,572	-	<b>Total stockholders' equity</b>	<b>141,507,770</b>	<b>53</b>	<b>132,814,120</b>	<b>49</b>
Farmland (Note 18)	276,661	-	276,661	-	<b>TOTAL</b>	<b>\$ 267,419,667</b>	<b>100</b>	<b>\$ 270,821,938</b>	<b>100</b>
Miscellaneous (Notes 2, 30 and 31)	351,137	-	387,433	-					
<b>Total other assets</b>	<b>6,523,703</b>	<b>2</b>	<b>6,877,822</b>	<b>3</b>					
<b>TOTAL</b>	<b>\$ 267,419,667</b>	<b>100</b>	<b>\$ 270,821,938</b>	<b>100</b>					

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

(With Deloitte & Touche audit report dated March 5, 2010)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**  
(Formerly Far Eastern Textile Ltd.)

**CONSOLIDATED STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	%	Amount	%
REVENUES (Notes 2 and 29)				
Net sales	\$ 102,976,116	62	\$ 107,700,012	62
Telecommunications service income	54,362,420	32	56,955,864	33
Gain on sale of investments, net	1,549,493	1	3,077,251	2
Construction revenues, net	6,289,737	4	4,107,440	2
Other operating revenues	<u>1,795,601</u>	<u>1</u>	<u>1,159,181</u>	<u>1</u>
Total operating revenues	<u>166,973,367</u>	<u>100</u>	<u>172,999,748</u>	<u>100</u>
OPERATING COSTS (Notes 2, 4, 9, 26 and 29)				
Cost of goods sold	94,094,317	56	102,098,293	59
Cost of telecommunications services	27,027,541	16	27,233,385	16
Construction cost	5,691,470	4	3,869,300	2
Other operating cost	<u>1,166,689</u>	<u>1</u>	<u>708,485</u>	<u>-</u>
Total operating costs	<u>127,980,017</u>	<u>77</u>	<u>133,909,463</u>	<u>77</u>
GROSS PROFIT EXCLUDING REALIZED CONSTRUCTION INCOME	38,993,350	23	39,090,285	23
REALIZED CONSTRUCTION INCOME (Notes 2 and 29)	<u>556</u>	<u>-</u>	<u>556</u>	<u>-</u>
GROSS PROFIT	<u>38,993,906</u>	<u>23</u>	<u>39,090,841</u>	<u>23</u>
OPERATING EXPENSES (Notes 2, 4, 26 and 29)				
Selling expenses	15,017,745	9	15,501,519	9
General and administrative expenses	7,651,061	5	8,038,210	5
Research and development expenses	<u>683,311</u>	<u>-</u>	<u>722,921</u>	<u>-</u>
Total operating expenses	<u>23,352,117</u>	<u>14</u>	<u>24,262,650</u>	<u>14</u>
OPERATING INCOME	<u>15,641,789</u>	<u>9</u>	<u>14,828,191</u>	<u>9</u>
NONOPERATING INCOME AND GAINS				
Interest income (Note 29)	211,470	-	549,257	-
Investment income recognized under the equity method (Notes 2 and 13)	3,921,059	3	-	-
Dividend income	209,016	-	267,783	-
Exchange gain, net (Note 2)	-	-	662,838	1

(Continued)



**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**  
**(Formerly Far Eastern Textile Ltd.)**

**CONSOLIDATED STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2009		2008	
	Amount	%	Amount	%
Rental revenue (Note 29)	\$ 62,140	-	\$ 47,173	-
Valuation gain on financial assets, net (Notes 2 and 6)	283,981	-	-	-
Valuation gain on financial liabilities, net (Notes 2 and 6)	93,123	-	411,653	-
Miscellaneous gains (Notes 2 and 29)	<u>848,295</u>	<u>1</u>	<u>1,603,961</u>	<u>1</u>
Total nonoperating income and gains	<u>5,629,084</u>	<u>4</u>	<u>3,542,665</u>	<u>2</u>
<b>NONOPERATING EXPENSES AND LOSSES</b>				
Interest expense (Notes 11 and 15)	1,449,745	1	2,791,776	2
Investment loss recognized under the equity method, net (Notes 2 and 13)	-	-	168,042	-
Impairment loss on assets (Notes 2, 12, 15 and 16)	419,762	-	90,620	-
Loss on disposal of properties, net (Note 25)	310,597	-	422,782	-
Exchange loss, net (Note 2)	207,020	-	-	-
Valuation loss on financial assets, net (Notes 2 and 6)	-	-	389,929	-
Miscellaneous expenses	<u>797,565</u>	<u>1</u>	<u>1,317,614</u>	<u>1</u>
Total nonoperating expenses and losses	<u>3,184,689</u>	<u>2</u>	<u>5,180,763</u>	<u>3</u>
INCOME BEFORE INCOME TAX	18,086,184	11	13,190,093	8
INCOME TAX EXPENSE (Notes 2 and 25)	<u>3,462,415</u>	<u>2</u>	<u>2,926,224</u>	<u>2</u>
INCOME BEFORE EXTRAORDINARY GAIN	14,623,769	9	10,263,869	6
EXTRAORDINARY GAIN (NET, AFTER DEDUCTING INCOME TAX OF \$5,970 THOUSAND) (Note 25)	<u>-</u>	<u>-</u>	<u>53,730</u>	<u>-</u>
CONSOLIDATED NET INCOME	<u>\$ 14,623,769</u>	<u>9</u>	<u>\$ 10,317,599</u>	<u>6</u>
<b>BELONG TO:</b>				
Stockholders of parent company	\$ 8,088,696	5	\$ 4,621,944	3
Minority interest	<u>6,535,073</u>	<u>4</u>	<u>5,695,655</u>	<u>3</u>
	<u>\$ 14,623,769</u>	<u>9</u>	<u>\$ 10,317,599</u>	<u>6</u>

(Continued)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**  
(Formerly Far Eastern Textile Ltd.)

**CONSOLIDATED STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<b>2009</b>		<b>2008</b>	
	<b>Income Before Income Tax</b>	<b>Net Income</b>	<b>Income Before Income Tax</b>	<b>Net Income</b>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Notes 4 and 27)				
Basic	<u>\$ 1.75</u>	<u>\$ 1.74</u>	<u>\$ 0.99</u>	<u>\$ 0.99</u>
Diluted	<u>\$ 1.74</u>	<u>\$ 1.73</u>	<u>\$ 0.99</u>	<u>\$ 0.99</u>

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

(With Deloitte & Touche audit report dated March 5, 2010)

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**  
(Formerly Far Eastern Textile Ltd.)

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock Issued and Outstanding (Note 24)		Capital Surplus (Notes 2 and 24)	Retained Earnings (Notes 2, 24 and 25)				Other 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 15)	Net Loss not Recognized as Pension Cost (Note 2)	Minority Interests	Total Stockholders' Equity
BALANCE, JANUARY 1, 2008	4,480,347	\$ 44,803,469	\$ 9,327,997	\$ 7,061,162	\$ 3,034,766	\$ 13,247,308	\$ 23,343,236	\$ 4,268,337	\$ 1,706,254	\$ 8,566,640	\$ (69,966)	\$ 50,985,134	\$ 142,931,101
Appropriation of the 2007 earnings:													
Legal reserve	-	-	-	1,135,123	-	(1,135,123)	-	-	-	-	-	-	-
Stock dividends - NT\$0.2 per share	89,607	896,069	-	-	-	(896,069)	(896,069)	-	-	-	-	-	-
Cash dividends - NT\$1.8 per share	-	-	-	-	-	(8,064,624)	(8,064,624)	-	-	-	-	-	(8,064,624)
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-	(674,461)	(674,461)	-	-	-	-	-	(674,461)
Balance after appropriations	4,569,954	45,699,538	9,327,997	8,196,285	3,034,766	2,477,031	13,708,082	4,268,337	1,706,254	8,566,640	(69,966)	50,985,134	134,192,016
Consolidated net income in 2008	-	-	-	-	-	4,621,944	4,621,944	-	-	-	-	5,695,655	10,317,599
Adjustments due to changes in investees' equity in long-term investments	-	-	696,871	-	-	(323,039)	(323,039)	(5,191,265)	1,761,305	276,491	(1,086)	-	(2,780,723)
Effect of changes in ownership percentage due to investees' issuance of capital stock for cash	-	-	(9,971)	-	-	(240,880)	(240,880)	-	-	-	-	-	(250,851)
Translation adjustment on foreign-currency equity-method investments	-	-	-	-	-	-	-	-	229,496	-	-	-	229,496
Change in net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	(585,239)	-	(585,239)
Change in unrealized gain (loss) on cash flow hedging financial instruments	-	-	-	-	-	-	-	56,160	-	-	-	-	56,160
Adjustments on stockholders' equity for sale of long-term equity investments	-	-	45,761	-	-	220	220	748	(498)	(3)	30	-	46,258
Decrease in minority interest	-	-	-	-	-	-	-	-	-	-	-	(8,410,596)	(8,410,596)
BALANCE, DECEMBER 31, 2008	4,569,954	45,699,538	10,060,658	8,196,285	3,034,766	6,535,276	17,766,327	(866,020)	3,696,557	8,843,128	(656,261)	48,270,193	132,814,120
Appropriation of the 2008 earnings (Note)													
Legal reserve	-	-	-	405,825	-	(405,825)	-	-	-	-	-	-	-
Stock dividends - NT\$0.2 per share	91,399	913,991	-	-	-	(913,991)	(913,991)	-	-	-	-	-	-
Cash dividends - NT\$0.8 per share	-	-	-	-	-	(3,655,963)	(3,655,963)	-	-	-	-	-	(3,655,963)
Balance after appropriations	4,661,353	46,613,529	10,060,658	8,602,110	3,034,766	1,559,497	13,196,373	(866,020)	3,696,557	8,843,128	(656,261)	48,270,193	129,158,157
Consolidated net income in 2009	-	-	-	-	-	8,088,696	8,088,696	-	-	-	-	6,535,073	14,623,769
Adjustments due to changes in investees' equity in long-term investments	-	-	194,351	-	-	18,862	18,862	4,000,948	(789,566)	(121,909)	(13,090)	-	3,289,596
Change in unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-	-	-	146,473	-	-	-	-	146,473
Translation adjustment on foreign-currency equity-method investments	-	-	-	-	-	-	-	-	(332,652)	-	-	-	(332,652)
Reversal of net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	585,239	-	585,239
Change in unrealized gain (loss) on cash flow hedging financial instruments	-	-	-	-	-	-	-	7,656	-	-	-	-	7,656
Adjustments on stockholders' equity due to the sale of long-term equity investments	-	-	(73,606)	-	-	5,050	5,050	(12,748)	(84,329)	-	3,849	-	(161,784)
Decrease in minority interest	-	-	-	-	-	-	-	-	-	-	-	(5,808,684)	(5,808,684)
BALANCE, DECEMBER 31, 2009	<u>4,661,353</u>	<u>\$ 46,613,529</u>	<u>\$ 10,181,403</u>	<u>\$ 8,602,110</u>	<u>\$ 3,034,766</u>	<u>\$ 9,672,105</u>	<u>\$ 21,308,981</u>	<u>\$ 3,276,309</u>	<u>\$ 2,490,010</u>	<u>\$ 8,721,219</u>	<u>\$ (80,263)</u>	<u>\$ 48,996,582</u>	<u>\$ 141,507,770</u>

Note: Remuneration to directors and supervisors of NT\$147,418 thousand and bonus to employees of NT\$196,557 thousand had been deducted from the income statement of 2008.

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

(With Deloitte & Touche audit report dated March 5, 2010)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**  
**(Formerly Far Eastern Textile Ltd.)**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
**(In Thousands of New Taiwan Dollars)**

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated net income	\$ 14,623,769	\$ 10,317,599
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of 3G concession	730,707	730,707
Depreciation and amortization	16,554,839	15,695,497
(Reversal of provision) provision for losses on inventories	(1,068,719)	720,032
Gain on sale of investments in share of stock, net	(1,559,860)	(3,084,891)
Provision for doubtful accounts	491,945	681,084
Gain on acquisition of donated equity investment	-	(591,120)
Extraordinary gain	-	(59,700)
Cash dividends received from equity-method investments	2,244,511	3,321,006
Impairment loss on assets	419,762	90,620
Deferred income of hedging derivative assets	6,050	-
Investment (income) loss recognized under equity method, net	(3,921,059)	168,042
Loss on disposal of properties, net	310,597	422,782
Realized deferred rental income	(53,176)	(53,177)
Accrued pension liabilities	(181,898)	51,172
Deferred income tax	827,158	(991,684)
Realized construction revenue	(556)	(556)
Net changes in operating assets and liabilities		
Financial assets held for trading	(1,283,744)	393,785
Financial liabilities held for trading	(84,603)	296,315
Accounts and notes receivable	1,346,569	(1,275,936)
Accounts and notes receivable from affiliates	(153,551)	38,183
Inventories	2,691,356	2,197,848
Buildings and land held for sale	-	(10,269)
Construction in progress, net	(2,151,127)	(182,096)
Other receivables	517,792	(383,106)
Prepayments and other current assets	(917,774)	222,789
Accounts and notes payable	(159,873)	(721,252)
Accounts and notes payable to affiliates	159,466	(1,141,493)
Income taxes payable	(1,099,126)	835,776
Accrued expenses	(460,187)	444,423
Advance sales receipts	11,214	78,701
Advance on real estate receipts	978,447	(112,430)
Unearned revenue	53,085	154,765
Progressive billings in excess of construction in progress, net	260,947	9,710
Other current liabilities	951,120	(527,020)
	<u>30,084,081</u>	<u>27,736,106</u>
Net cash provided by operating activities		(Continued)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**  
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**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
**(In Thousands of New Taiwan Dollars)**

	2009	2008
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in receivables from affiliates	\$ 245,802	\$ (73,081)
Proceeds of sale of investments accounted for by equity method	3,157,154	5,364,899
Acquisition of investments accounted for by equity method	(1,358,863)	(2,093,653)
Proceeds of the sale of available-for-sale financial assets - current	2,396,055	3,504,786
Increase in available-for-sale financial assets - current	(2,830,183)	(3,970,886)
Purchase of held-to-maturity financial assets	(199,540)	-
Proceeds of the sale of financial assets carried at cost	-	87,509
Increase in financial assets carried at cost	(233,060)	-
Proceeds of sale of bond investments with no active market	3,000	-
Purchase of bond investments with no active market	(293,454)	-
Proceeds of disposal of properties	380,622	107,350
Acquisition of properties	(9,905,590)	(12,375,042)
Increase in intangible assets	(47,913)	(1,858)
(Increase) decrease in restricted assets	(1,926,913)	58,414
Decrease in refundable deposits	33,287	22,489
Increase in deferred charges	(154,770)	(113,379)
Increase in other assets	<u>(66,552)</u>	<u>(161,882)</u>
Net cash used in investing activities	<u>(10,800,918)</u>	<u>(9,644,334)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease) increase in short-term loans	(3,552,255)	9,240,659
(Decrease) increase in short-term bills payable	(134,218)	2,173,338
Decrease in payable to affiliates	(678,272)	(529,071)
Decrease in long-term liabilities	(7,040,593)	(11,840,860)
Increase (decrease) in guarantee deposits	605	(59,566)
Payments of cash dividends, remuneration to directors and supervisors and bonus to employees	(9,232,830)	(15,003,837)
Cash received from issuing common stock	163,785	620,000
Cash paid due to subsidiaries' capital decrease	-	(4,562,000)
Decrease in minority interest	(1,396,916)	(9,674)
(Decrease) increase in other liabilities	<u>(16,373)</u>	<u>147,442</u>
Net cash used in financing activities	<u>(21,887,067)</u>	<u>(19,823,569)</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>732,874</u>	<u>328,514</u>

(Continued)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**  
(Formerly Far Eastern Textile Ltd.)

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(In Thousands of New Taiwan Dollars)

	<u>2009</u>	<u>2008</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (1,871,030)	\$ (1,403,283)
EFFECT OF LOSING CONTROL OVER CERTAIN SUBSIDIARIES	-	(460)
EFFECT OF INCREASE IN CONSOLIDATED SUBSIDIARIES	66,494	144,043
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>22,946,534</u>	<u>24,206,234</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 21,141,998</u>	<u>\$ 22,946,534</u>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Interest paid	\$ 1,477,623	\$ 3,065,975
Less: Capitalized interest	<u>53,930</u>	<u>185,201</u>
Interest paid (excluding capitalized interest)	<u>\$ 1,423,693</u>	<u>\$ 2,880,774</u>
Income tax paid	<u>\$ 4,025,521</u>	<u>\$ 3,377,840</u>
<b>NONCASH FINANCING ACTIVITIES</b>		
Current portion of long-term liabilities	<u>\$ 11,961,296</u>	<u>\$ 9,175,340</u>

**SUPPLEMENTARY INFORMATION ON SUBSIDIARIES ACQUIRED**

- a. In the first quarter of 2009, a Company subsidiary, Yuan Tong Investment Co., Ltd., acquired 70% equity in Martens Beers Trading (Shanghai) Co.

The fair values of Martens Beers Trading (Shanghai) Co.'s total assets and total liabilities at the time of acquisition were as follows:

	<b>Amount</b>
Cash and cash equivalents	\$ 66,494
Accounts receivable	4,117
Inventories	312
Other current assets	10,001
Properties, net	1,797
Accounts payable	(4,929)
Accrued expenses	(2,323)
Other current liabilities	<u>(1,349)</u>
Total	74,120
Percentage of ownership acquired	<u>70%</u>
Common equity acquired, net	51,884
Goodwill	<u>26,382</u>
Total acquisition cost of Martens Beers Trading (Shanghai) Co.	<u>\$ 78,266</u>
Total acquisition cost of Martens Beers Trading (Shanghai) Co.	
Cash payment	<u>\$ 78,266</u>

(Continued)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**  
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**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
**(In Thousands of New Taiwan Dollars)**

- b. In 2008, a Company subsidiary, Yuan Ding Investment Co., Ltd., acquired about 42% equity in Oriental Petrochemical (Taiwan) Co., Ltd. (OPTC). As a result, the Group's equity in OPTC became about 60%, including the Company's own holding of 18%.

The fair values of OPTC's total assets and total liabilities at the time of acquisition were as follows:

	<b>Amount</b>
Cash and cash equivalents	\$ 8,818
Accounts and notes receivable, net	385,035
Prepaid expenses	1,426,956
Inventories	350,602
Other current assets	2,358
Properties, net	6,878,697
Refundable deposits	4,714
Other assets	5,085
Notes payable and accounts payable	(1,227,668)
Accrued expenses	(327,626)
Current portion of long-term liabilities	(4,416,434)
Other current liabilities	(62,622)
Long-term liabilities	(2,255,000)
Accrued pension liabilities	<u>(203,677)</u>
Total	569,238
Percentage of ownership acquired	<u>42%</u>
Common equity acquired, net	239,080
The difference between fair value of net assets and acquisition cost	<u>(13,757)</u>
Total acquisition cost of OPTC	<u>\$ 225,323</u>
Total acquisition cost of OPTC	<u>\$ 225,323</u>
Gain on grant of equity investment	<u>(Continued)</u>

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**  
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**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
**(In Thousands of New Taiwan Dollars)**

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- c. In 2008, Yuan Ding Investment Co., Ltd acquired 50% equity in Far Eastern Fibertech Co., Ltd. (FEFC). The fair values of FEFC's total assets and liabilities at the time of acquisition were as follows:

	<b>Amount</b>
Cash and cash equivalents	\$ 113,580
Accounts and notes receivable, net	203,629
Prepaid expenses	15,630
Inventories	180,532
Other current assets	7,369
Properties, net	1,576,354
Other assets	1,563
Notes payable and accounts payable, net	(266,168)
Accrued expenses	(37,728)
Short-term liabilities	(960,000)
Long-term liabilities	(100,000)
Accrued pension liabilities	<u>(3,168)</u>
Total	731,593
Percentage of ownership acquired	<u>50%</u>
Common equity acquired, net	<u>365,797</u>
Total acquisition cost of Far Eastern Fibertech Co., Ltd.	<u>\$ 365,797</u>
Total acquisition cost of Far Eastern Fibertech Co., Ltd.	
Gain on grant of equity investment	<u>\$ 365,797</u>

(Continued)



**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**  
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**(In Thousands of New Taiwan Dollars)**

- d. In the year ended December 31, 2008, the subsidiaries of Far EasTone and Far EasTron Holding Ltd. swapped their holdings of Far EasTron's common shares for ADCast Interactive Marketing Co., Ltd.'s ("ADCast") common shares. KG Telecom also bought ADCast's common shares by cash. As a result, the Group acquired about 69.08% of ADCast's common stock; the fair value of ADCast's total assets and total liabilities at the time of acquisition was as follows:

	<b>Amount</b>
Cash and cash equivalents	\$ 22,434
Accounts and notes receivable, net	32,673
Prepaid expenses	2,306
Other current assets	4,054
Properties, net	1,725
Goodwill	3,417
Refundable deposits	907
Deferred charges, net	30
Other assets	1,307
Notes payable and accounts payable	(10,902)
Accrued expenses	(12,038)
Unearned revenues	(865)
Other current liabilities	(1,091)
Guarantee deposits received	(171)
Total	<u>43,786</u>
Percentage of ownership acquired	<u>69.08%</u>
Common equity acquired, net	30,248
Goodwill	1,717
Total acquisition cost of ADCast	<u>\$ 31,965</u>
Total acquisition cost of ADCast	
Carrying value of swapped equity-method investments	\$ 28,313
Cash payment	<u>3,652</u>
	<u>\$ 31,965</u>

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

(With Deloitte & Touche audit report dated March 5, 2010)

(Concluded)

# **FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**(Formerly Far Eastern Textile Ltd.)**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **YEARS ENDED DECEMBER 31, 2009 AND 2008**

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

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#### **1. ORGANIZATION AND OPERATIONS**

Far Eastern New Century Corporation (formerly Far Eastern Textile Ltd.) (FENC or the “Company”), established 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.

Following are FENC’s consolidated subsidiaries:

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 the ROC 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 OTC exchange and became listed on the ROC 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, 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, allowing it to provide Internet and ISR services until December 2012 and requiring it 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.

On December 28, 2009, the National Communications Commission (NCC) awarded Far EasTone a six-year WiMAX (worldwide interoperability for microwave access) license in the southern region of Taiwan, and Far EasTone began its commercial operation of WiMAX service. 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.

Far EasTone merged with Yuan-Ze Telecommunications Co., Ltd. (“Yuan-Ze Telecom”) on May 2, 2005. Earlier, in 2002, 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 on July 13, 2005.

To enhance the return of stockholders' equities, Far EasTone's board of directors proposed on April 30, 2007 to reduce capital by returning \$7,745,326 thousand in cash to stockholders and decreasing common stock by 774,532 thousand shares. The capital reduction was approved by the stockholders' meeting on June 12, 2007. The capital reduction ratio was 19.204715% and the cash return per share was around NT\$1.9204715. Paid-in capital after the capital reduction was \$32,585,008 thousand. Far EasTone's board of directors resolved January 15, 2008 as the record date of the capital reduction. On January 22, 2008, this capital reduction was registered with the Ministry of Economic Affairs (MOEA). The authority also approved March 17, 2008 as the share exchange date of the capital reduction. The foregoing payable amounts due to the capital reduction were fully paid.

On June 16, 2009, the stockholders resolved that Far EasTone will issue up to 444,341 thousand common shares by private placement, with a total issuance amount of up to \$17,773,641 thousand, to catch up on industry development trends and to meet Far EasTone's future operating needs. The subscriber for these privately placed shares is China Mobile Limited's 100% indirect subsidiary incorporated in the ROC. On June 26, 2009, Far EasTone's board of directors resolved to set the private placement price at NT\$40.00 per share. However, based on certain agreements, if the volume weighted-average price of the common shares of Far EasTone within 14 consecutive trading days on or before 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 falls below NT\$35.00 or exceeds NT\$50.00, 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 per share of Far EasTone, but any upward or downward adjustment should not be more than NT\$5.00 of the market price per share of Far EasTone's share. The private placement will proceed after obtaining the authorities' approval under the related regulation.

KG Telecom, formerly Yuan Ho Telecommunications Co., Ltd., was incorporated in the ROC on September 25, 2003. It is a wholly owned subsidiary of Far EasTone. On January 1, 2004, KG Telecom merged with the former KG Telecommunications Co., Ltd. (the "former KGT") through a two-step merger agreement. The merger was completed on May 20, 2004 after the registration with the MOEA.

The former KGT provides 2G wireless communications services under a type I license - GSM1800 for the northern region of Taiwan issued by the DGT. The license allows the former KGT to provide services for 15 years from 1997, with an annual license fee at 2% of total 2G wireless communications service revenues. Moreover, the merger of former KGT with TUNTEX (with a license of 2G to provide wireless communications service under a type I license - GSM1800 for the central and southern region of Taiwan issued by the DGT) is effective from January 1, 2000. Thus, the former KGT provided island-wide 2G wireless communications services under a type I license - GSM1800. The DGT also issued the former KGT a type I license, allowing it 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, the boards of directors of both companies resolved their merger on February 26, 2009, with Far EasTone as the survivor entity. On August 28, 2009, the National Communications Commission approved this merger, and the record date of this merger was January 1, 2010. The merger was completed on January 18, 2010 after the registration with the MOEA.

Q-ware Com. was incorporated on February 13, 2007. It mainly provides Type II telecommunications services. On February 14, 2007, the board of directors of Far EasTone approved a cooperation plan with Q-ware System Inc. (“Q-ware”) to operate WiFly and other businesses agreed upon by both Far EasTone and Q-ware. After obtaining the authorities’ approval of this agreement, Far EasTone, as a specific person, subscribed for 36,460 thousand newly issued shares (NT\$13.60 per share) of Q-ware Com. for \$495,855 thousand on July 2, 2007. On July 3, 2007, Q-ware spun off its WiFly business, with a net worth of \$349,301 thousand, to Q-ware Com. and received 34,930 thousand new shares of Q-ware Com. for this spin-off. Q-ware Com. got the right to provide WiFly business in Taipei City through this spin-off until September 7, 2013, with an annual fee at 3% of total WiFly revenues. Moreover, the NCC issued to Q-ware Com. a Type II license, allowing it to provide Internet services for three years from 2007 for a fixed annual license fee based on Q-ware Com.’s paid-in capital. After the completion of this spin-off, Far EasTone owned approximately 51% of Q-ware Com.’s common stock and thus became its parent company. Q-ware’s revenues and expenses were included in the consolidated financial statements since the acquisition date.

Far EasTron was incorporated in the R.O.C. on August 12, 2005. Far EasTron mainly provides Internet content providing services.

To enhance the Group’s (Company and consolidated subsidiaries) market share of Internet advertisements and integrate the Group’s resources, the stockholders of Far EasTron resolved on April 21, 2008 for Far EasTron to have a share swap with ADCast Interactive Marketing Co., Ltd. (“ADCast”), a subsidiary of New Century Info Comm Tech Co., Ltd., with ADCast as the survivor entity. After ADCast’s capital reduction, Far EasTron’s stockholders will receive 1 share of ADCast for every 4.8526 shares of Far EasTron. However, in their special meeting on August 29, 2008, Far EasTron’s stockholders revised the share swap ratio to 5.4490:1. In addition, Far EasTron’s board of directors resolved to have September 3, 2008 as the merger date. The share swap was completed on September 30, 2008 after the related registration with the Taipei City Government. After the share swap, Far EasTone, Far EasTron Holding and KG Telecom owned 69.08% of ADCast’s common stock; thus, Far EasTone became ADCast’s parent company. ADCast’s revenues and expenses were included in the consolidated financial statements since the merger date and Far EasTron’s revenues and expenses before the merger date were also included in the consolidated statements.

On May 7, 2008, KGTI’s stockholders approved the board of directors’ proposal to dissolve KGTI, and on May 27, 2008, the authorities of the British Virgin Islands approved this dissolution. The dissolution was also approved by ROC Investment Commission of the MOEA on August 21, 2008. In addition, KG Telecom recognized this equity-method investment using KGTI’s liquidation value.

ARCOA was incorporated in the ROC on May 4, 1981. ARCOA sells cellular phone units and other telecommunications equipment or accessories and provides related maintenance services. The DGT issued to ARCOA a Type II license, allowing it to provide mobile virtual network operator services for three years from July 2006 for a fixed annual fee based on ARCOA’s paid-in capital. The validity of Arcoa’s Type II license was approved to be extended until July 12, 2013. Far EasTone became ARCOA’s parent company in February 2005. As of December 31, 2009, Far EasTone owned 61.07% of ARCOA’s common stock.

On August 22, 2007, Far Eastern Electronic Toll Collection Co. (FEETC), which is owned by Yuan Tong Investment Co., Ltd. and Far EasTone Telecommunications Corp., and the Taiwan Area National Freeway Bureau signed the Electronic Toll Collection BOT Project contract, which allows FEETC to run this project for 18 years and 4 months.

The Company issued new shares to acquire 100% equity in Far Eastern Resources Development Co., Ltd. (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 ping 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 of new generation CPE (customer premises equipment), broadband service and equipment providers, digital content service providers, and broadband equipment providers. This project has been approved by the Urban Planning Commission of the Ministry of the Interior of the ROC and is now developing. The first building is expected to operate in the second quarter of 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.

In May 2008 and July 2008, the Company bought 51,124 thousand common shares for NT\$444,888 thousand and 198,816 thousand common shares for NT\$1,703,800 thousand, respectively, which were newly issued by F.E.P.I. at US\$0.28 per share. In September 2009, the Company bought 42,155 thousand common shares newly issued by F.E.P.I. at US\$0.27 per share for NT\$373,364 thousand. As a result, the the Company's interest in F.E.P.I. increased from 57.65% to 59.81%.

When Far Eastern Polytex (Holding) Limited issued new shares, the Company bought 2.5 thousand shares of the new at the par value of US\$2 thousand (NT\$151,675 thousand) in April 2008 and also bought 5 thousand new shares at the par value of US\$2 thousand (NT\$330,150 thousand) in July 2009.

In July 2008, the Company bought 117 thousand shares of PET Far Eastern (Holding) Ltd. at US\$423.98 per share, or a total amount of NT\$1,509,008 thousand, representing 49.42% equity interest.

In January 2008, the Company sold to Yuan Ding Investment Co., Ltd. its holding in Yuan Faun Ltd. of 200 thousand shares for NT\$3,660 thousand.

To simplify investment structure, integrate investment resources and management, and control the subsidiaries in China, the board of directors of the Company made the resolution on December 21, 2007 to acquire the shares of the existing off-shore investment companies through subsidiaries and Oriental Union Chemical Corporation. Related proposal is as follows:

- a. Acquired 63 thousand shares of Far Eastern Apparel (Holding) Ltd. from Yuan Ding Investment Corp. totaling US\$34,513 thousand with each share priced at US\$546.09.
- b. Acquired 487 thousand shares of F.E.D.P (Holding) Ltd. totaling US\$49,961 thousand from Yuan Tong Investment Corp., Far Eastern Polychem Industries Ltd., and Far Eastern Polytex (Holding) Ltd. with each share priced at US\$102.65.
- c. Acquired 119 thousand shares of PET Far Eastern (Holding) Ltd. totaling US\$50,945 thousand from Ding Yuan International Investment Corp., Far Eastern Polychem Industries Ltd., and affiliate Oriental Union Chemical Corporation with each share priced at US\$426.6.

The above transactions will have to be approved by Investment Commission (MOEA) and the actual transaction amount, however, will be adjusted by the present net value of the shares of the acquiring or the acquired companies.

FENC and its consolidated subsidiaries (collectively, the “Group”) had 20,834 and 21,170 employees as of December 31, 2009 and 2008, respectively.

The intercompany relationships, percentages of ownership and major operations of subsidiaries as of December 31, 2009 are shown in Schedules A and B.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

The accompanying consolidated financial statements have been prepared in conformity with Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China. In preparing consolidated financial statements in conformity with these guidelines and principles, the Group is required to make certain estimates and assumptions that could affect the allowance for doubtful accounts, provision for loss on decline in value of inventories, depreciation of fixed asset and rental properties, impairment loss on asset, duty on decommissioned asset, warranty reserve income tax, pension cost, employee bonus, remuneration to directors and supervisors and so on. Actual results could differ from these estimates.

For the convenience of readers, 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 financial statements shall prevail.

The Group’s 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) 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 lose date need not be consolidated.

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

In February 2009, an FENC subsidiary, Sino Belgium (Holding) Ltd., acquired 30% ownership of Martens Beer Trading (Shanghai) Co. (“Martens Shanghai”) from another subsidiary, Far Eastern Industries (Wuxi) Ltd., and then bought the rest of the 70% ownership from the original stockholder, Martens HK Ltd. Thus, the interest of the Company and the subsidiary in Martens Shanghai increased from 30% to 100% and this investee began to be treated as a consolidated entity in March 2009.

Yuan Cing Infocomm Tech Co., Ltd. was incorporated on December 30, 2009. It is wholly owned by Far Eastone. Yuan Cing Infocomm Tech Co., Ltd. provides production and sales of communications products.

An FENC subsidiary, Sino Belgium (Holding) Ltd., issued 2,415 new shares at the par value of US\$2 thousand amounting to NT\$4,830 thousand and another subsidiary, Yuan Tong Investment Co., Ltd., didn’t buy any shares. Thus, Yuan Tong Investment’s holding in Sino Belgium (Holding) Ltd. decreased from 100% to 87.5%.

On July 31, 2009, the board of an FENC subsidiary, Far Eastern Industries (Jujiang) Ltd. (FEIJ), decided to liquidate FEIJ, and the government of the People’s Republic of China approved this liquidation on December 14, 2009. As of December 31, 2009, the liquidation amounts had been returned to the original stockholders.

The Company and its subsidiaries lost control on Pacific Petrochemical (Holding) Ltd. and the percentage of ownership had decreased from 39.40% to 24.63% since they did not purchased any common share newly issued in 2008.

The Company and the related party of Invista S.à r.l. established a joint venture, Invista-Far Eastern Petrochemicals Co., Ltd. (“Invista”), to produce purified terephthalic acid (PTA). In March 2008, the Company sold to Yue Ding Industry Co., Ltd. 14,235 thousand shares, part of its holding in Oriental Petrochemical (Taiwan) Co., Ltd. (OPTC, the former Invista) for NT\$135,532 thousand. However, PTA production was no longer the strategic core business of Invista in Taiwan, so, on October 6, 2008, Invista sold its remaining 70% equity in Invista for US\$1.00 to Yuan Ding Investment Co., Ltd. (60%), Yue Ding Industry Co., Ltd. (10%), and Oriental Union Chemical Corporation (30%). On October 6, 2008, Yuan Ding Investment Co., Ltd. then acquired 42% equity interest for NT\$19 and Invista was later renamed Oriental Petrochemical (Taiwan) Co., Ltd. As of October 6, 2008, The Company and its subsidiaries had totally 60% of OPTC’s ownership and started to include it in the consolidation financial report. After the entire equity of Invista S.à r.l. was sold off, Invista S.à r.l. continued giving its technical support to OPTC. On October 21, 2008, OPTC’s stockholders resolved to reduce its capital to reverse its loss of NT\$4,208,367 thousand and then raise cash capital by NT\$3,800,000 thousand. Thus, the Company’s holding of OPTC shares declined by 252,501 thousand shares, but the Company’s purchase of 318,000 thousand shares of OPTC’s newly issued common stock for NT\$3,180,000 thousand resulted in an increase in the Company’s equity in OPTC from 60% to 80.76%.

At the same time, a related party of Invista sold its 50% equity interest in Far Eastern-Invista Co., Ltd. (“Far Eastern-Invista,” a manufacturer of Nylon-66) to Yuan Ding Investment Co., Ltd. for US\$1.00. Therefore, Yuan Ding Investment Co., Ltd. acquired 50% equity interest in Far Eastern-Invista Co., Ltd. for NT\$31.00 and then Far Eastern-Invista was renamed Far Eastern Fibertech Co., Ltd. The percentage of Yuan Ding Investment’s ownership of Far Eastern Fibertech Co., Ltd., increased from 50% to 100%, and this investee was thus included in the consolidated financial report as of October 6, 2008.

In the consolidation, the financial statements of the foreign subsidiaries are translated from their respective functional currencies into New Taiwan dollars as follows:

- a. All assets and liabilities at the exchange rates prevailing on the balance sheet date.
- b. Share capital, retained earnings and/or accumulated deficit at their historical exchange rates.
- c. All items in the statement of income at the average exchange rates for the periods.

The entities in the “Consolidated Financial Statements of Affiliates” are the same as those in the consolidated financial statements as required under ROC SFAS No. 7 - “Consolidated Financial Statements”; thus, no consolidated financial statements of affiliates will be compiled. That is, the information needed in the combined financial statements of affiliates is enclosed in the consolidated financial statements.

### **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 assets and 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. engages in civil engineering construction. The terms of the two corporations’ contracts are typically over one year. Thus, the contract-related assets and liabilities are classified as current or noncurrent depending on the terms of the contracts.

## **Cash Equivalents**

Commercial paper and bonds purchased under resell agreements with original maturities of no more than three months are classified as cash equivalents.

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

Financial instruments at fair value through profit or loss include financial assets or liabilities held for trading and those designated on initial recognition as measured at fair value with fair value changes in profit or loss.

The Company recognizes a financial asset or a financial liability on its balance sheet when the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Company 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, cancelled or expired.

On initial recognition, the financial instruments are measured at fair value and transaction costs are recognized as current expenses. 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 sold, the difference between selling price and book value 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 were classified as financial assets or liabilities held for trading purposes. They were classified as financial assets when the fair value was positive; otherwise they were classified as financial liabilities. The regular purchase or sale of financial instruments is recognized or de-recognized using trade date accounting.

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 estimated prices.

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

On initial recognition, available-for-sale financial assets are recorded at fair values plus transaction costs directly attributable to the acquisition of the assets. Gain or loss due to changes in fair value is recognized as adjustments to stockholders' equity, and the related cumulative gain or loss should be recognized in the current period when the financial asset is de-recognized. The regular purchase or sale of financial assets is recognized or de-recognized using trade date accounting.

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.



**Bond Investments with No Active Market**

Bonds with fixed or determinable payments that are not quoted in an active market are carried at amortized cost using the effective interest method. Bonds are initially measured fair value plus transaction costs directly attributable to bond acquisition. Gains or losses are recognized when the bonds are derecognized, impaired or amortized. All regular purchases or sales of bonds are recognized and derecognized on a trade date basis.

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

**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. Usage revenues (equal to the excess of minutes of traffic included in the fixed monthly service fees) from wireless services and mobile virtual network operator services, international simple resale services, internet access services and interconnection calls, net of any applicable discount, are billed according to customers' usage and are recognized on the basis of minutes of traffic processed. Other revenues are recognized as follows: (a) fixed monthly service fees and leased-circuit service revenues are accrued each month; (b) prepaid call and recharge call services are recognized as income based upon customer usage; (c) one-time commission and subsidy revenue of a bundled contract (which covers both the purchase price of a cellular phone unit and a mobile phone number) or merely sales of mobile phone number as an agent for the telecommunications providers are accrued as activated; and (d) commission revenues are accrued monthly on the basis of related airtime revenue. The revenues from and cost for the sale of cellular phone equipment and accessories are recognized when the products are delivered to and accepted by the customers. This sale is considered a separate earnings process from the sale of wireless services.

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.

Rent revenue is or has been realized and then recognized after the service has been provided.

The Company and Far Eastern Apparel Co. do not recognize as sales those transactions involving the delivery of materials to subcontractors for further processing since these transactions do not involve a transfer of ownership of materials.

An allowance for doubtful accounts is provided on the basis of the a review of the collectibility of accounts receivable. The Group assesses the probability of collections of accounts receivable by examining the aging analysis of the outstanding receivables and assessing the value of the collateral provided by customers.

**Promotion Expenses**

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

## **Inventories**

Inventory including raw materials, materials, finished products, work-in-process and commodities was generally priced by lower-of-cost-or-market method, and the market prices of materials and raw materials and of finished products and work-in-process were valued at their replacement costs and net realizable values, respectively. However, as described in Note 4, inventory is now stated at the lower of cost or net realizable value beginning January 1, 2009. 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 standard cost and adjusted to approximate weighted-average cost on the balance sheet date.

## **Government Grant**

When received, the government grant is included in the restricted assets and in deferred revenue at the same time. The restricted asset is recognized as cash or cash equivalent when Far EastTone 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; or (2) if the grant is related to income, the grant amount should be deducted from the related expense when the revenue is realized.

## **Financial Assets Carried at Cost**

Investments in equity instruments without quoted market prices in an active market, including investments in unlisted stocks and emerging stocks, are measured at cost upon initial recognition. Any cash dividends received are recognized as income on the date of the meeting of stockholders 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 as a charge to current income if there is objective evidence that a financial asset is impaired. This loss cannot be reversed.

## **Real Estate**

FENC's subsidiary, FECC, uses the completed-contract method for its construction projects. Pre-sold 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.

Pre-sold property under the percentage-of-completion method of FECC 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. But, if the estimated loss decreases, the cumulative loss recognized in excess of the estimated loss will be recognized as revenues.

For subsidiary, FECC, construction is recognized by the percentage-of-completion method, the construction account is calculated depending on the construction cost actually incurred (such as construction land, 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 parts unsold under the current construction program will be recognized as real estate ready for sale.

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

FECC treated its marketing expenses for pre-sold real estate as deferred marketing expenses first and recognized as current expenses when the construction is completed if the real estate ownership has not yet been transferred to customers.

### **Long-term Construction Contracts**

Revenues and costs of long-term construction contracts of FECC 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 FECC 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 currently; 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 current year. Under the completed-contract method, when construction is completed, the balance of billings on construction-in-progress and construction-in-progress will be charged to construction revenue and costs.

Long-term construction in progress of FECC 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 FECC are netted out, and the result is classified as current asset or current liability.

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

Held-to-maturity financial assets or instruments are measured at cost amortized by the straight-line method. They are recorded at fair value plus the instrument acquisition or issue cost, and gain or loss is recognized when they are devalued or amortized.

An impairment loss should be recognized if there is objective evidence that a financial asset is impaired. If the impairment is later determined as no longer existing or diminished, the impairment loss can be reversed to the extent that the reversal would not exceed the asset carrying amount had no impairment loss been recognized for the asset in prior years.

### **Equity-method Investments**

Long-term investments in which the Group owns at least 20% of investees' common stock or exercises significant influence over their 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 difference between investment cost and underlying equity in net assets is amortized using the straight-line method over 3 to 20 years. As required, however, by the revised ROC Statement of Financial Accounting Standards No. 5 - "Long Term Investments in Equity Securities," starting on January 1, 2006, 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 and goodwill 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. Starting on January 1, 2006, the unamortized balance of the investment cost in excess of the equity in investee's net assets is no longer amortized and is instead subject to the same accounting treatment as that for goodwill; the negative goodwill previously acquired should be amortized over the remaining estimated economic lives.

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 existing 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.

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

For both equity-method and cost-method investments, stock dividends received are accounted for as increases in the number of shares held, which result in lower carrying value per share.

The costs of investments sold are determined as follows: (i) by the Company - weighted average method and (ii) by subsidiaries - moving-average method.

### **Properties and Rental Assets**

Properties and rental assets are stated at cost or cost plus appreciation, less accumulated depreciation. Major additions, renewals and betterments are capitalized, while maintenance and repairs 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.

Depreciation expenses for properties and rental assets are calculated by the Company and its subsidiaries using the fixed-percentage-of- declining-balance method and straight-line method, respectively.

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; and telecommunication 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 and rental assets reach their residual value and are still being used, they are further depreciated over their newly estimated service lives.

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

Equipment covered by capital lease agreements are stated at the lower of (1) the fair value of the equipment at the beginning of the lease or (2) the total present value of future lease payments and the bargain purchase price. Implicit interest included in the periodic lease payments is treated as current interest expenses.

## **Idle Assets**

Properties not currently used in operations are transferred to other assets at the lower of net book value or net realizable value, with the difference charged to nonoperating expenses. However, starting on January 1, 2006, based on related regulations, depreciation is calculated using the straight-line method over the estimated useful lives of the properties.

## **Intangible Assets**

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, under the revised ROC Statement of Financial Accounting Standards No. 5 - "Long-term Investments in Equity Securities," goodwill is no longer amortized starting on January 1, 2006.

The 3G concession, which was stated at cost, is amortized on a straight-line basis from January 24, 2005, the issuance date of the concession license, until the license expiry date on December 31, 2018.

Land leasehold rights are amortized over 50 years.

Patents and computer software costs were stated at cost and amortized over 5 to 10 years on a straight-line basis.

## **Deferred Charges**

Deferred charges, which are derived mainly from costs of retail store renovation of Far EasTone are amortized using the straight-line method over the terms of lease. The cost of issuing convertible bonds before December 31, 2005 should be amortized by the straight-line method between the issuance date and the redemption date at the option of the bondholder. Other deferred charges are amortized by the straight-line method over five to seven years.

## **Impairment Loss**

An impairment loss should be recognized if the carrying value of assets (including properties, intangible assets, idle properties, rental assets, 3G concession, goodwill, deferred charges and equity-method investments) exceeds their recoverable amount, and this impairment loss should be charged to current loss. For investees which Far EasTone exercises significant influence but not control, the recoverable amount and the investment value are compared to calculate the impairment loss from the investment based on investee's individual investment value (goodwill is included). The accumulated impairment loss of an asset recognized in prior years can be reversed if, later on, the estimate of the asset's recoverable amount later has changed so as to increase the recoverable amount. Then, the asset's carrying amount can be increased to its recoverable amount; however, the recoverable amount should not exceed the carrying amount that would have been after the deduction of depreciation or amortization if it had not been impaired. If an asset has been revalued in accordance with the laws, its impairment loss should first be used to reduce the unrealized appreciation of revaluation under stockholders' equity. The excess loss, if any, may then be recognized as loss in the income statement. However, to the extent that an impairment loss on the same revalued asset was previously recognized as a loss in the income statement because of insufficient revaluation surplus, a reversal of that impairment loss is recognized as a gain in the income statement. The excess part, if any, may then be reversed to the unrealized appreciation of revaluation under stockholders' equity.

To test for impairment, goodwill should be allocated to each of the cash-generating units that are expected to benefit from the synergies of the combinations. A cash-generating unit should be tested for impairment at least annually by comparing the carrying amount of the unit with its recoverable amount. If the carrying amount exceeds the recoverable amount of the unit, the impairment loss is allocated to reduce the carrying amount of the unit in the following order: (a) reduce the carrying amount of any goodwill allocated to the unit; and (b) reduce the carrying amounts of other assets of the unit proportionally. A reversal of an impairment loss on goodwill is disallowed.

For investees which Far EasTone exercises significant influence but not control, the recoverable amount and the investment value are compared to calculate the impairment loss from the investment based on investee's individual investment value (goodwill is included).

### **Deferral of Unrealized Intercompany Profits**

Deferral of unrealized intercompany profits refers to downstream transactions with investees under the equity method, and these profits are realized and recognized when related products are sold to third parties.

### **Exchangeable Bonds**

If bond holders have the right to exchange bonds with the Company's holdings of agreed target in fixed price or amount, the convertible bonds are measured at issued price after deducting the fair value of embedded derivatives. The liability component of non-derivative instruments are measured at amortized cost using the effective interest method (straight-line method if difference is not material) and the related interest or redemption loss or gain is accounted for part of current year income. If bond holders exercise exchange right before the maturity date, the bonds should be adjusted with their liability components. The Company uses the aggregate carrying amount of the liability and equity components of the bonds at the time of conversion as a basis to record the target exchanged. If the bonds are redeemed at the maturity date, the Company should recognize the fair value of embedded derivatives as gain of current year.

### **Pension Costs**

FENC and its domestic subsidiaries have two types of pension plans: Defined benefit and defined contribution.

Under the defined benefit plan, pension costs are recognized on the basis of actuarial calculations. Under the defined contribution pension plan, required monthly contributions by the Group to the employees' individual pension accounts are recognized as pension costs over the employees' service years.

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 do not have pension plans because they do not have any employees.

### **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 operating loss carryforwards and unused investment tax credits, and deferred tax liabilities are recognized for the tax effects of taxable temporary differences. A valuation allowance is recognized for deferred income tax assets that are not certain to 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 period.

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 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 or payables.

### **Foreign-currency Transactions and Translation of Foreign-currency Financial Statements**

Nonderivative foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Gains or losses resulting from the application of prevailing foreign exchange rates when cash in foreign currency is converted into New Taiwan dollars or when nonmonetary foreign-currency-denominated assets and liabilities are settled, are credited or charged to income in the period of settlement.

On the balance sheet date, the balances of nonmonetary foreign currency-denominated assets and liabilities evaluated at fair value, such as equity instruments, are restated at the prevailing exchange rates, and the resulting differences are recorded as adjustment to stockholders' equity or as profit or loss in the current period. Financial assets and liabilities carried at cost are stated at historical exchange rates; while equity-method investments are recorded as cumulative translation adjustments under stockholders' equity.

### **Hedging Derivative Financial Instruments**

Hedging derivative financial instruments are measured at fair value. The changes in fair values of these instruments are debited or charged to either stockholders' equity or current income depending on the type of the hedged items.

### **Hedge Accounting**

Hedge accounting involves the recognition of the offsetting effects on profit or loss of changes in fair values of the hedging instrument and the hedged item.

Some derivative instruments held by the Group are for cash flow hedge purposes. Thus, the gains or losses from the changes in fair values of the hedging instruments are recognized under stockholders' equity and are recognized as current income if the hedged forecast transaction affects net gains or losses. If hedging would give rise to a nonfinancial asset or liability, the gain or loss will be recognized as an adjustment to the original cost or carrying amount of the hedged asset or liability. If recognized adjustments to stockholders' equity result in irreversible losses, these losses should be immediately charged to current income.

### **Reclassifications**

Certain accounts in the consolidated financial statements as of and for the year ended December 31, 2008 have been reclassified to be consistent with the presentation of the consolidated financial statements as of and for the year ended December 31, 2009.

### 3. PRO-FORMA FINANCIAL INFORMATION

Assuming that the Company and its subsidiaries acquired a majority in Martens Beers Trading (Shanghai) Co., Ltd., OPTC, FEFC and ADCast on January 1, 2008, the pro forma financial information of the Company and its subsidiaries in 2009 and 2008 would have been as follows:

(In Thousands, Except EPS)

	Years Ended December 31	
	2009	2008
Operating revenue	\$ 166,976,183	\$ 180,918,000
Income before income tax	18,081,093	9,208,724
Consolidated net income	14,618,678	6,328,812
After tax basic earnings per share	1.75	0.45

The pro forma financial information above is only for reference. It does not completely represent both the financial results of the Company after acquiring a majority stake in Martens Beers Trading (Shanghai) Co., Ltd., Oriental Petrochemical (Taiwan) Co., Ltd., FEFC and ADCast on January 1, 2009 and 2008 and the future consolidated financial status.

### 4. CHANGES IN ACCOUNTING PRINCIPLES

#### Accounting for Inventories

On January 1, 2009, FENC and subsidiaries adopted the newly revised Statement of Financial Accounting Standards No. 10 - "Inventories." The main revisions are (a) inventory is stated at the lower-of-cost or net realizable value method by item, except when the grouping of similar or related items is appropriate; (b) unallocated overheads are recognized as expenses in the period in which they are incurred; and (c) abnormal production costs, inventory write-downs and any reversal of write-downs should be classified as cost of goods sold. This accounting change resulted in decreases of NT\$132,664 thousand in consolidated net income belongs to stockholders of parent company and NT\$0.03 in after tax basic earnings per share for 2009. In addition, the nonoperating loss of NT\$720,032 thousand was reclassified to cost of goods sold.

#### Accounting for Bonuses to Employees and Remuneration to Directors and Supervisors

In March 2007, the Accounting Research and Development Foundation issued Interpretation 2007-052, requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses. These bonuses were previously recorded as appropriations from earnings. This accounting change resulted in decreases of NT\$431,123 thousand in consolidated net income belongs to stockholders of parent company and of NT\$0.09 in after income tax basic earnings per share in 2008.



## 5. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<b>2009</b>	<b>2008</b>
Cash		
Cash on hand	\$ 22,687	\$ 37,218
Savings and checking accounts	9,214,962	6,031,010
Time deposits: Interest - 0.14%-2.25% in 2009 and 0.10%-6.73% in 2008	<u>7,293,658</u>	<u>12,485,471</u>
	<u>16,531,307</u>	<u>18,553,699</u>
Cash equivalents		
Commercial paper purchased under agreements to resell: Interest - 0.17%-0.23% in 2009 and 0.50%-1.30% in 2008	3,969,118	3,949,600
Treasury bills purchased under agreement to resell: Interest - 0.135%-0.15% in 2009 and 0.50%-1.605% in 2008	<u>325,166</u>	<u>302,120</u>
	<u>4,294,284</u>	<u>4,251,720</u>
Management discretionary accounts		
Savings accounts	296,607	116,115
Time deposits: Interest - 0.45% in 2009 and 1.07% in 2008	<u>19,800</u>	<u>25,000</u>
	<u>316,407</u>	<u>141,115</u>
	<u>\$ 21,141,998</u>	<u>\$ 22,946,534</u>

As of December 31, 2009 and 2008, demand deposits in foreign banks were as follows:

	<u>December 31</u>	
<b>Deposits in Foreign Bank</b>	<b>2009</b>	<b>2008</b>
Belgium (US\$5,163 thousand in 2009 and US\$752 thousand in 2008)	\$ 165,172	\$ 24,666
Hong Kong (US\$3 thousand in 2009 and US\$10 thousand in 2008)	96	328
U.S.A. - New York (US\$19 thousand in 2009 and US\$10 thousand in 2008)	<u>623</u>	<u>321</u>
	<u>\$ 165,891</u>	<u>\$ 25,315</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:

	<u>December 31</u>	
	<b>2009</b>	<b>2008</b>
<u>Financial assets held for trading</u>		
Marketable equity securities	\$ 447,393	\$ 404,293
Exchangeable bonds collection right	9,000	49,500
Cotton futures contracts	32,768	33,372
Mutual funds - beneficiary certificates	1,290,717	20,429
Forward exchange contracts	<u>11,460</u>	<u>-</u>
	<u>\$ 1,791,338</u>	<u>\$ 507,594</u>

(Continued)

	<b>December 31</b>	
	<b>2009</b>	<b>2008</b>
<u>Financial liabilities held for trading</u>		
Exchangeable bonds exchange right	\$ -	\$ 30,500
Exchangeable bonds redemption right	20,750	42,000
Forward exchange contracts	<u>-</u>	<u>32,853</u>
	<u>\$ 20,750</u>	<u>\$ 105,353</u>
		(Concluded)

Yuan Ding Investment Corp., KG Telecom and Yuan Tong Investment Corp. respectively contracted with and fully authorized Oriental Securities Investment Advisory Co., Ltd. (trustee) to manage discretionary funds. As of December 31, 2009 and 2008, the capital fully authorized to the trustee were NT\$300,000 thousand, NT\$350,000 thousand, and NT\$450,000 thousand, respectively. Investment target excluded shares of related parties, shares of domestic companies within telecommunication industry (except for Chunghwa Telecom Co., Ltd.) and their related derivative instruments. Deposits among those fully authorized were NT\$316,407 thousand and NT\$141,115 thousand, respectively, in 2009 and 2008 and were classified under cash equivalents (Note 5).

The Company used cotton futures contracts and forward exchange contracts to hedge the fluctuation of cotton prices and exchange rates on account receivables and payables in the years ended December 31, 2009 and 2008. The strategy is to hedge the Company's market risk exposure. Since these transactions do not meet the criteria for hedge accounting, they were classified as held for trading.

FENC has no outstanding cotton futures contracts as of December 31, 2009. The outstanding cotton futures contracts held by FENC as of December 31, 2008 are summarized as follows:

<b>Outstanding Derivative Contract</b>	<b>December 31, 2008</b>		
	<b>Maturity</b>	<b>Units</b>	<b>Contract Amount (Thousands)</b>
Cotton futures contracts	March 2009	60	US\$1,408/NT\$46,176

The main purpose that the Company participates in Sell option contracts and nonhedging purpose forward exchange contracts is to profit on royalties and the difference between exchange rate fluctuation in 2009 and 2008.

The Company has no outstanding option contracts as of December 31, 2009 and 2008, respectively.

The outstanding forward exchange contracts as of December 31, 2009 and 2008 are as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<u>December 31, 2009</u>			
Sell	EUR/USD	2010.3.29-2010.4.29	EUR2,000/USD2,857
	USD/NTD	2010.1.15-2010.3.25	USD78,000/NTD2,512,528
<u>December 31, 2008</u>			
Sell	EUR/USD	2009.1.23-2009.3.30	EUR7,000/USD8,918

The subsidiary, FEIH uses forward contracts to hedge the effect of adverse exchange rate fluctuations on liabilities evaluated by foreign currencies in 2009 and 2008. And FEIH was authorized by affiliates Wuhan Far Eastern New Material Ltd. in 2009 and OTIZ, FEIS, FEIW, and Sino Belgium in 2008 to use forward exchange contracts to hedge against the exchange rate risk on foreign currency assets and liabilities.

FEIH had no outstanding forward contract as of December 31, 2009. As of December 31, 2008, FEIH had trusted outstanding forward exchange contracts as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<u>December 31, 2008</u>			
Sell	USD/CAD	2009.1.23-2009.2.25	USD2,000/CAD2,339

An FENC subsidiary, Far Eastern Construction Corp., used forward exchange contracts in 2008 to hedge against foreign exchange risks on foreign currency-denominated assets. All forward exchange contracts had been settled as of the end of 2008.

An FENC subsidiary, Far Eastern General Contractor Inc., used forward exchange contracts in 2008 to hedge against foreign exchange risks on foreign currency-denominated assets. All forward exchange contracts had been settled as of the end of 2008.

An FENC subsidiary, Oriental Petrochemicals (Taiwan) Co., Ltd., used forward exchange contracts in 2009 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 2009.

An FENC subsidiary, Far Eastern Fibertech Co., Ltd., used forward exchange contracts in 2009 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 2009.

An FENC subsidiary, Yuan Tung Investment Corp., used forward exchange contracts in 2009 and 2008 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 2009 and 2008.

An FENC subsidiary, Far Eastern Polytex (Holding) Limited, used forward exchange contracts in 2009 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 2009.

On 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 Group's net gains (losses) on financial assets were NT\$280,941 thousand in 2009 and NT\$(389,929) thousand in 2008. The net gains on financial liabilities were NT\$93,123 thousand in 2009 and NT\$411,653 thousand in 2008.

## 7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>December 31</u>	
	<u>2009</u>	<u>2008</u>
Current		
Open-end mutual funds - beneficiary certificates	\$ 2,130,876	\$ 1,467,616
Private fund - beneficiary certificates	358,938	-
Marketable equity securities	<u>325,956</u>	<u>521,147</u>
	<u>\$ 2,815,770</u>	<u>\$ 1,988,763</u>
Noncurrent		
Marketable equity securities	<u>\$ 2,593,229</u>	<u>\$ 56,682</u>

## 8. BONDS INVESTMENTS WITH NO ACTIVE MARKET

	<u>December 31</u>	
	<u>2009</u>	<u>2008</u>
Current		
Bond - Ta Chong Commercial Bank	<u>\$ -</u>	<u>\$ 3,000</u>
Noncurrent		
Convertible bond - Bockhold N.V.	<u>\$ 293,454</u>	<u>\$ -</u>

On July 16, 2004, ARCOA bought a five-year corporate bond at par value, amounting to \$3,000 thousand with coupon interest rate of 2.55%. The interest is payable on July 16 annually. The maturity date of the bond is July 16, 2009. The bond was redeemed at par value on the maturity date.

On February 26, 2009, an FENC subsidiary, Yuan Tong Investment Co., Ltd., bought a convertible bond for EUR6,670 thousand issued by Bockhold N.V. The 7.5% interest on this three-year convertible bond was payable semiannually, and this bond can be converted to 933 common stock shares of Bockhold N.V. proportionally. The amount on this liability contract was recognized as bond investment with no active market.

## 9. INVENTORIES - NETS

	<u>December 31</u>	
	<u>2009</u>	<u>2008</u>
Merchandise	\$ 1,034,309	\$ 1,326,203
Finished goods	3,588,502	4,754,300
Work in process	1,453,688	1,877,170
Raw materials	5,427,851	5,015,501
Supplies	<u>569,144</u>	<u>722,645</u>
	<u>\$ 12,073,494</u>	<u>\$ 13,695,819</u>

The allowances for the decline in inventory market value as of the end of 2009 and 2008 were NT\$684,151 thousand and NT\$1,752,870 thousand, respectively.

The costs of goods sold were NT\$94,094,317 thousand in 2009 and NT\$102,098,293 thousand in 2008. The cost of goods sold in 2009 included the gain of NT\$1,068,719 thousand on the recovery of the net realizable value of inventory and this gain resulted from the increasing market price of inventory. The cost of goods sold of 2008 included the loss of NT\$720,032 thousand on the decline in inventory market value.

#### 10. AVAILABLE FOR CONSTRUCTION - LAND

	Area (Square Meters)	December 31	
		2009	2008
Guang Ming Section No. 201, Shi Tuen, Taichung	12,036	\$ 411,629	\$ 411,629
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>\$ 620,013</u>	<u>\$ 620,013</u>

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

Construction-in-progress, advances on land and building and deferred marketing expenses (these expenses are classified under other current assets) of Far Eastern Construction Co., Ltd. as of December 31, 2009 and 2008 were as follows:

Project by Accounting Method	Contract Price	Estimated Construction Cost	Construction-in-Progress				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, 2009</u>										
Completed-contract method										
Yuan Yang California	\$ -	\$ -	\$ 404,040	\$ 67,432	\$ -	\$ 471,472	\$ 222,529	\$ 515,478	-	2011
Ban Ciao - New Section No. 9	-	-	710,554	429,065	-	1,139,619	-	-	-	2012
Percentage of completion method										
Ban Shin Headquarter	2,441,844	2,219,150	-	24,808	198,198	223,006	2,029	473,340	89	2010
			<u>\$ 1,114,594</u>	<u>\$ 521,305</u>	<u>\$ 198,198</u>	<u>\$ 1,834,097</u>	<u>\$ 224,558</u>	<u>\$ 988,818</u>		
<u>December 31, 2008</u>										
Completed-contract method										
Ban Shin Headquarter	-	-	\$ -	\$ 15,579	\$ -	\$ 15,579	\$ 1,786	\$ 10,371	-	2010
Ban Ciao - New Section No. 9	-	-	693,173	356,090	-	1,049,263	-	-	-	2012
			<u>\$ 693,173</u>	<u>\$ 371,669</u>	<u>\$ -</u>	<u>\$ 1,064,842</u>	<u>\$ 1,786</u>	<u>\$ 10,371</u>		

The land in section number 9 of the new station in Ban Ciao ("Ban Ciao Zhong Ben") was developed using the joint construction and allocation of housing units method for FECC and Far Eastern Department Store. The allocation of housing units was based on percentages of land ownership (36.07% for FECC and 63.93% for Far Eastern Department Store).

In the years ended December 31, 2009 and 2008, FECC's capitalized interest which generally referred to construction-in-progress and prepaid construction, was NT\$21,090 thousand and NT\$36,872 thousand, respectively. The capitalization rates were 1.4249%-4.218% in 2009 and 1.5552%-3.7416% in 2008.

Construction-in-progress (net of billings on construction-in-progress) of FEGC as of December 31, 2009 and 2008 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, 2009</u>							
Percentage of completion method							
Kaohsiung Rapid Transit	\$ 7,921,849	\$ 7,105,296	\$ 7,888,650	\$ 7,652,433	99	2010	\$ 808,387
Min Yin Camp (1)	395,368	406,531	395,368	390,540	-	2010	(11,163)
Min Yin Camp (2)	484,010	498,016	485,674	481,175	-	2010	(14,006)
Headquarter, Bank of Panhsin	3,687,619	3,458,324	3,287,089	2,101,288	-	2010	195,482
Panhsin Decoration	1,701,724	1,605,249	882,426	593,517	52	2010	48,109
Tainan science park - Taipower Company	894,138	1,002,225	811,770	743,020	92	2010	(108,087)
Zhong-Ben	2,568,919	2,618,919	875,777	473,037	35	2012	(50,000)
Zhong-Long Decoration	87,381	80,649	86,253	83,011	99	2010	6,665
Taichung C709A	2,965,991	2,788,031	852,193	779,893	29	2011	51,608
Yuan Yang California	2,965,929	2,798,046	684,622	-	24	2011	-
BanCiao communication park	234,286	223,500	177,741	-	76	2010	2,860
Zhong-Long Storage	314,931	321,298	313,134	272,057	99	2010	(6,367)
Zhong-Long Fireplace	501,908	501,189	498,797	441,793	99	2010	712
			<u>17,239,494</u>	<u>14,011,764</u>			
Completed-contract method							
Taipei Internation Flora Expo	-	-	56,830	-	-	2010	-
Lot of O.I.T.	-	-	7,458	-	-	2011	-
Far Eastern Memorial Hospital	-	-	11,424	-	-	2012	-
			<u>75,712</u>	<u>-</u>			
			<u>17,315,206</u>	<u>\$ 14,011,764</u>			<u>\$ 924,200</u>
			<u>\$ 3,303,442</u>				
<u>December 31, 2008</u>							
Percentage of completion method							
Kaohsiung Rapid Transit	\$ 7,921,849	\$ 7,105,296	\$ 7,831,648	\$ 7,645,471	99	2009	\$ 808,387
Min Yin Camp (1)	388,557	399,720	395,443	381,052	-	2009	(11,163)
Min Yin Camp (2)	484,010	498,016	485,674	463,368	-	2009	(14,006)
Hua-Jiang Express	2,415,682	2,373,423	2,259,705	2,183,092	94	2009	39,724
Er-chung flood spillway bridge	130,133	132,381	136,028	130,366	-	2009	(2,248)
Headquarter, Bank of Panhsin	3,687,619	3,424,324	2,522,495	1,595,506	70	2010	113,773
Taichung C706	2,939,048	2,927,665	730,682	704,170	25	2011	2,846
Tainan science park - Taipower Company	792,381	908,571	713,313	663,429	91	2009	(116,190)
Zhong-Ben	1,857,059	1,857,059	562,069	312,061	30	2012	-
Yuan-Yang famous building	154,605	145,854	14,127	-	99	2009	8,664
Zhong-Long Storage	327,789	305,339	302,007	238,571	92	2009	20,654
Zhong-Long fireplace	506,861	504,356	438,467	399,180	87	2009	2,179
			<u>16,391,658</u>	<u>14,716,266</u>			
Completed-contract method							
Taichung C709A	-	-	10,573	-	-	2011	-
Yuan Yang California	-	-	232,155	-	-	2011	-
Miscellaneous	-	-	10,757	7,307	-	2009	-
			<u>253,485</u>	<u>7,307</u>			
			<u>16,645,143</u>	<u>\$ 14,723,573</u>			<u>\$ 852,620</u>
			<u>\$ 1,921,570</u>				

## 12. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	December 31, 2009		December 31, 2008	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
With quoted market prices				
Far Eastern International Commercial Bank (Note 13)	\$ 1,286,376	5	\$ -	-
With no quoted market prices				
Yue Yuan Investment Corp.	637,577	19	637,577	19
Bockhold N.V.	223,533	13	-	-
Kaohsiung Rapid Transit Corporation	108,313	2	194,929	2
Alberia & Orient Glycol Company Ltd.	137,698	25	169,422	25
Hantech Venture Capital Corp.	104,714	7	104,714	7
Chung Nan Textile Corp.	81,405	5	81,405	5
Nippon Parison Co.	69,899	10	71,712	10
Yi Tong Fiber Co., Ltd.	28,519	4	28,519	4
YaLi Precast and Pressed 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 Corporation	14,000	1	14,000	1
Thi Consultants Inc.	13,729	18	13,729	18
Overseas Investment Corp.	10,000	1	10,000	1
VIBO Telecom Inc.	8,400	-	8,400	-
Others	28,690		27,056	
	<u>1,530,352</u>		<u>1,425,338</u>	
Fund				
Domestic private mutual fund	150,000		150,000	
Kai Yuang Trust Fund	-		247,635	
	<u>150,000</u>		<u>397,635</u>	
Convertible bond				
Bockhold NV	7,895		-	
	<u>\$ 2,974,623</u>		<u>\$ 1,822,973</u>	

The Company and its subsidiaries' investments on securities and funds presented above were evaluated at their acquisition costs because those financial assets were traded at inactive markets and were unable to be measured with their fair values.

In January 2009, an FENC subsidiary, Yuan Tung Investment Co., Ltd., acquired 13% equity in Bockhold N.V. for NT\$223,533 thousand and then bought a convertible bond issued by Bockhold N.V. (Note 8) on February 26, 2009. However, since the bond was an investment in an inactive market, it was recognized as a financial asset carried at cost amounting to NT\$7,895 thousand.

Investment in Alberia & Orient Glycol Company 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 his investees' voting stock.

Kai Yuang Trust Fund, which was invested in by an FENC subsidiary, Far Eastern Investment (Holding) Ltd. (FEIH), was evaluated to have an impairment loss of NT\$25,890 thousand in 2008, with a small possibility of recovery. However, because FEIH planned to dispose of Kai Yuang Trust Fund in a year, the investment was reclassified in 2009 as a long-term equity investment for disposal.

According to 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) will have to transfer all assets to the government without any condition at the end of the chartered period and the amortization of this investment should be completed within the chartered period. Kaohsiung Rapid Transit Corporation started the construction of the KRTC system on October 31, 2001 and then began the commercial operation in April 2008. The chartered period will end on October 31, 2037 for a total of 36 years. The investment amortization period, which started in April 2008, will be lasting for 29 years and 7 months with the total amortization amount of NT\$6,760 thousand in 2009 and NT\$5,071 thousand in 2008. However, because of the poor performance by KRTC in many years, Far Eastern General Contractor Inc. recognized an impairment loss of NT\$79,856 thousand after the assessment of KRTC in 2009.

### 13. EQUITY-METHOD INVESTMENTS

	December 31, 2009		December 31, 2008	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
With quoted market prices				
Asia Cement Corp. (ACC)	\$ 13,749,534	24	\$ 12,830,049	26
Far Eastern Department Stores (FEDS)	4,229,574	18	3,903,181	20
Oriental Union Chemical Corp. (OUCC)	3,073,670	23	2,755,152	23
Everest Textile Co., Ltd. (Everest Textile)	1,232,584	27	1,151,023	26
Far Eastern International Commercial Bank (FEIB)	-	-	3,380,708	16
	<u>22,285,362</u>		<u>24,020,113</u>	
With no quoted market prices				
New Century InfoComm Tech Co., Ltd. (NCIC)	10,158,936	43	9,625,721	40
Oriental Securities Corp.	4,978,006	46	4,045,195	46
Yuan Ding Co., Ltd.	4,099,707	50	3,595,194	50
Pacific Liu Tong Investment Co., Ltd.	2,602,982	40	2,480,248	40
Far Eastern International Leasing Corp. (FEILC)	2,004,473	34	1,760,425	33
Liquid Air Far East Co., Ltd.	1,136,367	35	1,130,451	35
Pacific Petrochemical (Holding) Ltd.	709,847	25	506,998	25
Da Ju Fiber Corp.	423,755	42	263,490	42
Kowloon Cement Corp.	380,159	49	382,976	49
Far Eastern Leasing Corp.	359,363	46	355,328	46
Yu Ding Industry Co., Ltd.	319,952	29	94,345	28
Freudenberg Far Eastern Spunweb Co., Ltd.	274,931	30	245,218	30
Yue Ming Corp.	70,195	46	35,941	46
Malaysia Garment Manufactures PTE Ltd.	45,051	38	(27,686)	38
Ding Ding Integrated Marketing Service Co., Ltd.	39,519	15	5,744	15
iScreen	30,030	40	28,765	40
Ding Ding Hotel Corp.	28,962	19	53,029	19
Com 2B Corp.	28,051	20	29,674	20
Martens Beer (Shanghai) Ltd.	-	-	22,678	30
	<u>27,690,286</u>		<u>24,633,734</u>	
Credit balance of long-term investments reclassified to other receivables	-		27,686	
	<u>\$ 49,975,648</u>		<u>\$ 48,681,533</u>	



Investments in Far Eastern Department Stores Ltd., Ding Ding Hotel Corp. and Ding Ding Integrated Marketing Service Co., Ltd. in 2009 and investments in Far Eastern Department Stores Ltd., Far Eastern International Bank, Ding Ding Hotel Corp., and Ding Ding Integrated Marketing Service Co. in 2008 were accounted for by the equity method since the Group exercised a significant influence over them even though the Group owned less than 20% of each investee's voting stock.

The market prices of equity-method investments in listed companies were NT\$38,215,850 thousand as of December 31, 2009 and NT\$30,862,539 thousand as of December 31, 2008. They were calculated by the closing prices on December 31, 2009 and 2008.

The Group bought 13,908 thousand shares of ACC for NT\$300,423 thousand and sold 34,135 thousand ACC shares for NT\$1,841,544 thousand in 2008. Thus, the Group's equity interest in ACC decreased from 26.64% to 25.90%. In 2009, The Group bought 7,352 thousand shares of ACC for NT\$219,167 thousand and sold 67,631 thousand shares of ACC for NT\$2,215,557 thousand; thus, the Group's equity in ACC decreased from 25.90% to 23.85%.

In 2009, two FENC subsidiaries, Yuan Ding Investment Co., Ltd. and Ding Yuan International Investment Corp., bought 12,279 thousand shares of OUCC for NT\$194,978 thousand and sold 10,810 thousand shares of OUCC for NT\$260,224 thousand. Thus, the Group's equity in OUCC increased from 22.56% to 22.74%.

Two FENC subsidiaries, Yuan Tong Investment Co., Ltd. and Kai Yuan International Investment Co., Ltd. bought 26,951 thousand shares of FEDS for NT\$601,072 thousand and the subsidiary, Yuan Ding Investment Co., Ltd. sold 47,181 thousand FEDS shares for NT\$2,542,482 thousand in 2008. Thus, the Group's equity interest in FEDS decreased from 21.49% to 19.58%. Yuan Ding Investment Co., Ltd. bought 2,419 thousand shares of FEDS for NT\$86,231 thousand in 2009. Yuan Tong Investment Co., Ltd., Kai Yuan International Investment Co., Ltd. and Ding Yuan International Investment Corp. sold 20,674 thousand shares of FEDS for NT\$649,752 thousand in 2009. The Group's equity in FEDS thus decreased from 19.58% to 18.04%.

On June 10, 2009, the stockholders of Far Eastern International Bank decided to offset a loss of NT\$4,075,208 thousand through capital reduction on June 30, 2009, which is the base date of the capital reduction. Thus, the Group's holding in FEIB decreased by 65,341 thousand shares.

In 2008, the Group invested in 127,601 thousand shares privately issued by FEIB for NT\$829,407 thousand, and this investment was treated as a transfer of ownership, as stated in Section 8 of Article 43 of the ROC Securities and Exchange Act. In addition, the Group bought 21,493 thousand shares of FEIB for NT\$122,197 thousand, resulting in an increase in the Group's equity in FEIB from 11.83% to 15.87%. On May 28, 2009, FEIB had a board of directors' election. FENC and one of its subsidiaries, Yuan Ding Investment Co., Ltd., lost their three seats in the board, and they no longer had significant control over FEIB when the new board's term began on June 27, 2009. Thus, the Group reclassified the carrying value of the shares privately issued by FEIB to financial assets carried at cost, and the rest was reclassified to available-for-sale financial assets - noncurrent.

In 2009, Everest Textile Co., Ltd. reacquired its shares from the open market, and this treasury stock transaction caused the Group's holding in this company to increase from 25.99% to 27.07%.

In April 2008, the Company and Yuan Ding Investment Co., Ltd. acquired 10,174 thousand shares issued by FEILC for NT\$122,094 thousand, and the combined ownership percentage of FEILC increased from 32.77% to 33.12%. In November 2009, the Company and Yuan Ding Investment Co., Ltd. acquired 19,001 thousand shares of FEILC's newly issued shares for NT\$190,008 thousand, and their equity in FEILC increased from 33.12% to 33.67%.

On June 5, 2009, NCIC's stockholders decided to offset a loss of NT\$14,005,510 thousand through capital reduction, with August 1, 2009 as the base date of capital reduction. Thus, the Group's holding of NCIC decreased by 596,147 thousand shares.

A Company subsidiary, Far Eastern Industries (Wuxi), acquired 30% ownership of Martens Beer Trading (Shanghai) Ltd. ("Martens Shanghai") in 2008. An FENC subsidiary, Sino Belgium (Holding) Limited, acquired 70% ownership of Martens Shanghai in the first quarter of 2009. Thus, Martens Shanghai was included in the consolidated financial report of 2009.

In July 2009, an FENC subsidiary, Yuan Ding Investment Co., Ltd., acquired 5,302 thousand shares of the shares newly issued by Da Ju Fiber Co., Ltd. for NT\$127,258 thousand

In 2009, Ding Yuan International Investment Corp. acquired 9,120 thousand shares of the shares newly issued by Yue Ding Industry Co., Ltd. for NT\$91,200 thousand. Thus, the Group's equity in Yue Ding Industry Co., Ltd. increased from 27.81% to 28.87%.

The difference between investment cost and equity in the investees' net assets as of December 31, 2009 and 2008 is as follows:

	<b>Beginning Balance</b>	<b>Increase</b>	<b>Decrease</b>	<b>Ending Balance</b>
<u>2009</u>				
Goodwill	\$ 878,592	\$ 61,888	\$ 354,042	\$ 586,438
Amortizable assets	<u>808,673</u>	<u>197,575</u>	<u>138,713</u>	<u>867,535</u>
	<u>\$ 1,687,265</u>	<u>\$ 259,463</u>	<u>\$ 492,755</u>	<u>\$ 1,453,973</u>
<u>2008</u>				
Goodwill	\$ 830,636	\$ 160,647	\$ 112,691	\$ 878,592
Amortizable assets	<u>924,029</u>	<u>-</u>	<u>115,356</u>	<u>808,673</u>
	<u>\$ 1,754,665</u>	<u>\$ 160,647</u>	<u>\$ 228,047</u>	<u>\$ 1,687,265</u>

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

	<u>December 31</u>	
	<b>2009</b>	<b>2008</b>
Corporate bonds		
Asia Cement Corporation	<u>\$ 199,567</u>	<u>\$ -</u>

In September 2009, the subsidiary, KG Telecom bought 5-year corporate bonds for NT\$199,540 thousand issued by Asia Cement Corporation with an effective interest rate of 2.004% and coupon interest rate of 1.95%.

## 15. PROPERTIES

a. Accumulated depreciation consisted of:

	<b>December 31</b>	
	<b>2009</b>	<b>2008</b>
Cost		
Buildings and equipment	\$ 7,245,221	\$ 6,808,495
Machinery and equipment	58,395,058	55,198,006
Telecommunication equipment	80,192,573	72,444,975
Computer equipment	14,470,653	13,339,271
Leasehold improvements	1,483,049	1,381,059
Miscellaneous equipment	<u>4,610,339</u>	<u>4,207,716</u>
	<u>166,396,893</u>	<u>153,379,522</u>
Appreciation		
Buildings and equipment	211,806	207,932
Machinery and equipment	165,648	170,175
Miscellaneous equipment	<u>5,080</u>	<u>5,080</u>
	<u>382,534</u>	<u>383,187</u>
Total accumulated depreciation	<u>\$ 166,779,427</u>	<u>\$ 153,762,709</u>

Under government regulations, the Company revalued the properties (excluding land) in 1983 and the lands in 1994. The resulting appreciation was accounted for as an increase in the carrying value of the properties and properties leased to others. A reserve for land value increment tax was also recognized and the net appreciation was credited to unrealized revaluation increment on properties.

The Company and ACC co-own a parcel of land located on Tun-Hwa South Road in Taipei. Under an agreement with the Company and ACC on March 31, 1989, Yuan Ding Corp. ("Yuan Ding") paid for the construction of a multi-functional building on this land and owned the 30-year surface right of land and the ownership of the building should have been registered on the Company, ACC and Yuan Ding by 12%, 12% and 76%. Upon expiration of the agreement, the Company and ACC will acquire Yuan Ding's 76% ownership of the building with the book value of the building in 1989.

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

The subsidiary, Far Eastern Resources Development Co., Ltd. leased a 35-year surface rights of 9 pieces of lands in Pader, Taoyuan to Far Eastern Memorial Foundation for NT\$228,571 thousand (recognized as deferred incomes) and the rent revenues will be recognized periodically during the lease period.

In 2009, three FENC subsidiaries, Far Eastern Industries (Shanghai) Ltd., Far Eastern Industries (Suzhou) Ltd. and Sino Belgium (Suzhou) Ltd., had impairment losses of NT\$59,322 thousand, NT\$19,514 thousand and NT\$49,388 thousand, respectively.

Capitalized interests on properties were \$32,840 thousand in 2009, with an interest rate of 0.6% to 6.38%, and \$148,329 thousand in 2008, with an interest rate of 1.35% to 6.61%.

Depreciation expenses were NT\$15,931,931 thousand in 2009 and NT\$15,246,961 thousand in 2008.

## 16. 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 large percentage of ownerships by the subsidiary, Far EasTone.

Under Statement of Financial Accounting Standards No. 35 - "Accounting for Asset Impairment," the Far EasTone and its subsidiaries are divided into three identifiable cash-generating units as follows:

To enhance the operating effectiveness, Far EasTone integrated its telecommunications resources actively in 2009 and 2008. Thus, in 2009, the identifiable cash-generating units were defined as mobile telecommunications service business, telecommunication equipment business and WiFly business, which were divided by distinct business functions.

On December 31, 2009 and 2008, the carrying values of the tangible and intangible assets used by Far EasTone and its subsidiaries were \$57,910,640 thousand and \$63,927,354 thousand, respectively. Far EasTone's management took the recoverable amounts of core assets and their life uses as a consideration for the cash flow forecast. Therefore, the discount rates on December 31, 2009 are 10.61% for the mobile telecommunications service business, 10.42% for the telecommunication equipment business and 10.00% for WiFly business and the discount rates on December 31, 2008 are 12.64% for mobile telecommunications service business, 16.88% for telecommunication equipment business and 10.00% for WiFly business. The operating revenue forecast was based on the expected future growth rate of the telecom industry along with the prospective advancement of the business.

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

- a. Expected future growth rate of the telecommunications industry
  - 1) Mobile voice service (MVS): The anticipated MVS growth rate is based on the actual effective customer base of the previous years and on assumptions that the 2G telecommunications services market is mature and there would be increased use of 3G telecommunications services. Therefore, the growth rate is expected to be stable.
  - 2) Mobile data service (MDS): The demand for MDS is expected to grow. However, given the cycle in the industry, the growth rate for MDS will gradually decrease annually.
  - 3) Business of telecommunication equipment: Based on past experience, plans and the trend in the overall market, the anticipated growth rate is expected to decrease gradually.
  - 4) WiFly business: Based on present experience and the demand of WiFly, the growth rate is expected to be stable.
- b. Expected ratio of service EBITDA (earnings before interest, taxes, depreciation and amortization) to operating revenue: The ratio was around 50% in 2009 and 2008; this ratio is expected to decrease slightly in future years.

As of December 31, 2009 and 2008, recognized impairment loss of NT\$44,315 thousand and NT\$20,000 thousand were classified under nonoperating expenses and losses - others, respectively.

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

	<b>2009</b>	<b>2008</b>
Cost	\$ <u>10,169,000</u>	\$ <u>10,169,000</u>
Accumulated amortization		
Beginning balance	2,861,935	2,131,228
Amortization	<u>730,707</u>	<u>730,707</u>
Ending balance	<u>3,592,642</u>	<u>2,861,935</u>
Intangible assets, net	<u>\$ 6,576,358</u>	<u>\$ 7,307,065</u>

**18. FARMLAND**

	<b>2009</b>	<b>2008</b>
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.

**19. SHORT-TERM BANK LOANS**

	<b>2009</b>	<b>2008</b>
Unsecured loans: Interest - 0.5%-6.4% in 2009 and 1.00%-6.57% in 2008	\$ 17,073,984	\$ 23,086,399
Secured loans: Interest - 0.58-3.99% in 2009 and 1.78%-6.03% in 2008	4,764,800	2,821,566
Warrant loans: Interest - 0.57%-6.96% in 2009 and 2.29%-6.426% in 2008	<u>2,307,354</u>	<u>1,790,428</u>
	<u>\$ 24,146,138</u>	<u>\$ 27,698,393</u>

An FENC subsidiary, Far Eastern Construction Inc. (FECI), obtained a loan of NT\$1,000,000 thousand from Taiwan Cooperative Bank for a residential construction named Twin Star Garden Square. The first installment payment was in February 2009, and this loan was fully repaid in December 2009. FECI got another loan of NT\$430,000 thousand from the Bank of Panhsin, and this loan had been fully repaid as of the end of 2009.

In addition, on December 17, 2009, FECCI got a syndicated loan of NT\$4,000,000 thousand from Mega International Commercial Bank and three other banks. A lot under development (No. 17 in the Shin Ya Section) for a new residential construction named Far Eastern California was pledged to the creditor banks to guarantee FECCI's debt repayment. The conditions of the loan are presented below:

	<b>Amount Limit</b>	<b>Period</b>	<b>Interest Rate</b>	<b>Remark</b>
A	\$ 1,800,000	Two years from the first drawdown	Interest rate is fixed during the interest period	The entire loan should be used only once, i.e., it cannot be used as a revolving credit during the contract period.
B	2,200,000	Two years from the first drawdown	Interest rate is fixed during the interest period	Multiple drawdowns on the loan are allowed but the loan cannot be used as a revolving credit during the contract period.
	<u>\$ 4,000,000</u>			

## 20. COMMERCIAL PAPER

Commercial papers were issued at discount rates ranging from 0.17% to 1.90% in 2009 and from 1.45% to 3.0% in 2008.

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

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

<b>Contract Name</b>	<b>Contract Price</b>	<b>Estimated Construction Cost</b>	<b>Construction in Progress</b>	<b>Billings on Construction-in-progress</b>	<b>Percentage of Completion</b>	<b>Expected Completion Year</b>	<b>Recognized Cumulative Construction Profit (Loss)</b>
<u>December 31, 2009</u>							
Percentage of completion method							
Er-Chung	\$ 136,551	\$ 138,799	\$ 136,278	\$ 136,551	-	2010	\$ (2,248)
Taichung C706	3,018,591	2,927,665	1,804,665	1,936,471	60	2011	54,556
Taichung C704	2,314,286	2,159,356	<u>361,161</u>	<u>516,844</u>	16	2011	24,789
			<u>2,302,104</u>	<u>2,589,866</u>			
Completed-contract method							
Manhattan	-	-	90,216	93,265	-	2010	-
Others	-	-	<u>2,392</u>	<u>2,679</u>	-	2010	-
			<u>92,608</u>	<u>95,944</u>			
			<u>\$ 2,394,712</u>	<u>2,685,810</u>			
				<u>\$ 291,098</u>			<u>\$ 77,097</u>
<u>December 31, 2008</u>							
Completed-contract method							
Zhong-long	-	-	\$ 53,508	\$ 54,040	-	2009	\$ -
Manhattan	-	-	88,223	93,265	-	2009	-
Ban-Shin	-	-	52,417	61,252	-	2009	-
Banciao Communication	-	-	<u>23,471</u>	<u>39,213</u>	-	2009	-
			<u>\$ 217,619</u>	<u>247,770</u>			<u>\$ -</u>
				<u>\$ 30,151</u>			

## 22. LONG-TERM LIABILITIES

	Current	Long-term	Total
<u>December 31, 2009</u>			
Long-term debts			
Bank loans	\$ 3,819,255	\$ 34,000,960	\$ 37,820,215
Commercial paper	<u>-</u>	<u>1,998,836</u>	<u>1,998,836</u>
	<u>3,819,255</u>	<u>35,999,796</u>	<u>39,819,051</u>
Bonds			
Nonconvertible bonds (local)	<u>5,799,698</u>	<u>9,788,724</u>	<u>15,588,422</u>
Exchange bonds	2,500,000	-	2,500,000
Exchange bonds discount	<u>(157,657)</u>	<u>-</u>	<u>(157,657)</u>
	<u>2,342,343</u>	<u>-</u>	<u>2,342,343</u>
	<u>8,142,041</u>	<u>9,788,724</u>	<u>17,930,765</u>
	<u>\$ 11,961,296</u>	<u>\$ 45,788,520</u>	<u>\$ 57,749,816</u>
<u>December 31, 2008</u>			
Long-term debts			
Bank loans	\$ 3,876,468	\$ 39,635,050	\$ 43,511,518
Commercial paper	<u>998,945</u>	<u>2,098,170</u>	<u>3,097,115</u>
	<u>4,875,413</u>	<u>41,733,220</u>	<u>46,608,633</u>
Bonds			
Nonconvertible bonds (local)	<u>4,299,927</u>	<u>11,597,837</u>	<u>15,897,764</u>
Exchange bonds	-	2,500,000	2,500,000
Exchange bonds discount	<u>-</u>	<u>(215,988)</u>	<u>(215,988)</u>
	<u>-</u>	<u>2,284,012</u>	<u>2,284,012</u>
	<u>4,299,927</u>	<u>13,881,849</u>	<u>18,181,776</u>
	<u>\$ 9,175,340</u>	<u>\$ 55,615,069</u>	<u>\$ 64,790,409</u>

### Bank Loans

The foregoing loans are repaid quarterly or in lump sum on maturity in New Taiwan dollars and will be fully repaid in December 2014. Bank interest rates were 0.50% to 6.966% in 2009 and 1.60% to 7.353% in 2008.

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 EBIT ratios within certain ranges. The Company's stand-alone financial reports of 2009 and 2008 showed that the Company was in compliance with these ratio requirements.

On July 1, 2008, a Company subsidiary, Sino Belgium (Holding) Ltd., reached a medium-term syndicated loan agreement with banks led by Chinatrust Commercial Bank. The total loan agreement amounted to US\$50,000 thousand. Under this agreement, another subsidiary of the Company, Yuan Tong Investment Co., Ltd. (YTIC), served as the guarantor of Sino Belgium (Holding) Ltd. and thus committed to keep its current, liability, tangible asset-equity and EBIT ratios within certain ranges. YTIC's stand-alone financial reports of 2009 and 2008 showed that YTIC was in compliance with these ratio requirements.

On January 4, 2007, a Company subsidiary, Far Eastern Construction Co., Ltd., entered into a NT\$4,000,000 thousand credit agreement with Hua Nan Bank and seven other financial institutions. Far Eastern Construction Co., Ltd. pledged its land of Zhong Ben project (Ban Ciao - New Section No. 9) 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>Period</b>	<b>Interest Rate</b>	<b>Redemption</b>
A	NT\$ 2,000,000 thousand	Three years and six months after use of the credit	Reference interest rate plus 0.35%-0.40%	Revolving credit within the period, and redemption at lump sum on maturity
B	NT\$ 1,000,000 thousand	One year after use of the credit	Reference interest rate plus 0.30%	Revolving credit within the period, and redemption at lump sum on maturity
C	NT\$ 1,000,000 thousand	Three years and six months after use of the credit	Reference interest rate plus 0.35%-0.40%	Not revolving credit within the period, and redemption at lump sum on maturity

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

On December 4, 2009, an FENC subsidiary, Oriental Petrochemical (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 the OPTC's condition to determine the new deadline for the settlement of the principal and the interests.

OPTC's stand-alone financial reports of 2009 showed that OPTC met the liability ratio requirement under its loan contract with Mega and Chinatrust.

### **Commercial Paper**

Commercial paper with one-year maturity had an annual discount rate at 1.998% as of December 31, 2009 and had an annual discount rate ranging from 1.473% to 1.838% as of December 31, 2008. Under a revolving credit agreement, a consortium of banks guaranteed the commercial paper to be reissued by the Group.

An FENC subsidiary, Yuan Ding Investment Co., Ltd., entered into a "Secured Revolving Commercial Paper Issuance Facility Agreement" with financial institutions and agreed to issue the commercial papers within the contract limits in three years. The discount rate at the end of 2009 was 0.692%.

### **Bonds**

#### FENC

FENC issued five-year nonconvertible bonds (the 69th tranche) on January 28, 2003. These bonds have an aggregate face value of NT\$1,000,000 thousand, with each unit having a face value of NT\$1,000 thousand. They are repayable in lump sum on maturity and the interest was calculated semiannually and paid annually. The bonds were due and paid in January 2008.



The Company issued five-year nonconvertible bonds (the 70th tranche) on August 4 to 6, 2003. These bonds have an aggregate face value of NT\$2,000,000 thousand, with each unit having a face value of NT\$10,000 thousand. They are repayable in lump sum on maturity and the interest was calculated semiannually and paid semiannually. The bonds were due and paid in August 2008.

The Company issued five-year nonconvertible bonds (the 71st tranche) on October 22, 2003. These bonds have an aggregate face value of NT\$1,000,000 thousand, with each unit having a face value of NT\$10,000 thousand. They are repayable in lump sum on maturity and the interest was calculated semiannually and paid annually. The bonds were due and paid in October 2008.

FENC issued five-year nonconvertible bonds (the 72nd tranche) on August 13, 2004. The total face value of the bonds is NT\$1,500,000 thousand, with each unit having a face value of NT\$10,000 thousand. These bonds are repayable in lump sum on maturity. Interest is calculated quarterly and paid annually. FENC redeemed these bonds in August 2009.

To hedge against the interest-related risks on the 69th, 70th, 71st, and 72nd secured convertible bonds, the Company used interest rate swap contracts and redeemed all secured convertible bonds.

The Company made a two-part bond issuance, with the first issuance of three-year unsecured bonds on October 31, 2007. The bonds have an aggregate face value of NT\$800,000 thousand, with each unit having a face value of NT\$1,000 thousand. The bonds are repayable in lump sum on maturity, with 2.62% interest calculated and paid annually.

The Company made the second issuance of three-year unsecured bonds on November 22, 2007. The bonds have an aggregate face value of NT\$2,000,000 thousand with each unit having a face value of NT\$1,000 thousand. The bonds are repayable in lump sum on maturity, with 2.80% interest calculated and paid annually.

The Company made the first issuance of three-year unsecured bonds on May 28, 2008. 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 are repayable in lump sum on maturity, with 2.67% interest calculated and paid annually.

The Company made a second issuance of five-year unsecured bonds on June 20, 2008. The bonds have an aggregate face value of NT\$1,000,000 thousand, with each unit having a face value of NT\$1,000 thousand. 30%, 30% and 40% of the total issuance amounts are repayable in the ends of the third, fourth and fifth year from the issuance date with 2.83% interest calculated and paid annually.

The Company made a third issuance of five-year unsecured bonds on July 18, 2008. The bonds have an aggregate face value of NT\$1,200,000 thousand, with each unit having a face value of NT\$1,000 thousand. Of the total issuance amounts, 30%, 30%, 40% are repayable at the end of the third, fourth, fifth year from the issuance date, with 2.95% interest calculated and paid annually.

On October 29, 2009, the Company launched unsecured bonds with an aggregate value of NT\$3,000,000 thousand and a bond par value of NT\$1,000 thousand. These five-year bonds will be paid at 50% of the aggregate value at the end of the 4th and 5th years, and the simple interests will be calculated at 1.85% and paid 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. The bond is repayable in lump sum on maturity at a 2.512% interest rate. Under the Statement of Financial Accounting Standards No. 36 - "Financial Instruments: Disclosure and Presentation", the Company recognized the exchangeable call and put options and the liability on these bonds as separate assets (Note 6) and liabilities.

Other bond issuance terms are as follows:

a. Exchangeable period:

The bondholders can exchange their bonds for ACC shares under the bond terms at any time between October 15, 2007, the day after the issuance date, and September 4, 2012, the 10th day before the maturity date, except during the period starting from (a) the third day before the ex-right date of stock dividend issuance, (b) the third day before the ex-right date of cash dividend issuance, (c) the third day before the ex-right date of new share issuance, or (d) the third day before the ex-right date of capital decrease, until the effective date of dividend or new share distribution or of capital decrease. In addition, bondholders cannot exchange bonds for ACC's shares in the period for which this exchange is prohibited by law.

b. Exchange price

1) The exchange price was NT\$57.88 per share on the issuance date.

2) The exchange price of the issued bonds will be adjusted in any one of these situations: (a) if the convertible securities issued by ACC are exchanged into common stock; (b) if the common shares issued by ACC increase because of new share issuance for cash, appropriation of stock dividends from retained earnings, transfer of stock dividends to common stock from additional paid-in capital, stock bonus of employees, new share issuance due to mergers, stock splits, issuance of overseas depositary receipts; etc.; (c) if securities with conversion rights or stock rights have a lower conversion or exercise price than the market price of ACC's stocks; (d) if the number of ACC's common shares decreases for reasons other than the write-off of treasury shares; or (e) if the ratio of cash dividends to the market value of the common stock is higher than 1.5%. The exchange price was NT\$47.71 as of December 31, 2009.

c. Call option:

If the closing price of ACC's shares on the Taiwan Stock Exchange for each of the 30 consecutive trading days is at least 150% of the exchange price between October 15, 2007, the 30th day after the ACC's share issuance date, and August 5, 2012, the 40th day before the maturity date of the exchangeable bond, the Company may redeem all the outstanding bonds at their principal amount within 30 trading days after this increase in closing price by sending to the bondholders a registered redemption notice, which is valid for one month from the date of the notice. However, if the bond principal amount is less than NT\$250,000 thousand (10% of the principal amount) the Company may redeem the outstanding bonds at any time after this decrease by also using the registered redemption notice.

d. Put option:

Bondholders can require the Company to redeem their holdings at 100% of the principal amount on September 14, 2010, three years after the issuance date. The Company should redeem the bonds within five trading days after the bondholders' notifying the Company of their request for bond redemption. Bondholders can redeem their holdings in 2010, so the exchangeable bonds were recognized as long-term debts.

e. As of December 31, 2009, the amount of the outstanding exchangeable bonds, i.e., not yet exchanged into ACC's common shares, was still NT\$2,500,000 thousand.

YDI's issuance of domestic bonds is summarized as follows:

Yuan Ding Investment issued five-year and seven-year nonconvertible bonds (the 6th tranche) on July 23 to 27, 2001, which had aggregate face values of NT\$1,000,000 thousand and NT\$1,000,000 thousand, respectively, and each unit having a face value of NT\$1,000 thousand. Redemptions were at a percentage of the face amount of the bonds, as follows: Type I (five-year) bond were due and repaid - 80% of the principal in July 2005 and 20% in July 2006, type II (seven-year) bond was due and repaid - 80% of the principal in July 2006 and 20% in July 2007. They were repaid in lump sum on maturity.

Yuan Ding Investment issued five-year nonconvertible bonds (the 8th tranche) on July 28 to 31, 2003. These bonds had aggregate face values of NT\$200,000 thousand, NT\$200,000 thousand, NT\$300,000 thousand and NT\$300,000 thousand, with each unit having a face value of NT\$1,000 thousand. They were paid in lump sum in 2008.

Yuan Ding Investment issued five-year nonconvertible bonds (the 9th tranche) on June 10, 2004. These bonds have an aggregate face value of NT\$1,000,000 thousand, with each unit having a face value of NT\$10,000 thousand. These bonds, repayable in lump sum on maturity, were fully redeemed in 2009.

To hedge against the risk adverse interest rate fluctuations of nonconvertible bonds (the 9th tranche), Yuan Ding Investment used interest rate swap contracts. These bonds had been fully redeemed by the end of 2009.

Yuan Ding Investment issued three-year nonconvertible bonds (the 1st tranche) on January 20, 2005. These bonds have aggregate face values of NT\$500,000 thousand, NT\$500,000 thousand and NT\$500,000 thousand, with each unit having a face value of NT\$10,000 thousand. They were paid in lump sum on maturity in 2008.

Yuan Ding Investment issued five-year nonconvertible bonds (the 2nd tranche) on June 13 to 16, 2005. These bonds have aggregate face values of NT\$500,000 thousand, NT\$500,000 thousand, NT\$500,000 thousand and NT\$500,000 thousand, with each unit having a face value of NT\$10,000 thousand, annual interest of 2.01% and paid annually.

Yuan Ding Investment issued three-year nonconvertible bonds (the 3rd tranche) on January 16, 2006. These bonds have aggregate face values of NT\$1,000,000 thousand, with each unit having a face value of NT\$1,000 thousand and paid annually. These bonds, which were repayable in lump sum on maturity, were fully redeemed in 2009.

Yuan Ding Investment issued three-year nonconvertible bonds (the 4th tranche) on June 22, 2006. These bonds have aggregate face values of NT\$800,000 thousand, with each unit having a face value of NT\$1,000 thousand and paid annually. These bonds, which were repayable in lump sum on maturity, were fully redeemed in 2009.

Yuan Ding Investment issued five-year nonconvertible bonds (the 5th tranche) on October 11, 2006. These bonds, which are 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.

On August 14, 2009, an FENC subsidiary, Yuan Ding Investment Co., Ltd. (YDI), made a domestic private placement of unsecured bonds with an aggregate value of NT\$1,000,000 thousand and a unit par value of NT\$10,000 thousand. These three-year unsecured bonds will be repayable in lump sum on maturity, with a 2.00% interest payable annually. In 2009, ARCOA, an FENC subsidiary, bought some of YDI's privately placed bonds, and this sale was not included in the consolidated financial statements. New Century Infocomm Tech Co., Ltd. bought the largest portion of YDI's privately placed bonds.

Far EasTone's issuance of domestic bonds is summarized as follows:

a. Domestic unsecured bonds - the 2nd - Far EasTone

Five-year unsecured domestic bonds were issued at par value from March 28, 2003 to April 3, 2003. The total face value of the bonds was \$1,470,000 thousand, with a face value of \$1,000 thousand and interest rate of 2.6% in the first year and 3.2% minus USD six-month LIBOR rate from the second year to the fifth year and the interest were paid semiannually. Far EasTone already repaid all of the bonds payable by April 3, 2008.

b. Domestic unsecured bonds - the 3rd - Far EasTone

Three-year, four-year and five-year domestic unsecured bonds were issued at par value on December 12, 2003. The total face value of the bonds is \$3,000,000 thousand, with a face value of \$5,000 thousand and annual interest rates of 1.83% (three-year bonds) and 1.92% (four-year bonds). The interest rate for five-year bonds is 5.2% minus USD six-month LIBOR rate if the LIBOR rate is greater than 1.05%; otherwise, the interest is at the LIBOR rate plus 1%, which was payable semiannually. Far EasTone already repaid all of the bonds payable by December 18, 2008.

### 23. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The contract-related assets and liabilities of Far Eastern Construction Co., Ltd. and Far Eastern General Contractor Inc. 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, 2009</b>		
	<b>Within One Year</b>	<b>Over One Year</b>	<b>Total</b>
<b>Assets</b>			
Accounts and notes receivable	\$ 209,378	\$ 78,522	\$ 287,900
Receivable from related parties	44,180	-	44,180
Available-for-sale - land and building	30,339	-	30,339
Available for construction - land	-	620,013	620,013
Construction in progress, net	2,347,904	2,789,635	5,137,539
Prepayment for construction (Note)	2,856	-	2,856
Restricted assets (Note)	132,562	176,457	309,019
Refundable deposits - current (Note)	1,177	-	1,177
Refundable deposits - incurrent	-	3,151	3,151
<b>Liabilities</b>			
Accounts and notes payable	1,131,479	-	1,131,479
Payable to affiliates	176,038	-	176,038
Advances on land and building	473,340	515,478	988,818
Billings on construction-in-progress method, net off construction-in-progress	3,609	287,489	291,098

	<b>December 31, 2008</b>		
	<b>Within One Year</b>	<b>Over One Year</b>	<b>Total</b>
<b>Assets</b>			
Accounts and notes receivable	\$ 298,302	\$ -	\$ 298,302
Receivable from related parties	9,463	-	9,463
Available-for-sale - land and building	30,339	-	30,339
Available for construction - land	-	620,013	620,013
Construction in progress, net	475,333	2,511,079	2,986,412
Prepayment for land	-	214,771	214,771
Prepayment for construction	55,045	-	55,045
Restricted assets (Note)	6,219	36,621	42,840
Refundable deposits - current (Note)	21,244	-	21,244
Refundable deposits - incurrent	-	2,743	2,743
<b>Liabilities</b>			
Accounts and notes payable	685,512	-	685,512
Payable to affiliates	111,315	-	111,315
Advances on land and building	-	10,371	10,371
Billings on construction-in-progress method, net off construction-in-progress	30,151	-	30,151

Note: Prepayments and other current assets.

#### **24. STOCKHOLDERS' EQUITY**

Under government regulations, capital surplus from equity-method investments cannot be used to offset a deficit or be capitalized. In addition, capital surplus (including both paid-in capital in excess of par value and that arising from business combination and treasury stock) may be used to offset a deficit or transferred to capital as a stock dividend, with the transfer to be made within prescribed limits only.

The Company's Articles of Incorporation provide that a portion of annual net income, less 10% legal reserve and any deficit, together with prior years' unappropriated earnings, may be retained on the basis of operating requirements, and the remainder should be distributed as follows:

	%
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 following year and given effect to in the financial statements of that year. The Company's dividend policy takes into account future capital expenditure outlays and cash requirements resulting from any changes in tax regulations. For financing these capital expenditures, a portion of the earnings may be retained. The remaining earnings may then be distributed as stock and cash dividends, and the cash dividends should be at least 10% of total dividends.

The Company's employee bonus payable was estimated at NT\$300,732 thousand for 2009 and NT\$196,557 thousand for 2008; the remuneration payable to directors and supervisors was estimated at NT\$225,549 thousand for 2009 and NT\$147,418 thousand for 2008.

The bonuses to employees and the remuneration to directors and supervisors were estimated at 4% and 3%, respectively, of the unappropriated earnings of 2009. 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 date preceding the stockholders' meeting.

The Company appropriates special reserve equivalent to the total of the net debit balances of each stockholders' equity account - except treasury stock - as of the balance sheet date. The special reserve is adjusted to reflect changes in the total net debit balances of the appropriate accounts.

Under the Company Law, legal reserve should be appropriated until the reserve equals the Company's paid-in capital. This reserve may be used to offset a deficit. Also, when the reserve has reached 50% of the Company's paid-in capital, up to 50%, the rest part may be transferred to capital.

The appropriation and distribution of the 2008 and 2007 earnings were approved by the stockholders on June 26, 2009 and June 18, 2008, respectively.

	<b>Appropriation and Distribution</b>		<b>Dividend Per Share (Dollars)</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Legal reserve	\$ 405,825	\$ 1,135,123		
Cash dividend	3,655,963	8,064,624	\$ 0.8	\$ 1.8
Stock dividend	913,991	896,069	0.2	0.2
Remuneration of directors and supervisors - cash	-	289,055		
Bonus of employees - cash`	-	385,406		
	<u>\$ 4,975,779</u>	<u>\$ 10,770,277</u>		

As of December 31, 2008, capital increase from stock dividend of NT\$913,991 thousand had been approved by Financial Supervisory Commission, Executive Yuan. The effective date of this distribution is August 31, 2009 and was approved by the Company's board of directors and registered on October 19, 2009.

The employee bonus amounting to NT\$196,557 thousand and the remuneration to directors and supervisors amounting to NT\$147,418 thousand from the 2008 earnings were decided by the stockholders at their meeting on June 26, 2009. These amounts were the same as those recognized in the financial report of 2008, and the employee bonus was settled in cash.

Information on the appropriation of earnings can be accessed online through the Market Observation Post System on the Web site of the Taiwan Stock Exchange Corporation (<http://mops.tse.com.tw>).

## 25. 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 adopted the linked tax system for tax filing with subsidiary Far Eastern Resources Development Co., Ltd. The Company and Far Eastern Resources Development Co., Ltd. were included in this tax group in 2006.

Certain income tax information is as follows:

	2009	2008
a. Income tax expense components:		
Income tax expenses - current	\$ 2,580,309	\$ 3,808,155
Income tax benefits - deferred	827,158	(998,332)
Prior year's adjustments	32,741	9,617
Income on short-term negotiable instruments subject to separate income tax	1,855	21,841
10% undistributed earnings tax	20,352	90,913
Tax effect resulted from extraordinary gain	<u>-</u>	<u>(5,970)</u>
Income tax expense - current	<u>\$ 3,462,415</u>	<u>\$ 2,926,224</u>

Based on the amend of Article 5 of the Income Tax Law, which was approved by the Legislative Yuan of the Republic of China in May 2009, the income tax rate will be adjusted from 25% down to 20%, effective in 2010. Thus, the Company and the subsidiaries recalculated the deferred income tax assets or liabilities and recorded the resulting differences as deferred income tax benefits or expenses.

	2009	2008
b. Deferred income taxes:		
Current		
Deferred income tax assets - current, net (included in other current assets)		
Investment tax credit	\$ 141,620	\$ 10,328
Bad-debt expense in excess of the tax - deductible amount	516,626	739,107
Allowance for losses on inventories	93,316	253,493
Loss carryforwards	91,580	-
Unrealized contingent service expense	4,287	8,973
Unrealized exchange losses	5,430	-
Unrealized marketing expense	12,853	27,846
Others	<u>23,378</u>	<u>49,127</u>
	889,090	1,088,874
Less: Valuation allowance	<u>(282,816)</u>	<u>(126,039)</u>
	606,274	962,835
Deferred income tax liability		
Unrealized exchange gains	<u>-</u>	<u>(47,252)</u>
Deferred income tax asset, net	<u>\$ 606,274</u>	<u>\$ 915,583</u>

(Continued)

	<b>2009</b>	<b>2008</b>
Noncurrent		
Deferred income tax assets:		
Investment tax credit	\$ 180,790	\$ 208,006
Difference of depreciation	1,418	36,269
Accrued pension costs	402,480	546,633
Cumulative equity in the net loss of investees	455,082	977,194
Allowance for impairment losses on assets	701,341	931,645
Loss carryforwards	2,091,692	2,705,764
Realized losses on long-term investment in shares of stock	39,797	49,746
Unrealized valuation loss on financial assets	-	3,372
Deferred income - sale of building and land	23,557	29,584
Others	<u>117,489</u>	<u>70,702</u>
	4,013,646	5,558,915
Less: Valuation allowance	<u>(2,713,745)</u>	<u>(3,776,389)</u>
	<u>1,299,901</u>	<u>1,782,526</u>
Deferred income tax liabilities		
Expected earnings appropriated from foreign investees	(20,000)	(25,000)
Goodwill amortization	(632,024)	(592,416)
Others	<u>(616)</u>	<u>-</u>
	<u>(652,640)</u>	<u>(617,416)</u>
Deferred income tax assets - net	<u>\$ 647,261</u>	<u>\$ 1,165,110</u>

(Concluded)

c. Unused investment tax credits and loss carryforwards as of December 31, 2008:

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	\$ 101,656	\$ 101,656	2010-2012
	Research development	202,964	202,964	2010-2012
	Personnel training	9,610	9,610	2010-2012
	Purchase of automated technology	48	48	2010
		<u>\$ 314,278</u>	<u>\$ 314,278</u>	



ARCOA

<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	Personnel training expenses	\$ 487	\$ 376	2010
	Personnel training expenses	420	420	2011
	Personnel training expenses	798	798	2012
	Purchase of automated equipment or technology	351	351	2012
	Purchase of automated equipment or technology	440	440	2013
		<u>\$ 2,496</u>	<u>\$ 2,385</u>	

ADCast Interactive Marketing 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>
Statute for Upgrading Industries	Purchase of automated equipment or technology	<u>\$ 264</u>	<u>\$ 2</u>	2010

Q-Ware

<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	\$ 1,642	\$ 1,642	2010
	Purchase of automated equipment or technology	526	526	2012
		<u>\$ 2,168</u>	<u>\$ 2,168</u>	

Oriental Resources Development 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>
Statute for Upgrading Industries	Machinery equipment	\$ 304	\$ 304	2011
	Machinery equipment	<u>1,546</u>	<u>1,546</u>	2012
		<u>\$ 1,850</u>	<u>\$ 1,850</u>	

Oriental Petrochemical (Taiwan) 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>
Statute for Upgrading Industries	Machinery equipment	\$ 1,677	\$ 1,677	2011
	Machinery equipment	<u>50</u>	<u>50</u>	2012
		<u>\$ 1,727</u>	<u>\$ 1,727</u>	

Loss carryforwards as of December 31, 2008 were as follows:

<b>Expiry Year</b>	<b>ARCOA KGEX.com Q-Ware ADCast Interactive Marketing Co., Ltd.</b>	<b>Far Eastern Electronic Toll Collection Co., Ltd.</b>	<b>Far Eastern Construction Co.</b>
2013	\$ 42,673	\$ 12,495	\$ 8,986
2014	58,325	35,218	-
2015	31,654	64,419	-
2016	75,303	178,611	4,553
2017	105,990	129,328	-
2018	85,438	121,867	-
2019	<u>71,617</u>	<u>88,484</u>	<u>-</u>
	<u>\$ 471,000</u>	<u>\$ 630,422</u>	<u>\$ 13,539</u>

<b>Expiry Year</b>	<b>Oriental Petrochemical (Taiwan) Co., Ltd.</b>	<b>Oriental Resources Development Ltd.</b>
2013	\$ -	\$ 1,922
2014	-	2,883
2015	-	4,544
2016	104,081	4,050
2017	374,400	3,316
2018	556,776	13,569
2019	<u>-</u>	<u>2,770</u>
	<u>\$ 1,035,257</u>	<u>\$ 33,054</u>

On January 6, 2009, the Legislative Yuan of the Republic of China passed the amendment of Article 39 of the Income Tax Law, which extends the operating losses carryforward period from five years to ten years. The Company recalculated deferred tax assets according to the amended Article and recorded the resulting difference as a deferred income tax benefit.

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>Yuan Ding Investment</b>
Year-end balances of imputation credit account (ICA)					
December 31, 2009	\$ 475,496	\$ 21,361	\$ 1	\$ 27,781	\$ 16,044
December 31, 2008	\$ 525,510	\$ 21,459	\$ 45,608	\$ 27,485	\$ 197,510
Creditable tax ratios of imputation tax credits to undistributed earnings					
2009 (estimated)	5.04%	44.61%	-	33.33%	0.91%
2008 (actual)	32.69%	44.64%	30.95%	33.33%	32.95%
Unappropriated earnings (up to 1997)					
December 31, 2009	\$ 236,793	\$ -	\$ -	\$ -	\$ 189,735
December 31, 2008	\$ 236,793	\$ -	\$ -	\$ -	\$ 377,012
Latest year of income tax return that tax authorities had examined and cleared	2004	2006	2007	2007	2007

	<b>Far EasTone Telecom- munications Co., Ltd.</b>	<b>Yuan Faun Ltd.</b>	<b>Far Eastern Apparel Co., Ltd.</b>	<b>KG Telecom</b>	<b>Yuan Cheng Human Resources Consultant Corp.</b>	<b>Da Cin Construction Co., Ltd.</b>
Year-end balances of imputation credit account (ICA)						
December 31, 2009	\$ 293,676	\$ 17,071	\$ 23,513	\$ 1,741	\$ 408	\$ 4,287
December 31, 2008	\$ 264,186	\$ 14,918	\$ 11,698	\$ 6,781	\$ 313	\$ 3,047
Creditable tax ratios of imputation tax credits to undistributed earnings						
2009 (estimated)	25.70%	48.15%	33.33%	-	29.79%	-
2008 (actual)	29.45%	-	33.33%	1.15%	32.93%	-
Unappropriated earnings (up to 1997)						
December 31, 2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
December 31, 2008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Latest year of the returns examined and cleared by the tax authorities	2004	2007	2007	2004	2007	2007

	<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>Far Eastern Resources Development Co.</b>
Year-end balances of imputation credit account (ICA)					
December 31, 2009	\$ 5,468	\$ 80,972	\$ 119,545	\$ 20,706	\$ -
December 31, 2008	\$ 12,261	\$ 74,932	\$ 25,199	\$ 25,122	\$ 6
Creditable tax ratios of imputation tax credits to undistributed earnings					
2009 (estimated)	1.04%	33.33%	-	6.42%	-
2008 (actual)	2.44%	-	-	28.88%	-
Unappropriated earnings (up to 1997)					
December 31, 2009	\$ -	\$ -	\$ -	\$ -	\$ -
December 31, 2008	\$ -	\$ -	\$ -	\$ -	\$ -
Latest year of the returns examined and cleared by the tax authorities	2007	2007	2007	2007	2004

	ARCOA	Far Eastern Electronic Toll Collection Co., Ltd.	Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	Oriental Resources Development Ltd.
Year-end balances of imputation credit account (ICA)					
December 31, 2009	\$ 11,583	\$ 1,823	\$ 4,924	\$ 15,455	\$ -
December 31, 2008	\$ 12,584	\$ 1,823	\$ 4,984	\$ 10,708	\$ -
Creditable tax ratios of imputation tax credits to undistributed earnings					
2009 (estimated)	9.88%	-	1.77%	10.63%	-
2008 (actual)	33.33%	-	9.88%	9.90%	-
Unappropriated earnings (up to 1997)					
December 31, 2009	\$ -	\$ -	\$ -	\$ -	\$ -
December 31, 2008	\$ -	\$ -	\$ 64,872	\$ 84	\$ -
Latest year of the returns examined and cleared by the tax authorities	2007	2007	2007	2007	2007

As of December 31, 2009 and 2008, the companies listed above had no appropriated earnings (2009 - Yuan-Cing Co., Oriental Resources Development Ltd., KG-Telecommunications Co., Q-ware Communication Corp., ADCast Interactive Marketing Co., Ltd., Yuan Cing Infocomm Tech Co., Ltd. and Far Eastern Electronic Toll Collection Co., Ltd.; and 2008 - ARCOA, Yuan-Cing Co., Ltd., Oriental Resources Development Ltd., KG-Telecommunications Co., Q-ware Communication Corp., ADCast Interactive Marketing Co. Ltd., and Far Eastern Electronic Toll Collection Co., Ltd.). 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 distributed to each stockholder are based on the ICA balance as of the date of dividend distribution. Thus, the estimated creditable ratio for the 2009 earnings appropriation may be adjusted when the imputation credits are distributed. When the distribution ratio for the 2008 earnings appropriation is determined, the actual creditable tax ratio will be disclosed.

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

#### Far EasTone

Income tax returns through 2004 of Far EasTone had been examined by the tax authorities. However, Far EasTone disagreed with the tax authorities' assessment of its 2000 to 2004 returns. Thus, Far EasTone filed appeals for the reexamination of its 2000 to 2004 returns. Nevertheless, Far EasTone accrued the related tax.

#### KG Telcom

Income tax returns through 2003 of KG Telecom and the former KG Telecom had been examined by the tax authorities. However, KG Telecom disagreed with the tax authorities' assessment of the former KG Telecom's 2001 to 2003 returns and thus filed appeals for the reexamination of these returns. Nevertheless, KG Telecom accrued the related tax.

#### ARCOA

ARCOA disagreed with the tax authorities' assessment of its 2002 return, so ARCOA filed for a reexamination. Nevertheless, ARCOA estimated and recognized the related income taxes.

## OPTC

The tax authorities examined the 2002 income tax return of OPTC and assessed that OPTC's tax exemption claim amounts and investment tax credits should be decreased. The assessment resulted in an increase in tax payable by NT\$23,974 thousand. However, OPTC thought that the rules on which the assessment was based were not in accordance with general accounting principles and tax laws and thus filed appeals for reexamination. In March 2009, the tax authorities declared that OPTC not only had to recognize the investment 2002 tax credits of NT\$8,102 thousand but was also liable for a tax underpayment of NT\$15,873 thousand. Since OPTC still had tax deductibles resulting from certain fiscal losses and investment tax credits, OPTC applied on March 17, 2009 for approval to offset the income tax balance of 2002 against prior years' losses and later got the authorities' approval. Thus, OPTC was longer required to pay the income tax of 2002.

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 result on the 2002 tax return showed that OPTC should pay NT\$6,556 thousand more. 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 suit with the Taiwan High Administrative Court but lost the suit on December 31, 2009. On February 22, 2010, OPTC filed an appeal with the Supreme Administrative Court (SAC), but, as of March 5, 2010, 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 2009 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 the reduction of the other tax liabilities but the tax authorities rejected it on October 27, 2009. On December 25, 2009, OPTC filed an administrative suit with the Taiwan High Administrative Court (SAC), but as of March 5, 2010, 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 2009 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 suit with the Taiwan High Administrative Court (SAC), but as of March 5, 2010, 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 2009 financial statements.

On OPTC's 2006 income tax return, the tax authorities declared in December 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 suit with the Taiwan High Administrative Court (SAC), but as of March 5, 2010, the date of the accompanying auditors' report, the SAC 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 suit with the Taiwan High Administrative Court (SAC), but as of March 5, 2010, the date of the accompanying auditors' report, the SAC 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.

Income tax returns through 2007 of Q-ware Com., Far EasTron, Yuan Cing, KGEx.com and ADCast had been examined and cleared by the tax authorities. Yuan Cing Infocomm has not filed an income tax return since its incorporation in 2009.

## 26. EMPLOYEE, DEPRECIATION AND AMORTIZATION EXPENSES

	<b>2009</b>		
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
Employee expenses			
Salaries	\$ 4,408,288	\$ 4,376,458	\$ 8,784,746
Insurance	253,936	279,873	533,809
Pension	349,354	262,016	611,370
Miscellaneous	<u>350,848</u>	<u>529,853</u>	<u>880,701</u>
	<u>\$ 5,362,426</u>	<u>\$ 5,448,200</u>	<u>\$ 10,810,626</u>
Depreciation	<u>\$ 14,646,805</u>	<u>\$ 1,285,126</u>	<u>\$ 15,931,931</u>
Amortization	<u>\$ 212,503</u>	<u>\$ 203,143</u>	<u>\$ 415,646</u>
	<b>2008</b>		
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
Employee expenses			
Salaries	\$ 4,711,548	\$ 4,345,721	\$ 9,057,269
Insurance	246,426	267,350	513,776
Pension	218,689	217,875	436,564
Miscellaneous	<u>432,705</u>	<u>438,208</u>	<u>870,913</u>
	<u>\$ 5,609,368</u>	<u>\$ 5,269,154</u>	<u>\$ 10,878,522</u>
Depreciation	<u>\$ 13,765,081</u>	<u>\$ 1,481,880</u>	<u>\$ 15,246,961</u>
Amortization	<u>\$ 125,362</u>	<u>\$ 132,977</u>	<u>\$ 258,339</u>

## 27. 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</u>	
	<u>Income Before Income Tax</u>	<u>Net Income</u>		<u>Income Before Income Tax</u>	<u>Net Income</u>
<u>2009</u>					
Basic EPS					
Earning for the year attributable to the Company's stockholders	\$ 8,135,707	\$ 8,088,696	4,661,353	<u>\$ 1.75</u>	<u>\$ 1.74</u>
Add: Effect of potential dilutive common stock	<u>-</u>	<u>-</u>	<u>7,518</u>		
Diluted EPS					
Earning for the year attributable to the Company's stockholders plus effect of potential dilutive common stock	<u>\$ 8,135,707</u>	<u>\$ 8,088,696</u>	<u>4,668,871</u>	<u>\$ 1.74</u>	<u>\$ 1.73</u>
<u>2008</u>					
Basic EPS					
Earning for the year attributable to the Company's stockholders	\$ 4,614,504	\$ 4,621,944	4,661,353	<u>\$ 0.99</u>	<u>\$ 0.99</u>
Add: Effect of potential dilutive common stock	<u>-</u>	<u>-</u>	<u>9,546</u>		
Diluted EPS					
Earning for the year attributable to the Company's stockholders plus effect of potential dilutive common stock	<u>\$ 4,614,504</u>	<u>\$ 4,621,944</u>	<u>4,670,899</u>	<u>\$ 0.99</u>	<u>\$ 0.99</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 stock dividends distributed had been considered in calculating the 2008 basic EPS; thus, the EPS after tax and the diluted EPS decreased from NT\$1.01 to NT\$0.99.

## 28. PENSION PLAN

- a. Except for FENC, Far EasTone, KG Telecommunication Co., Ltd., KGEx.com, ARCOA Communication Co., Ltd., Yuan Cing Co., Ltd., Far EasTron, Q-Ware, ADCast, Far Eastern Apparel Company, Oriental Resources Development Ltd., Yuan Faun Ltd., Yuan Cheng Human Resources Consultant Corp., Far Eastern Fibertech Co., Ltd., Fu-Kwok Knitting & Garment Co., Ltd., Far Eastern Construction Co., Ltd., Far Eastern General Contractor Inc., Far Eastern Resources Development, Oriental Petrochemical (Taiwan) Co., Ltd. and Far Eastern Electronic Toll Collection Co., Ltd. in 2009 and 2008, these entities included in the consolidation have no pension plan. Under their government's regulations, subsidiaries incorporated in mainland China had recognized pension costs. Other holding companies have no pension plans because they do not have employees.
- b. Based on the Act, the Company's monthly rate of contributions to the pension fund from July 1, 2005 is at 6% of monthly salaries and wages. The pension costs under the defined contribution plan were NT\$244,068 thousand in 2009 and NT\$207,216 thousand in 2008. The subsidiary, Far Eastern Tech-Info (Shanghai) Ltd. had recognized pension costs of NT\$3,635 thousand in 2009 and NT\$3,378 thousand in 2008 under the local government's regulations.
- c. The Company, Far EasTone, KG Telecom, KGEx.com, ARCOA, Yuan Cing, Far EasTron, Far Eastern Apparel Co., Ltd., Oriental Resources Development Ltd., Yuan Faun Ltd. and Yuan Cheng Human Resources Consultant Corp., Far Eastern Fibertech Co., Ltd., Fu Kwok Garment Manufacturing Co., Far Eastern Resources Development, Far Eastern Construction Co., Ltd., Far Eastern General Contractor Inc., Oriental Petrochemical (Taiwan) Co., Ltd. and Far Eastern Electronic Toll Collection Co., Ltd. in 2009 and 2008, have a defined benefit pension plan for all regular employees under the Labor Standards Law. These companies' accrued pension costs are calculated by 2% of salaries and wages (i.e., 3.4% for Far Eastern Apparel Co., Ltd., 4% for the Company and 0% for Yuan Faun Ltd. and Yuan Cheng Human Resources Consultant Corp.) and appropriate to their respective pension funds, which are administered by each pension plan committee and deposited in each committee's name in the Bank of Taiwan.

In July 2008, two Company subsidiaries, OPTC and Far Eastern Fibertech Co., Ltd. (FEFC), adopted ROC Statement of Financial Accounting Standards (SFAS) No. 18 - "Accounting for Pensions." Based on SFAS No. 18, the actuarial valuation was calculated on the basis of the measurement date, July 1, 2008. OPTC recognized a deferred pension cost of NT\$10,326 thousand and FEFC recognized accrued pension liabilities amounting to NT\$1,858 thousand and disclosed related information.

The pension costs of the Company and Far Eastern Fibertech Co., Ltd. in 2009 were NT\$2,038 thousand and NT\$1,292 thousand, respectively.



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

1) Net pension cost consisted of:

2009

	FENC	Far EasTone (Including KG Telecom, KGEx.com Co., Ltd., Far EasTron Co., Ltd., ARCOA and Yuan Cing Co., Ltd.)	Far Eastern Apparel Company	OPTC
Service cost	\$ 112,392	\$ 35,127	\$ 2,594	\$ 25,736
Interest cost	112,712	35,277	1,620	8,610
Expected return on pension assets	(128,438)	(15,303)	(1,033)	(2,973)
Amortization of net transition obligations (assets) and unrecognized pension loss (gain)	<u>175,230</u>	<u>13,271</u>	<u>(89)</u>	<u>2,404</u>
Net pension cost (benefit)	<u>\$ 271,896</u>	<u>\$ 68,372</u>	<u>\$ 3,092</u>	<u>\$ 33,777</u>

	Fu Kwok Garment Manufacturing Co.	Far Eastern Electronic Toll Collection Co., Ltd.	Yuan Cheng Human Resources Consultant Corp.	Far Eastern Constructions Co., Ltd.
Service cost	\$ 595	\$ -	\$ 136	\$ 356
Interest cost	263	93	42	401
Expected return on pension assets	(587)	(117)	(148)	(58)
Amortization of net transition obligations (assets) and unrecognized pension loss (gain)	(105)	-	(228)	937
Deferred pension cost	<u>290</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net pension cost (benefit)	<u>\$ 456</u>	<u>\$ (24)</u>	<u>\$ (198)</u>	<u>\$ 1,636</u>

	Far Eastern General Contractor Inc.	Yuan Faun Ltd.	Oriental Resources Development Ltd.	Far Eastern Resources Development Co.	Far Eastern Fibertech Co., Ltd.
Service cost	\$ 1,753	\$ 83	\$ 35	\$ 158	\$ 3,710
Interest cost	1,629	16	77	19	2,330
Expected return on pension assets	(256)	-	(113)	-	(1,286)
Amortization of net transition obligations (assets) and unrecognized pension loss (gain)	<u>1,455</u>	<u>15</u>	<u>(77)</u>	<u>25</u>	<u>1,808</u>
Net pension cost (benefit)	<u>\$ 4,581</u>	<u>\$ 114</u>	<u>\$ (78)</u>	<u>\$ 202</u>	<u>\$ 6,562</u>

2008

	FENC	Far EasTone (Including KG Telecom, KGEx.com Co., Ltd., Far EasTron Co., Ltd., ARCOA and Yuan Cing Co., Ltd.)	Far Eastern Apparel Company	Far Eastern Resources Development Co.
Service cost	\$ 108,335	\$ 31,659	\$ 3,106	\$ 137
Interest cost	133,247	35,721	1,298	13
Expected return on pension assets	(204,237)	(15,483)	(975)	-
Amortization of net transition obligations (assets) and unrecognized pension loss (gain)	<u>108,151</u>	<u>13,890</u>	<u>(89)</u>	<u>23</u>
Net pension cost (benefit)	<u>\$ 145,496</u>	<u>\$ 65,787</u>	<u>\$ 3,340</u>	<u>\$ 173</u>

	<b>Fu Kwok Garment Manufacturing Co.</b>	<b>Far Eastern Electronic Toll Collection Co., Ltd.</b>	<b>Yuan Cheng Human Resources Consultant Corp.</b>	<b>Far Eastern Constructions Co., Ltd.</b>
Service cost	\$ 484	\$ -	\$ 138	\$ 330
Interest cost	298	112	37	510
Expected return on pension assets	(830)	(88)	(142)	(46)
Amortization of net transition obligations (assets) and unrecognized pension loss (gain)	(105)	(6)	(228)	937
Deferred pension cost	<u>95</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net pension cost (benefit)	<u>\$ (58)</u>	<u>\$ 18</u>	<u>\$ (195)</u>	<u>\$ 1,731</u>
		<b>Far Eastern General Contractor Inc.</b>	<b>Yuan Faun Ltd.</b>	<b>Oriental Resources Development Ltd.</b>
Service cost		\$ 1,738	\$ 66	\$ 51
Interest cost		1,965	11	94
Expected return on pension assets		(232)	6	(106)
Amortization of net transition obligations (assets) and unrecognized pension loss (gain)		<u>1,307</u>	<u>6</u>	<u>(18)</u>
Net pension cost (benefit)		<u>\$ 4,778</u>	<u>\$ 89</u>	<u>\$ 21</u>

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

2009

	<b>FENC</b>	<b>Far EasTone (Including KG Telecom, KGEx.com Co., Ltd., Far EasTron Co., Ltd., ARCOA and Yuan Cing Co., Ltd.)</b>	<b>Far Eastern Apparel Company</b>	<b>Oriental Petrochemical (Taiwan) Co., Ltd.</b>	<b>Far Eastern Resources Development Co.</b>
Benefit obligation					
Vested benefit obligation	\$ 2,232,105	\$ 15,096	\$ 20,965	\$ 88,040	\$ -
Non-vested benefit obligation	<u>1,485,556</u>	<u>730,251</u>	<u>35,271</u>	<u>246,889</u>	<u>519</u>
Accumulated benefit obligation	3,717,661	745,347	56,236	334,929	519
Additional benefits based on projected and future salaries	<u>852,431</u>	<u>446,868</u>	<u>13,750</u>	<u>63,683</u>	<u>294</u>
Projected benefit obligation	4,570,092	1,192,215	69,986	398,612	813
Fair value of plan assets	<u>(3,465,176)</u>	<u>(595,907)</u>	<u>(38,677)</u>	<u>(127,982)</u>	<u>-</u>
Fund status	1,104,916	596,308	31,309	270,630	813
Unrecognized net transition obligation (asset)	(244,356)	530	445	(32,452)	(254)
Unamortization of previous service cost	277,802	26,729	(8,985)	-	-
Unamortization of pension (loss) gain	(87,970)	(265,025)	-	(19,993)	(31)
Additional liability (pension cost)	<u>-</u>	<u>9,198</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accrued pension cost (prepaid pension cost)	<u>\$ 1,050,392</u>	<u>\$ 367,740</u>	<u>\$ 22,769</u>	<u>\$ 218,185</u>	<u>\$ 528</u>

	<b>Far Eastern Fibertech Co., Ltd.</b>	<b>Fu Kwok Garment Manufacturing Co.</b>	<b>Far Eastern Electronic Toll Collection Co., Ltd.</b>	<b>Yuan Cheng Human Resources Development Corp.</b>	<b>Far Eastern Construction Co., Ltd.</b>
Benefit obligation					
Vested benefit obligation	\$ -	\$ 3,423	\$ -	\$ -	\$ 10,469
Non-vested benefit obligation	<u>68,309</u>	<u>6,445</u>	<u>3,730</u>	<u>1,128</u>	<u>4,169</u>
Accumulated benefit obligation	68,309	9,868	3,730	1,128	14,638
Additional benefits based on projected and future salaries	<u>20,505</u>	<u>2,788</u>	<u>664</u>	<u>397</u>	<u>2,888</u>
Projected benefit obligation	88,814	12,656	4,394	1,525	17,526
Fair value of plan assets	<u>(50,546)</u>	<u>(37,872)</u>	<u>(5,190)</u>	<u>(5,365)</u>	<u>(2,765)</u>
Fund status	38,268	(25,216)	(796)	(3,840)	14,761
Unrecognized net transition obligation (asset)	(35,251)	1,048	-	3,424	(1,576)
Unamortization of previous service cost	-	374	-	-	-
Unamortization of pension (loss) gain	1,741	4,140	(629)	(273)	(4,948)
Additional liability (pension cost)	<u>13,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,637</u>
Accrued pension cost (prepaid pension cost)	<u>\$ 17,763</u>	<u>\$ (19,654)</u>	<u>\$ (1,425)</u>	<u>\$ (689)</u>	<u>\$ 11,874</u>

		<b>Far Eastern General Contractor Inc.</b>	<b>Yuan Faun Ltd.</b>	<b>Oriental Resources Development Ltd.</b>
Benefit obligation				
Vested benefit obligation		\$ 20,696	\$ -	\$ -
Non-vested benefit obligation		<u>34,721</u>	<u>451</u>	<u>2,621</u>
Accumulated benefit obligation		55,417	451	2,621
Additional benefits based on projected and future salaries		<u>16,598</u>	<u>470</u>	<u>864</u>
Projected benefit obligation		72,015	921	3,485
Fair value of plan assets		<u>(13,142)</u>	<u>-</u>	<u>(4,176)</u>
Fund status		58,873	921	(691)
Unrecognized net transition obligation (asset)		(2,357)	(123)	928
Unamortization of pension (loss) (gain)		(32,098)	(491)	(924)
Additional liability (pension cost)		<u>17,857</u>	<u>144</u>	<u>-</u>
Accrued pension cost (prepaid pension cost)		<u>\$ 42,275</u>	<u>\$ 451</u>	<u>\$ (687)</u>

## 2008

	<b>FENC</b>	<b>Far EastTone (Including KG Telecom, KGEx.com Co., Ltd., Far EasTron Co., Ltd., ARCOA and Yuan Cing Co., Ltd.)</b>	<b>Far Eastern Apparel Company</b>	<b>Oriental Petrochemical (Taiwan) Co., Ltd.</b>	<b>Far Eastern Resources Development Co.</b>
Benefit obligation					
Vested benefit obligation	\$ 2,219,204	\$ 5,605	\$ 13,045	\$ 94,629	\$ -
Non-vested benefit obligation	<u>1,921,612</u>	<u>645,232</u>	<u>32,331</u>	<u>231,614</u>	<u>398</u>
Accumulated benefit obligation	4,140,816	650,837	45,376	326,243	398
Additional benefits based on projected and future salaries	<u>984,231</u>	<u>639,283</u>	<u>14,158</u>	<u>62,598</u>	<u>301</u>
Projected benefit obligation	5,125,047	1,290,120	59,534	388,841	699
Fair value of plan assets	<u>(2,206,901)</u>	<u>(545,450)</u>	<u>(34,567)</u>	<u>(129,796)</u>	<u>-</u>
Fund status	2,918,146	744,670	24,967	259,045	699
Unrecognized net transition obligation (asset)	(366,537)	(803)	534	(34,856)	(278)
Unamortization of previous service cost	300,251	27,891	-	-	-
Unamortization of pension (loss) gain	(1,569,470)	(434,891)	(1,103)	(34,507)	(96)
Additional liability (pension cost)	651,525	-	-	6,765	73
Prepaid pension cost	<u>-</u>	<u>9,461</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accrued pension cost (prepaid pension cost)	<u>\$ 1,933,915</u>	<u>\$ 346,328</u>	<u>\$ 24,398</u>	<u>\$ 196,447</u>	<u>\$ 398</u>

	Far Eastern Fibertech Co., Ltd.	Fu Kwok Garment Manufacturing Co.	Far Eastern Electronic Toll Collection Co., Ltd.	Yuan Cheng Human Resources Development Corp.	Far Eastern Construction Co., Ltd.
Benefit obligation					
Vested benefit obligation	\$ -	\$ 3,270	\$ -	\$ -	\$ 10,270
Non-vested benefit obligation	60,743	5,731	3,109	1,128	3,297
Accumulated benefit obligation	60,743	9,001	3,109	1,128	13,567
Additional benefits based on projected and future salaries	25,567	2,700	596	397	2,699
Projected benefit obligation	86,310	11,701	3,705	1,525	16,266
Fair value of plan assets	(44,656)	(25,944)	(4,125)	(5,365)	(2,358)
Fund status	41,654	(14,243)	(420)	(3,840)	13,908
Unrecognized net transition obligation (asset)	(37,059)	1,153	-	3,424	(2,364)
Unamortization of previous service cost	-	402	-	-	-
Unamortization of pension (loss) gain	(823)	(7,318)	45	(273)	(3,860)
Additional liability (pension cost)	12,315	-	-	-	3,526
Accrued pension cost (prepaid pension cost)	\$ 16,087	\$ (20,006)	\$ (375)	\$ (689)	\$ 11,210
			Far Eastern General Contractor Inc.	Yuan Faun Ltd.	Oriental Resources Development Ltd.
Benefit obligation					
Vested benefit obligation			\$ 15,782	\$ -	\$ -
Non-vested benefit obligation			34,307	287	2,053
Accumulated benefit obligation			50,089	287	2,053
Additional benefits based on projected and future salaries			15,542	304	817
Projected benefit obligation			65,631	591	2,870
Fair value of plan assets			(9,146)	-	(4,053)
Fund status			56,485	591	(1,183)
Unrecognized net transition obligation (asset)			(2,695)	(129)	1,006
Unamortization of pension (loss) (gain)			(30,029)	(269)	(335)
Additional liability (pension cost)			17,181	94	-
Accrued pension cost (prepaid pension cost)			\$ 40,942	\$ 287	\$ (512)

3) Vested benefit - undiscounted

2009

FENC	Far EastTone (Including KG Telecom, KGEx.com Co., Ltd., Far EasTron Co., Ltd., ARCOA and Yuan Cing Co., Ltd.)	Far Eastern Apparel Company	Oriental Petrochemical (Taiwan) Co., Ltd.	Far Eastern Resources Development Co.
\$ 2,921,130	\$ 18,330	\$ 26,205	\$ 340,641	\$ -
Far Eastern Fibertech Co., Ltd.	Fu Kwok Garment Manufacturing Co.	Far Eastern Electronic Toll Collection Co., Ltd.	Yuan Cheng Human Resources Consultant Corp.	Far Eastern Constructions Co., Ltd.
\$ -	\$ 4,334	\$ -	\$ -	\$ 11,778

			<b>Far Eastern General Contractor Inc.</b>	<b>Yuan Faun Ltd.</b>	<b>Oriental Resources Development Ltd.</b>
			<u>\$ 24,024</u>	<u>\$ -</u>	<u>\$ -</u>
<u>2008</u>		<b>Far EastTone (Including KG Telecom, KGEx.com Co., Ltd., Far EasTron Co., Ltd., ARCOA and Yuan Cing Co., Ltd.)</b>		<b>Oriental Petrochemical (Taiwan) Co., Ltd.</b>	
	<b>FENC</b>		<b>Far Eastern Apparel Company</b>		<b>ARCOA</b>
	<u>\$ 2,946,852</u>	<u>\$ 7,752</u>	<u>\$ 19,237</u>	<u>\$ 300,940</u>	<u>\$ -</u>
	<b>Far Eastern Fibertech Co., Ltd.</b>	<b>Fu Kwok Garment Manufacturing Co.</b>	<b>Far Eastern Electronic Toll Collection Co., Ltd.</b>	<b>Yuan Cheng Human Resources Consultant Corp.</b>	<b>Far Eastern Constructions Co., Ltd.</b>
	<u>\$ -</u>	<u>\$ 4,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,925</u>
			<b>Far Eastern General Contractor Inc.</b>	<b>Yuan Faun Ltd.</b>	<b>Oriental Resources Development Ltd.</b>
			<u>\$ 18,819</u>	<u>\$ -</u>	<u>\$ -</u>

4) Actuarial assumptions were as follows:

2009

		<b>Far EastTone (Including KG Telecom, KGEx.com Co., Ltd., Far EasTron Co., Ltd., ARCOA and Yuan Cing Co., Ltd.)</b>		<b>Oriental Petrochemical (Taiwan) Co., Ltd.</b>
	<b>FENC</b>		<b>Far Eastern Apparel Company</b>	
Discount rate used in determining present value	2.25%	2.25%	2.00%	2.25%
Future salary increase rate	2.00%	1.00-2.50%	2.00%	1.50%
Expected rate of return on plan asset	6.00%	1.50-2.25%	2.00%	1.50%

	<b>Far Eastern Resources Development Co.</b>	<b>Far Eastern Fibertech Co., Ltd.</b>	<b>Fu Kwok Garment Manufacturing Co.</b>	<b>Far Eastern Electronic Toll Collection Co., Ltd.</b>
Discount rate used in determining present value	2.00%	2.00%	2.25%	2.50%
Future salary increase rate	3.50%	1.50%	2.00%	1.00%
Expected rate of return on plan asset	2.00%	2.00%	1.50%	2.00%
	<b>Yuan Cheng Human Resources Consultant Corp.</b>	<b>Far Eastern Constructions Co., Ltd.</b>	<b>Far Eastern General Contractor Inc.</b>	<b>Yuan Faun Ltd.</b>
Discount rate used in determining present value	2.00%	2.25%	2.25%	2.00%
Future salary increase rate	2.00%	2.00%	2.00%	3.50%
Expected rate of return on plan asset	2.00%	2.00%	2.00%	2.00%
				<b>Oriental Resources Development Co., Ltd.</b>
Discount rate used in determining present value				2.00%
Future salary increase rate				2.00%
Expected rate of return on plan asset				2.00%
<u>2008</u>		<b>Far EastTone (Including KG Telecom, KGEx.com Co., Ltd., Far EasTron Co., Ltd., ARCOA and Yuan Cing Co., Ltd.)</b>	<b>Far Eastern Apparel Company</b>	<b>Oriental Petrochemical (Taiwan) Co., Ltd.</b>
	<b>FENC</b>			
Discount rate used in determining present value	2.25%	2.25-2.75%	2.75%	2.25%
Future salary increase rate	2.00%	1.00-3.50%	2.00%	1.50%
Expected rate of return on plan asset	6.00%	2.25-2.75%	2.75%	2.25%
	<b>ARCOA</b>	<b>Far Eastern Fibertech Co., Ltd.</b>	<b>Fu Kwok Garment Manufacturing Co.</b>	<b>Far Eastern Electronic Toll Collection Co., Ltd.</b>
Discount rate used in determining present value	2.75%	2.70%	2.25%	2.50%
Future salary increase rate	3.50%	2.00%	2.00%	1.00%
Expected rate of return on plan asset	2.75%	2.70%	2.25%	2.50%

	<b>Yuan Cheng Human Resources Consultant Corp.</b>	<b>Far Eastern Constructions Co., Ltd.</b>	<b>Far Eastern General Contractor Inc.</b>	<b>Yuan Faun Ltd.</b>	
Discount rate used in determining present value	2.75%	2.50%	2.50%	2.75%	
Future salary increase rate	2.00%	2.00%	2.00%	3.25%	
Expected rate of return on plan asset	2.75%	2.50%	2.50%	2.75%	
					<b>Oriental Resources Development Co., Ltd.</b>
Discount rate used in determining present value					2.75%
Future salary increase rate					2.25%
Expected rate of return on plan asset					2.75%

## 29. RELATED-PARTY TRANSACTIONS

The Group had significant transactions with related parties. These transactions in 2009 and 2008 and the related balances as of the balance sheet dates are summarized in the accompanying Schedules C, D, and E.

## 30. 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>2009</b>	<b>2008</b>
Pledged deposits (restricted assets - current)	\$ 204,774	\$ 42,206
Construction-in-progress	1,114,594	693,173
Available for construction - land	612,283	612,283
Equity-method investments	3,571,912	2,888,279
Properties, net	29,554,392	28,188,055
Available-for-sale financial assets - current	74,880	45,274
Nonoperating properties, net	56,204	59,180
Land use rights	158,072	229,290
Restricted assets - noncurrent		
Pledged deposits	716,921	54,504
Other	15,101	4,908
	<u>\$ 36,079,133</u>	<u>\$ 32,817,152</u>

In April 2004, Yuan Ding Investment Co., Ltd. (YDI), a subsidiary of FENC (when it was still named FETL), provided the Taipei District Court with the common shares of Far Eastone as a collateral for the provisional seizure, as demanded by Cathay United Bank, of the property of Pacific SOGO Department Store Co., Ltd. As of December 31, 2008, YDI had gotten back all of its pledged 133,312 thousand common shares. As of December 31, 2009 and 2008, FENC and some of its subsidiaries had used 235,932 thousand common shares and 248,225 thousand common shares, respectively, of Far Eastone as collaterals for short-term bank loans, commercial paper, long-term liabilities and credit lines of related parties.

### 31. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Significant Commitments and Contingencies of the Group as of December 31, 2009:

- a. Issued but unused letters of credit aggregated approximately NT\$2,500,927 thousand.
- b. Unpaid building construction and equipment installation contracts approximately NT\$5,641,167 thousand; acquired but not yet accepted cellular phone equipment amounted to NT\$366,632 thousand.
- c. Undelivered cotton contracts amounted to NT\$705,310 thousand.
- d. Project contracts already signed by Far Eastern General Contractor Inc. amounted to NT\$30,180,252 thousand.
- e. Endorsement and guarantees provided to the related parties: Schedule G (attached).
- f. The tax authorities of Taipei County imposed a land tax from 1999 to 2003 on the land in Banciao and penalized the Company with a triple fine, totaling NT\$252,442 thousand, because the authorities believed that this land, which FENC registered as a property for manufacturing purposes, was being used for general purposes instead and that FENC did not register the change in purpose of the land. The Company disagreed with the tax authorities' decision and applied for reexamination on December 27, 2004. However, after the reexamination, the tax authorities did not reverse their decision. Thus, the Company filed a lawsuit against the authorities on June 1, 2005. Though the result of this case was uncertain, the Company already accrued the expense for this case in 2005. On January 18, 2006, the Company filed an appeal with the Taipei High Administrative Court but still lost the lawsuit. The Company appealed to the Supreme Administrative Court ("SAC") on January 3, 2007. The SAC rejected this appeal on May 31, 2007. On August 30, 2007, the Company paid the required land tax. Despite this payment, the Company again applied for reexamination on July 13, 2007. On May 27, 2009, the SAC rejected the appeal for a reexamination. Nevertheless, the Company is continuing to look for other ways to assert its rights.
- g. On December 29, 2005, the board of directors of Tai Ya International Telecommunications Co., Ltd. ("TYIT") resolved to merge Mobitai communications Ltd. ("Mobitai") and TYIT as the survivor company, in accordance with Article 19 of the Business Mergers and Acquisitions Act and set January 1, 2006 as the record date of 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. The Company wrote off the investment in Mobitai and recognized a disposal gain of NT\$31,814 thousand. However, the Company regarded Mobitai's purchase price as too low and raised an objection to Mobitai. Afterwards, the Company filed a lawsuit against TYIT. As of March 4, 2009, the date of the accompanying accountants' report, the lawsuit was pending at the 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 Tong Investment Co.). 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 Pacific Liu Tong Investment held by Far Eastern Department Stores Ltd. (“FEDS”), FEDS’s subsidiaries and the Company was just a fabrication, i.e., it never existed. In October 2009, Chang lost the suit and then appealed to a higher court. As of March 5, 2010, the date of the accompanying independent auditors’ report, this appeal was pending at the Supreme Court.
- i. The Group’s rental payments for land, buildings and cell sites for the next five years under effective lease agreements are summarized as follows:

<b>Year</b>	<b>Amount</b>
2010	\$ 2,756,283
2011	2,757,783
2012	2,803,050
2013	2,867,706
2014	2,957,988

- j. Under the National Communications Commission’s policy, effective April 1, 2007, Far EastTone had provided performance guarantees amounting to NT\$450,000 thousand to KG Telecom and NT\$45,000 thousand to KGEx for prepaid cards and international direct dialing calling cards already bought by customers. KG Telecom had also provided Far EastTone with a similar guarantee amounting to NT\$850,000 thousand. Moreover, KG Telecom provided certificates of deposits amounting to NT\$390,000 thousand to the National Tax Administration of Taipei as collaterals for Far EastTone’s administrative tax remedies for certain tax assessments.
- k. A subsidiary of FENC, FEGC, undertook from the Southern Taiwan Science Park (“STSP”) an underground cable construction. On June 28, 2007, FEGC’s excavating machines were damaged because the unclear blueprints provided by STSP did not indicate the pipeline routes clearly. The accident resulted in the suspension of FEGC’s construction until the pipes were dug out. FEGC applied for mediation to Complaint Review Board for Government Procurement, Public Construction Commission (“PCC”) in 2008 and claimed for a loss in the amount of NT\$23,360 thousand. Such loss from the additional costs was incurred for reasons not attributable to the FEGC but due to the fact that STSP failed to performance its obligations. Although the claimed amount was reduced to NT\$13,797 thousand, the mediation failed because both parties failed to reach an agreement. FEGC will initiate an action demanding performance with the Tainan District Court following service of the certificate of unsuccessful mediation. Additionally, 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 material. Although the contract amount had been adjusted for price inflation, FEGC still incurred a great loss in 2008 and got no indemnification. Thus, in 2008, FEGC again filed for conciliation with the 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 will file a suit for indemnification to the Tainan District Court after receiving the certification of conciliation failure.

Further, the construction contract stated that the construction should be conducted by manual excavation. However, based on the request of local residents, STSP instructed FEGC to obtain an evaluation report made by a third-party unbiased institution on tunnel construction safety before starting the construction. The evaluation report showed that manual excavation may result in land collapse. In consideration of public safety, FEGC requested STSP to modify the original design to mechanical excavation instead. But STSP rejected the request because it insisted that the contractor should take all the responsibilities and related expenses for any change in the contract. Nevertheless, FEGC commenced the construction with mechanical excavation and an additional operating expense of NT\$26,310 thousand incurred. FEGC applied for mediation to Complaint Review Board for Government Procurement, PCC but the mediation failed because both parties could not reach a compromise. FEGC will initiate an action demanding performance with the Tainan District Court following service of the certificate of unsuccessful mediation.

Furthermore, because of several problems, not attributable to FEGC, involved in the pipe jacking required for this construction, FEGC suggested that the construction should be extended to April 6, 2009. However, STSP disagreed and refused to pay the extra costs of NT\$3,080 thousand for FEGC's removal of the scrap piles. Thus FEGC applied for mediation to Complaint Review Board for Government Procurement, PCC but the mediation failed because both parties could not reach a compromise. FEGC will initiate an action demanding performance with the Tainan District Court following service of the certificate of unsuccessful mediation.

In 2008, FEGC accrued a construction loss of NT\$119,949 thousand.

1. An FENC subsidiary, Far Eastern General Contractor Inc., 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, although the entire construction had been completed and KRT has been operating for two years, it had not received the payment balance of NT\$284,187 thousand. Thus, FEGC, Pan Asia and Iwata have initiated an action demanding performance against the Kaohsiung District Court.

FEGC also claimed that, under Article 20.2 of the contract, KRT should pay an amount of NT\$312,844 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, delaying 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. But after the mediation was carried out one time, both parties have agreed the proceedings pending the outcome of the arbitration between the KRT and Kaohsiung City Government.

Moreover, FEGC claimed that: (1) FEGC, Pan Asia and Iwata were requested by KRT to include four additional items into the construction of Stations R8 and R9, the works which were not in the original construction contract; these four additional items entailed a cost increase of NT\$75,205 thousand. (2) FEGC, Pan Asia and Iwata were requested by KRT to add seven items into the construction of Station R8 and Station R7, the works which were not in the original construction contract; these seven additional items entailed an extra cost of NT\$219,730 thousand. (3) FEGC, Pan Asia and Iwata were requested by KRC to include 53 additional items in the constructions of water and electricity facilities, the works which were not in the original construction contract. These additional items entailed an additional cost of NT\$142,082 thousand. KRT, however, refused to amend the original construction contract and refused to pay all the above mentioned additional costs. Thus, FEGC, Pan Asia and Iwata have initiated an action demanding performance in the Kaohsiung District Court.

- m. For the 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 Complaint Review Board for Government Procurement, PCC but, on October 24, 2008, PCC made a decision of case not entertained. TPC thus requested the Administrative Enforcement Agency to enforce the penalty concerned. As of March 5, 2010, the date of the accompanying independent auditors' report, this case was pending in the Administrative Enforcement Agency.
- n. For the issues related to the contract that FEGC undertook the construction of the Taipei City Market Administrative Office, an action was brought before the Taipei District Court to claim that Taipei City Market Administrative Office should pay the delayed payment of NT\$150,177 thousand and the interest from September 14, 2007 to January 18, 2009 amounted to NT\$10,032 thousand. FEGC has filed an appeal and the appeal was currently pending in the Taiwan High Court.
- o. Far Eastern Electronic Toll Collection Co., Ltd. was entrusted by the Taiwan Area National Freeway Bureau to collect electronic tolls on freeways and has signed a third-party benefit trust contract with Far Eastern International Bank to manage the tolls collected. The trust property for this agreement amounted to NT\$933,899 thousand as of December 31, 2009.

### **32. SUBSEQUENT EVENTS**

The registered capital of Pacific Liu Tung Investment Corporation (PLT, an investee of the Company) was previously 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, the Ministry of Economic Affairs (MOEA) decided to nullify the registrations of several tranches of capital increases given to PLT, the registrations of amendments of Articles of Incorporation, the registrations of elected and appointed representatives of Board of Directors and Supervisors 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.

After consulting its legal counsel on the MOEA's decision, the Company was advised that the MOEA'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 MOEA'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 combined percentage ownership of PLT held by the Company and its subsidiaries reached 39.68%. Based on the local GAAP, these holdings were recognized by the equity method.

On January 27, 2010, PLT filed an appeal with the Taiwan High Prosecutors Office and pleaded for the withdrawal of the notice letter and cessation of the enforcement. On February 10, 2010, PLT filed an appeal to the MOEA to withdraw the decision and pleaded for ceasing of the enforcement of such decision; on February 24, 2010, Far Eastern Department Stores Ltd. (FEDS), the parent company of PLT, also filed an appeal to MOEA to withdraw the decision and pleaded for ceasing of the enforcement of such decision. On February 10, 2010, FEDS filed a suit with the Taipei District Court to ensure the validity of FEDS's ownership of PLT.

### 33. FINANCIAL INSTRUMENTS

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

	2009		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative financial instruments</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 21,141,998	\$ 21,141,998	\$ 22,946,534	\$ 22,946,534
Financial assets at fair value through profit or loss - current	1,738,110	1,738,110	424,722	424,722
Available-for-sale financial assets - current	2,815,770	2,815,770	1,988,763	1,988,763
Bonds carried at amortized cost - current	-	-	3,000	-
Notes and accounts receivable, net	21,805,366	21,805,366	23,639,761	23,639,761
Receivable from related parties - current	1,264,013	1,264,013	1,356,264	1,356,264
Other financial assets - current	971,154	971,154	1,490,495	1,490,495
Available-for-sale financial assets - noncurrent	2,593,229	2,593,229	56,682	56,682
Financial assets carried at cost - noncurrent	2,974,623	-	1,822,973	-
Held-to-maturity financial assets	199,567	199,172	-	-
Bonds carried at amortized cost - noncurrent	293,454	-	-	-
Restricted assets (including current portion)	2,325,051	2,325,051	398,138	398,138
Refundable deposits	471,180	471,180	484,400	484,400
<u>Liabilities</u>				
Short-term bank loans	24,146,138	24,146,138	27,698,393	27,698,393
Commercial paper	5,099,750	5,099,750	5,233,968	5,233,968
Notes and accounts payable	11,167,451	11,167,451	11,322,395	11,322,395
Payable to related parties - current	1,171,896	1,171,896	1,690,702	1,690,702
Accrued expenses	7,360,097	7,360,097	7,813,933	7,813,933
Payable to suppliers of machinery and equipment	1,696,017	1,696,017	1,989,528	1,989,528
Bonds payable (including current portion)	17,930,765	18,115,193	18,181,776	18,267,515
Long-term bank loans (including current portion)	39,819,051	39,819,051	46,608,633	46,608,633
Leases payable (including current portion)	8,555	8,555	31,919	31,919
Guarantee deposits (including current portion)	1,032,511	1,032,511	1,031,906	1,031,906
<u>Derivative financial instruments</u>				
Cotton futures contracts				
- FENC	32,768	32,768	29,941	29,941
- FEIH	-	-	3,431	3,431
Forward contracts				
- FENC	11,460	11,460	(30,362)	(30,362)
- FEIH	-	-	(2,491)	(2,491)
Interest rate swap contract				
- FENC	-	-	(7,656)	(7,656)
- Yuan Ding Investment	-	-	8,070	8,070
Cross currency swap contract				
- KG Telecom	2,750	2,750	-	-
Exchangeable bonds exchange right				
- FENC	-	-	(30,500)	(30,500)
Exchangeable bonds sell right				
- FENC	(20,750)	(20,750)	(42,000)	(42,000)
Exchangeable bonds redemption right				
- FENC	9,000	9,000	49,500	49,500

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

- 1) Short-term instruments: 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, including cash, notes and accounts receivable, notes and accounts from related parties, other financial assets - current, short-term bank loans, commercial paper, notes and accounts payable, net, payable to related parties, accrued expense and payable to suppliers of machinery and equipment.
- 2) If quoted market prices are available, these are used as fair values of financial instruments at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets and equity-method investments.

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. These estimates and assumptions are available to the Group.

The Group uses the exchange rate quotations of the Reuters (or the Associated Press) to calculate the fair value of each interest rate swap and forward contract based on the net cash flows and the exchange rates, respectively.

- 3) The fair values of financial assets carried at cost - noncurrent, bonds carried at amortized cost - current and equity-method investments in stocks with no quoted market prices cannot be reasonably measured since the quoted market prices are not available.
  - 4) If the held-to-maturity financial assets are priced in active markets, the market prices can be regarded as the fair values. On the other hand, if the assets are priced in inactive markets, the book values of the assets can be regarded as the fair values since the fair values of the assets are practically expected to be higher than their acquisition costs.
  - 5) Fair values of bonds payable, lease payable and long-term loans (all including current portion) are measured at the present values of expected cash flows, which are discounted at the interest rates for bank loans with similar maturities. Public traded bonds are measured at traded prices.
  - 6) Refundable deposits and guarantee deposits (including the current portion) receivable are recorded at their carrying values because their fair value is similar to carrying value.
- c. The fair values of financial assets and financial liabilities, which were determined at their quoted prices in an active market or at estimated prices, were as follows:

	Quoted Price		Estimated Price	
	December 31		December 31	
	2009	2008	2009	2008
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Cotton futures contracts				
- FENC	\$ 32,768	\$ 29,941	\$ -	\$ -
- FEIH	-	3,431	-	-
Exchangeable bonds collection right				
- FENC	-	-	9,000	49,500

(Continued)

	Quoted Price		Estimated Price	
	December 31		December 31	
	2009	2008	2009	2008
Interest rate swap				
- YDI	\$ -	\$ -	\$ -	\$ 8,070
Forward exchange contract				
- FENC	11,460	-	-	-
Cross currency swap contract				
- KG Telecom	-	-	2,750	-
<u>Liabilities</u>				
Forward contract				
- FENC	-	(30,362)	-	-
- FEIH	-	(2,491)	-	-
Interest rate swap contract				
- FENC	-	-	-	(7,656)
- Yuan Ding Investment	-	-	-	-
Exchangeable bonds exchange right				
- FENC	-	-	-	(30,500)
Exchangeable bonds redemption right				
- FENC	-	-	(20,750)	(42,000)
				(Concluded)

d. As of December 31, 2009 and 2008, the financial assets with fair value risk resulted from interest rate fluctuations amounting to NT\$10,345,774 thousand and NT\$16,017,578 thousand, respectively and the financial liabilities with fair value risk resulted from interest rate fluctuations amounting to NT\$75,074,427 thousand and NT\$62,482,356 thousand, respectively. As of December 31, 2009 and 2008, the financial assets with cash flow risk resulted from interest rate fluctuations amounting to NT\$13,337,273 thousand and NT\$7,406,438 thousand, respectively and the financial liabilities with cash flow risk resulted from interest rate fluctuations amounting to NT\$13,160,971 thousand and NT\$34,121,843 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 the effect of adverse exchange rate fluctuations on net assets or net liabilities (Note 6).

Interest rate swap contracts

The Company used interest rate swap contracts to hedge against adverse fluctuations of interest rates of secured unconvertible corporate bonds (69th, 70th, 71st and 72nd tranches), and these bonds were all fully repaid in 2009.

Yuan Ding Investment engaged in interest rate swap contracts to hedge against adverse interest rate fluctuations of secured unconvertible corporate bonds - 9th tranche. These bonds had all been redeemed at their full amount by the end of 2009. Far EasTone used interest rate swap contracts to hedge against the adverse effects of interest rate fluctuations on its obligations with floating interest rates. The contracts are settled at net amounts. Thus, the market risk is not material.

#### Cross currency swap contracts

An FENC subsidiary, KG Telecommunications Co., Ltd., used cross-currency swap contracts to hedge against the adverse effects of exchange rate fluctuations in 2009. 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 fluctuations of cotton prices (Note 6).

#### Others

Fair values of mutual funds and domestic quoted stocks held by Yuan Ding Investment, Yuan Tung Investment, FECC, FEGC, Far EasTone, KG Telecom and ARCOA 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 were periodically evaluated by the foregoing subsidiaries.

### 2) Credit risk

The Company and its subsidiaries are exposed to credit risk, i.e., counter-parties' default on contracts. Factors affecting credit risks are the concentration of credit risk, components of derivative financial instruments, contract amounts and other receivables on financial instruments used by the Group.

The analysis of the maximum exposure to credit risks on financial instruments held by the Group is as follows (fair values of collaterals excluded):

The Group's maximum exposure to credit risk is equal to fair value. The Group conducts transactions only with selected financial institutions and corporations with good credit ratings. Thus, management does not anticipate any material losses resulting from default on contracts.

### 3) Liquidity risk

The exchange rates of forward exchange contracts and currency option contracts, interest of interest rate swap contracts and prices of cotton futures contracts are fixed and certain. In addition, the Group has sufficient operating capital to meet cash flow requirements. Thus, the Group does not have liquidity risk. However, financial assets carried at cost and equity-method investments have no active market; thus, material liquidity risk on these assets and investments is anticipated.

Some equity-method investments had no quoted prices in an active market; thus, these investments could expose the Group to material liquidity risks.

On February 26, 2009, an FENC subsidiary, Yuan Tong Investment Co., Ltd. bought convertible bonds issued by Bockhold N.V. The purchase amount was recognized as investment in an inactive market - bonds; the value of the conversion right was recognized as financial assets carried at cost because of the inactive market. Thus, material liquidity risk on this investment is expected.

Some FENC subsidiaries, YDI, Yuan Tong Investment Co., Ltd., Far Eastern Construction Co., Ltd., Far Eastern General Contractor Inc., Far EasTone Telecom Co., Ltd., KG Telecom and ARCOA, invested in active-market shares of listed companies, bonds, and open-end mutual funds in 2009 and in 2008. The Company expects that those financial assets can be sold immediately at prices close to their fair values. However, the private fund invested in by KG Telecom Co., Ltd. had no active market; thus, this investment was expected to have material liquidity risks.

ARCOA also invested in financial bonds and equity instruments with no quoted prices in inactive markets; thus, these investments could expose ARCOA to material liquidity risks.

The subsidiaries of Yuan Ding Investment Co., Ltd. and Kai-Yuan Investment Co., Ltd. participated in private capital equity which Far Eastern Department Stores Co., Ltd. provided. Under the Securities and Exchange Law, Article 43-8 specifies that the privately placed securities are subjected to the restrictions of holding period and trading volume. As a result, liquidity risk on these securities is anticipated.

An FENC subsidiary, KG Telecom, used cross-currency swap contracts, which resulted in simultaneous cash inflows and outflows that balance each other in 2009; thus, the expected cash demand is not significant.

4) Cash-flow risk from interest rate fluctuations

In 2009, an FENC subsidiary, Far EasTone, and its subsidiary had short-term and long-term debts with floating rates. Interest rate fluctuations might cause cash-flow risks.

f. Cash flow hedge

The Company's 69th, 70th, 71st and 72nd tranches of secured nonconvertible bonds, YDI's 9th tranche of secured nonconvertible bond and the liability of Far EasTone Telecom Co., Ltd. may cause material cash flow risks because of these instruments have floating interest rates; thus, these companies used interest rate swaps to hedge against the risks.

The Company's 69<sup>th</sup>, 70<sup>th</sup>, 71<sup>st</sup>, and 72<sup>nd</sup> tranches of secured nonconvertible bonds and YDI's 9<sup>th</sup> tranche of secured nonconvertible bond had been redeemed by the end of 2009.

KG Telecommunications Co., Ltd. used cross-currency swaps to hedge against cash flow fluctuations on its assets.

New Taiwan Dollars					
Hedged Items	Designated Hedging Instruments		Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses	
	Designated Financial Instruments	Fair Value			
		December 31			
		2009	2008		
Bonds with floating interest rate	Interest rate swap				
	FENC	\$ -	\$ (7,656)	2003-2009	2003-2009
	Yuan Ding Investment	-	8,070	2005-2009	2005-2009
Foreign currency assets	Cross currency swap				
	KG Telecom	2,750	-	2010	2010

### 34. 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).



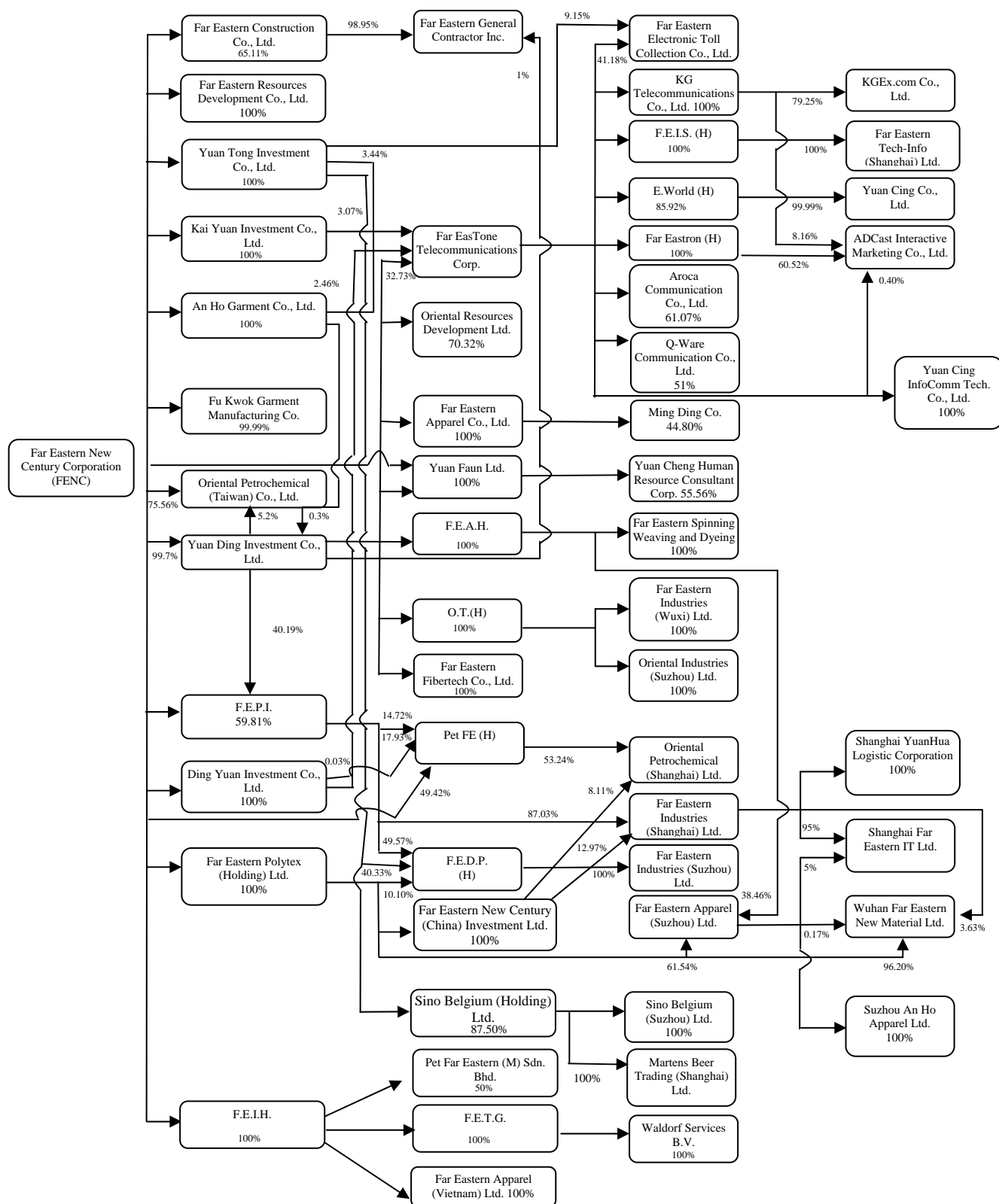
- 4) Securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the capital stock: Schedule I (attached).
  - 5) Acquisition of individual real states at costs of at least NT\$100 million or 20% of the capital stock: Schedule J (attached).
  - 6) Disposal of individual 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 33.
- 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 29 and Schedule L, M (attached).
- d. Additional disclosure for consolidated financial statements:
- 1) Significant transactions between the Company and its subsidiaries and among subsidiaries: Schedule P (attached).
  - 2) Reasons, amounts, number of shares held and subsidiaries' names, which owns FENC's shares: None.

### **35. SEGMENT INFORMATION**

- a. Industry Segment information. Summarized segment information is shown in Schedule P.
- b. Geographic information. There were no major operations in foreign countries in 2009 and 2008.
- c. Export sales  
The export sales of the Company and its subsidiaries were less than 10% of consolidated net sales.
- d. Major customers  
There were no major customers in 2009 and 2008.

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND PERCENTAGES OF OWNERSHIP  
DECEMBER 31, 2009**



**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES****OPERATIONS  
DECEMBER 31, 2009**

<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, ROC	Investment.
Kai Yuan International Investment Co., Ltd.	1998/10/06	34F., No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, ROC	Investment.
Ding Yuan International Investment Corp.	1998/10/02	34F., No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, ROC	Investment.
Yuan Tong Investment Corp.	1999/12/03	34F., No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, ROC	Investment.
An Ho Garment Co., Ltd.	1977/01/24	34F., No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, ROC	Manufacture and distribution of various knit and woven garments.
Fu Kwok Garment Manufacturing Co., Ltd.	1971/03/26	No. 110, Neihuan S. Rd., Nanzi District, Kaohsiung City 811, Taiwan, ROC	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, ROC	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, ROC	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, ROC	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, ROC	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 Corp.	1990/08/07	1F., No. 389, Sihchuan Rd., Sec. 1, Banciao City, Taipei County 220, Taiwan, ROC	Selling of underwear, sportswear, shirts, towels, fabrics, suits, beddings and casual wear.
Oriental Resources Development Ltd.	1988/06/27	34F., No. 207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, ROC	Waste recycling and processing.
Yuan Faun Ltd.	1980/12/13	33F., No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan, ROC	International trading, business consulting, machinery design and installation and computer software.
Yuan Cheng Human Resources Consultant Corp.	1999/06/08	19F.-1, No. 1, Baosheng Rd., Yonghe City, Taipei County 234, Taiwan, ROC	Providing manpower services.
Oriental Textile (Holding) Ltd. (O.T. (H))	2002/07/15	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment.
Sino Belgium (Holding) Ltd.	2007/08/15	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment.
Far Eastern Investment (Holding) Ltd. (F.E.I.H)	1989/08/29	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment.
PET Far Eastern (Holding) Ltd. (Pet FE (H))	1996/10/01	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment.
F.E.D.P. (H) Ltd.	2002/03/22	Clarendon House 2 Church street Hamilton HM 11, Bermuda	Investment.
F.E.T.G. Investment Antilles N.V. (F.E.T.G)	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. (P.F.E.M.)	1995/07/22	Plo 69, Kawasan Perindustrian Senai 3, 81400 Senai, Johor Bohru, Johor, Malaysia	Manufacture and distribution of PET bottle and PET perform.
Far Eastern Polytex (Holding) Limited.	2006/03/22	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment.
Far Eastern Apparel (H.) Ltd. (F.E.A.H)	1996/10/01	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment.
Far Eastern Polychem Industries Ltd. (F.E.P.I.)	1995/04/13	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment.
Far Eastern Industries (Shanghai) Ltd. (F.E.I.S.)	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 Duoug 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 Ltd.	2003/04/15	Mainland China	Computer software programming and MIS maintenance and consultancy.
Far Eastern Apparel (Suzhou) Limited	1996/10/21	Mainland China	Manufacture and distribution of various knitted and woven garments, beddings, garments and accessories.
Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	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 (Suzhou) Limited	2007/09/04	Mainland China	Brewer.
Far Eastern New Century (China) Investment Corp.	2007/06/18	Mainland China	Investment.
Far Eastern Industries (Wuxi) Ltd. (F.E.I.W)	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.	2005/06/24	Mainland China	Manufacturing and distribution of PET performs, industrial fabrics and related products.
Oriental Petrochemical (Shanghai) Ltd. (O.P.S.C)	2003/01/21	Mainland China	Manufacture and distribution of PTA and its by-products.
Far Eastern Industries (Suzhou) Limited	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 He Apparel Ltd.	2008/01/31	88 Tian Ling Rd. Wuzhong District Economic Development Zone. Su Zhou	Manufacture and distribution of various woven garments.
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.

(Continued)

<b>Consolidated Entity</b>	<b>Setup Date</b>	<b>Location</b>	<b>Operations</b>
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 EasTone Telecommunication Co., Ltd.	1997/04/11	28F., No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan (ROC)	Wireless communications service.
KG Telecommunication Co., Ltd.	2003/09/25	28F., No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan (ROC)	Wireless communications service under a Type 1 license.
Far Eastern Info Service Holding Ltd.	2002/07/17	Clarendon House 2 Church Street Hamilton HM11 Bermuda	International investment holding business.
Far Eastern Tech-info Ltd. (Shanghai)	2002/11/18	Mainland China	Computer software production, data processing and acting as Internet content service provider.
E. World (Holdings) Ltd.	2000/04/07	4F, One Capital Place. P.O. Box 847 G.T., Grand, Cayman Island	International investment holding business.
Yuan Cing Co., Ltd.	2000/08/05	28F., No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan (ROC)	Data processing service and retail of computer software.
KGEx.com Co., Ltd.	2000/08/09	4F., No. 468, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Providing Type II communications service.
Far Eastern Electronic Toll Collection Co., Ltd.	2004/04/07	28F., No. 207, Dunhua S. Rd., Sec. 2, Taipei City 106, Taiwan (ROC)	Providing services on information software, electronic information, auto controlling equipment engineering.
ARCOA Communication Co., Ltd.	1981/05/04	36F., No. 207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan (R.O.C.)	Distribution of cellular phones and other communications equipment and accessories and providing related maintenance services.
ADCast Interactive Marketing Co., Ltd.	2000/06/12	1F., No. 220 Gangqian Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Providing services on internet advertisement and marketing.
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	International investment holding business.
Q-Ware Communication Corp.	2007/02/13	8F., No. 220 Gangqian Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Providing Type II communications service.
Yuan Cing InfoComm Tech. Co., Ltd.	2009/12/30	4F., No. 468, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan (ROC)	Sale of communication products

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**RELATED PARTIES**  
**DECEMBER 31, 2009**

No.	Related Party	Relationship with Far Eastern New Century Corporation (Note)
1	Oriental Securities Co., Ltd.	a
2	Yuan-Ding Co. Ltd.	a
3	Frendenberg Far Eastern Spunweb Co., Ltd.	a
4	Everest Textile Co., Ltd.	a
5	Pacific Liu Tong Investment Corp.	a
6	Air Liquide Far Eastern Ltd.	a
7	Yue Ding Industry Co., Ltd.	a
8	Far Eastern International Leasing Corp. (FEILC)	a
9	Ding Ding Hotel Co., Ltd.	a
10	Da Ju Fiber Co., Ltd.	a
11	iScreen Corp.	a
12	Yue Ming International Corp.	a
13	Pacific Petrochemical (Holding) Ltd.	a
14	Chiahui Power Corporation	b
15	Far Eastern Ai Mai Company Ltd.	q
16	Far Eastern Medical Foundation	b
17	Far Eastern. Y. Z. Hsu Science and Technology Memorial Foundation	b
18	U-Ming Marine Transport Corp.	b
19	Ding Ding Integrated Marketing Service Co., Ltd.	a
20	Wen Jing Corp.	b
21	New Tranquil Enterprise Ltd.	b
22	Yuan-Ze University	b
23	Oriental Institute of Technology	b
24	Far Eastern Memorial Hospital	b
25	Bai Ding Investment Corp.	b
26	Malaysia Garment Manufactures PTE Ltd.	a
27	New Century InfoComm Tech Co., Ltd.	a and b
28	Far Eastern Department Stores Co., Ltd.	a and b
29	Oriental Union Chemical Corporation	a and b
30	Asia Cement Co., Ltd.	a and b
31	Yu Chang Vocational School	c
32	Pacific SOGO Department Stores	d
33	Ya-Li Precast Prestressed Concrete Industries Corp.	p
34	Ding Ding Management Consulting Ltd.	r
35	Far Eastern Technical Consultants Co., Ltd.	g
36	Far Eastern International Garments Inc.	e
37	Far Eastern Recreation Center Employee's Welfare Committee	f

(Continued)

No.	Related Party	Relationship with Far Eastern New Century Corporation (Note)
38	Far Eastern Recreation Center Employee's Welfare Committee of FENC-Golf Club	f
39	Ya Tung Ready-mixed Concrete Corp.	p
40	Hong-Ton Comprehensive Commerce Development Co., Ltd.	h
41	TECO Electric & Machinery Co., Ltd.	i
42	Systex Corporation	i
43	MITAC Inc.	i
44	Telecommunication & Transportation Foundation	j
45	NTT DoCoMo Inc.	k
46	Everest Textile (Shanghai) Ltd.	l
47	Everest Investment (Holding) Ltd.	l
48	Far Eastern Asset Management Co., Ltd.	m
49	Far Eastern International Bank	n
50	Fu Ming Transport Corp.	p
51	Fu Dar Transportation Corporation	o
52	Asia Investment Corp.	p
53	Ya Tung Department Store Ltd.	q
54	Deutsche Far Eastern Asset Management Co., Ltd.	r
55	Digital United Inc.	s
56	Information Security Service Digital United Co., Ltd.	t
57	Alberta and Orient Glycol Company	u

- Note:
- a. Equity-method investee and the holding is less than 50%.
  - b. Same Chairman or general manager.
  - c. Its chairman is the Company's relative.
  - d. Pacific Liu Tong Investment Corp.'s subsidiary.
  - e. Equity-method investee of equity-method subsidiary.
  - f. The chairman of the organization is FENC's senior manager.
  - g. The subsidiary of Yuan Ding Corp.
  - h. The chairman of the Company is the investee's director.
  - i. Institutional director of Far Eastern Electronic Toll Collection Co., Ltd.
  - j. Far EasTone's donation is over one third of the foundation's fund.
  - k. Director of Far EasTone Telecommunication Co., Ltd. (it's not the related-party from June 2009).
  - l. Subsidiary of Everest Textile Co., Ltd.
  - m. Far Eastern International Commercial Bank is the institutional director of the Company.
  - n. The vice president is the chairman of the Company.
  - o. The subsidiary of Fu Ming Transport Corp.
  - p. The subsidiary of Asia Cement Corporation.
  - q. The subsidiary of Far Eastern Department Stores.
  - r. The chairman is the Company's vice-chairman.
  - s. Subsidiary of New Century Info Comm Tech Co., Ltd. (it had merged with New Century Info Comm Tech Co., Ltd. as of March 16, 2009).
  - t. The subsidiary of New Century Info Comm Tech Co., Ltd.
  - u. An FENC subsidiary classified under financial assets carried at cost.

(Concluded)



**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED RELATED-PARTY TRANSACTIONS**

**YEARS ENDED DECEMBER 31, 2009 AND 2008**

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

		<b>2009</b>		<b>2008</b>	
	<b>Notes</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Sales</b>					
New Century InfoComm Tech Co.		\$ 1,235,854	1	\$ 1,153,120	1
Others	b.	<u>1,649,493</u>	<u>1</u>	<u>2,304,082</u>	<u>1</u>
		<u>\$ 2,885,347</u>	<u>2</u>	<u>\$ 3,457,202</u>	<u>2</u>
<b>Purchases</b>					
Albepa & Orient Glycol Company		\$ 1,647,146	1	\$ 2,711,205	2
Oriental Union Chemical Corp.		935,955	1	2,199,195	2
Others	b.	<u>2,138,137</u>	<u>2</u>	<u>1,528,775</u>	<u>1</u>
		<u>\$ 4,721,238</u>	<u>4</u>	<u>\$ 6,439,175</u>	<u>5</u>
<b>Operating expense</b>					
Ding Ding Integrated Marketing Service Co.		\$ 163,760	1	\$ 165,573	1
Yuan Ding Corp.		158,336	1	157,238	1
Others	b.	<u>342,627</u>	<u>1</u>	<u>299,998</u>	<u>1</u>
		<u>\$ 664,723</u>	<u>3</u>	<u>\$ 622,809</u>	<u>3</u>
<b>Nonoperating revenue</b>					
New Century Info Comm Tech. Co., Ltd.		\$ 31,603	1	\$ 11,585	-
Others	b.	<u>46,517</u>	<u>1</u>	<u>128,027</u>	<u>4</u>
		<u>\$ 78,120</u>	<u>2</u>	<u>\$ 139,612</u>	<u>4</u>

Note:

- a. For the relationships between FENC and subsidiaries, please refer to schedule C.
- b. The transaction amount between related-parties was not over 5% of the total amount of the account.
- c. The terms of FENC's sales to and purchases from the related parties were the same as those for third parties.
- d. Salaries and bonuses of directors, supervisors and management executives :

	<b>2009</b>	<b>2008</b>
Salaries and bonuses (including bonuses to employees)	\$ 103,449	\$ 123,269
Remunerations to directors and supervisors	288,269	215,622
Directors' business-related expenses	<u>8,971</u>	<u>5,009</u>
	<u>\$ 400,689</u>	<u>\$ 343,900</u>

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED RELATED-PARTY TRANSACTIONS**

**YEARS ENDED DECEMBER 31, 2009 AND 2008**

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

	Notes	2009		2008	
		Amount	%	Amount	%
<b>Accounts/notes receivable from affiliates</b>					
New Century InfoComm Tech Co.		\$ 279,911	22	\$ 131,588	10
Everest Textile (Shanghai) Ltd.		135,678	11	53,880	4
Freundenberg Far Eastern Spunweb Co., Ltd.		110,225	9	53,890	4
Pacific Sogo Department Stores Co., Ltd.		80,364	6	66,852	5
Yuan Ding Co.		79,329	6	27,230	2
Everest Textile Co.		48,590	4	43,437	3
Far Eastern Department Stores Ltd.		44,180	3	61,981	5
Oriental Union Chemical Corp.		-	-	92,513	7
Others	e.	<u>59,477</u>	<u>5</u>	<u>152,832</u>	<u>11</u>
		<u>\$ 837,754</u>	<u>66</u>	<u>\$ 684,203</u>	<u>51</u>
<b>Refundable deposits</b>					
Ding Ding Integrated Marketing Service Co., Ltd.		\$ 43,233	9	\$ 43,693	9
Yuan Ding Co.		33,355	7	33,410	7
Others	e.	<u>19,747</u>	<u>4</u>	<u>22,384</u>	<u>5</u>
		<u>\$ 96,335</u>	<u>20</u>	<u>\$ 99,487</u>	<u>21</u>
<b>Accounts and notes payable to affiliates</b>					
New Century InfoComm Tech Co.		\$ 263,997	23	\$ 218,998	13
Albepa & Orient Glycol Company		176,317	15	128,863	8
Everest Textile (Shanghai) Ltd.		173,984	15	92,340	5
Ya Tung Ready Mixed Concrete Co., Ltd.		172,799	15	140,462	8
Oriental Union Chemical Corp.		96,450	8	57,903	3
Ding Ding Integrated Marketing Service Co.		75,280	6	72,795	4
Others	e.	<u>110,701</u>	<u>9</u>	<u>198,701</u>	<u>12</u>
		<u>\$ 1,069,528</u>	<u>91</u>	<u>\$ 910,062</u>	<u>53</u>
<b>Advance construction receipts</b>					
Far Eastern Department Stores Ltd.		\$ 473,037	3	\$ 312,061	2
Far Eastern Memorial Hospital		2,679	-	-	-
New Tranquil Enterprise Ltd.		-	-	2,895	-
FEDS Development Ltd. (BVI)		-	-	2,857	-
Wen Jing Corp.		-	-	1,555	-
		<u>\$ 475,716</u>	<u>3</u>	<u>\$ 319,368</u>	<u>2</u>

(Continued)

	Notes	2009		2008	
		Amount	%	Amount	%
Deferred income					
Rent revenue					
Yuan Ding Co.	b.	\$ 656,941	65	\$ 703,586	65
Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation	c.	215,510	21	222,041	21
Sales of lands and buildings					
Oriental Securities Co., Ltd.	d.	116,147	11	116,703	11
Sales of securities					
Far Eastern International Leasing Corp.		24,326	2	24,326	2
Others	e.	<u>11,932</u>	<u>1</u>	<u>11,932</u>	<u>1</u>
		<u>\$ 1,024,856</u>	<u>100</u>	<u>\$ 1,078,588</u>	<u>100</u>

Financing to affiliates:

	Year Ended December 31, 2009			
	Highest Outstanding Balance	Balance on December 31, 2009	Interest Rate (%)	Interest Revenue
Da Ju Fiber Corporation	\$ 277,000	\$ 148,000	1.05-2.69	\$ 3,322
Malaysia Garment Manufactures Pte Ltd.	268,259	268,259	0-2.78917	2,630
Yue Ding Industry Co., Ltd.	160,000	<u>10,000</u>	1.05-2.69	<u>1,935</u>
		<u>\$ 426,259</u>		<u>\$ 7,887</u>

	Year Ended December 31, 2008			
	Highest Outstanding Balance	Balance on December 31, 2008	Interest Rate (%)	Interest Revenue
Da Ju Fiber Corporation	\$ 280,000	\$ 277,000	2.55-2.83	\$ 7,268
Malaysia Garment Manufactures Pte Ltd.	275,061	275,061	0-5.6248	3,862
Yue Ding Industry Co., Ltd.	152,000	120,000	2.55-2.83	2,281
Pacific Petrochemical (Holding) Ltd.	891,420	<u>-</u>	2.55-5.6248	<u>3,144</u>
		<u>\$ 672,061</u>		<u>\$ 16,555</u>

Financing from affiliates:

	Year Ended December 31, 2009			
	Highest Outstanding Balance	Balance on December 31, 2009	Interest Rate (%)	Interest Expense
Accounts and notes payable to affiliates				
Pacific Petrochemical (Holding) Ltd.	\$ 658,994	<u>\$ 102,368</u>	-	<u>\$ -</u>

(Continued)

**Year Ended December 31, 2008**

	<b>Highest Outstanding Balance</b>	<b>Balance on December 31, 2008</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
Accounts and notes payable to affiliates Pacific Petrochemical (Holding) Ltd.	\$ 780,640	<u>\$ 780,640</u>	-	<u>\$ _____</u>

- a. For the relationships between FENC and subsidiaries, please refer to schedule C.
- b. FENC, Asia Cement Corporation and Yuan Ding Co. co-own the Metro Tower Building located on Dunhwa South Road in Taipei City. Under an agreement, Yuan Ding Co. constructed the building and used the land owned by FENC and Asia Cement Corporation. In exchange, FENC and ACC each received 12% of the usable area of the building. FENC deferred this income and will realize it upon the expiration of the agreement. The ownership of land had been transferred in September 2, 2003, please refer to Note 15.
- c. The unrealized gain from superficies right Far Eastern Resources Development Co., Ltd. granted to Far Eastern Y.Z. Science and Technology Memorial Foundation was referred to Note 15.
- d. The unrealized gain was from the sale of lands and buildings to Oriental Securities Co., Ltd.
- e. The transaction amount among related-parties was not over 5% of the total amount of the account.
- f. The subsidiary, Far Eastern Resources Development Co., Ltd. sold the land in Ya-Tung Section of Banciao to Far Eastern Memorial Foundation at the total amount of \$448,329 thousand in order to start the construction of its new medical building and the gain on this transaction brought \$331,124 thousand to the subsidiary.
- g. Except for the description in Note 14, New Century Info Comm Tech Co., Ltd. bought the corporate bond issued by the subsidiary, Yuan Ding Co. through private placement on August 14, 2009 and the total purchase amounts to \$990,000 thousand (please refer to Note 22). As of December 31, 2009, the interest payable amounted to NT\$7,594 thousand and the interest expense of 2009 amounted to NT\$7,594 thousand.
- h. The terms of sales to and purchases from the related parties were the same as those for third parties.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED  
 YEAR ENDED DECEMBER 31, 2009  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Financier	Counter-party	Financial Statement Account	Highest Balance for the Period	Ending Balance	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.	An Ho Garment Co., Ltd.	Receivables from related parties	\$ 16,000	\$ -	2.13%-2.69%	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 1,831,628 (Note B)	\$ 18,316,280 (Note E)
	Da Ju Fiber Co., Ltd.	"	277,000	-	2.13%-2.69%	2	-	For revolving fund	-	Promissory note	-	1,831,628 (Note B)	18,316,280 (Note E)
	Oriental Textile (Holding) Ltd.	"	868,571	-	2.69%	2	-	For revolving fund	-	Promissory note	-	1,831,628 (Note B)	18,316,280 (Note E)
	Yue Ding Industry Co., Ltd.	"	160,000	-	1.53%-2.69%	2	-	For revolving fund	-	Promissory note	-	1,831,628 (Note B)	18,316,280 (Note E)
	Yuan Tong Investment Co., Ltd.	"	226,000	-	1.53%-1.67%	2	-	For revolving fund	-	Promissory note	-	1,831,628 (Note B)	18,316,280 (Note E)
Far Eastern Investment (Holding) Ltd.	Waldorf Services B.V.	Receivables from affiliates	US\$ 800	US\$ 800	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
	Far Eastern Polytex (Holding) Ltd.	"	US\$ 12,000	US\$ 12,000	2.11%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
	Flying Dutchman Ltd.	Other receivables	US\$ 1,936	US\$ 1,936	0%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
	F.E.T.G. Investment Antilles N.V.	Receivables from affiliates	US\$ 11,397	US\$ 6,292	2.11%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
	Oriental Textile (Holding) Ltd.	"	US\$ 30,400	US\$ 23,400	2.11%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
	Pet Far Eastern (Holding) Ltd.	"	US\$ 20,000	US\$ 2,666	2.11%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
	Malaysia Garment	"	US\$ 3,786	US\$ 3,786	0%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
	PET Far Eastern (M) Sdn. Bhd.	"	US\$ 5,739	MYR 19,206	2.11%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
	Far Eastern Polychem Industries Co., Ltd.	"	US\$ 50,000	US\$ 50,000	2.11%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
	Far Eastern Apparel (Vietnam) Ltd.	"	US\$ 2,500	US\$ 2,500	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	23,127,797 (Note G)
Ding Yuan International Investment Co., Ltd.	An Ho Garment Co., Ltd.	Receivables from related parties	100,000	-	1.03%-2.12%	2	-	For revolving fund	-	Promissory note	-	121,198 (Note B)	1,211,984 (Note E)
	Yuan Tong Investment Co., Ltd.	"	90,000	90,000	1.56%	2	-	For revolving fund	-	Promissory note	-	121,198 (Note B)	1,211,984 (Note E)
Far Eastern Polychem Industries Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	Receivables from affiliates	US\$ 69,000	US\$ 69,000	0%	1	HK\$ 1,747,476	-	-	Promissory note	-	46,255,594 (Note H)	46,255,594 (Note H)
	Far Eastern Industries (Suzhou) Ltd.	"	US\$ 10,000	US\$ 10,000	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
Far Eastern Apparel (Holding) Ltd.	Far Eastern Spinning Waving and Dyeing (Suzhou) Ltd.	Receivables from affiliates	US\$ 11,500	US\$ 8,000	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
	Far Eastern Apparel (Suzhou) Ltd.	"	US\$ 8,000	-	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
	Far Eastern Investment (Holding) Ltd.	"	US\$ 19,600	US\$ 12,600	2.11%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)

(Continued)

Financier	Counter-party	Financial Statement Account	Highest Balance for the Period	Ending Balance	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		
F.E.T.G. Investment Antilles N.V.	Waldorf Services B.V.	Receivables from affiliates	US\$ 11,519	US\$ 6,406	2.11%-2.78917%	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 4,625,559 (Note C)	\$ 13,876,678 (Note D)
Waldorf Services B.V.	Malaysia Garment	Receivables from affiliates	US\$ 4,600	US\$ 4,600	0%	2	-	Set up PFEM funding	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
	Chuang Yuan Co. Ltd.	Other receivables	US\$ 6,380	US\$ 6,380	2.11%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd.	Receivables from affiliates	US\$ 36,800	US\$ 25,000	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
	Oriental Industries (Suzhou) Ltd.	"	US\$ 20,000	US\$ 4,000	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
	Far Eastern Polychem Industries Co., Ltd.	"	US\$ 16,000	US\$ 7,000	2.11%-2.78917%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Ltd.	Receivables from affiliates	US\$ 28,700	-	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
F.E.D.P. (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	Receivables from affiliates	US\$ 18,800	US\$ 14,800	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
Far Eastern Resources Development Co., Ltd.	An Ho Garment Co., Ltd.	Receivables from related parties	440,000	400,000	1.05%-2.48%	2	-	For revolving fund	-	Promissory note	-	873,173 (Note B)	8,731,733 (Note E)
	Kai Yuan International Investment Co., Ltd.	"	400,000	400,000	1.05%-2.48%	2	-	For revolving fund	-	Promissory note	-	873,173 (Note B)	8,731,733 (Note E)
	Yuan Tong Investment Co., Ltd.	"	400,000	400,000	1.05%-1.6%	2	-	For revolving fund	-	Promissory note	-	873,173 (Note B)	8,731,733 (Note E)
	Da Ju Fiber Co., Ltd.	"	277,000	148,000	1.05%-1.6%	2	-	For revolving fund	-	Promissory note	-	873,173 (Note B)	8,731,733 (Note E)
	Yuan Ding Investment Co., Ltd.	"	361,000	361,000	1.05%-1.25%	2	-	For revolving fund	-	Promissory note	-	873,173 (Note B)	8,731,733 (Note E)
	Yue Ding Industry Co., Ltd.	"	10,000	10,000	1.05%	2	-	For revolving fund	-	Promissory note	-	873,173 (Note B)	8,731,733 (Note E)
Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Limited	Receivables from affiliates	US\$ 29,000	US\$ 26,500	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
	Martens Beers Trading (Shanghai) Co.	"	US\$ 1,800	US\$ 1,800	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
Far Eastern Polytex (Holding) Ltd.	Wuhan Far Eastern New Material Ltd.	"	US\$ 12,000	US\$ 12,000	0%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
Far Eastern Apparel (Suzhou) Ltd.	Sino Belgium (Suzhou) Limited	Receivables from affiliates	US\$ 7,000	-	2.88%	2	-	For revolving fund	-	Promissory note	-	4,625,559 (Note C)	13,876,678 (Note D)
Oriental Petrochemical (Shanghai) Ltd.	Far Easter Industries (Shanghai) Ltd.	Receivables from affiliates	RMB 100,000	-	4.86%	1	RMB 1,540,069	-	-	Promissory note	-	RMB 818,037 (Note F)	RMB 818,037 (Note F)

- Notes: A. Reasons for financing are as follows:
1. Business relationship.
  2. For short-term financing.
- B. The upper limit is equivalent to 5% of the net value of the financier as of December 31, 2009.
- C. The upper limit is equivalent to 5% of the net value of FENC as of December 31, 2009.
- D. The upper limit is equivalent to 15% of the net value of FENC as of December 31, 2009.
- E. The upper limit is equivalent to 50% of the net value of the financier as of December 31, 2009. If necessary for short-term financing, the upper limit is equivalent to 15%.
- F. The maximum total financing providing amount should be the lower of 50% of the Company's net worth of most current audited financial statements or trading amount of both parties.
- G. The upper limit is equivalent to 25% of the net value of FENC as of December 31, 2008.
- H. The maximum total financing providing amount should be the lower of 50% of FENC's net worth of most current audited financial statement or trading amount of both parties.

(Concluded)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED  
YEAR ENDED DECEMBER 31, 2009  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Endorsement/ Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statements (%) (Note O)	Maximum Collateral/Guarantee Amounts Allowable
	Name	Nature of Relationship						
Far Eastern New Century Corporation	Yuan Ding Investment Co., Ltd.	(Note A)	\$ 46,255,594 (Note G)	\$ 9,646,300	\$ 9,646,300	\$ -	10	\$ 92,511,188 (Note H)
	Pacific SOGO Department Store Co., Ltd.	(Note C)	46,255,594 (Note G)	280,719	-	-	-	92,511,188 (Note H)
Yuan Ding Investment Co., Ltd.	Pacific SOGO Department Store Co., Ltd.	(Note C)	18,316,280 (Note G)	1,650,000	-	-	-	36,632,559 (Note H)
	Da Ju Fiber Co., Ltd.	(Note B)	18,316,280 (Note G)	144,000	144,000	-	-	36,632,559 (Note H)
	Oriental Resources Development Ltd.	(Note A)	18,316,280 (Note G)	139,000	89,000	-	-	36,632,559 (Note H)
	Far Eastern Apparel Co., Ltd.	(Note A)	18,316,280 (Note G)	135,000	135,000	-	-	36,632,559 (Note H)
	Oriental Textile (Holding) Ltd. (O.T (H))	(Note A)	18,316,280 (Note G)	1,236,900	1,223,980	-	1	36,632,559 (Note H)
	Far Eastern Apparel (Holding) Ltd.	(Note A)	18,316,280 (Note G)	1,063,755	901,880	-	1	36,632,559 (Note H)
	Oriental Industries (Suzhou) Ltd.	(Note A)	18,316,280 (Note G)	1,256,190	1,256,190	-	1	36,632,559 (Note H)
Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note P)	46,255,594 (Note O)	US\$ 6,000	US\$ 6,000	-	-	92,511,188 (Note M)
Ding Yuan International Investment Co., Ltd.	Pacific SOGO Department Store Co., Ltd.	(Note C)	46,255,594 (Note K)	37,629	-	-	-	92,511,188 (Note I)
Kai Yuan International Investment Co., Ltd.	Pacific SOGO Department Store Co., Ltd.	(Note C)	46,255,594 (Note K)	37,629	-	-	-	92,511,188 (Note I)
Far Eastern Polychem Industries Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note P)	46,255,594 (Note O)	RMB 510,000	RMB 420,000	-	2	92,511,188 (Note M)
	Far Eastern Industries (Suzhou) Ltd.	(Note E)	46,255,594 (Note O)	US\$ 67,500 US\$ 1,625	US\$ 27,500	-	-	92,511,188 (Note M)
Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Co., Ltd.	(Note A)	9,832,410 (Note L)	2,450,600	2,101,000	-	2	9,832,410 (Note L)
Far Eastern Apparel (Holding) Ltd.	Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	(Note A)	46,255,594 (Note O)	RMB 41,500	-	-	-	92,511,188 (Note M)
Far Eastern General Contractor Ltd.	Far Eastern Construction Co., Ltd.	(Note D)	4,560,939 (Note L)	100,000	-	-	-	4,560,939 (Note L)
An Ho Garment Co., Ltd.	Pacific SOGO Department Store Co., Ltd.	(Note C)	46,255,594 (Note K)	20,313	-	-	-	92,511,188 (Note I)
Yuan Tong Investment Co., Ltd.	Pacific SOGO Department Store Co., Ltd.	(Note C)	46,255,594 (Note K)	37,629	-	-	-	92,511,188 (Note I)
	Sino Belgium (Holding) Limited	(Note A)	46,255,594 (Note K)	1,748,250	1,610,500	-	2	92,511,188 (Note I)
Far EasTone Telecommunications Co., Ltd.	KG Telecommunications Co., Ltd.	(Note A)	35,771,294 (Note G)	450,000	450,000	-	-	71,542,587 (Note H)
	KGEx.com	(Note A)	35,771,294 (Note G)	45,000	45,000	-	-	71,542,587 (Note H)
	Q-Ware Communication Corp.	(Note A)	35,771,294 (Note G)	149,840	149,840	-	-	71,542,587 (Note H)
Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note E)	46,255,594 (Note O)	RMB 140,400	RMB 110,000	-	1	92,511,188 (Note M)
Far Eastern Industries (Shanghai) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note E)	RMB 1,413,975 (Note H)	RMB 280,000	RMB 160,000	-	1	RMB 2,827,949 (Note Q)
	Wuhan Far Eastern New Material Ltd.	(Note P)	RMB 1,413,975 (Note H)	RMB 110,000	RMB 110,000	-	1	RMB 2,827,949 (Note Q)
	Everest Textile (Shanghai) Ltd.	(Note P)	RMB 1,413,975 (Note H)	RMB 100,000	RMB 80,000	-	-	RMB 2,827,949 (Note Q)
Oriental Textile (Holding) Ltd. (O.T (H))	Far Eastern Industries (Wuxi) Ltd.	(Note A)	46,255,594 (Note O)	US\$ 30,000	US\$ 3,750	-	1	92,511,188 (Note M)
	Oriental Industries (Suzhou) Ltd.	(Note A)	46,255,594 (Note O)	RMB 425,500	RMB 195,000	-	-	-
				US\$ 93,000	US\$ 69,000	-	3	92,511,188 (Note M)
				RMB 50,000	RMB 50,000	-	-	-

(Continued)

Endorsement/ Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statements (%) (Note O)	Maximum Collateral/Guarantee Amounts Allowable
	Name	Nature of Relationship						
PET Far Eastern (Holding) Ltd. (Pet F.E. (H))	Oriental Petrochemical (Shanghai) Co., Ltd.	(Note F)	\$ 46,255,594 (Note O)	US\$ 40,226 RMB 122,500	US\$ 28,166	\$ -	1	\$ 92,511,188 (Note M)
Far Eastern Polytex (Holding) Limited	Far Eastern Apparel (Suzhou) Ltd.	(Note A)	46,255,594 (Note O)	RMB 30,400	RMB 30,000	-	-	92,511,188 (Note M)
KG Telecommunications Co., Ltd.	Far Eastone Telecommunications Co., Ltd.	(Note D)	15,286,749 (Note G)	1,240,000	1,240,000	-	1	30,573,498 (Note H)
Far Eastern Resources Development Co., Ltd.	Far Eastern New Century Corp.	(Note D)	46,255,594 (Note K)	12,311,748	10,001,748	9,887,598	11	92,511,188 (Note I)
Far Eastern New Century (China) Investment Ltd.	Oriental Petrochemical (Shanghai) Co., Ltd.	(Note F)	46,255,594 (Note O)	US\$ 1,217	US\$ 1,217	-	-	92,511,188 (Note M)
FEDP (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note A)	46,255,594 (Note O)	RMB 50,000	RMB 50,000	-	-	92,511,188 (Note M)
Wuhan Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note P)	US\$ 20,777 (Note J)	RMB 100,000	RMB 100,000	-	1	US\$ 20,777 (Note J)
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note P)	46,255,594 (Note O)	RMB 30,000	RMB 30,000	-	-	92,511,188 (Note M)

Notes: A. Subsidiary with common stock shares held directly or indirectly equivalent to or above 50%.

B. Equity-method investees.

C. Investee of an equity-method investee.

D. Parent company.

E. The subsidiary 100% owned by the same parent company with direct and indirect votes.

F. The investment relationship is based on guarantee of each stockholder's retention ratio.

G. Collateral/guarantee is equivalent to 50% of the net value of the guarantor as of December 31, 2009.

H. Limit is computed using the net value of the guarantor as of December 31, 2009.

I. Limit is computed using the net value of parent company as of December 31, 2009.

J. Collateral/guarantee is equivalent to 20% of the audited net value of the parent company as of December 31, 2009.

K. Collateral/guarantee is equivalent to 50% of the net value of FENC as of December 31, 2009.

L. Collateral/guarantee is equivalent to 300% of the net value of the guarantor as of December 31, 2009.

M. Collateral/guarantee is equivalent to the net value of Far Eastern New Century Corp. Ltd. as of December 31, 2009

N. The ratio calculation is in accordance with the Regulations Governing Loaning of Funds and Marking of Endorsements/Guarantees by Public Companies.

O. Collateral/guarantee is equivalent to 50% of the net value of Far Eastern as of December 31, 2009.

P. Business relationship.

Q. Collateral/guarantee is equivalent to 200% of the net value of the guarantor as of December 31, 2009.

(Concluded)



FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES AND INVESTMENTS IN SHARES OF STOCK HELD  
 DECEMBER 31, 2009  
 (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, 2009				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	Asia Cement Corporation	(Note A)	Equity method investments	666,632	\$ 12,500,165	22.33	\$ 23,065,492	22,288 thousand shares pledged or mortgaged as collaterals for loans
	Far Eastern Department Stores, Ltd.	(Note A)	Equity method investments	203,659	3,877,699	16.80	7,474,248	-
	Oriental Union Chemical Corporation	(Note A)	Equity method investments	73,833	1,155,372	9.17	1,890,116	-
	Everest Textile Co., Ltd.	(Note A)	Equity method investments	129	1,540	0.03	880	-
	Yuan Ding Investment Co., Ltd.	(Note A)	Equity method investments	1,828,323	36,155,036	99.7	36,424,157	-
	Far Eastern Resources Development Co., Ltd.	(Note A)	Equity method investments	283,797	15,693,512	100.00	17,463,466	-
	Yuan Tong Investment Co., Ltd.	(Note A)	Equity method investments	705,147	7,296,064	100.00	7,296,064	-
	Far Eastern Investment (Holding) Ltd.	(Note A)	Equity method investments	1,700	5,238,743	100.00	5,238,743	-
	Far Eastern Polychem Industries Co., Ltd.	(Note A)	Equity method investments	493,631	4,185,668	59.81	4,185,668	-
	Kai Yuan International Investment Co., Ltd.	(Note A)	Equity method investments	291,196	4,366,102	100.00	4,366,102	-
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note A)	Equity method investments	337,678	3,875,245	75.56	3,922,249	-
	Far Eastern Polytex (Holding) Limited	(Note A)	Equity method investments	46	3,323,320	100.00	3,323,320	-
	Yuan Ding Co., Ltd.	(Note A)	Equity method investments	186,926	3,180,506	37.13	3,242,218	-
	Far Eastern Construction Co., Ltd.	(Note A)	Equity method investments	154,372	2,078,321	65.11	2,133,961	-
	Ding Yuan International Investment Co., Ltd.	(Note A)	Equity method investments	205,000	2,412,433	100.00	2,423,968	-
	Oriental Securities Co., Ltd.	(Note A)	Equity method investments	140,278	2,066,710	19.65	2,060,391	40,000 thousand shares pledged or mortgaged as collaterals for loans
	PET Far Eastern (Holding) Ltd.	(Note A)	Equity method investments	117	1,996,083	49.42	1,996,083	-
	An Ho Garment Co., Ltd.	(Note A)	Equity method investments	66,346	1,537,449	100.00	1,606,426	-
	Pacific Liu Tung Investment Co., Ltd.	(Note A)	Equity method investments	67,500	1,165,944	16.83	1,073,855	-
	Fu Kwok Garment Manufacturing Co., Ltd.	(Note A)	Equity method investments	3,999	128,923	99.99	132,253	-
	Ding Ding Hotel Co., Ltd.	(Note A)	Equity method investments	5,386	28,962	19.00	28,962	-
	New Century InfoComm Tech Co., Ltd.	(Note A)	Equity method investments	2,605	26,078	0.10	25,831	-
	Hantech Venture Capital Corp.	-	Financial assets carried at cost	4,939	53,667	3.73	62,740	-
Far Eastern International Commercial Bank	(Note C)	Available-for-sale financial assets - noncurrent	60,241	722,890	2.57	722,890	-	
Yuan Ding Investment Co., Ltd.	Oriental Union Chemical Corporation	(Note A)	Equity method investments	73,614	1,234,120	9.14	1,884,525	-
	Everest Textile Co., Ltd.	(Note A)	Equity method investments	118,869	1,156,375	25.23	809,500	-
	Asia Cement Corporation	(Note A)	Equity method investments	4,135	66,207	0.14	143,056	-
	Far Eastern Department Stores, Ltd.	(Note A)	Equity method investments	4,806	132,492	0.40	176,366	-
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity method investments	1,066,658	23,371,725	32.73	40,692,988	43,145 thousand shares pledged or mortgaged as collaterals for short-term loans
	Oriental Textile (Holding) Ltd.	(Note A)	Equity method investments	90	5,277,067	100.00	5,277,067	-
	Far Eastern Polychem Industries Co., Ltd.	(Note A)	Equity method investments	331,717	2,812,608	40.19	2,812,608	-
	Oriental Securities Co., Ltd.	(Note A)	Equity method investments	185,040	2,831,933	25.93	2,718,878	112,850 thousand shares pledged or mortgaged as collaterals for short-term loans
	Far Eastern Apparel (Holding) Ltd.	(Note A)	Equity method investments	95	1,934,377	100.00	1,934,377	-
	Liquid Air Far East Glycol Co., Ltd.	(Note A)	Equity method investments	69,115	1,136,367	35.00	1,134,000	-
	New Century InfoComm Tech Co., Ltd.	(Note A)	Equity method investments	100,694	1,007,911	3.87	1,006,944	-
	Yuan Ding Co., Ltd.	(Note A)	Equity method investments	64,759	1,099,336	12.86	1,122,944	43,500 thousand shares pledged or mortgaged as collaterals for short-term loans
	Pacific Liu Tung Investment Co., Ltd. (Note G)	(Note A)	Equity method investments	59,827	946,933	14.92	951,985	-
	Far Eastern International Leasing Corp.	(Note A)	Equity method investments	75,269	1,001,832	16.87	1,013,369	-
Far Eastern Fibertech Co., Ltd.	(Note A)	Equity method investments	66,673	726,257	100.00	716,293	-	
Pacific Petrochemical (Holding) Co., Ltd.	(Note A)	Equity method investments	20	709,848	24.63	709,848	-	

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Yuan Ding Leasing Co.	(Note A)	Equity method investments	36,706	\$ 359,363	46.20	\$ 361,001	-
	Far Eastern Apparel Co., Ltd.	(Note A)	Equity method investments	19,664	356,448	100.00	356,346	-
	Da Ju Fiber Co., Ltd.	(Note A)	Equity method investments	17,182	513,180	41.86	523,395	-
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note A)	Equity method investments	13,053	274,931	29.80	274,647	-
	Oriental Resources Development Ltd.	(Note A)	Equity method investments	21,322	130,963	70.32	134,885	-
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note A)	Equity method investments	23,222	258,218	5.20	269,927	-
	Yuan Faun Ltd.	(Note A)	Equity method investments	5,000	104,778	100.00	102,755	-
	Yue Ming Co., Ltd.	(Note A)	Equity method investments	1,280	70,195	45.50	72,226	-
	Far Eastern General Constructor Inc.	(Note A)	Equity method investments	1,205	16,466	1.00	15,203	-
	Far Eastern International Commercial Bank	(Note C)	Financial assets carried at cost	66,716	755,313	3.45	800,592	-
	Yue Yuan Investment Co., Ltd.	(Note D)	Financial assets carried at cost	93,959	677,240	19.05	1,853,803	-
	Chung Nan Textile Co., Ltd.	-	Financial assets carried at cost	2,985	81,405	5.27	115,215	-
	Hantech Venture Capital Corp.	-	Financial assets carried at cost	4,688	56,019	3.54	59,337	-
	Taiwan Stock Exchange Corp.	-	Financial assets carried at cost	887	22,493	0.16	46,714	-
	Universal Venture Capital Investment Corp.	-	Financial assets carried at cost	1,400	14,000	1.16	21,910	-
	Overseas Investment and Development Co., Ltd.	-	Financial assets carried at cost	1,000	10,000	1.11	8,940	-
	China Investment and Development Co., Ltd.	-	Financial assets carried at cost	1,287	8,250	0.80	14,427	-
	Nan Shan Insurance Co., Ltd.	-	Financial assets carried at cost	5	221	-	816	-
	Oriental Securities Investment Consultant Co., Ltd.	-	Financial assets carried at cost	1	10	-	12	-
	Hantech Venture Capital Corp.	-	Financial assets carried at cost	914	6,597	9.81	2,997	-
	DFE DWS Global Multi-asset Income Plus FOF	-	Available-for-sale financial assets - current	5,000	52,050	0.83	52,050	-
	U-Ming Marine Transport Corporation	(Note B)	Available-for-sale financial assets - current	50	3,250	0.01	3,250	-
	Far Eastern International Commercial Bank	(Note C)	Available-for-sale financial assets - noncurrent	15,239	182,872	0.79	182,872	-
	<u>Under asset management contracts (Note E)</u>							
	DaChan Greatwall Co., Ltd.	-	Financial assets at fair value through profit or loss - current	325	11,440	-	11,440	-
	Liteon Technology Corporation	-	Financial assets at fair value through profit or loss - current	50	2,402	-	2,402	-
	Delta Electronics, Inc.	-	Financial assets at fair value through profit or loss - current	140	14,000	-	14,000	-
	Compal Electronics, Inc.	-	Financial assets at fair value through profit or loss - current	100	4,435	-	4,435	-
	Acer Inc.	-	Financial assets at fair value through profit or loss - current	50	4,810	-	4,810	-
	Chroma ATE Inc.	-	Financial assets at fair value through profit or loss - current	210	15,267	-	15,267	-
	Ability Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss - current	50	3,140	-	3,140	-
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	400	15,720	-	15,720	-
	Cathay Financial Holdings	-	Financial assets at fair value through profit or loss - current	250	14,925	-	14,925	-
	Dynapack Corporation	-	Financial assets at fair value through profit or loss - current	50	5,650	-	5,650	-
	Gemted Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	100	5,780	-	5,780	-
	Sino-American Silicon Products Inc.	-	Financial assets at fair value through profit or loss - current	50	4,405	-	4,405	-
	Taiwan Cooperative Bank	-	Financial assets at fair value through profit or loss - current	950	19,095	-	19,095	-
	APCB Inc.	-	Financial assets at fair value through profit or loss - current	200	8,500	-	8,500	-
	Wistron Neweb Corporation	-	Financial assets at fair value through profit or loss - current	200	11,080	-	11,080	-
	DWS Taiwan Bond Fund	-	Financial assets at fair value through profit or loss - current	1,833	20,478	-	20,478	-

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Far Eastern Investment (Holding) Ltd.	F.E.T.G. Investment Autilles N.V.	(Note A)	Equity method investments	6	US\$ 9,678	100.00	US\$ 9,678	-
	Filsyn Corporation	(Note A)	Equity method investments	45,066	US\$ -	21.85	PHP (2,422)	-
	PET F.E. (M) Sdn. Bhd.	(Note A)	Equity method investments	Common stock 5,000 Preferred stock 3,000	US\$ 6,141	50.00	US\$ 6,141	-
	Com2B	(Note A)	Equity method investments	9,000	US\$ 877	20.00	US\$ 877	-
	Far Eastern Apparel (Vietnam) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 5,122	100.00	US\$ 5,122	-
	Kai Yuang Fund	-	Long-term Investment in stock classified as held for sale	-	US\$ 7,550	-	US\$ 7,550	-
	Opas Fund Segregated Portfolio Company	-	Financial assets carried at cost	34	US\$ 51	34.00	US\$ 51	-
Ding Yuan International Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Equity method investments	2,806	107,182	0.09	97,088	-
	Far Eastern Department Stores, Ltd.	(Note A)	Equity method investments	2,988	56,000	0.25	109,660	-
	Everest Textile Co., Ltd.	(Note A)	Equity method investments	8,506	74,668	1.81	57,926	-
	Oriental Union Chemical Corporation	(Note A)	Equity method investments	9,815	206,368	1.22	251,264	-
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity method investments	920	40,361	0.03	35,060	-
	Pacific Liu Tung Investment Co., Ltd. (Note G)	(Note A)	Equity method investments	9,000	137,356	2.24	143,205	-
	PET Far Eastern (Holding) Ltd.	(Note A)	Equity method investments	42	724,196	17.93	724,196	-
	Yue Ding Industry Co., Ltd.	(Note A)	Equity method investments	9,683	191,516	13.2	182,328	-
	Far Eastern International Commercial Bank	(Note J)	Available-for-sale financial assets - noncurrent	60,899	730,787	3.15	730,786	8,259 thousand shares pledged or mortgaged as collaterals for loans
	Ya Li Transportation Co., Ltd.	-	Financial assets carried at cost	1,000	16,240	10.00	58,099	-
Kai Yuan International Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Equity method investments	11,377	241,143	0.38	393,641	-
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity method investments	100,057	2,612,199	3.07	3,817,176	75,784 thousand shares pledged or mortgaged as collaterals for loans
	Oriental Union Chemical Corporation	(Note A)	Equity method investments	25,463	468,179	3.16	651,850	-
	Far Eastern Department Stores, Ltd.	(Note A)	Equity method investments	5,496	125,275	0.45	201,719	-
	Kowloon Cement Co., Ltd.	(Note A)	Equity method investments	1,127	380,159	49.00	380,159	-
	Far Eastern International Leasing Corp.	(Note A)	Equity method investments	74,970	1,002,640	16.80	1,009,206	-
	Pacific Liu Tung Investment Co., Ltd. (Note G)	(Note A)	Equity method investments	9,000	137,356	2.24	143,205	-
	Far Eastern International Commercial Bank	(Note J)	Financial assets carried at cost	38,676	531,063	2.00	464,108	-
	DWS Taiwan Bond Fund	-	Available-for-sale financial assets - current	5,000	67,600	-	67,600	-
	Yi Jinn Industrial Co., Ltd.	-	Available-for-sale financial assets - noncurrent	16,430	137,188	7.30	137,188	-
Far Eastern International Commercial Bank	(Note J)	Available-for-sale financial assets - noncurrent	35,258	423,098	1.82	423,098	-	
Far Eastern Polychem Industries Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Equity method investments	(Note H)	HK\$ 1,384,528	87.03	RMB 1,230,582	-
	PET Far Eastern (Holding) Ltd.	(Note A)	Equity method investments	35	HK\$ 144,965	14.72	US\$ 18,585	-
	FEDP (Holding) Limited	(Note A)	Equity method investments	240	HK\$ 179,719	49.57	US\$ 23,041	-
	Nippon Parison Co., Ltd.	-	Financial assets carried at cost	36	HK\$ 16,941	10.00	-	-
Far Eastern Construction Co., Ltd.	Far Eastern General Constructor Inc.	(Note A)	Equity method investments	119,202	1,451,879	98.95	1,504,349	-
	Asia Cement Corporation	(Note A)	Equity method investments	15,745	396,699	0.53	544,772	-
	U-Ming Marine Transport Corporation	(Note F)	Available-for-sale financial assets - current	1,590	103,336	0.19	103,336	1,152 thousand shares pledged or mortgaged as collaterals for loans
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 14,826	38.46	RMB 101,220	-
	Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 25,672	100.00	RMB 175,263	-
Far Eastern Apparel Co., Ltd.	Ming Ding Co., Ltd.	(Note A)	Equity method investments	448	\$ 6,523	44.80	\$ 6,470	-
	Yue Ding Industry Co., Ltd.	(Note A)	Equity method investments	6	50	0.01	82	-

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Far Eastern General Constructor Inc.	U-Ming Marine Transport Corporation	(Note F)	Available-for-sale financial assets - current	746	\$ 48,522	0.09	\$ 48,522	-
	Kaohsiung Rapid Transit Co., Ltd.	-	Financial assets carried at cost - noncurrent	20,000	108,313	2.00	108,313	-
	Ya Li Precast & Prestressed Concrete Industries Ltd.	(Note I)	Financial assets carried at cost - noncurrent	3,106	25,142	16.03	13,745	-
	Far Eastern Technical Consultants Co., Ltd.	(Note I)	Financial assets carried at cost - noncurrent	450	3,864	9.00	5,162	-
	89-2 Bond Fund	-	Limited asset	-	3,500	-	3,500	Pledged to NTU as a contracting guarantee
	Invesco ROC Bond Fund	-	Financial assets at fair value through profit or loss - current	13,046	200,001	-	200,001	-
	UPAMC James Bond Fund	-	Financial assets at fair value through profit or loss - current	3,128	50,002	-	50,002	-
	Taishin Lucky Fund	-	Financial assets at fair value through profit or loss - current	9,408	100,001	-	100,001	-
	TLG Solomon Bond Fund	-	Financial assets at fair value through profit or loss - current	6,630	80,004	-	80,004	-
	FSI TC Bond Fund	-	Financial assets at fair value through profit or loss - current	529	90,076	-	90,076	-
	Shin Kong Chi-Shin Fund	-	Financial assets at fair value through profit or loss - current	14,452	214,062	-	214,062	-
	Mega Diamond Bond Fund	-	Financial assets at fair value through profit or loss - current	4,191	50,000	-	50,000	-
	Hua Nan Phoenix Bond Fund	-	Financial assets at fair value through profit or loss - current	5,974	93,058	-	93,058	-
	Hua Nan Kirin Fund	-	Financial assets at fair value through profit or loss - current	9,591	110,015	-	110,015	-
	Capital Income Fund	-	Financial assets at fair value through profit or loss - current	8,629	133,009	-	133,009	-
PAC Well Pool Fund	-	Financial assets at fair value through profit or loss - current	11,554	150,011	-	150,011	-	
F.E.T.G. Investment Antilles N.V.	Waldorf Services B.V.	(Note A)	Equity method investments	2	US\$ 9,846	100.00	US\$ 9,846	-
Waldorf Services B.V.	Cemtex Apparel Inc.	(Note A)	Equity method investments	90	US\$ (143)	50.00	PHP (6,461)	-
	Malaysia Garment Manufactures Pte. Ltd.	(Note A)	Equity method investments	30	US\$ 1,408	37.90	SGD 1,972	-
	Far Eastern International Garments	(Note A)	Equity method investments	59	US\$ (847)	41.00	PHP (38,156)	-
	Albert & Orient Glycol Ltd.	-	Financial assets carried at cost	0.3	US\$ 4,304	25.00	US\$ -	-
	Filsyn Corporation	-	Financial assets carried at cost	20,513	US\$ -	9.95	PHP (1,103)	-
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity method investments	80,172	1,943,414	2.46	3,058,524	44,329 thousand shares pledged or mortgaged as collaterals for loans
	Asia Cement Corporation	(Note A)	Equity method investments	2,760	106,314	0.09	95,496	-
	Yue Ding Industry Co., Ltd.	(Note A)	Equity method investments	11,494	128,387	15.66	127,940	-
	Pacific Liu Tung Investment Co., Ltd. (Note G)	(Note A)	Equity method investments	4,841	78,841	1.21	77,029	-
	Oriental Securities Co., Ltd.	(Note A)	Equity method investments	5,000	79,363	0.70	73,457	-
	Yuan Ding Investment Co., Ltd.	(Note A)	Equity method investments	5,502	152,569	0.30	109,612	-
	Far Eastern International Commercial Bank	(Note J)	Available-for-sale financial assets - noncurrent	15,165	181,977	0.78	181,978	-
Yuan Faun Ltd.	Yi Tong Fiber Co., Ltd.	-	Financial assets carried at cost	3,504	28,519	3.56	34,868	-
	Far Eastern International Commercial Bank	(Note J)	Available-for-sale financial assets - noncurrent	3,213	38,562	0.17	38,556	-
	Yuan Cheng Human Resources Consultant Co., Ltd.	(Note A)	Equity method investments	278	6,271	55.56	6,271	-
Fu Kwok Garment Manufacturing Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity method investments	200	7,590	0.006	7,630	-

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note	
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value		
Yuan Tong Investment Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note A)	Equity method investments	312,221	\$ 3,124,930	12.01	\$ 1,008,130	-	
	Pacific Liu Tung Investment Co., Ltd. (Note G)	(Note A)	Equity method investments	9,000	137,356	2.24	143,205	-	
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity method investments	112,002	3,056,958	3.44	4,272,876	72,674 thousand shares pledged or mortgaged as collaterals for loans	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Equity method investments	35,048	46,691	9.15	5,152	-	
	Far Eastern Department Stores, Ltd.	(Note A)	Equity method investments	1,685	38,109	0.14	61,840	-	
	Oriental Union Chemical Corporation	(Note A)	Equity method investments	439	9,631	0.05	11,238	-	
	Asia Cement Corporation	(Note A)	Equity method investments	8,531	331,824	0.29	295,173	-	
	FEDP (Holding) Ltd.	(Note A)	Equity method investments	196	599,684	40.33	599,684	-	
	Sino Belgium (Holding) Ltd.	(Note A)	Equity method investments	17	668,259	87.50	668,259	-	
	Far Eastern International Commercial Bank	(Note J)	Available-for-sale financial assets - noncurrent	14,655	175,856	0.76	175,856	-	
	Bockhold N.V	-	Financial assets carried at cost	1	223,533	12.51	61,884	-	
	Bockhold N.V	-	Financial assets carried at cost	-	7,895	-	-	-	
	Bockhold N.V	-	Bond investments with no active market	-	293,454	-	-	-	
	<u>Under asset management contracts (Note E)</u>								
		Chung Hung Steel Corporation	-	Financial assets at fair value through profit or loss - current	1,282	21,666	-	21,666	-
		Hsin Kuang Steel Co., Ltd.	-	Financial assets at fair value through profit or loss - current	882	30,297	-	30,297	-
		Nantex Industry Co., Ltd.	-	Financial assets at fair value through profit or loss - current	252	6,149	-	6,149	-
		AUO Co., Ltd.	-	Financial assets at fair value through profit or loss - current	234	9,079	-	9,079	-
		Lelon Electronics Corp.	-	Financial assets at fair value through profit or loss - current	270	4,577	-	4,577	-
		GoldSun Development & Construction Co., Ltd.	-	Financial assets at fair value through profit or loss - current	452	6,674	-	6,674	-
		E.Sun Financial Holding Company Ltd.	-	Financial assets at fair value through profit or loss - current	1,926	25,712	-	25,712	-
		China Trust Financial Holding Company Ltd.	-	Financial assets at fair value through profit or loss - current	1,305	26,035	-	26,035	-
		First Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,872	37,159	-	37,159	-
		Asia Vital Components Co., Ltd.	-	Financial assets at fair value through profit or loss - current	198	7,920	-	7,920	-
		TXC Corporation	-	Financial assets at fair value through profit or loss - current	180	10,602	-	10,602	-
		Dynapack Corporation	-	Financial assets at fair value through profit or loss - current	144	16,272	-	16,272	-
		ShenMao Technology Inc.	-	Financial assets at fair value through profit or loss - current	153	10,787	-	10,787	-
		Young Fast Optoelectronics Co., Ltd.	-	Financial assets at fair value through profit or loss - current	135	47,453	-	47,453	-
		Dynamic Electronics Co., Ltd.	-	Financial assets at fair value through profit or loss - current	270	10,436	-	10,436	-
		Hu Lane Associate Inc.	-	Financial assets at fair value through profit or loss - current	169	11,796	-	11,796	-
		Taiwan Sakura Corporation	-	Financial assets at fair value through profit or loss - current	351	5,897	-	5,897	-
		Thye Ming Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss - current	320	15,296	-	15,296	-
		Holiday Entertainment Co., Ltd.	-	Financial assets at fair value through profit or loss - current	90	2,939	-	2,939	-

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note	
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value		
Far EasTone Telecommunications Co., Ltd.	KG Telecommunication Co., Ltd.	(Note A)	Equity method investments	1,332,998	\$ 30,573,498	100.00	\$ 30,573,498	-	
	New Century InfoComm Tech Co., Ltd.	(Note A)	Equity method investments	691,096	6,000,018	26.59	6,000,018	-	
	Arcoa Communication Co., Ltd.	(Note A)	Equity method investments	82,009	1,116,869	61.07	1,116,869	-	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Equity method investments	157,714	232,803	41.18	232,803	-	
	Far Eastern Info Service (Holding) Ltd.	(Note A)	Equity method investments	1	161,358	100.00	161,358	-	
	E. World (Holdings) Ltd.	(Note A)	Equity method investments	6,015	71,337	85.92	71,337	-	
	Ding Ding Integrated Marketing Service Co., Ltd.	(Note A)	Equity method investments	4,725	39,519	15.00	39,519	-	
	Q-Ware Communications Co., Ltd.	(Note A)	Equity method investments	36,460	28,440	51.00	28,440	-	
	Far EasTron Holding Ltd.	(Note A)	Equity method investments	4,487	26,022	100.00	26,022	-	
	Yuan Cing Information Tech Co., Ltd.	(Note A)	Equity method investments	100	993	100.00	993	-	
	ADCast Interactive Marketing Co., Ltd.	(Note A)	Equity method investments	18	174	0.40	174	-	
		<u>Open-end mutual funds</u>							
		DFE DWS Global Multi-asset Income Plus FOF	-	Available-for-sale financial assets - current	5,000	52,050	-	52,050	-
Far Eastern Apparel (Suzhou) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note A)	Equity method investments	(Note H)	RMB 350	0.17	RMB 291	-	
	Shanghai Yuanzi Information Co., Ltd.	(Note A)	Equity method investments	(Note H)	RMB 100	5.00	RMB 1,856	-	
	An Ho Garment (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	RMB 2,173	100.00	RMB 1,991	-	
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note A)	Equity method investments	(Note H)	RMB 3,700	3.63	RMB 6,204	-	
	Shanghai Yuanzi Information Co., Ltd.	(Note A)	Equity method investments	(Note H)	RMB 1,764	95.00	RMB 1,764	-	
	Shanghai YuanHua Logistic Ltd.	(Note A)	Equity method investments	(Note H)	RMB 5,872	100.00	RMB 5,872	-	
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 71,285	100.00	RMB 486,662	-	
	Oriental Industries (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 87,237	100.00	RMB 595,568	-	
PET Far Eastern (Holding) Ltd.	Oriental Petrochemicals (Shanghai) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 127,588	53.24	RMB 871,046	-	
FEDP (Holding) Limited	Far Eastern Industries (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 37,682	100.00	RMB 257,254	-	
Far Eastern Polytex (Holding) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 24,079	96.20	RMB 164,405	-	
	Far Eastern Apparel (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 23,721	61.54	RMB 161,963	-	
	FEDP (Holding) Ltd.	(Note A)	Equity method investments	49	US\$ 4,774	10.10	US\$ 4,695	-	
	Far Eastern (China) Investment Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 50,792	100.00	RMB 352,733	-	
KG Telecommunication Co., Ltd.	<u>Stocks</u>								
	KGEX.com Co., Ltd.	(Note A)	Equity method investments	89,088	794,752	79.25	794,752	-	
	iScreen Co., Ltd.	(Note A)	Equity method investments	4,000	30,030	40.00	30,030	-	
	ADCast Interactive Marketing Co., Ltd.	(Note A)	Equity method investments	369	3,501	8.16	3,501	-	
	Tong Yang Co., Ltd.	-	Available-for-sale financial assets - current	50	2,940	-	2,940	-	
	Sanyo Electrics (Taiwan) Co., Ltd.	-	Available-for-sale financial assets - current	200	6,820	-	6,820	-	
	Yeun Chyang Industrial Co., Ltd.	-	Available-for-sale financial assets - current	150	4,125	-	4,125	-	
	HiWin Technologies Corp.	-	Available-for-sale financial assets - current	140	5,859	-	5,859	-	
	Nantex Industry Co., Ltd.	-	Available-for-sale financial assets - current	250	6,100	-	6,100	-	
	Chunghwa Telecom Co., Ltd.	-	Available-for-sale financial assets - current	167	9,923	-	9,923	-	
Lien Chang Electronic Enterprise Co., Ltd.	-	Available-for-sale financial assets - current	500	12,525	-	12,525	-		

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Highwealth Construction Corp.	-	Available-for-sale financial assets - current	209	\$ 9,884	-	\$ 9,884	-
	China Airlines Ltd.	-	Available-for-sale financial assets - current	750	8,513	-	8,513	-
	Taichung Commercial Bank Co., Ltd.	-	Available-for-sale financial assets - current	300	2,508	-	2,508	-
	E.Sun Financial Holding Company Ltd.	-	Available-for-sale financial assets - current	300	4,005	-	4,005	-
	Elite Semiconductor Memory Technology Inc.	-	Available-for-sale financial assets - current	170	9,622	-	9,622	-
	Asia Vital Components Co., Ltd.	-	Available-for-sale financial assets - current	100	4,000	-	4,000	-
	Chinesegamer International Co., Ltd.	-	Available-for-sale financial assets - current	9	3,816	-	3,816	-
	Ardentec Corp.	-	Available-for-sale financial assets - current	160	3,400	-	3,400	-
	ShenMao Technology Inc.	-	Available-for-sale financial assets - current	150	10,575	-	10,575	-
	Entire Technology Co., Ltd.	-	Available-for-sale financial assets - current	20	4,600	-	4,600	-
	Gemtek Technology Co., Ltd.	-	Available-for-sale financial assets - current	81	4,679	-	4,679	-
	Lite-On Semiconductor Corp.	-	Available-for-sale financial assets - current	500	12,075	-	12,075	-
	Soft-World International Corp.	-	Available-for-sale financial assets - current	50	10,226	-	10,226	-
	Laser Tek Taiwan Co., Ltd.	-	Available-for-sale financial assets - current	150	4,245	-	4,245	-
	Dynamic Electronics Co., Ltd.	-	Available-for-sale financial assets - current	150	5,797	-	5,797	-
	Hu Lane Associate Inc.	-	Available-for-sale financial assets - current	70	4,886	-	4,886	-
	AV Tech Corporation	-	Available-for-sale financial assets - current	35	3,762	-	3,762	-
	Creative Sensor Inc.	-	Available-for-sale financial assets - current	180	4,536	-	4,536	-
	Holiday Entertainment Co., Ltd.	-	Available-for-sale financial assets - current	350	11,427	-	11,427	-
	<u>Open-ended mutual funds</u>							
	PCA Well Pool Fund	-	Available-for-sale financial assets - current	19,276	250,271	-	250,271	-
	Prudential Financial Bond Fund	-	Available-for-sale financial assets - current	16,540	250,337	-	250,337	-
	Hua Nan Phoenix Bond Fund	-	Available-for-sale financial assets - current	16,073	250,352	-	250,352	-
	Deutsche Far Eastern DWS Taiwan Bond Security Investment Trust Fund	-	Available-for-sale financial assets - current	67,799	757,416	-	757,416	-
	DFE DWS Global Multi-asset Income Plus FOF	-	Available-for-sale financial assets - current	4,766	49,619	-	49,619	-
	Cathay Bond Fund	-	Available-for-sale financial assets - current	1,673	20,007	-	20,007	-
	PCA Global Green Solutions Fund	-	Available-for-sale financial assets - current	1,972	20,001	-	20,001	-
	Opas Fund Segregated Portfolio Tranche B	-	Available-for-sale financial assets - current	10	358,938	-	358,938	-

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Arcoa Communication Co., Ltd.	<u>Private funds</u> Fuh Hwa Value Added Strategy Fund	-	Financial assets carried at cost-noncurrent	14,866	\$ 150,000	-	\$ 150,000	-
	<u>Bonds</u> 98 ACC 1	-	Held-to-maturity financial assets - noncurrent	-	199,567	-	199,172	-
	<u>Stocks</u> THI Consultants, Inc.	-	Financial assets carried at cost-noncurrent	1,214	13,729	18.32	13,729	-
	Chunghwa Int'l Communication Network Co., Ltd.	-	Financial assets carried at cost-noncurrent	2,087	6,714	3.98	6,714	-
	VIBO Telecom Inc.	-	Financial assets carried at cost-noncurrent	840	8,400	0.04	8,400	-
	Web Point Co., Ltd.	-	Financial assets carried at cost-noncurrent	161	1,618	0.63	1,618	-
	<u>Open-ended mutual funds</u> PCA Well Pool Fund	-	Available-for-sale financial assets - current	4,636	60,187	-	60,187	-
	Prudential Financial Bond Fund	-	Available-for-sale financial assets - current	5,302	80,256	-	80,256	-
	Capital Income Fund	-	Available-for-sale financial assets - current	1,946	30,000	-	30,000	-
	Fuh-Hwa Bond Fund	-	Available-for-sale financial assets - current	2,172	30,000	-	30,000	-
	Fuh-Hwa Global Fixed Income Fund of Funds	-	Available-for-sale financial assets - current	1,664	20,418	-	20,418	-
	UPAMC James Bond Fund	-	Available-for-sale financial assets - current	5,020	80,249	-	80,249	-
	Bond Fund	-	Available-for-sale financial assets - current	4,765	60,063	-	60,063	-
	<u>Private bonds</u> YDI 98-1	-	Held-to-maturity financial assets - noncurrent	-	10,000	-	10,000	-
	Far Eastern Info Service (Holding) Ltd.	<u>Share certificates</u> Far Eastern Tech-info Ltd. (Shanghai)	(Note A)	Equity method investments	-	US\$ 4,427	100.00	US\$ 4,427
Far EasTron Holding Ltd.	<u>Stocks</u> ADCast Interactive Marketing Co., Ltd.	(Note A)	Equity method investments	2,734	US\$ 812	60.52	US\$ 812	-
E. World (Holdings) Ltd.	<u>Stocks</u> Yuan Cing Co., Ltd.	(Note A)	Equity method investments	19,350	US\$ 2,334	99.99	US\$ 2,334	-
Far Eastern New Century (China) Investment Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Equity method investments	(Note H)	RMB 219,138	12.97	RMB 183,392	-
	Oriental Petrochemical (Shanghai) Ltd.	(Note A)	Equity method investments	(Note H)	RMB 115,232	8.11	RMB 132,686	-
Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Limited	(Note A)	Equity method investments	(Note H)	US\$ 22,629	100.00	RMB 154,486	-
	Martens Beers Trading (Shanghai) Co.	(Note A)	Equity method investments	(Note H)	US\$ 606	100.00	RMB (4,435)	-

(Continued)



Notes: A. Equity-method investee.

B. Investor company and investee have the same chairman.

C. The deputy chairman of investee is the chairman of FENC.

D. Equity-method investee by investee(s) which the Company and its subsidiaries hold 100% of the shares.

E. Under assets management contract, sale in open market by trustee.

F. The chairman is a member of the holding company's board of directors.

G. The holding company opened a trust account in Shanghai Bank on September 26, 2002 to buy equity in Pacific Liu Tung Investment Co., Ltd.

H. Private company.

I. The holding company is a member of the investee's directors of the board.

J. Equity-method investee of FENC.

(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, 2009  
 (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) (Note A)	Amount	Shares (Thousands)	Price	Book Value	Disposal Gain		Shares (Thousands)/ Thousand Units	Amount
Far Eastern New Century Corporation	Asia Cement Corporation	Equity-method investments	Open market	-	697,216	\$ 11,522,853	-	\$ -	50,000	\$ 1,581,150	\$ 891,500	\$ 689,650	\$ 1,868,812	666,632	\$ 12,500,165
		Equity-method investments	Stock dividend	-	-	-	19,416	-	-	-	-	-	-	-	-
	Far Eastern Polytex (Holding) Ltd.	Equity-method investments	Issuance of stock by cash	-	41	2,900,781	5	330,150	-	-	-	-	92,389	46	3,323,320
	Far Eastern Polychem Industries Co., Ltd.	Equity-method investments	Issuance of stock by cash	-	451,476	4,142,822	42,155	373,364	-	-	-	-	(330,518)	493,631	4,185,668
Yuan Ding Investment Co., Ltd.	Asia Cement Corporation	Equity-method investments	Open market	-	14,782	284,046	6,350	184,732	17,631	634,407	412,502	221,757	9,931	4,135	66,207
	Asia Cement Corporation	Equity-method investments	Stock dividend	-	-	-	634	-	-	-	-	-	-	-	-
	Oriental Union Chemical Corporation	Equity-method investments	Open market	-	73,373	1,104,978	5,949	90,806	5,708	138,372	92,251	48,623	130,587	73,614	1,234,120
	Da Ju Fiber Co., Ltd.	Equity-method investments	Issuance of stock by cash	-	11,880	263,490	5,302	127,258	-	-	-	-	122,432	17,182	513,180
	Shin Kong Financial Holding Co., Ltd.	Available-for-sale financial assets-current	Open market	-	10,000	76,928	-	-	10,000	109,181	76,929	32,252	-	-	-
Far Eastern Construction Co., Ltd.	Mega Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	25,211	300,000	25,211	300,164	300,000	164	-	-	-
	Sino Pac Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	7,509	100,000	7,509	100,002	100,000	2	-	-	-
	UPAMC James Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	6,272	100,000	6,272	100,027	100,000	27	-	-	-
	Fubon Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	11,142	167,000	11,142	167,074	167,000	74	-	-	-
	Hua Nan Phoenix Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	11,176	174,000	11,176	174,028	174,000	28	-	-	-
	Capital Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	11,030	236,000	11,030	236,009	236,000	9	-	-	-

(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) (Note A)	Amount	Shares (Thousands)	Price	Book Value	Disposal Gain		Shares (Thousands)/ Thousand Units	Amount
Far Eastern General Constructor Inc.	Invesco ROC Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	13,046	\$ 200,000	-	\$ -	\$ -	\$ -	\$ -	13,046	\$ 200,001
	UPAMC James Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	3,128	50,000	-	-	-	-	-	3,128	50,002
	Taishin Lucky Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	9,408	100,000	-	-	-	-	-	9,408	100,001
	TLAM Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	6,630	80,000	-	-	-	-	-	6,630	80,004
	FTSI Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	992	169,000	463	79,000	78,989	11	-	529	90,076
	Shin Kong Chi-Shin Fun	Financial assets at fair value through profit or loss - current	-	-	-	-	15,127	224,000	675	10,000	9,998	2	-	14,452	214,062
	Mega Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	18,046	215,000	13,855	165,032	165,000	32	-	4,191	50,000
	Hua Nan Phoenix Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	14,660	228,000	8,686	135,040	134,980	60	-	5,974	93,058
	Hua Nan Kirin Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	20,319	233,000	10,728	123,022	123,000	22	-	9,591	110,015
	Capital Income Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	15,122	233,000	6,493	100,003	100,000	3	-	8,629	133,009
	PCAF Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	15,410	200,000	3,856	50,003	50,000	3	-	11,544	150,011
	DFE DWS Taiwan Bond Security Investment Trust Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	17,883	199,500	17,883	199,570	199,500	70	-	-	-
	Fubon Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	13,312	199,500	13,312	199,522	199,500	22	-	-	-
	Shin Kong Chi-Li Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	6,986	120,000	6,986	120,001	120,000	1	-	-	-
KGI Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	9,031	100,000	9,031	100,004	100,000	4	-	-	-	

(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) (Note A)	Amount	Shares (Thousands)	Price	Book Value	Disposal Gain		Shares (Thousands)/ Thousand Units	Amount
Yuan Tong Investment Co., Ltd.	Bockhold N.V	Bonds investments with no active market	Bockhold N.V	-	-	\$ -	-	\$ 293,454	-	\$ -	\$ -	\$ -	\$ -	-	\$ 293,454
	Bockhold N.V	Financial assets carried at cost	Bockhold N.V	-	-	-	1	223,533	-	-	-	-	-	1	223,533
	Far EasTone Telecommunications Co., Ltd.	Equity-method investments	Open market	-	91,088	2,286,401	20,914	789,519	-	-	-	-	(18,962)	112,002	3,056,958
	Far Eastern Department Stores, Ltd.	Equity-method investments	Open market	-	10,998	208,132	-	-	9,370	287,000	181,798	86,948	11,775	1,685	38,109
			Stock dividend	-	-	-	57	-	-	-	-	-	-	-	-
Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	Equity-method investments	Hantech Venture Capital Co., Ltd. and Han Yo Investment and Consultant Co., Ltd.	-	980,315	5,490,024	83,051	333,041	372,270 (Note B)	-	-	-	176,953	691,096	6,000,018
Ding Yuan International Investment Co., Ltd.	Oriental Union Chemical Corporation	Equity-method investments	Open market	-	8,587	190,365	6,330	104,173	5,102	121,852	105,360	19,151	17,190	9,815	206,368
Kai Yuan International Investment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Equity-method investments	Open market	-	84,858	2,048,611	15,199	576,390	-	-	-	-	(12,802)	100,057	2,612,199
			Open market	-	16,267	337,688	-	-	11,022	355,165	239,408	98,454	26,995	5,496	125,275
	Far Eastern Department Stores, Ltd.	Equity-method investments	Stock dividend	-	-	-	251	-	-	-	-	-	-	-	-
KG Telecommunication Co., Ltd.	Asia Cement Corporation	Available-for-sale financial assets - current	-	-	3,449	93,081	892	23,516	4,341	159,297	116,597	42,700	-	-	-
	Oriental Union Chemical Corporation	Available-for-sale financial assets - current	-	-	500	6,657	4,850	68,182	5,350	103,252	74,839	28,413	-	-	-
	Opas Fund Segregated Portfolio Tranche B	Available-for-sale financial assets - current	Opas Fund Segregated Portfolio Company	-	-	-	10	328,700	-	-	-	-	-	10	328,700
	PCA Well Pool Fund	Available-for-sale financial assets - current	-	-	-	-	19,276	250,000	-	-	-	-	-	19,276	250,000
	Prudential Financial Bond Fund	Available-for-sale financial assets - current	-	-	-	-	16,540	250,000	-	-	-	-	-	16,540	250,000
	Hua Nan Phoenix Bond Fund	Available-for-sale financial assets - current	-	-	-	-	16,073	250,000	-	-	-	-	-	16,073	250,000
	Deutsche Far Eastern Alliance Taiwan Bond Fund	Available-for-sale financial assets - current	-	-	10,000	100,000	-	-	10,000	113,825	100,000	13,825	-	-	-
	JP Mrich Europe bond Fund	Available-for-sale financial assets - current	-	-	20,000	199,956	-	-	20,000	198,295	199,956	(1,661)	-	-	-

(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) (Note A)	Amount	Shares (Thousands)	Price	Book Value	Disposal Gain		Shares (Thousands)/ Thousand Units	Amount
	Deutsche Far Eastern DWS Taiwan Bond	Available-for-sale financial assets - current	-	-	73,960	\$ 800,000	58,192	\$ 650,000	64,353	\$ 718,828	\$ 700,000	\$ 18,828	\$ -	67,799	\$ 750,000
	98 ACC 1	Held-to-maturity financial assets - noncurrent	Asia Cement Corporation	(Note C)	-	-	-	199,540	-	-	-	-	-	-	199,540

Notes: A. Shares bought-in include portion appropriated of earnings.

B. New Century InfoComm Tech Co., Ltd. sold the holding shares of Far EasTone Telecommunications Co., Ltd. in order to offset the deficit in August 2009.

C. The same chairman.

(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, 2009  
(In Thousands of New Taiwan Dollars)**

Company Name	Real Estate	Trading Date	Trading Amount	Payment	Related 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 Construction Co., Ltd.	Lot Number 1019 of the Hsin-Ya Section in Banciao, Taipei County	2009.12.23 (Note A)	\$ 2,147,715	The full amount had been paid off by the end of 2009 (Note B)	Far Eastern Resources Development Co., Ltd.	The same parent company	Far Eastern New Century Corp.	The Parent Company	2003.09.02	None	Refer to Appraisal Report provided by Great Eastern Real Estate Appraisers Firm and TeamCan Real Estate Appraisers Firm	Construction development	None

Notes: A. The contract was signed on August 29, 2008 and the ownership had been transferred by December 23, 2009..

B. \$214,771 thousand had been paid in 2008 and the rest of the payment was paid off by 2009.

**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, 2009  
(In Thousands of New Taiwan Dollars)**

Company Name	Real Estate	Trading Date	Acquiring Date	Trading Amount	Payment Amount	Payment	Gain (Loss)	Related Party	Nature of Relationship	Price Basis of the Transfer	Purpose	Other Contract Items
Far Eastern Resources Development Co., Ltd.	Lot Number 988, 1007 of the Ya-Tong Section in Banciao, Taipei County	2009.03.09	2003.09.02	\$ 167,336	\$ 448,329	The full amount had been paid off by the end of 2009	\$ 331,124 (Note A)	Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	The same chairman	A new medical building of Far Eastern Memorial Hospital	Refer to Appraisal Report provided by Great Eastern Real Estate Appraisers Firm and TeamCan Real Estate Appraisers Firm	None
	Lot Number 1019 of the Hsin-Ya Section in Banciao, Taipei County	2009.12.23 (Note B)	2003.09.02	554,010	2,147,715	The full amount had been paid off by the end of 2009 (Note C)	1,745,800 (Note D)	Far Eastern Construction Co., Ltd.	The same parent company	Construction development	Refer to Appraisal Report provided by Great Eastern Real Estate Appraisers Firm and TeamCan Real Estate Appraisers Firm	None

- Note A. The net income of deducting the trading amount \$167,336 thousand and the land value increment tax \$54,205 thousand from the payment amount \$448,329 and reversing the allowance for land value increment tax \$44,581 thousand and the unrealized revaluation increments \$59,755 thousand.
- B. The contract was signed on August 29, 2008 and the ownership had been transferred by December 23, 2009.
- C. \$214,771 thousand had been paid in 2008 and the rest of the payment was paid off by 2009.
- D. The net income of deducting the trading amount \$554,010 thousand and the land value increment tax \$188,960 thousand from the payment amount \$2,147,715 thousand and reversing the allowance for land value increment tax \$146,332 thousand and the unrealized revaluation increments \$194,723 thousand; the income (loss) from side-stream trading had been deferred.

**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, 2009  
(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	Everest Textile Co., Ltd.	(Note A)	Sale	\$ (192,959)	-	30 to 90 days	\$ -	-	\$ 21,792	4	\$ 16,061	-	
	Oriental Union Chemical Corporation	(Note A)	Purchase	931,735	3	Average 45 days	-	-	-	-	(94,962)	(3)	
	Oriental Resources Development Ltd.	(Note F)	Purchase	155,580	-	30 days	-	-	-	-	-	-	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note H)	Sale	(288,165)	(1)	45 days	-	-	-	-	80,580	1	
	Far Eastern Apparel (Suzhou) Ltd.	(Note H)	Sale	(131,020)	-	90 days	-	-	-	-	26,778	-	
Far Eastern Polychem Industries Co., Ltd.	Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	(Note F)	Purchase	8,250,881	29	45 days	-	-	-	-	(572,155)	(18)	
	Far Eastern Industries (Shanghai) Ltd.	(Note F)	Purchase	5,194,056	88	60 days	-	-	-	-	(1,552,726)	(96)	
	Far Eastern Industries (Shanghai) Ltd. Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	(Note F) (Note G)	Sale Purchase	(665,525) 666,948	(11) 11	60 days 60 days	- -	- -	- -	- -	- -	- -	
Far Eastern Construction Co., Ltd.	Far Eastern General Constructor Inc.	(Note F)	Purchase	1,442,448	41	30 days	-	-	(194,926)	(99)	-	-	
Far Eastern General Constructor Inc.	Ya Tung Ready Mixed Concrete Co., Ltd.	(Note N)	Purchase	593,662	11	45 days	-	-	(83,266)	(17)	(89,533)	(11)	
	Far Eastern Construction Co., Ltd.	(Note E)	Construction income	(1,432,812)	(25)	60 days	-	-	2,308,339	12	194,926	37	
	Far Eastern Department Stores, Ltd.	(Note O)	Construction income	(220,935)	(4)	30 days	-	-	(Note K) 473,037	2	44,180	8	
	Far Eastern Resources Development Co., Ltd.	(Note G)	Construction income	(178,057)	(3)	60 days	-	-	(Note K) 126,333 (Note K)	1	-	-	
Far Eastern Apparel (Suzhou) Ltd.	Far Eastern New Century Corporation	(Note B)	Purchase	131,020	38	90 days	-	-	-	-	(26,778)	(44)	
	Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	(Note G)	Purchase	317,283	10	60 days	-	-	-	-	(183,719)	(25)	
Far EastTone Telecommunications Co., Ltd.	KG Telecommunication Co., Ltd.	(Note F)	Operating revenue	(3,128,129)	(6)	For contract	-	-	-	-	438,482	7	
	Arcoa Communication Co., Ltd.	(Note F)	Operating cost	1,073,889	5	For contract	-	-	-	-	(142,806)	(6)	
			Operating commissions, revenue, and service revenue	(315,215)	(1)	For contract	-	-	-	-	203,027	3	
			Purchase and service cost	2,325,811	6	For contract	-	-	-	-	Accounts payable and accrued expense (225,755)	(4)	
	KGEx.com Co., Ltd.	(Note I)	Operating revenue	(198,362)	-	For contract	-	-	-	-	32,649	1	
	New Century InfoComm Tech Co., Ltd.	(Note A)	Operating revenue	(603,718)	(1)	For contract	-	-	-	-	Accounts receivable (Note C)	-	
			Operating cost	532,217	2	For contract	-	-	-	-	Accounts payable and accrued expense (Note C) (206,153)	(4)	
Ding Ding Integrated marketing Service Co., Ltd.	(Note A)	Marketing expense	140,535	2	For contract	-	-	-	-	Accrued expense (63,021)	(2)		

(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 Tech-info Ltd. (Shanghai)	(Note I)	Operating expense	\$ 144,930	50	For contract	\$ -	-	\$ -	-	Accrued expense \$ (24,755)	(1)		
Far Eastern Fibertech Co., Ltd.	Everest Textile Co., Ltd.	(Note L)	Sale	(103,480)	(7)	30 days	-	-	-	-	10,737	7		
Far Eastern Apparel (Holding) Ltd.	Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	(Note F)	Purchase	273,423	99	60 days	-	-	-	-	(20,025)	(89)		
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note G)	Sale	(957,264)	(4)	60 days	-	-	-	-	366,844	10		
	Wu Han Far Eastern New Material Ltd.	(Note G)	Purchase	113,969	1	60 days	-	-	-	-	(51,007)	(1)		
	Oriental Industries (Suzhou) Ltd.	(Note G)	Purchase	1,729,210	9	60 days	-	-	-	-	(215,214)	(5)		
	Oriental Petrochemical (Shanghai) Ltd.	(Note G)	Purchase	8,084,484	41	60 days	-	-	(1,434,764)	(100)	(896,691)	(24)		
	Far Eastern Polychem Industries Co., Ltd.	(Note E)	Sale	(5,194,056)	(23)	60 days	-	-	-	-	1,552,726	48		
	Far Eastern Polychem Industries Co., Ltd.	(Note E)	Purchase	665,525	3	60 days	-	-	-	-	-	-	-	
	Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	(Note G)	Purchase	2,715,896	14	90 days	-	-	-	-	(879,654)	(23)		
	Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	(Note G)	Sale	(151,843)	(1)	60 days	-	-	-	-	42,716	1		
	Far Eastern Industries (Suzhou) Ltd.	(Note G)	Purchase	806,610	5		-	-	-	-	(56,984)	(1)		
	Everest Textile (Shanghai) Ltd.	(Note J)	Purchase	363,693	2	60 days	-	-	-	-	(173,838)	(5)		
KG Telecommunication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note E)	Operating revenue	(1,073,889)	(14)	For contract	-	-	-	-	Account receivable 142,806	17		
			Operating cost	3,128,129	40	For contract	-	-	-	-	Account payable (438,482)	(60)		
Arcoa Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note E)	Operating commissions, revenue, and service revenue	(2,325,811)	(44)	For contract	-	-	-	-	Account receivable 225,755	72		
			Purchase and service cost	315,215	7	For contract	-	-	-	-	Account payable (203,027)	(43)		
KGEx.com Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note L)	Operating revenue	(592,431)	(48)	For contract	-	-	-	-	Account receivable 113,439	53		
	Far EasTone Telecommunications Co., Ltd.	(Note E)	Operating cost	198,362	15	For contract	-	-	-	-	Account payable (32,649)	(16)		
Far Eastern Tech-info Ltd. (Shanghai)	Far EasTone Telecommunications Co., Ltd.	(Note E)	Service revenue	(144,930)	(93)	For contract	-	-	-	-	Account receivable 24,755	86		
Oriental Petrochemical (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	Far Eastern New Century Corporation	(Note B)	Sale	(8,250,881)	36	45 days	-	-	-	-	572,155	14		
	Far Eastern Polychem Industries Co., Ltd.	(Note G)	Sale	(666,948)	3	90 days	-	-	-	-	-	-		
	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sale	(2,715,896)	12	90 days	-	-	-	-	879,654	21		
	Far Eastern Industries (Suzhou) Ltd.	(Note G)	Sale	(113,743)	1	90 days	-	-	-	-	47,850	1		
Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note G)	Purchase	3,073,071	82	90 days	-	-	(832,920)	100	(375,746)	(78)		
	Oriental Textile (Holding) Ltd.	(Note E)	Sale	(747,733)	(19)	60 days	-	-	-	-	65,321	3		
	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sale	(1,729,210)	(51)	90 days	-	-	-	-	215,214	39		
Oriental Textile (Holding) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note F)	Purchase	747,733	83	90 days	-	-	-	-	(65,321)	(40)		
	Far Eastern Industries (Wuxi) Ltd.	(Note F)	Purchase	146,440	17	60 days	-	-	-	-	(97,129)	(60)		
Far Eastern Apparel Co., Ltd.	Far Eastern Department Stores, Ltd.	(Note L)	Sale	(181,469)	(14)	45 to 90 days	-	-	-	-	-	-		
	Pacific SOGO Department Stores Co., Ltd.	(Note M)	Sale	(157,068)	(12)	45 to 90 days	-	-	-	-	80,364	28		

(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	
Oriental Resources Development Ltd.	Far Eastern New Century Corp.	(Note B)	Sale	\$ (155,580)	(47)	90 days	\$ -	-	\$ -	-	\$ -	-	
Wu Han Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Purchase	957,264	93	60 days	-	-	-	-	(366,844)	(85)	
	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sale	(113,969)	(10)	90 days	-	-	-	-	51,007	48	
Oriental Petrochemical (Shanghai) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sale	(8,084,484)	(43)	90 to 180 days	-	-	1,434,764	53	896,691	77	
	Far Eastern Industries (Suzhou) Ltd.	(Note G)	Sale	(2,612,270)	(14)	90 to 180 days	-	-	520,210	19	270,327	23	
Far Eastern Industries (Suzhou) Ltd.	Oriental Petrochemical (Shanghai) Ltd.	(Note G)	Purchase	2,612,270	70	90 days	-	-	(520,210)	100	(270,327)	(44)	
	Oriental Industries (Suzhou) Ltd.	(Note G)	Sale	(3,073,071)	(76)	90 days	-	-	832,920	100	375,746	76	
	Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	(Note G)	Purchase	113,743	3	90 days	-	-	-	-	(47,850)	(8)	
	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sale	(806,610)	(20)	90 days	-	-	-	-	56,984	12	
Far Eastern Industries (Wuxi) Ltd.	Oriental Textile (Holding) Ltd.	(Note E)	Sale	(146,440)	(6)	60 days	-	-	-	-	97,129	34	
Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Purchase	151,843	19	60 days	-	-	-	-	(42,716)	(28)	
	Far Eastern Apparel (Suzhou) Ltd.	(Note G)	Sale	(317,283)	(25)	60 days	-	-	-	-	183,719	30	
	Far Eastern Apparel (Holding) Ltd.	(Note E)	Sale	(273,423)	(21)	60 days	-	-	-	-	20,025	5	

Notes:

- A. Equity-method investee.
- B. Ultimate parent company.
- C. All revenues and costs between Far EastOne and NCIC were settled at full amount except interconnection revenues and costs and were included in payables to related parties, respectively.
- D. Same parent company.
- E. Parent company.
- F. The subsidiary.
- G. Same ultimate parent company.
- H. The investee (equity method) held by FENC's subsidiary (equity method).
- I. The sub-affiliate.
- J. The subsidiary of Everest Textile Co., Ltd.
- K. The advance construction receipts with Far Eastern General Contractor Co., Ltd. received from Far Eastern Department Stores, Ltd. and Far Eastern Construction Co., Ltd.
- L. The investee of the parent company applying equity method.
- M. The subsidiary of Pacific Liu Tung Investment Co., Ltd.
- N. The subsidiary of Asia Cement Corporation.
- O. The chairman is the chairman of FENC.

(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, 2009  
(In Thousands of New Taiwan Dollars)**

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 EasTone Telecommunications Co., Ltd.	KG Telecommunication Co., Ltd.	(Note E)	\$ 449,328	(Note B)	\$ -	-	\$ 449,328 (Note I)	\$ -
	Arcoa Communication Co., Ltd.	(Note E)	205,974	8.01	-	-	137,616	-
	New Century InfoComm Tech Co., Ltd.	(Note H)	161,962	(Note B)	-	-	64,982	-
KG Telecommunication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note F)	1,192,570	(Note C)	-	-	1,192,570 (Note I)	-
Arcoa Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note F)	225,755	12.64	-	-	186,186	-
KG Ex.com Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note J)	113,439	7.86	-	-	55,373	-
Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	Far Eastern New Century Corporation	(Note F)	572,155	14.28	-	-	572,155	-
	Far Eastern Industries (Shanghai) Ltd.	(Note D)	879,654	6.17	-	-	879,654	-
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note D)	366,844	1.74	-	-	-	-
	Far Eastern Polychem Industries Co., Ltd.	(Note F)	1,552,726	3.03	-	-	-	-
	Everest Textile (Shanghai) Ltd.	(Note K)	115,232	3.41	-	-	-	-
Oriental Petrochemicals (Shanghai) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note D)	2,331,455	11.83	-	-	2,331,455	-
	Far Eastern Industries (Suzhou) Ltd.	(Note D)	790,537	11.68	-	-	790,537	-
Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note D)	1,208,666	8.50	-	-	1,208,666	-
Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note D)	215,214	2.07	-	-	-	-
Far Eastern Investment (Holding) Ltd.	Far Eastern Polychem Industries Co., Ltd.	(Note D)	222,417	(Note G)	-	-	-	-
Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note D)	183,719	64.00	-	-	-	-
Far Eastern General Constructor Inc.	Far Eastern Construction Co., Ltd.	(Note F)	194,926	(Note L)	-	-	-	-

(Continued)

Note A: Receivables from financing provided weren't included in Schedule M, and please refer to Schedule D.

Note B: The turnover rate is unavailable because the receivables from related parties were mainly from the advances in operating expenses for KG Telecommunication Co., Ltd. and New Century InfoComm Tech Co., Ltd.

Note C: The turnover rate is unavailable because the receivable of telecommunication bills is mainly handled by Far Eastone Telecommunications Co., Ltd.

Note D: Same ultimate parent company.

Note E: The subsidiary.

Note F: The parent company.

Note G: The turnover rate is not calculated as the amount is an expense Far Eastern Investment (Holding) Ltd. paid for Far Eastern Polychem Industries Co., Ltd.

Note H: The investee evaluated by equity method.

Note I: KG Telecom will be merged by Far Eastone Telecom on January 1, 2010, so accounts receivable will be eliminated.

Note J: The investee evaluated by equity method.

Note K: The subsidiary of Everest Textile Co., Ltd.

Note L: The turnover rate is not calculated because the income of Far Eastern General Constructor Inc. is recognized by "Percentage-of-completion method" and "Completed-contract method".

(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, 2009  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2009			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				December 31, 2009	December 31, 2008	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern New Century Corporation	Asia Cement Corporation	Taipei, Taiwan	Cement production	\$ 2,652,282	\$ 2,857,181	666,632	22.33	\$ 12,500,165	\$ 7,885,009	\$ 1,440,960	Gain or loss recognized under the treasury stock method
	Far Eastern Department Stores, Ltd.	Taipei, Taiwan	Department store operations	1,254,158	1,254,158	203,659	16.80	3,877,699	1,932,776	324,706	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	1,176,211	1,176,211	73,833	9.17	1,155,372	1,434,703	129,725	Including write off by upstream transactions \$1,837
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	1,689	1,689	129	0.03	1,540	6,135	2	
	Yuan Ding Investment Co., Ltd.	Taipei, Taiwan	Investment	100,294	100,539	1,828,323	99.70	36,155,036	3,882,827	3,851,592	Including write off by side-stream transactions \$19,587
	Far Eastern Resources Development Co., Ltd.	Taipei, Taiwan	Real estate Investment	14,931,733	14,931,733	283,797	100.00	15,693,512	2,263,926	518,125	Including write off by side-stream transactions \$1,745,801
	Yuan Tong Investment Co., Ltd.	Taipei, Taiwan	Investment	5,850,000	5,850,000	705,147	100.00	7,296,064	156,952	156,952	
	Far Eastern Investment (Holding) Ltd.	Clarendon House, Hamilton HM 11, Bermuda	Investment	5,833,333	5,833,333	1,700	100.00	5,238,743	6,753	6,753	
	Far Eastern Polychem Industries Co., Ltd.	Clarendon House, Hamilton HM 11, Bermuda	Investment	4,306,228	3,932,864	493,631	59.81	4,185,668	(351,796)	(210,249)	Including write off by side-stream transactions \$5,539
	Kai Yuan International Investment Co., Ltd.	Taipei, Taiwan	Investment	999,993	999,993	291,196	100.00	4,366,102	517,921	517,921	
	Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	Taoyuan, Taiwan	Petrochemical materials production	4,875,315	4,875,315	337,678	75.56	3,875,245	707,058	470,174	Including write off by upstream transactions \$37,857 and including write off by side-stream transactions \$26,222
	Far Eastern Polytex (Holding) Limited	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	Investment	2,984,602	2,654,452	46	100.00	3,323,320	241,957	232,106	Including write off by side-stream transactions \$9,851
	Yuan Ding Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	857,447	857,447	186,926	37.13	3,180,506	156,920	58,265	
	Far Eastern Construction Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	143,450	143,450	154,372	65.11	2,078,321	275,768	179,553	
	Ding Yuan International Investment Co., Ltd.	Taipei, Taiwan	Investment	2,000,062	2,000,062	205,000	100.00	2,412,433	324,746	313,151	Including write off by side-stream transactions \$11,595
	Oriental Securities Co., Ltd.	Taipei, Taiwan	Broker	159,823	159,823	140,278	19.65	2,066,710	1,056,378	207,578	
	PET Far Eastern (Holding) Ltd.	Clarendon House, 2 Church St. Hamilton HM 11, Bermuda	Investment	1,509,008	1,509,008	117	49.42	1,966,083	1,242,597	582,132	Including write off by side-stream transactions \$31,959
	An Ho Garment Co., Ltd.	Taipei, Taiwan	Garment production	1,023	1,023	66,346	100.00	1,537,449	253,887	253,887	
	Pacific Liu Tung Investment Co., Ltd.	Taipei, Taiwan	Investment	810,000	810,000	67,500	16.83	1,165,944	1,113,445	187,393	
	Fu Kwok Garment Manufacturing Co., Ltd.	Kaohsiung, Taiwan	Garment production	9,129	9,129	3,999	99.99	128,923	2,411	2,411	
Ding Ding Hotel Co., Ltd.	Taipei, Taiwan	Hotel	249,795	249,795	5,386	19.00	28,962	(118,737)	(22,560)		
New Century Information Communication Co., Ltd.	Taipei, Taiwan	Telecommunications	40,560	40,560	2,605	0.10	26,078	6,078	6		
Yuan Ding Investment Co., Ltd.	Asia Cement Corporation	Taipei, Taiwan	Cement production	81,967	310,065	4,135	0.14	66,207	7,885,009	37,982	Gain or loss recognized under the treasury stock method, including discount amortization of \$2,528
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	2,723,598	2,723,598	1,066,658	32.73	23,371,725	9,230,107	3,021,014	
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	470,103	470,103	118,869	25.23	1,156,375	6,135	1,538	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	1,132,851	1,129,885	73,614	9.14	1,234,120	1,434,703	138,056	Including discount amortization of \$468
	Far Eastern Department Stores, Ltd.	Taipei, Taiwan	Department store operations	123,123	36,892	4,806	0.40	132,492	1,932,776	4,832	
	Oriental Textile (Holding) Ltd.	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda	Investment	5,861,253	5,861,253	90	100.00	5,277,067	(399,500)	(399,500)	
	Far Eastern Polychem Industries Co., Ltd.	Clarendon House, Hamilton HM11, Bermuda	Investment	1,620,452	1,620,452	331,717	40.19	2,812,608	(351,796)	(147,086)	
	Oriental Securities Co., Ltd.	Taipei, Taiwan	Broker	253,359	252,031	185,040	25.93	2,831,933	1,056,378	274,512	Including discount amortization of \$593
	Far Eastern Apparel (Holding) Ltd.	Clarendon House, Hamilton Hm 11, Bermuda	Sale of textile, garments, and clothing	1,858,657	1,858,657	95	100.00	1,934,377	85,231	85,231	
	Liquid Air Far East Co., Ltd.	Taipei, Taiwan	Industrial gas production and selling	329,814	329,778	69,115	35.00	1,136,367	440,547	154,191	
New Century InfoComm Tech Co., Ltd.	Taipei, Taiwan	Telecommunications	1,549,473	1,549,473	100,694	3.87	1,007,911	6,078	235		
Yuan Ding Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	188,846	188,846	64,759	12.86	1,099,336	156,920	20,180		

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2009			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				December 31, 2009	December 31, 2008	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Investment (Holding) Ltd.	Pacific Liu Tung Investment Co., Ltd. (Note C)	Taipei, Taiwan	Investment	\$ 796,491	\$ 796,491	59,827	14.92	\$ 946,933	\$ 1,113,445	\$ 166,126	
	Far Eastern International Leasing Corp.	Taipei, Taiwan	Leasing of real estate and movable property, etc.	1,012,057	916,865	75,269	16.87	1,001,832	123,489	20,549	
	Far Eastern Fibertech Co., Ltd.	Taoyuan, Taiwan	Nylon production	585,000	585,000	66,673	100.00	726,257	6,243	6,243	
	Pacific Petrochemical (Holding) Co., Ltd.	P.O. Box 3140 Tortola British Virgin Islands	Investment	681,000	681,000	20	24.63	709,848	903,820	222,611	
	Yuan Ding Leasing Co.	Taipei, Taiwan	Real estate construction and selling	319,380	319,380	36,706	46.20	359,363	15,195	7,020	
	Far Eastern Apparel Co., Ltd.	Taipei, Taiwan	Sale of textile, garments, and clothing	287,984	287,984	19,664	100.00	356,448	51,766	51,766	
	Da Ju Fiber Co., Ltd.	Taipei, Taiwan	Polyester production	263,790	136,532	17,182	41.86	513,180	409	171	
	Freudenberg Far Eastern Spunweb Co., Ltd.	Taoyuan, Taiwan	Production of nonwoven industrial fabrics	144,797	144,797	13,053	29.80	274,931	171,462	51,096	
	Oriental Resources Development Ltd.	Taipei, Taiwan	Waste recycling and processing	279,901	279,901	21,322	70.32	130,963	(24,711)	(17,377)	
	Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	Taoyuan, Taiwan	PTA production and sale	-	-	23,222	5.20	258,218	707,058	38,405	Including discount amortization of \$1,638
	Yuan Faun Ltd.	Taipei, Taiwan	PET bottle production and selling	51,671	51,671	5,000	100.00	104,778	329	329	
	Yue Ming Co., Ltd.	Taipei, Taiwan	Trading	36,482	36,482	1,280	45.50	70,195	1,472	670	
	Far Eastern General Constructor Inc.	Taipei, Taiwan	Real estate construction	14,682	14,682	1,205	1.00	16,466	145,264	1,479	Including discount amortization of \$26
	Far Eastern Investment (Holding) Ltd.	F.E.T.G. Investment Antilles N.V.	Kaya W.F.G. Mensing 14, Curacao, Nederlandse Antillen	Investment	US\$ 6	US\$ 6	6	100.00	US\$ 9,678	US\$ 3,497	-
Filsyn Corporation		Unit 8, 5B Pearlbank Centre 146 Valero St. Makati City 1227, Philippines	Polychemical products	PESO225,324	PESO225,324	45,066	21.85	US\$ -	US\$ (10,701)	-	
PET F.E. (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\$ 6,141	US\$ 2,917	-	
Com 2B Far Eastern Apparel (Vietnam) Ltd.		Cayman Islands 11 VSIP Street 4, Vietnam Singapore Industrial Park, Thuan An District, Binh Duong Province, Vietnam	E-business Clothing production	US\$ 3,375 US\$ 6,000	US\$ 3,375 US\$ 6,000	9,000 (Note B)	20.00 100.00	US\$ 877 US\$ 5,122	US\$ (139) US\$ 621	- -	
Ding Yuan International Investment Co., Ltd.	Far Eastern Department Stores, Ltd.	Taipei, Taiwan	Department store operations	34,795	38,179	2,988	0.25	56,000	1,932,776	-	
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	146,283	146,283	8,506	1.81	74,668	6,135	-	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	200,463	200,473	9,815	1.22	206,368	1,434,703	-	
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	38,457	26,509	920	0.03	40,361	9,230,107	-	
	Pacific Liu Tung Investment Co., Ltd. (Note C)	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	137,356	1,113,445	-	
	PET Far Eastern (Holding) Ltd.	Clarendon House, 2 Church St. Hamilton HM 11, Bermuda	Investment	795,762	795,762	42	17.93	724,196	1,242,597	-	
	Yue Ding Industry Co., Ltd. Asia Cement Corporation	Taipei, Taiwan Taipei, Taiwan	Department store operations Cement production	95,624 100,711	4,424 79,989	9,683 2,806	13.20 0.09	191,516 107,182	11,161 7,885,009	- -	
Kai Yuan International Investment Co., Ltd.	Asia Cement Corporation	Taipei, Taiwan	Cement production	151,277	151,277	11,377	0.38	241,143	7,885,009	-	
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	2,135,682	1,559,293	100,057	3.07	2,612,199	9,230,107	-	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	569,344	569,344	25,463	3.16	468,179	1,434,703	-	
	Far Eastern Department Stores, Ltd.	Taipei, Taiwan	Department store operations	133,316	372,724	5,497	0.45	125,275	1,932,776	-	
	Kowloon Cement Co., Ltd.	Hong Kong	Cement production	226,896	226,896	1,127	49.00	380,159	14,474	-	
	Far Eastern International Leasing Corp.	Taipei, Taiwan	Leasing	1,026,489	931,673	74,970	16.80	1,002,640	123,489	-	
	Pacific Liu Tung Investment Co., Ltd. (Note C)	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	137,356	1,113,445	-	
Far Eastern Polychem Industries Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	China	Chemical fiber production	HK\$ 604,500	HK\$ 604,500	(Note B)	87.03	HK\$1,384,528	RMB 61,263	-	
	PET Far Eastern (Holding) Ltd.	Clarendon House, 2 Charch St. Hamilton HM 11, Bermuda	Investment	US\$ 17,622	US\$ 17,622	35	14.72	HK\$ 144,965	US\$ 37,608	-	
	FEDP (Holding) Ltd.	Clarendon House, 2 Charch St. Hamilton HM 11, Bermuda	Investment	US\$ 29,240	US\$ 29,240	240	49.57	HK\$ 179,719	US\$ (4,655)	-	

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2009			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				December 31, 2009	December 31, 2008	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Construction Co., Ltd.	Far Eastern General Constructor Inc. Asia Cement Corporation	Taipei, Taiwan	Construction	\$ 271,587	\$ 271,587	119,202	98.95	\$ 1,451,879	\$ 145,264	\$ -	
		Taipei, Taiwan	Cement production	216,959	216,959	15,745	0.53	396,699	7,885,009	-	
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd. Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	China	Garment production	US\$ 10,000	US\$ 10,000	(Note B)	38.46	US\$ 14,826	RMB 30,572	-	
		China	Dyeing and finishing	US\$ 20,000	US\$ 20,000	(Note B)	100.00	US\$ 25,672	RMB 14,644	-	
Far Eastern Apparel Co., Ltd.	Ming Ding Co. Yue Ding Industry Co., Ltd.	Taipei, Taiwan	Underwear selling	2,174	2,174	448	44.80	6,523	118	-	
		Taipei, Taiwan	Department store operations	29	29	6	0.01	50	11,161	-	
F.E.T.G. Investment Antilles N.V.	Waldorf Services B.V.	Leidesplein 9, 1017 PS Amsterdam, The Netherland	Investment	US\$ 19	US\$ 19	2	100.00	US\$ 9,846	US\$ 3,506	-	
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	Clothing O.E.M.	PESO 9,000	PESO 9,000	90	50.00	US\$ (143)	US\$ (98)	-	
		No. 5-9, Little Rd, Singapore (536985)	Garment production	SGD 3,000	SGD 3,000	30	37.90	US\$ 1,408	US\$ (2,052)	-	
		Bldg. #5 Cor. Sirloinand Bagsakan Ave, FTI Taguig, MM Filipino	Garment production	US\$ 290	US\$ 290	59	41.00	US\$ (847)	PESO (1,550)	-	
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd. Asia Cement Corporation Oriental Securities Co., Ltd. Yue Ding Industry Co., Ltd. Pacific Liu Tung Investment Co., Ltd. (Note C) Yuan Ding Investment Co., Ltd.	Taipei, Taiwan	Telecommunications	1,469,123	1,469,123	80,172	2.46	1,943,414	9,230,107	-	
		Taipei, Taiwan	Cement production	99,925	99,925	2,760	0.09	106,314	7,885,009	-	
		Taipei, Taiwan	Broker	86,200	86,200	5,000	0.70	79,363	1,056,378	-	
		Taipei, Taiwan	Department store operations	111,997	111,997	11,494	15.66	128,387	11,161	-	
		Taipei, Taiwan	Investment	67,285	67,285	4,841	1.21	78,841	1,113,445	-	
		Taipei, Taiwan	Investment	148,994	148,994	5,502	0.30	152,569	3,882,827	-	
Yuan Faun Ltd.	Yuan Cheng Human Resources Consultant Co., Ltd.	Taipei, Taiwan	Personnel recruitment	6,271	4,222	278	55.56	6,271	3,925	-	
Fu Kwok Garment Manufacturing Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	7,588	-	200	0.006	7,590	9,230,107	-	
Yuan Tong Investment Co., Ltd.	Pacific Liu Tung Investment Co., Ltd. (Note C) New Century InfoComm Tech Co., Ltd. Far EasTone Telecommunications Co., Ltd. Far Eastern Toll Collection Co., Ltd. Far Eastern Department Stores, Ltd. Oriental Union Chemical Corporation Asia Cement Corporation FEDP (Holding) Ltd. Sino Belgium (Holding) Ltd.	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	137,356	1,113,445	-	
		Taipei, Taiwan	Telecommunications	4,794,137	4,794,137	312,221	12.01	3,124,930	6,078	-	
		Taipei, Taiwan	Telecommunications	2,458,607	1,669,088	112,002	3.44	3,056,958	9,230,107	-	
		Taipei, Taiwan	Electronic toll collection service	350,476	350,476	35,048	9.15	46,691	(400,580)	-	
		Taipei, Taiwan	Department store operations	34,245	230,298	1,685	0.14	38,109	1,932,776	-	
		Taipei, Taiwan	Chemical materials production	9,543	9,543	439	0.05	9,631	1,434,703	-	
		Taipei, Taiwan	Cement production	310,806	297,092	8,531	0.29	331,824	7,885,009	-	
		Clarendon House 2 Church Street, Hamilton HM11, Bermuda	Investment	810,739	810,739	196	40.33	599,684	(153,817)	-	
		Clarendon House 2 Church Street, Hamilton HM11, Bermuda	Investment	1,086,142	1,086,142	17	87.50	668,259	(410,844)	-	
		Far EasTone Telecommunications Co., Ltd.	KG Telecommunication Co., Ltd. New Century InfoComm Tech Co., Ltd. Arcoa Communication Co., Ltd. Far Eastern Toll Collection Co., Ltd. Far Eastern Info Service (Holding) Ltd. E. World (Holdings) Ltd. Ding Ding Integrated Marketing Service Co., Ltd. Q-Ware Communications Inc. Far EasTron Holding Ltd. Yuan Cing Infocomm Tech Co., Ltd. ADCast Interactive Marketing Co., Ltd.	Taiwan	Type I telecommunications services	29,629,139	29,629,139	1,332,998	100.00	30,573,498	(1,094,787)
Taiwan	Type I and II telecommunications services			6,395,041	6,062,000	691,096	26.59	6,000,018	6,078	-	
Taiwan	Type II telecommunications services, sales of communications products and office equipment			1,295,035	1,283,563	82,009	61.07	1,116,869	108,387	-	
Taiwan	Electronic toll collection service			1,577,140	1,577,140	157,714	41.18	232,803	(400,580)	-	
Bermuda	Investment			92,616	92,616	1	100.00	161,358	11,308	-	
Cayman Islands	Investment			82,883	82,883	6,015	85.92	71,337	4,900	-	
Taiwan	Marketing			90,000	45,000	4,725	15.00	39,519	(54,785)	-	
Taiwan	Type II Telecommunications services			495,855	495,855	36,460	51.00	28,440	(230,617)	-	
Cayman Islands	Investment			150,000	150,000	4,487	100.00	26,022	447	-	
Taiwan	Sale of communication products			1,000	-	100	100.00	993	(7)	-	
Taiwan	Internet service	1,000	1,000	18	0.40	174	1,065	-			

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2009			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				December 31, 2009	December 31, 2008	Shares (Thousands)	Percentage of Ownership	Carrying Value			
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Ltd.	China	PTA production and sale	US\$ 105,055	US\$ 105,055	(Note B)	53.24	US\$ 127,588	RMB 499,961	\$ -	
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd. Shanghai Yuan Zi Information Co., Ltd.	China	Garment production and sales	RMB 6,650	RMB 6,650	(Note B)	3.63	RMB 3,700	RMB 3,634	-	
		China	Software development, equipment maintenance and consulting	RMB 1,900	RMB 1,900	(Note B)	95.00	RMB 1,764	RMB 4	-	
	China	Shanghai Far Eastern Petrochemical Logistic Ltd.	Transportation	RMB 5,000	RMB 5,000	(Note B)	100.00	RMB 5,872	RMB 529	-	
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd. Oriental Industries (Suzhou) Ltd.	China	Fiber and textile production	US\$ 59,960	US\$ 59,960	(Note B)	100.00	US\$ 71,285	RMB 7,127	-	
		China	Textile production	US\$ 138,000	US\$ 138,000	(Note B)	100.00	US\$ 87,237	RMB (77,781)	-	
Far Eastern Apparel (Suzhou) Ltd.	Wu Han Far Eastern New Material Ltd. Shanghai Yuan Zi Information Co., Ltd.	China	Garment production and sales	RMB 350	RMB 350	(Note B)	0.17	RMB 350	RMB 3,634	-	
		China	Software development, equipment maintenance and consulting	RMB 100	RMB 100	(Note B)	5.00	RMB 100	RMB 4	-	
	China	An Ho Garment (Suzhou) Ltd.	Garment production	RMB 1,000	RMB 1,000	(Note B)	100.00	RMB 2,173	RMB 486	-	
FEDP (Holding) Limited	Far Eastern Industries (Suzhou) Ltd.	China	Garment production	US\$ 49,800	US\$ 49,800	(Note B)	100.00	US\$ 37,682	RMB (30,241)	-	
Far Eastern Polytex (Holding) Ltd.	Wu Han Far Eastern New Material Ltd. Far Eastern Apparel (Suzhou) Ltd. FEDP (Holding) Ltd.	China	Garment production and sales	US\$ 22,000	US\$ 12,000	(Note B)	96.20	US\$ 24,079	RMB 3,634	-	
		China	Garment production	US\$ 16,000	US\$ 16,000	(Note B)	61.54	US\$ 23,721	RMB 30,572	-	
		Clarendon House 2 Church Street, Hamilton HM11, Bermuda	Investment	US\$ 6,408	US\$ 6,408	49	10.10	US\$ 4,774	US\$ (4,655)	-	
	China	Far Eastern New Century (China) Investment Ltd.	Investment	US\$ 48,000	US\$ 48,000	(Note B)	100.00	US\$ 50,792	RMB (86)	-	
KG Telecommunications Co., Ltd.	KGEx.com Co., Ltd. iScreen ADCast Interactive Marketing Co., Ltd.	Taiwan	Type II telecommunications services	2,355,649	2,355,649	89,088	79.25	794,752	(121,296)	-	
		Taiwan	Information and software services	100,000	100,000	4,000	40.00	30,030	3,161	-	
		Taiwan	Internet service	3,652	3,652	369	8.16	3,501	1,065	-	
Far Eastern Info Service (Holding) Ltd.	Far Eastern Tech-info Ltd. (Shanghai)	China	Information services, software, and internet	US\$ 2,500	US\$ 2,500	-	100.00	US\$ 4,427	11,624	-	
Far EasTron Holding Ltd.	ADCast Interactive Marketing Co., Ltd.	Taiwan	Internet services	US\$ 4,532	US\$ 4,532	2,734	60.52	US\$ 812	1,065	-	
E. World (Holdings) Ltd.	Yuan Cing Co., Ltd.	Taiwan	Call center services	193,500	193,500	19,350	99.99	US\$ 2,334	5,378	-	
Far Eastern New Century (China) Investment Ltd.	Far Eastern Industries (Shanghai) Ltd. Oriental Petrochemical (Shanghai) Ltd.	China	Fiber and silk production	RMB 219,138	RMB 219,138	(Note B)	12.97	RMB 219,138	RMB (61,263)	-	
		China	PTA production and sale	RMB 115,232	RMB 115,232	(Note B)	8.11	RMB 115,232	RMB 499,961	-	
Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Ltd. Martens Beer Trading (Shanghai) Co., Ltd.	China	Brewer	US\$ 30,000	US\$ 30,000	(Note B)	100.00	US\$ 22,629	RMB (49,150)	-	
		China	Beer sale	US\$ 3,633	US\$ -	(Note B)	100.00	US\$ 606	RMB (20,137)	-	

Notes:

- A. This included 5,000 thousand common shares and 3,000 thousand preferred shares.
- B. This is a private company.
- C. The investor company opened a trust account in Shanghai Bank in Taipei on September 26, 2002 to acquire equity in Pacific Liu Tung Investment Co., Ltd.

(Concluded)



## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## INVESTMENT IN MAINLAND CHINA

YEAR ENDED DECEMBER 31, 2009

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Accumulated Outflow of Investment from Taiwan as of January 1, 2009	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2009	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of December 31, 2009 (Note B)	Accumulated Inward Remittance of Earnings as of December 31, 2009
				Outflow	Inflow					
Far Eastern Industries (Shanghai) Ltd. (FEIS)	Manufacture and distribution of PET staple, PET filament, Polyester top, PET performs, draw textured yarn, spinning yarn, knit fabric, woven fabric, knit garments and woven garments.	\$ 8,364,363 (RMB 1,801,888)	\$ 2,726,116 793,920 (Note D)	\$ 373,364 (Note L)	\$ -	\$ 3,099,480 793,920 (Note D)	100.00%	\$ (293,084)	\$ 6,563,670	\$ 853,493 (Note C)
Far Eastern Apparel (Suzhou) Ltd. (FEAS)	Manufacture and distribution of knit garments, woven garments, non-knit garments, non-woven garments and accessories.	949,647 (RMB 204,577)	509,725 501,176 (Note D)	-	-	509,725 501,176 (Note D)	100.00%	146,257	1,221,694	-
Far Eastern Industries (Wuxi) Ltd. (FEIW)	Manufacture and distribution of combed cotton yarn, 60/40 poly/cotton blended yarn, 65/35 poly/cotton blended yarn, spun yarn, woven fabric, greige woven fabric, print woven fabric, piece dyed woven fabric, bleached woven fabric.	2,234,986 (RMB 481,471)	2,018,430 (Note D)	-	-	2,018,430 (Note D)	100.00%	34,096	2,259,083	-
Oriental Petrochemical (Shanghai) Ltd. (OPSC)	Manufacture and distribution of PTA and it's by-product.	6,971,678 (RMB 1,501,870)	1,657,304 1,375,680 (Note E)	-	-	1,657,304 1,375,680 (Note E)	51.80%	1,238,960	3,934,032	-
Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	Manufacture and distribution of weaving, dyeing & finishing of novelty fabrics, high-value engineered textiles industrial woven fabrics and scraps.	768,451 (RMB 165,543)	1,342,854 (Note D)	-	-	1,342,854 (Note D)	100.00%	70,059	813,569	-
Far Eastern Industries (Suzhou) Ltd.	Manufacture and distribution of polyester chips, partially oriented yarn, fully oriented yarn, and polyester yarn	1,830,664 (RMB 394,370)	422,978 666,026 (Note K)	-	-	422,978 666,026 (Note K)	100.00%	(144,673)	1,194,174	-
Wu Han Far Eastern New Material Ltd.	Manufacture and distribution of PET chips, FET sheets, PET performs and garments and it's by-product.	794,003 (RMB 171,048)	393,960	330,150	-	724,110	100.00%	17,383	793,314	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Accumulated Outflow of Investment from Taiwan as of January 1, 2009	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2009	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of December 31, 2009 (Note B)	Accumulated Inward Remittance of Earnings as of December 31, 2009
				Outflow	Inflow					
Oriental Industries (Suzhou) Ltd.	Manufacture and distribution of PET performs and high-value engineered textiles industrial woven fabrics and scraps	\$ 3,653,626 (RMB 787,080)	\$ 3,421,559 (Note D)	\$ -	\$ -	\$ 3,421,559 (Note D)	100.00%	\$ (372,103)	\$ 2,764,626	\$ -
Far Eastern Industries (Jiujiang) Ltd. (Note M)	Manufacture of cotton yarns, natural fibers and chemical fibers and it's by-product.	-	258,880 (Note D)	-	-	258,880 (Note D)	100.00%	(6)	-	-
Far Eastern New Century (China) Investment Ltd.	Investment	1,692,195 (RMB 364,540)	1,577,040	-	-	1,577,040	100.00%	(411)	1,637,386	-
Sino Belgium (Suzhou) Limited	Brewer	1,014,182 (RMB 218,480)	962,577 (Note J)	-	-	962,577 (Note J)	87.5%	(210,633)	627,485	-
Martens Beer Trading (Shanghai) Co., Ltd.	Beer sales	161,050 (RMB 25,000)	-	123,565 (Note J)	-	123,565 (Note J)	87.5%	(82,776)	17,613	-
Far Eastern Tech-info Ltd. (Shanghai) (Note F)	Service of software, data processing, information provider and information integration system service.	79,975 (US\$ 2,500)	92,616 (Note G)	-	-	92,616 (Note G)	41.736%	4,851	59,107 (US\$ 1,848)	-

Accumulated Investment in Mainland China as of December 31, 2009	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$253,349 (Note H)	US\$328,058 (Note I)	(Note N)

Notes:

- A. Recognition of gains/loss was based on the investee's audited financial statements.
- B. Recognition of the investment amount was based on the investee's audited financial statements.
- C. This was the amount of cash dividends received by the Company and Yuan Ding Investment over the years from FEPI.
- D. The amount was remitted by the Company's subsidiary, Yuan Ding Investments.
- E. The amount was remitted by the Company's subsidiaries, Yuan Ding Investments and Ding Yuan International Investment.
- F. Far EasTone's subsidiary.
- G. The amount was remitted by the Company's subsidiary, Far EasTone Telecommunications Co., Ltd.

(Continued)

- H. It was the actual amount remitted to Mainland China by FENC.
- I. Investment amounts authorized by the Investment Commission under the Ministry of Economic Affairs.
- J. The amount was remitted by the Company's subsidiary, Yuan Tong Investment Corporation.
- K. The amount was remitted by the by the Company's subsidiary, Yuan Ding Investment and Yuan Tong Investment.
- L. The Company has been approved by the Ministry of Economic Affairs to invest FEIS through FEPI will start the investment in February of 2010.
- M. The liquidation of Far Eastern Industries (Jiujiang) Ltd. had been done by December 2009 and all money had been returned to the stockholders.
- N. The Company was allowed to invest in Mainland China without the restriction of maximum amount according to MOEA Approval Letter No. 09701098660.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

INVESTMENT IN MAINLAND CHINA - INVESTMENT TYPE  
 YEAR ENDED DECEMBER 31, 2009  
 (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	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 Co., Ltd.	\$ 6,000	\$ 6,000			
	Yuan Ding Investment Co., Ltd.			Far Eastern Polychem Industries Co., Ltd.	24,000	24,000			
	Far Eastern New Century Corporation	2004.12.29	No. 093032400	Far Eastern Polychem Industries Co., Ltd.	1,712		\$ 1,712		
	Far Eastern New Century Corporation	2004.12.30	No. 093032090	Far Eastern Polychem Industries Co., Ltd.	1,540			\$ 1,540	
	Far Eastern New Century Corporation	2004.11.03	No. 093032240	Far Eastern Polychem Industries Co., Ltd.	3,879		3,879		
	Yuan Ding Investment Co., Ltd.	2004.12.29	No. 093032402	Far Eastern Polychem Industries Co., Ltd.	7,014		7,014		
	Yuan Ding Investment Co., Ltd.	2004.11.02	No. 093032239	Far Eastern Polychem Industries Co., Ltd.	15,898		15,898		
	Yuan Ding Investment Co., Ltd.	2004.12.29	No. 093032089	Far Eastern Polychem Industries Co., Ltd.	6,313			6,313	
	Far Eastern New Century Corporation	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Co., Ltd.	31,779	31,779			
	Far Eastern New Century Corporation	2008.06.27	No. 09700163440	Far Eastern Polychem Industries Co., Ltd.	56,000	56,000			
	Far Eastern New Century Corporation	2008.04.18	No. 09700045490	Far Eastern Polychem Industries Co., Ltd.	4,800	4,800			
	Far Eastern New Century Corporation	2009.09.18	No. 09800283970	Far Eastern Polychem Industries Co., Ltd.	12,000	12,000			
	Far Eastern Apparel (Suzhou) Ltd. (FEAS)	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) Limited	11,000	11,000			
Far Eastern New Century Corporation		2008.03.31	No. 09700038490	Far Eastern Polytex (Holding) Limited	5,000	5,000			
Far Eastern Industries (Wuxi) Ltd. (FEIW)	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			

(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	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Oriental Petrochemical (Shanghai) Ltd. (OPSC)	Yuan Ding Investment Co., Ltd.	2003.11.04	No. 092028575	Pacific Petrochemical (Holding) Co., Ltd.	\$ 20,000	\$ 20,000			
	Ding Yuan International Investment Co., Ltd.	2003.02.26	No. 091039560	PET Far Eastern (Holding) Ltd.	20,000	20,000			
	Far Eastern New Century Corporation	2009.11.17	No. 09800408170 (Note B)	Far Eastern Polychem Industries Co., Ltd.	1,228				\$ 1,228
	Far Eastern New Century Corporation	2009.11.17	No. 09800408170	PET Far Eastern (Holding) Ltd. Far Eastern Investment (Holding) Ltd.	10,755				10,755
	Yuan Ding Investment Co., Ltd.	2009.11.17	No. 09800408160 (Note C)	HSBC International Trustee Ltd. (B.V.) Pacific Petrochemical (Holding) Ltd. (B.V.) Far Eastern Polychem Industries Co., 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 Co., Ltd.	4,800	4,800			
	Far Eastern New Century Corporation	2009.12.25	No. 09800456740	PET Far Eastern (Holding) Ltd. PET Far Eastern (Holding) Ltd.	41,171	41,171			
	Far Eastern Spinning Wearing 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 Co., Ltd. FEDP	9,352				9,352
	Far Eastern New Century Corporation	2004.10.11	No. 093025506	Far Eastern Polychem Industries Co., Ltd.	1,569			1,569	
	Far Eastern New Century Corporation	2004.10.14	No. 093030298	FEDP Far Eastern Polychem Industries Co., Ltd.	713				713
	Far Eastern New Century Corporation	2007.3.13	No. 09600059830	FEDP Far Eastern Polytex (Holding) Limited	5,288	5,288			
	Far Eastern New Century Corporation	2006.11.01	No. 09500287850	FEDP Far Eastern Polychem Industries Co., Ltd.	4,524	4,524			
	Yuan Tong Investment Co., Ltd.	2007.07.11	No. 09600243260	FEDP FEDP	20,000	20,000			
	Far Eastern New Century Corporation.	2008.04.18	No. 09700045510	Far Eastern Polychem Industries Co., Ltd. FEDP	4,800	4,800			

(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	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Oriental Industries (Suzhou) Ltd.	Yuan Ding Investment Co., Ltd.	2005.08.01	No. 094015006	Oriental Textile (Holding) Ltd.	\$ 19,800	\$ 19,800			
	Yuan Ding Investment Co., Ltd.	2006.02.09	No. 094037416	Oriental Textile (Holding) Ltd.	30,200	30,200			
	Yuan Ding Investment Co., Ltd.	2007.10.02	No. 09600280400	Oriental Textile (Holding) Ltd.	23,000	23,000			
	Yuan Ding Investment Co., Ltd.	2008.09.01	No. 09700172130	Oriental Textile (Holding) Ltd.	32,500	32,500			
Far Eastern Industries (Jiujiang) Ltd. (Note D)	Yuan Ding Investment Co., Ltd.	2006.03.03	No. 09500033740	Oriental Textile (Holding) Ltd.	8,000	8,000			
Wu Han Far Eastern New Material Ltd.	Far Eastern New Century Corporation	2006.05.19	No. 09500090070	Far Eastern Polytex (Holding) Limited	12,000	12,000			
	Far Eastern New Century Corporation	2009.6.29	No. 09800135640	Far Eastern Polytex (Holding) Limited	10,000	10,000			
Far Eastern New Century (China) Investment Ltd. (Note A)	Far Eastern New Century Corporation	2006.08.01	No. 09500124430	Far Eastern Polytex (Holding) Limited	48,000	48,000			
Sino Belgium (Suzhou) Ltd.	Yuan Tong Investment Co., Ltd.	2007.08.02	No. 09600248620	Sino Belgium (Holding) Limited	18,000	18,000			
	Yuan Tong Investment Co., Ltd.	2008.02.21	No. 09600451060	Sino Belgium (Holding) Limited	12,000	12,000			
Martens Beer Trading (Shanghai) Ltd.	Yuan Tong Investment Co., Ltd.	2008.12.10	No. 09700456110	Sino Belgium (Holding) Limited	3,800	3,800			
Far Eastern Tech-info Ltd. (Shanghai)	Far EasTone Telecommunications Co., Ltd.	2004.08.26	No. 093018811	Far Eastern Info Service (Holding) Limited	2,700	2,700			

Notes:

- A. Far Eastern New Century (China) Investment Ltd. invested US\$30,000,000 in Far Eastern Industries (Shanghai) Ltd. and US\$16,000,000 in Oriental Petrochemical (Shanghai) Ltd.
- B. The document of No. 092035971 has been eliminated and renewed to the document of No. 09800408170.
- C. The document of No. 092035970 has been eliminated and renewed to the document of No. 09800408160 and then claimed NT\$1,561 thousand.
- D. The liquidation of Far Eastern Industries (Jinjiang) Ltd. had been done by December of 2009 and all money had been returned to the stockholders.
- E. The document of No. 091039560 has been eliminated after submitting the investment execution information to MOEA. Please refer to Note 32.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS BETWEEN FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

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)
0	2009 Far Eastern New Century Corporation	Oriental Resources Development Ltd.	1	Cost of goods sold	\$ (155,580)	Based on agreement	-
		Far Eastern Apparel (Vietnam) Ltd.	1	Process expenses	(161,386)	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	1	Cost of goods sold	(8,250,881)	Based on agreement	1
		Oriental Petrochemical (Taiwan) Co., Ltd.	1	Accounts payable	(572,155)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	1	Sales	131,020	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	1	Process expenses	(910,245)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	1	Accounts receivable	26,778	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	1	Payment in advance	379,504	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	1	Accrued expense - outsourced process	(73,092)	Based on agreement	-
		1	Far Eastern Polychem Industries Ltd.	Far Eastern Investment (Holding) Ltd.	3	Other payables	(1,610,002)
Far Eastern Investment (Holding) Ltd.	3			Accounts payable	(222,417)	Based on agreement	-
Far Eastern Investment (Holding) Ltd.	3			Interest expenses	(40,054)	Based on agreement	-
Far Eastern Industries (Suzhou) Limited	3			Other receivables	321,828	Based on agreement	-
Oriental Petrochemical (Taiwan) Co., Ltd.	3			Cost of goods sold	(666,948)	Based on agreement	-
Oriental Textile (Holding) Ltd.	3			Other payables	(224,219)	Based on agreement	-
Oriental Textile (Holding) Ltd.	3			Interest expenses	(3,076)	Based on agreement	-
Far Eastern Industries (Shanghai) Ltd.	3			Sales	665,525	Based on agreement	-
Far Eastern Industries (Shanghai) Ltd.	3			Cost of goods sold	(5,194,056)	Based on agreement	-
Far Eastern Industries (Shanghai) Ltd.	3			Accounts payable	(1,552,726)	Based on agreement	-
2	Far Eastern Investment (Holding) Ltd.	Far Eastern Polychem Industries Ltd.	3	Other receivables	1,610,002	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Interest revenue	40,054	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Accounts receivable	222,417	Based on agreement	-
		Far Eastern Polytex (Holding) Ltd.	3	Other receivables	387,349	Based on agreement	-
		Far Eastern Polytex (Holding) Ltd.	3	Interest revenue	3,583	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Interest revenue	11,530	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Other receivables	748,961	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	3	Other receivables	85,516	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	3	Interest revenue	12,023	Based on agreement	-
		Far Eastern Apparel (Vietnam) Ltd.	3	Other receivables	79,975	Based on agreement	-
		Waldorf Services B.V.	3	Other receivables	25,592	Based on agreement	-
		Pet Far Eastern (M) Sdn. Bhd.	3	Other receivables	220,161	Based on agreement	-
		Pet Far Eastern (M) Sdn. Bhd.	3	Interest revenue	4,355	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)
		F.E.T.G. Investment (Antilles) N.V.	3	Other receivables	\$ 201,541	Based on agreement	-
		F.E.T.G. Investment (Antilles) N.V.	3	Interest revenue	7,975	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	3	Other payables	(403,287)	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	3	Interest expenses	(10,712)	Based on agreement	-
3	An Ho Garment Co., Ltd.	Far Eastern Resources Development Co.	3	Other payables	(400,000)	Based on agreement	-
		Far Eastern Resources Development Co.	3	Interest expenses	(2,954)	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	3	Interest expenses	(72)	Based on agreement	-
		Ding Yuan International Investment Corp.	3	Interest expenses	(1,041)	Based on agreement	-
4	Far Eastern Apparel (Suzhou) Limited	Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	3	Accounts payable	(183,719)	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	3	Cost of goods sold	(317,283)	Based on agreement	-
		Far Eastern New Century Corporation	3	Sales	2,095,328	Based on agreement	-
		Far Eastern New Century Corporation	3	Cost of goods sold	(1,316,103)	Based on agreement	-
		Far Eastern New Century Corporation	3	Accounts receivable	193,875	Based on agreement	-
		Far Eastern New Century Corporation	3	Accounts payable	(527,065)	Based on agreement	-
5	Far Eastern Industries (Shanghai) Ltd.	Oriental Petrochemical (Shanghai) Ltd.	3	Cost of goods sold	(8,084,484)	Based on agreement	1
		Oriental Petrochemical (Shanghai) Ltd.	3	Accounts payable	(896,691)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	3	Notes payable	(1,434,764)	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	3	Accounts payable	(51,007)	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	3	Sales	957,264	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	3	Accounts receivable	366,844	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	3	Cost of goods sold	(113,969)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Accounts payable	(56,984)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Cost of goods sold	(806,610)	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	3	Cost of goods sold	(2,715,896)	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	3	Accounts payable	(879,654)	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Accounts payable	(215,214)	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Cost of goods sold	(1,729,210)	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	3	Sales	151,843	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Cost of goods sold	(665,525)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Sales	5,194,056	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Accounts receivable	1,552,726	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Other payables	(2,220,613)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest expenses	(12,023)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	(85,516)	Based on agreement	-
7	Pet Far Eastern (M) Sdn. Bhd.	Far Eastern Investment (Holding) Ltd.	3	Other payables	(220,161)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest expenses	(4,355)	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	Wu Han Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	3	Accounts payable	\$ (366,844)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	51,007	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Cost of goods sold	(957,264)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	113,969	Based on agreement	-
		Far Eastern Polytex (Holding) Ltd.	3	Other payables	(383,880)	Based on agreement	-
9	Oriental Petrochemical (Shanghai) Ltd.	Far Eastern Industries (Shanghai) Ltd.	3	Sales	8,084,484	Based on agreement	1
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	896,691	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Notes receivable	1,434,764	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Accounts receivable	270,327	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Notes receivable	520,210	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Sales	2,612,270	Based on agreement	-
10	Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	Far Eastern Apparel (Suzhou) Limited	3	Accounts receivable	183,719	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	3	Sales	317,283	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Cost of goods sold	(151,843)	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	3	Sales	273,423	Based on agreement	-
11	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Limited	3	Cost of goods sold	(3,073,071)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Accounts payable	(375,746)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Notes payable	(832,920)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	215,214	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	1,729,210	Based on agreement	-
12	Far Eastern Industries (Suzhou) Limited	Oriental Petrochemical (Shanghai) Ltd.	3	Accounts payable	(270,327)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	3	Cost of goods sold	(2,612,270)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	3	Notes payable	(520,210)	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Sales	3,073,071	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Accounts receivable	375,746	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Notes receivable	832,920	Based on agreement	-
		F.E.D.P. (H) Ltd.	3	Other payables	(473,452)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Other payables	(321,828)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	56,984	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	806,610	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	3	Cost of goods sold	(113,743)	Based on agreement	-
		13	Far Eastern Apparel (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Other receivables	403,287
Far Eastern Investment (Holding) Ltd.	3			Interest revenue	10,712	Based on agreement	-
Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	3			Cost of goods sold	(273,423)	Based on agreement	-
14	Oriental Textile (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Other payables	(748,961)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest expenses	(11,530)	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	3	Interest expenses	(896)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Other receivables	224,219	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Interest revenue	3,076	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)
15	Oriental Resources Development Ltd.	Far Eastern New Century Corporation	2	Sales	\$ 155,580	Based on agreement	-
16	Sino Belgium (Suzhou) Limited	Sino Belgium (Holding) Ltd.	3	Other payables	(847,735)	Based on agreement	-
17	Ding Yuan International Investment Corp.	An Ho Garment Co., Ltd.	3	Interest revenue	1,041	Based on agreement	-
		Yuan Tong Investment Corp.	3	Other receivables	90,000	Based on agreement	-
		Yuan Tong Investment Corp.	3	Interest revenue	27	Based on agreement	-
18	F.E.D.P. (H) Ltd.	Far Eastern Industries (Suzhou) Limited	3	Other receivables	473,452	Based on agreement	-
19	Far Eastern Resources Development Co.	Yuan Ding Investment Co., Ltd.	3	Other receivables	361,000	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	3	Interest revenue	1,606	Based on agreement	-
		An Ho Garment Co., Ltd.	3	Other receivables	400,000	Based on agreement	-
		An Ho Garment Co., Ltd.	3	Interest revenue	2,954	Based on agreement	-
		Yuan Tong Investment Corp.	3	Other receivables	400,000	Based on agreement	-
		Yuan Tong Investment Corp.	3	Interest revenue	489	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Other receivables	400,000	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Interest revenue	584	Based on agreement	-
20	Oriental Petrochemical (Taiwan) Co., Ltd.	Far Eastern Industries (Suzhou) Limited	3	Sales	113,743	Based on agreement	-
		Far Eastern New Century Corporation	2	Sales	8,250,881	Based on agreement	1
		Far Eastern New Century Corporation	2	Accounts receivable	572,155	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	2,715,896	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	879,654	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Sales	666,948	Based on agreement	-
21	Far Eastern Apparel (Vietnam) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Other payables	(79,975)	Based on agreement	-
		Far Eastern New Century Corporation	2	Sales	161,386	Based on agreement	-
22	Martens Beers Trading (Shanghai) Co., Ltd.	Sino Belgium (Holding) Ltd.	3	Other payables	(575,820)	Based on agreement	-
23	Yuan Ding Investment Co., Ltd.	Far Eastern Resources Development Co.	3	Other payables	(361,000)	Based on agreement	-
		Far Eastern Resources Development Co.	3	Interest expenses	(1,606)	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Interest revenue	896	Based on agreement	-
		An Ho Garment Co., Ltd.	3	Interest revenue	72	Based on agreement	-
		Yuan Tong Investment Corp.	3	Interest revenue	366	Based on agreement	-
24	F.E.T.G. Investment (Antilles) N.V.	Far Eastern Investment (Holding) Ltd.	3	Interest expenses	(7,975)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	(201,541)	Based on agreement	-
		Waldorf Services B.V.	3	Interest revenue	8,074	Based on agreement	-
		Waldorf Services B.V.	3	Other receivables	205,188	Based on agreement	-
25	Yuan Cheng Human Resources Consultant Corp.	Far EasTone Telecommunication Co., Ltd.	3	Sales - other	66,771	Based on agreement	-
26	Far EasTone Telecommunication Co., Ltd.	Yuan Cheng Human Resources Consultant Corp.	3	Operating expense - other	(66,771)	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)
27	Yuan Tong Investment Corp.	Far Eastern Resources Development Co.	3	Other payables	\$ (400,000)	Based on agreement	-
		Far Eastern Resources Development Co.	3	Interest expenses	(489)	Based on agreement	-
		Ding Yuan International Investment Corp.	3	Other payables	(90,000)	Based on agreement	-
		Ding Yuan International Investment Corp.	3	Interest expenses	(27)	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	3	Interest expenses	(366)	Based on agreement	-
28	Waldorf Services B.V.	F.E.T.G. Investment (Antilles) N.V.	3	Interest expenses	(8,074)	Based on agreement	-
		F.E.T.G. Investment (Antilles) N.V.	3	Other payables	(205,188)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	(25,592)	Based on agreement	-
29	Far Eastern Polytex (Holding) Ltd.	Wu Han Far Eastern New Material Ltd.	3	Other receivables	383,880	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	(387,349)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest expenses	(3,583)	Based on agreement	-
30	Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Limited	3	Other receivables	847,735	Based on agreement	-
		Martens Beers Trading (Shanghai) Co., Ltd.	3	Other receivables	575,820	Based on agreement	-
31	Kai Yuan International Investment Co., Ltd.	Far Eastern Resources Development Co.	3	Other payables	(400,000)	Based on agreement	-
		Far Eastern Resources Development Co.	3	Interest expenses	(584)	Based on agreement	-

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)
0	Far Eastern New Century Corporation	Far Eastern Apparel (Suzhou) Limited	1	Accounts receivable	\$ (68,722)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	1	Accounts payable	123,623	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	1	Process expenses	(596,316)	Based on agreement	-
		Far Eastern Apparel (Suzhou) Limited	1	Sales	241,320	Based on agreement	-
		Oriental Resources Development Ltd.	1	Accounts payable	28,880	Based on agreement	-
		Oriental Resources Development Ltd.	1	Cost of goods sold	(173,025)	Based on agreement	-
		Far Eastern Apparel Co., Ltd.	1	Cost of goods sold	(52,534)	Based on agreement	-
		Far Eastern Apparel Co., Ltd.	1	Other expenses	(10,168)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	1	Sales	15,415	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	1	Interest revenue	39,920	Based on agreement	-
		Pet Far Eastern (M) Sdn. Bhd.	1	Sales	104,448	Based on agreement	-
		Pet Far Eastern (M) Sdn. Bhd.	1	Accounts receivable	(33,007)	Based on agreement	-
		Far Eastern Apparel (Vietnam) Ltd.	1	Process expenses	(111,422)	Based on agreement	-
		Fu Kwok Garment Manufacturing Co., Ltd.	1	Sales	11,911	Based on agreement	-
		Fu Kwok Garment Manufacturing Co., Ltd.	1	Notes receivable	(12,318)	Based on agreement	-
		Far Eastern Resources Development Co.	1	Operating expense - rent expense	(33,040)	Based on agreement	-
		Far Eastern Resources Development Co.	1	Other expenses	(40,936)	Based on agreement	-
		Far Eastern Resources Development Co.	1	Accounts receivable	(22,239)	Based on agreement	-
Oriental Petrochemical (Taiwan) Co., Ltd.	1	Cost of goods sold	(1,430,351)	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)
		Oriental Petrochemical (Taiwan) Co., Ltd.	1	Accounts payable	\$ 19,575	Based on agreement	-
		Oriental Textile (Holding) Ltd.	1	Interest revenue	11,996	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	1	Cost of goods sold	(18,339)	Based on agreement	-
		Yuan Cheng Human Resources Consultant Corp.	1	Cost of goods sold	(17,732)	Based on agreement	-
1	Yuan Ding Investment Co., Ltd.	An Ho Garment Co., Ltd.	3	Interest revenue	5,386	Based on agreement	-
		An Ho Garment Co., Ltd.	3	Other receivables	(16,000)	Based on agreement	-
		Yuan Tong Investment Corp.	3	Interest revenue	2,421	Based on agreement	-
2	Far Eastern Polychem Industries Ltd.	Far Eastern Investment (Holding) Ltd.	3	Other payables	1,640,000	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Accounts payable	170,405	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest expenses	(14,858)	Based on agreement	-
		Far Eastern New Century Corporation	2	Cost of goods sold	(15,415)	Based on agreement	-
		Far Eastern New Century Corporation	2	Interest expenses	(39,920)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Other receivables	(328,000)	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	3	Cost of goods sold	(546,277)	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	3	Accounts payable	321,203	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Other payables	524,800	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Interest expenses	(6,713)	Based on agreement	-
3	Far Eastern Investment (Holding) Ltd.	Far Eastern Polychem Industries Ltd.	3	Accounts receivable	(170,405)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Other receivables	(1,640,000)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Interest revenue	14,858	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Accounts receivable	(25,028)	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Other receivables	(205,000)	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Interest revenue	9,520	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	3	Accounts receivable	(42,009)	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	3	Other receivables	(656,000)	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	3	Interest revenue	6,161	Based on agreement	-
		Pet Far Eastern (M) Sdn. Bhd.	3	Other receivables	(188,239)	Based on agreement	-
		Pet Far Eastern (M) Sdn. Bhd.	3	Interest revenue	9,666	Based on agreement	-
		F.E.T.G. Investment Antilles N.V.	3	Other receivables	(373,822)	Based on agreement	-
		F.E.T.G. Investment Antilles N.V.	3	Interest revenue	19,780	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	3	Other payables	524,800	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	3	Interest expenses	(1,611)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Interest revenue	8,756	Based on agreement	-
4	An Ho Garment Co., Ltd.	Yuan Ding Investment Co., Ltd.	3	Interest expenses	(5,386)	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	3	Other payables	16,000	Based on agreement	-
		Ding Yuan International Investment Corp.	3	Other payables	100,000	Based on agreement	-
		Ding Yuan International Investment Corp.	3	Interest expenses	(2,856)	Based on agreement	-
		Far Eastern Resources Development Co.	3	Other payables	440,000	Based on agreement	-
		Far Eastern Resources Development Co.	3	Interest expenses	(14,313)	Based on agreement	-
5	Yuan Tong Investment Corp.	F.E.D.P. (H) Ltd.	3	Interest revenue	7,974	Based on agreement	-
		Yuan Ding Investment Co., Ltd.	3	Interest expenses	(2,421)	Based on agreement	-
		Far Eastern Resources Development Co.	3	Interest expenses	(321)	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)
6	Far EasTone Telecommunication Co., Ltd.	Far Eastern Resources Development Co.	3	Operating expense - rent expense	\$ (45,266)	Based on agreement	-
7	Far Eastern Apparel (Suzhou) Limited	Far Eastern New Century Corporation	2	Accounts payable	68,722	Based on agreement	-
		Far Eastern New Century Corporation	2	Accounts receivable	(123,623)	Based on agreement	-
		Far Eastern New Century Corporation	2	Cost of goods sold	(241,320)	Based on agreement	-
		Far Eastern New Century Corporation	2	Sales	596,316	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	3	Accounts payable	76,799	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	3	Cost of goods sold	(279,292)	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	3	Notes payable	13,885	Based on agreement	-
8	Far Eastern Industries (Shanghai) Ltd.	Oriental Petrochemical (Shanghai) Ltd.	3	Accounts payable	465,387	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	3	Notes payable	1,148,381	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	3	Accounts receivable	(193,288)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	3	Cost of goods sold	(7,604,058)	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	3	Sales	878,246	Based on agreement	-
		Wu Han Far Eastern New Material Ltd.	3	Cost of goods sold	(160,497)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Accounts payable	121,496	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Cost of goods sold	(98,239)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	3	Other payables	478,800	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	3	Interest expenses	(490)	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Accounts payable	274,040	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Cost of goods sold	(1,122,997)	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	3	Accounts receivable	(19,015)	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	3	Sales	123,344	Based on agreement	-
9	PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Ltd.	3	Other receivables	(941,360)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Accounts payable	42,009	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest expenses	(6,161)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	656,000	Based on agreement	-
10	Pet Far Eastern (M) Sdn. Bhd.	Far Eastern Investment (Holding) Ltd.	3	Other payables	188,239	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest expenses	(9,666)	Based on agreement	-
		Far Eastern New Century Corporation	2	Accounts payable	33,007	Based on agreement	-
		Far Eastern New Century Corporation	2	Cost of goods sold	(104,448)	Based on agreement	-
11	Wu Han Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	3	Accounts payable	193,288	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Cost of goods sold	(878,246)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	160,497	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 Petrochemical (Shanghai) Ltd.	Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	\$ (465,387)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Notes receivable	(1,148,381)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Other receivables	(478,800)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Interest revenue	490	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Accounts receivable	(175,187)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Notes receivable	(208,851)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Sales	2,017,136	Based on agreement	-
		Shanghai Far Eastern Petrochemical Logistic Ltd.	3	Accounts receivable	(42,326)	Based on agreement	-
		Shanghai Far Eastern Petrochemical Logistic Ltd.	3	Cost of goods sold	(26,790)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	7,604,058	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	3	Other payables	941,360	Based on agreement	-
		13	Far Eastern Spinning Weaving and Dyeing (Suzhou) Limited	Far Eastern Apparel (Suzhou) Limited	3	Accounts receivable	(76,799)
Far Eastern Apparel (Suzhou) Limited	3			Notes receivable	(13,885)	Based on agreement	-
Far Eastern Apparel (Suzhou) Limited	3			Sales	279,292	Based on agreement	-
Far Eastern Industries (Shanghai) Ltd.	3			Accounts payable	19,015	Based on agreement	-
Far Eastern Industries (Shanghai) Ltd.	3			Cost of goods sold	(123,344)	Based on agreement	-
14	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Limited	3	Cost of goods sold	(3,840,950)	Based on agreement	-
		Far Eastern Industries (Suzhou) Limited	3	Accounts payable	255,106	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	(274,040)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	1,122,997	Based on agreement	-
		Far Eastern New Century Corporation	2	Sales	18,339	Based on agreement	-
15	Far Eastern Industries (Suzhou) Limited	Oriental Industries (Suzhou) Ltd.	3	Sales	3,840,950	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	3	Accounts payable	175,187	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	3	Cost of goods sold	(2,017,136)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Ltd.	3	Notes payable	208,851	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Accounts receivable	(272,852)	Based on agreement	-
		Oriental Petrochemical (Taiwan) Co., Ltd.	3	Cost of goods sold	(257,772)	Based on agreement	-
		F.E.D.P. (H) Ltd.	3	Other payables	485,440	Based on agreement	-
		F.E.D.P. (H) Ltd.	3	Cost of goods sold	(220,313)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Other payables	328,000	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	(121,496)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	98,239	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest expenses	(8,756)	Based on agreement	-
16	F.E.T.G. Investment Antilles N.V.	Waldorf Services B.V.	3	Interest revenue	19,996	Based on agreement	-
		Waldorf Services B.V.	3	Other receivables	(377,823)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	373,822	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest expenses	(19,780)	Based on agreement	-
17	Waldorf Services B.V.	F.E.T.G. Investment Antilles N.V.	3	Interest expenses	(19,996)	Based on agreement	-
		F.E.T.G. Investment Antilles N.V.	3	Other payables	377,823	Based on agreement	-
18	Far Eastern Apparel (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Other receivables	(524,800)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest revenue	1,611	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)
19	Shanghai Far Eastern Petrochemical Logistic Ltd.	Oriental Petrochemical (Shanghai) Ltd. Oriental Petrochemical (Shanghai) Ltd.	3	Accounts payable	\$ 42,326	Based on agreement	-
			3	Sales	26,790	Based on agreement	-
20	Oriental Textile (Holding) Ltd.	Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd. Far Eastern New Century Corporation Far Eastern Polychem Industries Ltd. Far Eastern Polychem Industries Ltd.	3	Other payables	205,000	Based on agreement	-
			3	Interest expenses	(9,520)	Based on agreement	-
			3	Accounts payable	25,028	Based on agreement	-
			2	Interest expenses	(11,996)	Based on agreement	-
			3	Other receivables	(524,800)	Based on agreement	-
			3	Interest revenue	6,713	Based on agreement	-
21	Oriental Resources Development Ltd.	Far Eastern New Century Corporation Far Eastern New Century Corporation	2	Accounts receivable	(28,880)	Based on agreement	-
			2	Sales	173,025	Based on agreement	-
22	Sino Belgium (Suzhou) Limited	Sino Belgium (Holding) Ltd.	3	Other payables	951,200	Based on agreement	-
23	Ding Yuan International Investment Corp.	An Ho Garment Co., Ltd. An Ho Garment Co., Ltd.	3	Other receivables	(100,000)	Based on agreement	-
			3	Interest revenue	2,856	Based on agreement	-
24	F.E.D.P. (H) Ltd.	Far Eastern Industries (Suzhou) Limited Far Eastern Industries (Suzhou) Limited Yuan Tong Investment Corp. Oriental Petrochemical (Taiwan) Co., Ltd. Oriental Petrochemical (Taiwan) Co., Ltd.	3	Other receivables	(485,440)	Based on agreement	-
			3	Sales	220,313	Based on agreement	-
			3	Interest expenses	(7,974)	Based on agreement	-
			3	Cost of goods sold	(35,119)	Based on agreement	-
			3	Accounts payable	22,275	Based on agreement	-
25	Far Eastern Apparel Co., Ltd.	Far Eastern New Century Corporation	2	Sales	62,702	Based on agreement	-
26	Far Eastern General Contractor Inc.	Far Eastern Resources Development Co.	3	Accounts receivable	(16,574)	Based on agreement	-
27	Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Limited	3	Other receivables	(951,200)	Based on agreement	-
28	Far Eastern Resources Development Co.	Far Eastern General Contractor Inc. Far Eastern New Century Corporation Far Eastern New Century Corporation Far Eastern New Century Corporation Far Eastone Telecommunication Co., Ltd. An Ho Garment Co., Ltd. An Ho Garment Co., Ltd. Yuan Tong Investment Corp.	3	Accounts payable	16,574	Based on agreement	-
			2	Sales	33,040	Based on agreement	-
			2	Other revenues	40,936	Based on agreement	-
			2	Accounts payable	22,239	Based on agreement	-
			3	Sales	45,266	Based on agreement	-
			3	Other receivables	(440,000)	Based on agreement	-
			3	Interest revenue	14,313	Based on agreement	-
			3	Interest revenue	321	Based on agreement	-
29	Fu Kwok Garment Manufacturing Co., Ltd.	Far Eastern New Century Corporation Far Eastern New Century Corporation Far Eastern Apparel (Vietnam) Ltd.	2	Cost of goods sold	(11,911)	Based on agreement	-
			2	Notes payable	12,318	Based on agreement	-
			3	Cost of goods sold	(10,111)	Based on agreement	-

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)
30	Oriental Petrochemical (Taiwan) Co., Ltd.	Far Eastern Industries (Suzhou) Limited	3	Sales	\$ 257,772	Based on agreement	-
		F.E.D.P. (H) Ltd.	3	Sales	35,119	Based on agreement	-
		F.E.D.P. (H) Ltd.	3	Accounts receivable	(22,275)	Based on agreement	-
		Far Eastern New Century Corporation	2	Sales	1,430,351	Based on agreement	-
		Far Eastern New Century Corporation	2	Accounts receivable	(19,575)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Sales	546,277	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Accounts receivable	(321,203)	Based on agreement	-
31	Far Eastern Apparel (Vietnam) Ltd.	Far Eastern New Century Corporation	2	Sales	111,422	Based on agreement	-
		Fu Kwok Garment Manufacturing Co., Ltd.	3	Sales	10,111	Based on agreement	-
32	Yuan Cheng Human Resources Consultant Corp.	Far Eastern New Century Corporation	2	Sales	17,732	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 the Company to subsidiary.
2. From the subsidiary to the Company.
3. Between subsidiaries.

Note C: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of December 31, 2008; while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the year ended December 31, 2009.

(Concluded)



## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

INDUSTRY SEGMENT INFORMATION  
YEARS ENDED DECEMBER 31, 2009 AND 2008  
(In Thousands of New Taiwan Dollars)

Industry Information	2009								2008							
	Polyester	Spinning, Weaving and Dyeing	Real Estate Development	Investment	Tele- communications	Construction	Adjustment and Eliminations	Total (Note A)	Polyester	Spinning, Weaving and Dyeing	Real Estate Development	Investment	Tele- communications	Construction	Adjustment and Eliminations	Total (Note A)
Sales from outside companies	\$ 79,777,541	\$ 18,052,088	\$ 387,465	\$ 1,549,493	\$ 60,912,666	\$ 6,294,114	\$ -	\$ 166,973,367	\$ 85,176,282	\$ 17,032,074	\$ 384,585	\$ 3,077,251	\$ 63,218,425	\$ 4,111,131	\$ -	\$ 172,999,748
Intracompany sales (Note B)	<u>37,000,999</u>	<u>3,375,497</u>	<u>79,157</u>	-	-	<u>178,057</u>	<u>(40,633,680)</u>	-	<u>22,041,434</u>	<u>577,346</u>	<u>82,679</u>	-	<u>6,054</u>	-	<u>(22,707,513)</u>	-
Total revenue	<u>\$ 116,778,540</u>	<u>\$ 21,427,585</u>	<u>\$ 466,592</u>	<u>\$ 1,549,493</u>	<u>\$ 60,912,666</u>	<u>\$ 6,472,171</u>	<u>\$ (40,633,680)</u>	<u>\$ 166,973,367</u>	<u>\$ 107,217,716</u>	<u>\$ 17,609,420</u>	<u>\$ 467,264</u>	<u>\$ 3,077,251</u>	<u>\$ 63,224,479</u>	<u>\$ 4,111,131</u>	<u>\$ (22,707,513)</u>	<u>\$ 172,999,748</u>
Segment operating income (Note C)	<u>\$ 3,921,971</u>	<u>\$ 742,615</u>	<u>\$ 246,679</u>	<u>\$ 1,532,113</u>	<u>\$ 12,209,710</u>	<u>\$ 493,833</u>	<u>\$ -</u>	\$ 19,146,921	<u>\$ 903,065</u>	<u>\$ 484,490</u>	<u>\$ 224,804</u>	<u>\$ 1,885,011</u>	<u>\$ 14,297,135</u>	<u>\$ 206,474</u>	<u>\$ -</u>	\$ 18,000,979
Equity in net income of investees								3,921,059								(168,042)
General income, net								1,708,025								3,239,383
Interest expense								(1,449,745)								(2,791,776)
General expenses (Note D)								<u>(5,240,076)</u>								<u>(5,090,451)</u>
Income before income tax								<u>\$ 18,086,184</u>								<u>\$ 13,190,093</u>
Identifiable assets (Note E)	<u>\$ 67,879,652</u>	<u>\$ 22,193,626</u>	<u>\$ 22,113,457</u>	<u>\$ 4,375,090</u>	<u>\$ 82,536,716</u>	<u>\$ 8,722,826</u>	<u>\$ -</u>	\$ 207,821,367	<u>\$ 79,258,587</u>	<u>\$ 19,934,281</u>	<u>\$ 21,917,013</u>	<u>\$ 3,556,777</u>	<u>\$ 84,788,175</u>	<u>\$ 5,281,015</u>	<u>\$ -</u>	\$ 214,735,848
Long-term stock investments								49,975,648								48,681,533
General assets								<u>9,622,652</u>								<u>7,404,557</u>
Total assets								<u>\$ 267,419,667</u>								<u>\$ 270,821,938</u>
Depreciation expense	<u>\$ 4,383,166</u>	<u>\$ 575,534</u>	<u>\$ 33,770</u>	<u>\$ -</u>	<u>\$ 10,934,347</u>	<u>\$ 5,114</u>			<u>\$ 3,646,187</u>	<u>\$ 429,959</u>	<u>\$ 32,135</u>	<u>\$ -</u>	<u>\$ 11,133,754</u>	<u>\$ 4,926</u>		
Capital expenditures	<u>\$ 2,433,515</u>	<u>\$ 371,158</u>	<u>\$ 713,592</u>	<u>\$ 889,566</u>	<u>\$ 6,853,288</u>	<u>\$ 3,334</u>			<u>\$ 3,735,160</u>	<u>\$ 878,982</u>	<u>\$ 667,105</u>	<u>\$ 1,988,674</u>	<u>\$ 7,198,774</u>	<u>\$ -</u>		

Note A: The Far Eastern New Century Corporation and subsidiaries operate principally in five segments: Polyester, spinning, weaving and dyeing and apparels; real estate development; investment; telecommunications; and construction.

Note B: Inter-division revenue from goods and services.

Note C: Represents revenue minus costs and operating expenses. Operating expenses include costs and expenses directly pertaining to an industry segment, i.e., excluding general, administrative and interest expenses.

Note D: Represents general, administrative and sales expenses that cannot be allocated to each division.

Note E: Represents tangible assets and intangible assets used by the industry segment, excluding:

- Assets maintained for general corporate purposes;
- Advances or loans to another industry segment; and
- Long-term stock investments under the equity method.

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**SEGMENT INFORMATION BY REGION**  
**YEARS ENDED DECEMBER 31, 2009 AND 2008**  
(In Thousands of New Taiwan Dollars)

Industry Information	2009					2008				
	R.O.C.	P.R.C.	Other Oversea Areas	Adjustment and Eliminations	Total (Note A)	R.O.C.	P.R.C.	Other Oversea Areas	Adjustment and Eliminations	Total (Note A)
Sales from outside companies	\$ 121,376,502	\$ 42,498,049	\$ 3,098,816	\$ -	\$ 166,973,367	\$ 123,999,317	\$ 44,979,917	\$ 4,020,514	\$ -	\$ 172,999,748
Sales from the group (Note B)	<u>17,400,296</u>	<u>23,064,463</u>	<u>168,921</u>	<u>(40,633,680)</u>	<u>-</u>	<u>5,368,063</u>	<u>17,131,878</u>	<u>207,572</u>	<u>(22,707,513)</u>	<u>-</u>
Total revenue	<u>\$ 138,776,798</u>	<u>\$ 65,562,512</u>	<u>\$ 3,267,737</u>	<u>\$ (40,633,680)</u>	<u>\$ 166,973,367</u>	<u>\$ 129,367,380</u>	<u>\$ 62,111,795</u>	<u>\$ 4,228,086</u>	<u>\$ (22,707,513)</u>	<u>\$ 172,999,748</u>
Segment operating income (Note C)	<u>\$ 16,764,594</u>	<u>\$ 2,440,174</u>	<u>\$ (57,847)</u>	<u>\$ -</u>	\$ 19,146,921	<u>\$ 17,956,492</u>	<u>\$ (423,431)</u>	<u>\$ 467,918</u>	<u>\$ -</u>	\$ 18,000,979
Equity in net income of investees					3,921,059					(168,042)
General income, net					1,708,025					3,239,383
Interest expense					(1,449,745)					(2,791,776)
General expenses (Note D)					<u>(5,240,076)</u>					<u>(5,090,451)</u>
Income before income tax					<u>\$ 18,086,184</u>					<u>\$ 13,190,093</u>
Identifiable assets (Note E)	<u>\$ 156,211,264</u>	<u>\$ 47,868,856</u>	<u>\$ 3,741,247</u>	<u>\$ -</u>	\$ 207,821,367	<u>\$ 155,766,207</u>	<u>\$ 55,056,986</u>	<u>\$ 3,912,655</u>	<u>\$ -</u>	\$ 214,735,848
Long-term stock investments					49,975,648					48,681,533
General assets					<u>9,622,652</u>					<u>7,404,557</u>
Total assets					<u>\$ 267,419,667</u>					<u>\$ 270,821,938</u>
Depreciation expense	<u>\$ 13,551,135</u>	<u>\$ 2,265,632</u>	<u>\$ 115,164</u>			<u>\$ 13,686,344</u>	<u>\$ 1,471,831</u>	<u>\$ 88,786</u>		
Capital expenditures	<u>\$ 9,783,731</u>	<u>\$ 1,156,822</u>	<u>\$ 323,900</u>			<u>\$ 11,265,762</u>	<u>\$ 2,961,071</u>	<u>\$ 241,862</u>		

Note A: The Far Eastern New Century Corporation and subsidiaries operate principally in three regions: R.O.C., P.R.C. and other oversea areas.

Note B: The group's revenue from goods and services.

Note C: Represents revenue minus costs and operating expenses. Operating expenses include costs and expenses directly pertaining to an industry segment, i.e., excluding general, administrative and interest expenses.

Note D: Represents general, administrative and sales expenses that cannot be allocated to each division.

Note E: Represents tangible assets and intangible assets used by the industry segment, excluding:

- a. Assets maintained for general corporate purposes;
- b. Advances or loans to another industry segment; and
- c. Long-term stock investments under the equity method.

## VII. Review and Analysis of the Financial Condition, Operating Performance and Risk Management

### 1. Review and Analysis of Financial Conditions

Unit: NT\$ thousands

Item	Year	2009	2008	Variance	
				Amount	%
Current assets		18,578,752	19,186,350	(607,598)	(3.17)
Funds and investments		113,066,432	105,923,915	7,142,517	6.74
Properties		13,361,364	14,285,439	(924,075)	(6.47)
Intangible assets		8,976	94,708	(85,732)	(90.52)
Other assets		1,527,708	1,547,900	(20,192)	(1.30)
Total assets		146,543,232	141,038,312	5,504,920	3.90
Current liabilities		15,739,025	13,786,001	1,953,024	14.17
Long-term liabilities		36,170,340	39,702,182	(3,531,842)	(8.90)
Reserve for land value appreciation tax		1,018,899	1,018,899	0	0.00
Other liabilities		1,103,780	1,987,303	(883,523)	(44.46)
Total liabilities		54,032,044	56,494,385	(2,462,341)	(4.36)
Paid-in capital		46,613,529	45,699,538	913,991	2.00
Capital surplus		10,181,403	10,060,658	120,745	1.20
Retained earnings		21,308,981	17,766,327	3,542,654	19.94
Other shareholders' equity		14,407,275	11,017,404	3,389,871	30.77
Total shareholders' equity		92,511,188	84,543,927	7,967,261	9.42
Notes: Analysis of variation exceeding 20% and NT\$10 million of the numbers in the previous year					
1. Decrease at intangible assets: mainly for the value appreciation of stocks owned by the employee pension scheme, the deferred pension costs were reduced.					
2. Decrease at other liabilities: mainly for the value appreciation of stocks owned by the employee pension scheme, the accrued pension liabilities were reduced.					
3. Increase at other shareholders' equity: unrealized valuation gain on financial assets booked by each subsidiary increased in 2009, when the Taiwan stock market was recovering and prices of most listed shares were also rising.					

## Special Disclosure

### 2. Review and Analysis of Operating Performances

Unit: NT\$ thousands

Item \ Year	2009	2008	Variance	
			Amount	%
Revenues	41,940,078	50,674,895	(8,734,817)	(17.24)
Cost of goods sold	38,490,410	45,643,961	(7,153,551)	(15.67)
Gross profit	3,449,668	5,030,934	(1,581,266)	(31.43)
Operating expenses	4,282,452	4,843,192	(560,740)	(11.58)
Operating profit (loss)	(832,784)	187,742	(1,020,526)	(543.58)
Non-operating income	10,396,075	6,508,095	3,887,980	59.74
Non-operating expenses and losses	1,427,584	2,081,333	(653,749)	(31.41)
Income before income tax	8,135,707	4,614,504	3,521,203	76.31
Income tax expense (benefit)	47,011	(7,440)	54,451	731.87
Net Income	8,088,696	4,621,944	3,466,752	75.01

1. Analysis of variance:

- Operating profit: The recovery of the global economy was slow, and the demand for the Company's main products was not as strong as 2008; therefore, the operating profit declined in 2009.
- Non-operating income: Both affiliate earnings and gain from equity disposal increased.
- Non-operating expenses and losses: As the average cost of borrowing in 2009 was lower than that in 2008, the interest expenses were reduced.
- Income tax expense: The change in regulations about decreasing operating income tax resulted in the decrease at deferred tax assets.

2. Expected sales volume in next one year and the reason for such expectation. The impact of such expectation on the Company's financial situation and operational performances, and the Company's plan:

The Company has long been committed to developing new products and new production processes; therefore, the sales volume of main products could increase, and the additional volume is listed in the table on page 101. As the applications for polyester products have been created continuously, the Company is optimistic about the prospects of its operating performance.

### 3. Review and Analysis of Cash Flow

Cash and cash equivalents - Beginning balance	Total cash inflows from operating activities	Total cash outflows	Cash and cash equivalents – Ending balance	Remedy plans for negative balance of cash and cash equivalents	
				Investment plan	Financing plan
5,275,744	7,784,087	7,131,286	5,928,545	-	-
<p><b>1. Cash Flow Analysis</b></p> <p>(1) Operating activities : A net cash inflow of NT\$7,784.087 million, mainly from operating activities and dividends received from invested companies.</p> <p>(2) Investing activities : A net cash outflow of NT\$292.785 million, for increasing capital expenditures and equity investments.</p> <p>(3) Financing activities : A net cash outflow of NT\$6,838.521 million, for paying back bank borrowing and distributing cash dividends.</p> <p><b>2. Remedy plans for insufficient liquidity: Not applicable</b></p> <p><b>3. 2010 Estimated Cash Flow Analysis</b></p>					
Cash and cash equivalents – Beginning balance	Total cash inflows from operating activities	Total cash outflows	Cash and cash equivalents – Ending balance	Remedy plans for negative balance of cash and cash equivalents	
				Investment plan	Financing plan
5,928,545	7,844,332	16,828,451	(3,055,574)	–	6,000,000
<p><b>Analysis of variance in cash flow balance:</b></p> <p>1. The Company expects the affiliate earnings booked from each subsidiary through equity method in 2010 could exceed that in 2009. When including the cash dividends received from the aforesaid subsidiaries, the Company expects the net cash inflows from operating activities in 2010 to be similar to that in 2009.</p> <p>2. When taking into consideration of planned capital expenditures, corporate bonds due, and the proposed cash dividends distribution, the Company expects total cash outflows in 2010 to exceed that in 2009, and the the cash inflows from operating activities could be insufficient to meet the needs. The company plans to issue coporate bonds or increase bank borrowings to finance the insufficient portion.</p>					

## Special Disclosure

### 4. Major Capital Expenditures in Recent Years and Their Impacts on Financial and Operational situations

#### 6.1 Major capital expenditures and sources of funding in 2009

Unit: NT\$ thousands ~~2009~~ ~~2009~~ ~~2009~~ ~~2009~~

Plan Item (Case number)		Actual or estimated source of capital	Actual or estimated project completion date	Total capital needed (note)	Capital utilization schedule				
					Actual		Estimated		
					2008	2009	2010	2011	2012
Fiber Division	Construction of a 600 ton/day production line (5300009003)	Retained earnings and bank borrowings	31 Aug 2011	1,000,000	-	25,000	523,000	336,000	118,400
	Production line for heat-shrinkage films (5303219013)	Retained earnings and bank borrowings	31 Aug 2010	352,373	-	315,380	36,993	-	-
	Efficiency improvement at L-1/2 production line (5433128503)	Retained earnings and bank borrowings	31 Dec 20 11	161,300	-	-	-	129,040	32,260
	Production line of LM fiber with a capacity of 250 ton/day (530000010003)	Retained earnings and bank borrowings	30 Jun 2011	451,000	-	-	100,000	351,000	-
Solid-State Polymer Division	Expansion of SSP #9 production line (5515129273)	Retained earnings and bank borrowings	31 Oct 2010	486,000	-	33,288	139,712	-	-
	Capacity upgrade at the SSP #10 production line to 1,200 ton/day	Retained earnings and bank borrowings	31 Aug 2010	173,000	-	33,288	139,712	-	-
	Expansion of recycled PET resins (5503219043)	Retained earnings and bank borrowings	30 Jun 2010	160,398	-	120,000	40,398	-	-

Note: Total capital needed mention herein does not include the working capital.

## 6.2 Expected benefit

6.2.1 Production volume, sales volume, sales revenue, and gross profit expected to increase:

Unit: NT\$ thousands

Year	Item	Unit	Production volume	Sales volume	Revenue	Gross profit
2010	Solid-state polymers	Ton	27,450	27,450	1,196,820	131,650
	Heat-shrinkage films	Ton	1,200	1,200	156,000	78,000
	Polyester chips	Ton	25,860	10,000	300,000	39,342
2011	Polyester chips	Ton	90,002	20,000	600,000	302,460
	Solid-state polymers	Ton	157,500	157,500	6,867,000	755,370
	Heat-shrinkage films	Ton	6,000	6,000	780,000	390,000
	White high-tenacity yarns for seat belts	Ton	2,640	2,640	158,400	13,200
	Black high-tenacity yarns for seat belts	Ton	1,440	1,440	100,800	14,400
	Low melt fibers	Ton	41,250	41,250	2,062,000	356,478

6.2.2 As the capital expenditures mentioned above are likely to increase the revenue and profit, the Company expects the impact to be positive on the financial and operational situations.

## 5. Investment Policies in Recent Years

### 5.1 Investment policies :

The Company co-ordinates and mobilizes all resources in the Far Eastern Group to achieve two targets: 1) explore new business opportunities and extend the business territory of the whole Group; 2) upgrade and improve the existing affiliates and subsidiaries to create stable source of earnings.

### 5.2 Reasons for profit/loss in recent years and plans for improvement

The total affiliate earnings booked through equity method in 2010 was NT\$9.2 billion. In addition, the Company realizing a gain of NT\$690 million from disposing 50 million shares of holdings in Asia Cement Corporation. Overall, the profit generated from invested subsidiaries remained stable.

### 5.3 Future investment plan :

Please refer to page 6, sections in the Business report in regard to capacity upgrades and expansions.

## 6. Sources of Risks and Evaluations

6.1 Impacts from fluctuations of interest rate and currency exchange rate and inflation on the Company in the recent years, and measures the Company undertake to manage the risks

6.1.1 Over next 12 months, the Company expects the domestic interest rate to remain low and fluctuate moderately around current levels. The reasons are: 1) Despite of the fact that the

## Special Disclosure

global economy is on the way of recovering, the momentum remains slow and the economic situation is still full of uncertainties. The concern of insolvency risk at the over-debted countries in Europe could renew a confidence crisis. Therefore, central banks in Euro zone and other countries may hesitate to tighten the monetary policies in the near term, and major governments may also slow down their exits of stimulative fiscal policies. All of these indicate the liquidity in the global financial system would remain ample and interest rates have little room to rise. 2) In the domestic market, although the forecast GDP figure in 2010 by the Directorate General of Budget, Accounting and Statistics of the Executive Yuan surges to 4.72%, the unemployment rate, currently still close to 5%, remains as the government's major concern. In order to improve the job market in Taiwan, the central bank in Taiwan would remain a loose and stable monetary policy. Given the current environment of low-cost borrowing, the Company believes debt financing is desirable at this moment, and plans to issue long-term fixed rate corporate bonds to lock-in the low borrowing cost. By doing so, the impact of fluctuation at the interest rate on the Company could be minimized in the future, and the Company can also remain its average cost of capital low, even when the economic recovery afterwards accelerates and results in rising interest rates.

6.1.2 Most of the Company's products are exported; therefore a majority portion of accounts receivables is denominated in US dollars. The Company often chooses to sell the US dollars, based on the exchange rate at the date the aforesaid export occurred. The gain or loss from the fluctuation at the US dollar value can therefore be minimized. The Company expects to continue this policy to hedge the currency exchange risks.

### 6.2 Major reasons for transaction policies, gain or loss from engaging in high-risk and hyper-leveraged investments, fund lending to others, endorsement/guarantee and derivatives and correspondent procedures

6.2.1 The Company did not engage in any high-risk, hyper-leveraged investment. The trading of derivative products is to hedge the risks from fluctuations at the interest rates and currency exchange rates. Under this policy, all positions of derivative products are covered by physical holdings owned by the Company; in other words, these positions of derivative products are not naked positions. Therefore, the risk of trading derivatives is minimized and can be effectively controlled. Gains or losses, if occur, often resulted from reasons such as investment horizon mis-match, and were little and negligible. The Company will insist on this policy, and will not proactively take naked position of high-risk, hyper-leveraged derivative products. All trading of derivative products will be managed in accordance with the "Procedures for Acquisition and Disposition of Assets" approved by the Board of Directors and Shareholders' Meeting.

6.2.2 The Company has established a bylaw on the "Procedures for fund lending to others" in accordance with "Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies" promulgated by regulatory authority, and the said bylaw has been submitted to the Board of Directors and has also received approval from the Shareholders' Meeting. All matters regarding fund lending to others shall comply with the said bylaw to avoid any likely negative impact on the Company.

6.2.3 The Company has established a bylaw on the "Procedures for endorsements/guarantees" in accordance with "Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies" promulgated by regulatory authority, and the said bylaw has been submitted to the Board of Directors and has also received approval from the Shareholders' Meeting. All matters regarding making endorsements/guarantees shall comply with the said bylaw to avoid any likely negative impact on the Company.

### 6.3 R&D plans and estimated expenses in coming years

6.3.1 R&D projects and 2010 budgets :



- (1) Polymer research and development project: NT\$87 million
- (2) Fiber research and development project: NT\$52 million
- (3) Opto-electronic research and development project: NT\$97 million
- (4) Bio-medical research and development project: NT\$78 million

#### 6.3.2 R&D procedures and progress:

Research phase → Trial run → Scale-up production process development  
→ Commercial operation and promotion  
Projects mentioned above are now still in the research phase.

#### 6.3.3 Major factors affecting the R&D results in the future:

- (1) Empirical verification of R&D results
- (2) Stability of the product quality after the production process being scaled up
- (3) The willingness of downstream companies and customers to accept the trial of the new products, and if the said trial can meet downstream customers' requirements
- (4) Production technology and the cost competitiveness

### 6.4 Impacts and responses of the Company in regard to material changes of policies and regulations in Taiwan and foreign countries

The management team closely monitors changes in policies and regulations in the domestic and overseas markets, and evaluates their impacts on the Company. Responsive measures will be planned and undertaken by the management team.

### 6.5 Technology developments and impacts on the Company

The innovation and breakthrough of technology have changed the world in several ways, either good or bad. The innovation of plastics is one of the examples. Plastics products make people's lives more convenient, but creates pollution as well for the inappropriate disposal of plastic wastes. Therefore, developing a new material, as convenient as plastics but more environmental friendly, is one of the most popular research projects in the world, and maybe the most important trend in the material development area in the future.

As the usage of plastics products is limited by the Taiwanese government, and green products have already been promoted in the world, the Company believes the application of conventional petrochemical products will be restricted, and the enforcement of such restrictions is only a matter of time. Therefore, the Company vows to be a pioneer to create more environmentally friendly materials, in hopes of enjoying the first-mover advantages. The Company now has already engaged in the production of several bio-based or bio-degradable products, such as PLA, a material made from the fermentation process of corn. A wide range of product mix has been created via this or similar technologies, and more applications are being innovated.

Currently, non-textile products already comprise more than 60% of the Company's sales. Some examples of these products are, but not limited to, PLA materials, shoes materials, diapers, bio-degradable heat-shrinkage films, bio-degradable shopping bags, bio-medical products, special industrial yarns, PET bottles, PET packaging films, various optoelectronic films. The Company has successfully converted itself from a virgin-product producer to a recycled product producer, and from a petroleum-based producer to a bio-based producer. These recycled, bio-based or bio-degradable products are widely used for textile, packaging, bottling, high-tech optoelectronics films, bio-medical films. In the future, the Company aims to be the largest provider of these new products.

### 6.6 Changes of corporate image and impacts on the Company's crisis management:

## Special Disclosure

None.

6.7 Expected benefits and risks from mergers and acquisitions: None

6.8 Expected benefits and risks from plant expansion: Please refer to page 101.

6.9 Risks from concentration in supply and sales and measures the Company undertake:

The Company actively integrates upward its production process, in order to secure the supplies of raw materials. Subsidiaries like Oriental Petrochemical (Shanghai) Corporation and Oriental Petrochemical (Taiwan) Corporation are established for this purpose. The Company's products are sold worldwide with a diversified portfolio of customers. Please refer to page 63 of this annual report for disclosure of related information.

6.10 Impacts and risks from changes in Directors, Supervisors and shareholders with greater than 10% shareholding or their selling of a large number of shares in the recent years until the annual report being published: None.

6.11 Impact and risks from change of ownership in the recent year until the annual report being published: None.

6.12 Material impacts on shareholders' equity or share price from litigations, non-litigations or administrative actions in Directors, Supervisors, Chairman, President, shareholders with greater than 10% shareholding and subsidiaries in the recent year until the annual report being published:

Please refer to page 74 of this annual report for relevant information disclosed by the independent auditors' report.

6.13 Other major risks: None.

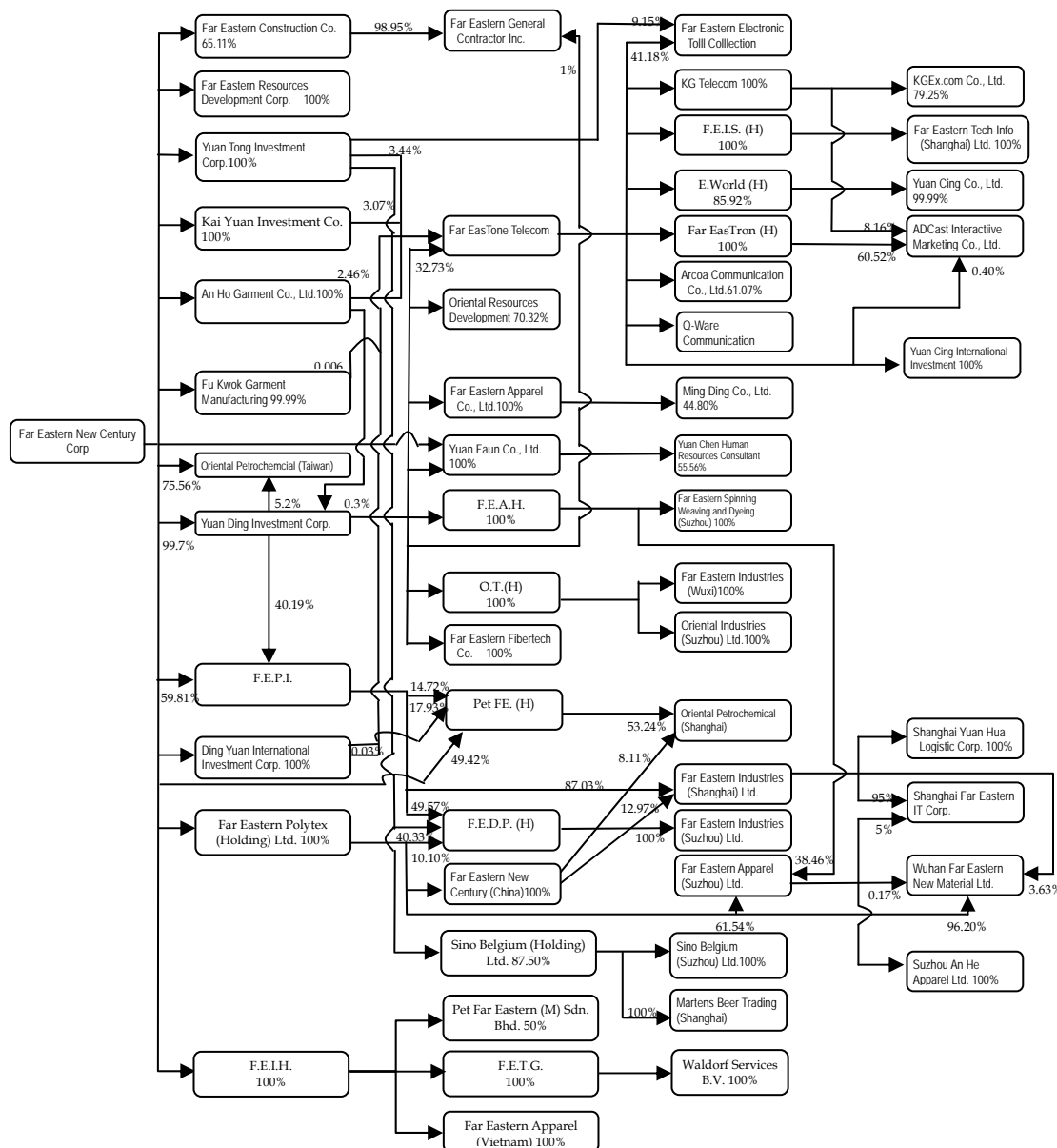
**7. Others: None**

## VIII. Special Disclosure

### 1. Affiliated Companies

#### 1.1 Subsidiaries and affiliated companies in the consolidated financial report

##### 1.1.1 Holding structure of the organization



## Special Disclosure

### 1.1.2 Information of Far Eastern New Century and subsidiaries and affiliates:

Unit:NT\$ thousands, unless stated otherwise.

Company	Date of incorporation	Address	Paid-in capital	Major business activities
Far Eastern New Century Corp.	1954/1/13	36F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	46,613,529	Polyester materials, semi-finished products and finished goods, woven and knitted garments
Yuan Ding Investment Co., Ltd.	1986/11/7	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	18,338,262	Investment
Yuan Tong Investment Co., Ltd.	1999/12/3	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	7,051,468	Investment
Oriental Pertochemical (Taiwan) Ltd.	1987/1/26	47, Jingjian 4th Road, Kuanyin Industrial Park, Kuanyin, Taoyuan, Taiwan	4,469,111	Production and sales of PTA
Far Eastern Electronic Toll Collection Co., Ltd.	2004/4/7	28F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	3,830,000	Electronic toll collectin service
Far Eastern Resources Development Co., Ltd.	2003/9/30	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	2,837,969	Development, sales and lease of real estates
Kai Yuan Investment Co., Ltd.	1998/10/6	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	2,911,956	Investment
Ding Yuan International Investment Co., Ltd.	1998/10/2	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	2,050,000	Investment
Far Eastern Construction Co., Ltd.	1978/9/4	5F, 267, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	2,370,991	Sales and lease of residential housings; broker of housing rental service
Far Eastern General Contractor Inc.	1982/10/4	5F, 267, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	1,204,672	Construction of housing and public infrastructures.
Far Eastern Fibertech Co., Ltd.	1995/4/10	No.17, Gongye 5th Rd., Guanyin Township, Taoyuan County, Taiwan	666,737	Production of man-made fibers
An Ho Garment Co., Ltd.	1977/1/24	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	663,462	Garment and apparel production
Oriental Resources Development Ltd.	1988/6/27	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	303,220	Production and sales of medical supplies; Waste recycling and processing
Far Eastern Apparel Co., Ltd.	1976/2/27	36F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	196,636	Sales of textile, garments, and clothings
Yuan Faun Co., Ltd.	1980/12/13	33F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	50,000	Sales of PET bottles and paper boxes
Fu Kwok Garment Manufacturing Co., Ltd.	1971/3/6	No.110, Neihuan S. Rd., Nanzi Dist., Kaohsiung City 811, Taiwan	40,000	Garment production and sales
Ming Ding Co., Ltd.	1990/8/7	1F., No.389, Sec. 1, Sichuan Rd., Banqiao City, Taipei County 220, Taiwan	10,000	Sales of knitted garments and apparels
Yuan Cheng Human Resources Consultant Corp.	1999/6/8	19F.-1, No.1, Baosheng Rd., Yonghe City, Taipei County 234, Taiwan	5,000	Personnel recruitment; temporary employment arrangement
Far Eastern Polychem Industries Ltd.	1995/4/13	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	341 HK\$83	Investment
Far Eastern Investment (H) Ltd.	1989/8/29	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	544 US\$17	Investment
FEDP(H) Ltd	2002/3/20	Clarendon House 2 Church street Hamilton HM 11, Bermuda	155 US\$5	Investment
PET Far Eastern(H) Ltd.	1996/10/1	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	76 US\$2	Investment
Oriental Textile (H) Ltd.	2001/1/10	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	29 US\$1	Investment
Far Eastern Apparel (H) Ltd.	1996/10/1	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	30 US\$1	Investment

## Far Eastern New Century

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Company	Date of incorporation	Address	Paid-in capital	Major business activities
Far Eastern Polytex (H) Ltd.	2006/3/22	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	15 US\$0.5	Investment
Sino Belgium (H) Ltd.	2007/8/10	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	6 US\$0.2	Investment
Far Eastern Industries (Shanghai) Ltd.	1996/9/25	33F, No. 800, Dongfang Road, Pudong New Area, Shanghai, China	8,364,363 RMB 1,801,888	Production and sales of polyester staple, filament, and resins.
Oriental Petrochemical (Shanghai) Ltd.	2003/1/21	32F, No. 800, Dongfang Road, Pudong New Area, Shanghai, China	6,971,678 RMB 1,501,870	Production and sales of PTA
Far Eastern New Century (China) Ltd.	2007/6/18	Suite 3301, No. 800, Dongfang Road, Pudong New Area, Shanghai, China	1,692,195 RMB 364,540	Investment
Shanghai Yuan Hua Logistic Corp.	2006/3/2	No.198 Baisha Road, Spark Development Zone, Pudong, Shanghai, China	23,210 RMB 5,000	Transportation and storage
Shanghai Far Eastern IT Corp.	2003/4/15	Suite 1801, No. 800, Dongfang Road, Pudong New Area, Shanghai, China	9,284 RMB 2,000	Software development, equipment maintenance and consulting services
Oriental Industries (Suzhou) Ltd.	2005/6/24	No.1688, Yin Zhong South Road, HeDong Industrial Park, Wu Zhong Economic Development district, Suzhou, China	3,653,626 RMB 787,080	Production and sales of polyester resins and industrial fabrics.
Far Eastern Industries (Suzhou) Ltd.	2004/3/22	No.6, Hengshan Road, New District, Suzhou, Jiangsu Province, China	1,830,664 RMB 394,370	Production and sales of polyester products
Far Eastern Apparel (Suzhou) Ltd.	1996/10/21	No.88, Tian ling Rd. Wu Zhong District Economic Development Zone, Suzhou	949,647 RMB 204,577	Production of garments and beddings
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	2003/10/22	No.1588, Yin Zhong South Road, HeDong Industrial Park, Wu Zhong Economic Development district, Suzhou, China	768,451 RMB 165,543	Spinning, weaving and dyeing
Sino Belgium (Suzhou) Ltd.	2007/9/4	No.6, Hengshan Road, New District, Suzhou, Jiangsu Province, China	1,014,182 RMB 218,480	Development of beer brewing technology
Martens Beers Trading (Shanghai) Co.	2007/10/26	21F, No. 800, Dongfang Road, Pudong New Area, Shanghai, China	116,050 RMB 25,000	Trading of beer, beverage, tea, and packaging materials for beverage
Suzhou An He Apparel Ltd.	2008/1/31	No.88, Tian Ling Rd. Wu Zhong District Economic Development Zone, Suzhou	4,642 RMB 1,000	Production of knitting and weaving garments
Far Eastern Industries (Wuxi) Ltd.	2002/6/5	WinZhouLoad 89, WuXi, Jiangsu, China	2,234,986 RMB 481,471	Production of cotton yarn, other natural fibers, and chemical fibers
Wuhan Far Eastern New Material Ltd.	2003/7/9	No.93, Zhushanhu Rd., Wuhan Economical-Technical Development Zone, Hubei, Wuhan, China	794,003 RMB 171,048	Production and sales of PET sheet, chip, filament and staple
PET Far Eastern (M) Sdn Bhd	1995/7/22	Plo 69 ,Kawasan Perindustrian Senai III , 81400 Senai, Johor Bahru,Johor Malaysia	143,472 MYR 16,000	Bottle production
Far Eastern Apparel (Vietnam) Ltd.	2002/7/4	11 VSIP Street 4, Vietnam Singapore Industrial Park, Thuan An District, Binh Duong Province, Vietnam	191,940 US\$6,000	Apparel production
Waldorf Services B.V.	1990/1/10	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	616 US\$19	Investment
F.E.T.G. Investment (Antilles) N.V.	1989/10/5	Kaya W.F.G. Mensing 14, Curacao, Nederlandse Antillen	192 US\$6	Investment
Far EasTone Telecommunications Co., Ltd.	1997/4/11	28F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	32,585,008	Wireless telecommunications service, leased circuit service, ISR and internet services and sale of cellular phone equipments and accessories
KG Telecommunications Co., Ltd.	2003/9/25	28F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	13,329,979	Wireless telecommunications service
KGEx.com Co., Ltd.	2000/8/9	4F, No.468, Ruei-Guang Rd., Nei Hu, Taipei, Taiwan	1,124,080	Type II telecommunications service
Arcoa Communication Co., Ltd.	1981/5/4	36F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	1,342,800	Sale of cell phones and other telecommunications equipments

## Special Disclosure

Company	Date of incorporation	Address	Paid-in capital	Major business activities
Q-Ware Communication Corp.	2007/2/13	8F, No.220, Kang Chien Road, Neihu, Taipei, Taiwan	714,901	Type II telecommunications service
Yuan Cing Co., Ltd.	2000/8/5	28F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	193,500	Phone subscriber service
ADCast Interactive Marketing Co., Ltd.	2000/6/12	1F, No.220, Kang Chien Road, Neihu, Taipei, Taiwan	45,182	Marketing and advertisement service on Internet
E. World (H) Ltd.	2000/4/7	4F, One Capital Place. P.O. Box 847 G.T., Grand, Cayman Island	223,930 US\$7,000	International investments
Far EasTron (H) Ltd.	2005/8/30	Marquee Place, Suite 300, 430 West Bay Road, P.O. Box30691 SMB, Grand Cayman, Cayman Islands,British West Indies	143,539 US\$4,487	International investments
Far Eastern Info Service (H) Ltd.	2002/7/17	Clarendon House 2 Church Street Hamilton HM11 Bermuda	384 US\$12	International investments
Far Eastern Tech-Info (Shanghai)Ltd.	2002/11/18	3F, No.23, Podong Sofware Park #498, Guo Shou Jing Road, Pudong New Area, Shanghai, China	95,973 RMB 20,675	Computer software, data processing and internet content providing services
Yuan Cing International Investment Co., Ltd.	2009/12/30	4F, No.468, Rueli-Guang Rd., Neihu, Taipei, Taiwan	1,000	Sale of telcommunication equipments

1.1.3 Companies presumed to have a relationship of control and subordination with Far Eastern New Century under Article369-3 of the R.O.C. Company Law: None.

1.1.4 Industries covered by the business operated by the affiliates and description of the mutual dealings and division of work among such affiliates:

Fiber, Textile, Garment, Investment, Construction, General contractor, Leasing, Management consultant, Human resources consultant, Wireless telecommunications service, Whole sale and retail sale of telecom related products and equipments,etc.

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### 1.1.5 Information about Directors, Supervisors, and managers at each subsidiary and affiliate:

Unit: Number of shares; %

Company	Title	Name or representative	Registered shares owned	
			Shares	%
Far Eastern New Century Corp.	Directors	Douglas Tong Hsu (Chairman)	52,939,865	1.14
		Asia Cement Corp.	1,039,915,325	22.31
		Peter Hsu, Shaw Y. Wang, Champion Lee, K.M. Wang	-	-
		Yue Ding Industries Co., Ltd.	1,642,610	0.04
		Johnny Shih, Raymond Hsu	-	-
		Far Eastern Department Stores Co., Ltd.	17,385,234	0.37
	Supervisors	Y.H. Tseng, Richard Yang, Kuan Tao Li	-	-
		Bai Yang Investment Co., Ltd.	1,930,176	0.04
		Tonia Katherine Hsu	-	-
		U-Ming Marine Transport Corp.	27,153,230	0.58
		Alice Hsu, T.H. Chang	-	-
		Yuan Ding Co., Ltd.	678,692	0.01
President	Ching Ing Hou	-	-	
	Johnny Shih	2,031,790	0.04	
Yuan Ding Investment Co., Ltd.	Directors	Far Eastern New Century Corp.	1,828,323,555	99.70
		Douglas Tong Hsu (Chairman), C.S. Tu, Johnny Shih, Champion Lee, Shaw Y. Wang	-	-
	Supervisors	An Ho Garment Co., Ltd.	5,502,000	0.30
		Humphrey Cheng, Mark Lu	-	-
President	C.S. Tu	-	-	
Yuan Tong Investment Co., Ltd.	Directors	Far Eastern New Century Corp.	705,146,840	100.00
		David Wang (Chairman), Humphrey Cheng, Bill Yang	-	-
	Supervisors	Far Eastern New Century Corp.	705,146,840	100.00
		Alan Tsai	-	-
President	David Wang	-	-	
Oriental Petrochemical (Taiwan) Corp.	Directors	Yuan Ding Investment Co., Ltd.	23,221,436	5.20
		Douglas Tong Hsu (Chairman), Johnny Shih, K.S. Wu, H.D. Zhou, David Shih	-	-
		Oriental Union Chemical Corp.	80,482,957	18.01
	Supervisors	Alex Kuo	-	-
		Yuan Ding Investment Co., Ltd.	23,221,436	5.20
		David Wang, Humphrey Cheng	-	-
President	Eric Chueh	-	-	
Far Eastern Electronic Toll Collection Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd.	157,714,020	41.18
		Douglas Tong Hsu (Chairman), Jan Nilsson, Y.C. Chang	-	-
		Yuan Tong Investment Co., Ltd.	35,047,560	9.15
		Champion Lee (Vice Chairman)	-	-
		SYSTEX	36,970,000	9.65
		H.S. Cheng	-	-
		TECO	52,571,340	13.73
		Sophia Chiu	-	-
		MITAC	41,271,340	10.78
		Kuo Yun	-	-
	C.F. Deng	-	-	
	F.C. Lee	-	-	
	Supervisors	Far EasTone Telecommunications Co., Ltd.	157,714,020	41.18
		Yvonne Li	-	-
		SYSTEX	36,970,000	9.65
		J.H. Lai	-	-
TECO		52,571,340	13.73	
W.C. Ye		-	-	
MITAC	41,271,340	10.78		

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Company	Title	Name or representative	Registered shares owned	
			Shares	%
	President	Simon Chiang Mike Lee	- -	- -
Far Eastern Resources Development Co., Ltd.	Directors	Far Eastern New Century Corp. Douglas Tong Hsu (Chairman), Johnny Shih, Champion Lee	283,796,940 -	100.00 -
	Supervisors	Far Eastern New Century Corp. Shaw Y. Wang	283,796,940 -	100.00 -
	President	C.S. Tu	-	-
Kai Yuan International Investment Co., Ltd.	Directors	Far Eastern New Century Corp. Humphrey Cheng (Chairman), David Wang, Bill Yang	291,195,570 -	100.00 -
	Supervisors	Far Eastern New Century Corp. Li-Chi Chen	291,195,570 -	100.00 -
	President	Humphrey Cheng	-	-
Ding Yuan International Investment Co., Ltd.	Directors	Far Eastern New Century Corp. Bill Yang (Chairman), Benjamin Shih, David Wang	205,000,000 -	100.00 -
	Supervisors	Far Eastern New Century Corp. Alan Tsai	205,000,000 -	100.00 -
Far Eastern Construction Co., Ltd.	Directors	Far Eastern New Century Corp. S.S Hsu (Chairman), Shaw Y. Wang, Douglas Tong Hsu, D.F. Yang, B.S Hong, S.F. Cheng, Lin Kuo, C.Y. Lee, C.M. Chen, Peter Hsu, T.Z. Chang	154,373,062 -	65.11 -
	Supervisors	Der Ching Investment Co., Ltd. Charles Wang, H.K. Ni	79,535,966 -	33.55 -
	President	S.F. Cheng	-	-
Far Eastern General Contractor Inc.	Directors	Far Eastern Construction Co., Ltd. S.S Hsu (Chairman), Douglas Tong Hsu, Shaw Y. Wang, S.F. Cheng, Lin Kuo	119,201,817 -	98.90 -
	Supervisors	Yuan Ding Investment Co., Ltd. Ying Wei, D.F. Yang, T.C. Lin You, Z.C. Ku Jackson Wu, Y.M. Shih	1,204,993 -	1.00 -
	President	S.F. Cheng	10,057	-
Far Eastern Fibertech Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd. Douglas Tong Hsu (Chairman), Johnny Shih, Fred Chu, Humphrey Cheng	66,673,660 -	100.00 -
	Supervisors	Yuan Ding Investment Co., Ltd. Y.H. Tseng, David Wang	66,673,660 -	100.00 -
	President	Fred Chu	-	-
An Ho Garment Co., Ltd.	Directors	Far Eastern New Century Corp. Raymond Hsu (Chairman), Benjamin Shih, David Wang, Bill Yang	66,346,200 -	100.00 -
	Supervisors	Far Eastern New Century Corp. Alan Tsai	66,346,200 -	100.00 -
Oriental Resources Development Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd. Y.H. Tseng(Chairman) \ T.H. Liu \ Humphrey Cheng \ Ru Yu Wu \ David Wang \ Alex Kuo \ Y.K. Pan	21,322,000 -	70.32 -
	Supervisors	Yuan Ding Investment Co., Ltd. Bill Yang \ Judy Wang	21,322,000 -	70.32 -
	President	Fanny Liao	-	-
Far Eastern Apparel Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd. C.S. Tu (Chairman), Eric Hu, Austin Lee, Benjamin Shih, Li-Chi Chen, M.F. Chen, Sandy Chiou	19,663,560 -	100.00 -
	Supervisors	Yuan Ding Investment Co., Ltd. Y.H. Chen, Alan Tsai	19,663,560 -	100.00 -
Yuan Faun Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd. L.T. Chang (Chairman), Y.H. Tseng, T.H. Liu, Fred Chu, Eric Hu	5,000,000 -	100.00 -
	Supervisors	Yuan Ding Investment Co., Ltd. Humphrey Cheng, David Wang	5,000,000 -	100.00 -



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Company	Title	Name or representative	Registered shares owned	
			Shares	%
Fu Kwok Garment Manufacturing Co., Ltd.	Directors	Far Eastern New Century Corp. Raymond Hsu (Chairman), Eric Hu, Austin Lee, Stanley Hu	3,999,465	99.99
	Supervisors	Far Eastern New Century Corp. Alan Tsai	3,999,465	99.99
Ming Ding Co., Ltd.	Directors	Far Eastern Apparel Co., Ltd. Bill Yang (Chairman)	448,000	44.80
	Supervisors	Da Ju Fiber Co., Ltd. F.Z. Yu	414,000	41.40
		Yue Ming Co., Ltd. M.F. Chen	138,000	13.80
		Far Eastern Apparel Co., Ltd. C.C. Ding	448,000	44.80
			-	-
Yuan Cheng Human Resources Consultant Corp.	Directors	Yuan Faun Co., Ltd. Benjamin Shih(Chairman), Humphrey Cheng, Emily Wu, David Wang, B.T. Cheng, C.Y. Lin	277,778	55.56
	Supervisors	Chang Cheng Human Resources Consultant Co., Ltd. J.C. Wang, M.L. Yan, C.W. Wang,L.C. Lee, C.C. Wang Yuan Faun Co., Ltd. Bill Yang	222,222 277,778	44.44 55.56
Far Eastern Ploychem Industries Ltd.	Directors	Yuan Ding Investment Co., Ltd. Far Eastern New Century Corp. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, L.T. Chang, Champion Lee	331,717,633 493,631,545	40.19 59.81
		C.S. Tu, Tsong P. Perng	-	-
Far Eastern Investment (H) Ltd.	Directors	Far Eastern New Century Corp. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Champion Lee, C.S. Tu	1,700,000	100.00
FEDP (H) Ltd.	Directors	Far Eastern Ploychem Industries Ltd. Far Eastern Polytex(H) Ltd.	240,304 48,960	49.57 10.10
		Yuan Tong Investment Co., Ltd. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Champion Lee, C.S. Tu	195,520	40.33
			-	-
PET Far Eastern (H) Ltd.	Directors	Ding Yuan International Investment Co., Ltd. Far Eastern Ploychem Industries Ltd. Far Eastern New Century Corp. Oriental Union Chemcial Corp. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Champion Lee, C.S. Tu	42,347 34,793 116,751 42,347	17.93 14.72 49.42 17.93
			-	-
			-	-
			-	-
Oriental Textile(H) Ltd.	Directors	Yuan Ding Investment Co., Ltd. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Champion Lee, C.S. Tu	89,250	100.00
Far Eastern Apparel (H) Ltd.	Directors	Yuan Ding Investment Co., Ltd. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Champion Lee, C.S. Tu	95,200	100.00
Far Eastern Polytex(H) Ltd.	Directors	Far Eastern New Century Corp. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Champion Lee, C.S. Tu	40,650	100.00
Sino Belgium (H) Ltd.	Directors	Yuan Tong Investment Co., Ltd. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Champion Lee, C.S. Tu	16,900	87.50
		Martens HK Limited Jan Martens	2,415	12.50
Far Eastern Industries (Shanghai) Ltd.	Directors	Far Eastern Ploychem Industries Ltd. Far Eastern Investment (China) Ltd.	-	87.03
			-	12.97
	Supervisors President	L.T. Chang (Chairman), C.S. Tu,Champion Lee, D.C. Wu, K.S. Wu, Humphrey Cheng, Donald Fan Yvonne Lee C.Y. Dai	-	-
			-	-
Oriental Petrochemical (Shanghai) Ltd.	Directors	PET Far Eastern (H) Ltd.	-	53.24

## Special Disclosure

Company	Title	Name or representative	Registered shares owned	
			Shares	%
		Pacific Petrochemical (H) Ltd.	-	38.65
		Far Eastern Investment (China) Ltd.	-	8.11
	Supervisors	L.T. Chang (Chairman), Y.H. Tseng, Paul Chuang, D.C. Wu, Humphrey Cheng, K.S. Wu, Alex Kuo	-	-
	President	R.H. Shao	-	-
		Paul Chuang	-	-
Far Eastern Investment (China) Ltd.	Directors	Far Eastern Polytex(H) Ltd.	-	100.00
		L.T. Chang (Chairman), C.S. Tu, Eric Hu, Humphrey Cheng	-	-
	Supervisors	D.C. Wu	-	-
	President	Charles Wang	-	-
		C.S. Tu	-	-
Shanghai Yuan Hua Logistic Corp.	Directors	Far Eastern Industries (Shanghai) Ltd.	-	100.00
		L.T. Chang (Chairman), C.Y. Dai, K.S. Wu, Mo Jyi Wu, W.Y. Yun	-	-
Shanghai Far Eastern IT Corp.	Directors	Far Eastern Industries (Shanghai) Ltd.	-	95.00
		Far Eastern Apparel (Suzou) Ltd.	-	5.00
		L.T. Chang (Chairman), C.Y. Dai, Emily Wu, Mo Jyi Wu, Mike Wu	-	-
Oriental Industries (Suzhou) Ltd.	Directors	Oriental Textile (H) Ltd.	-	100.00
		Eric Hu (Chairman), Humphrey Cheng, David Wang, P.K. Chang	-	-
	Supervisors	K.J. Chen, Steve Liu, T.H. Tsai	-	-
	President	Emily Wu	-	-
		Mo Jyi Wu	-	-
Far Eastern Industries (Suzhou) Ltd.	Directors	FEDP (H) Ltd.	-	100.00
		Eric Hu (Chairman), Humphrey Cheng, P.K. Chang, Benjamin Shih	-	-
	Supervisors	David Wang, Steve Liu, Mo Jyi Wu	-	-
	President	Alan Tsai	-	-
		Donald Fan	-	-
Far Eastern Apparel (Suzou) Ltd.	Directors	Far Eastern Polytex (H) Ltd.	-	61.54
		Far Eastern Apparel (H) Ltd.	-	38.46
		Eric Hu (Chairman), Austin Lee, Mike Wu, H.B. Liang	-	-
	Supervisors	Hans Kuo, Tony Liang, Steve Liu	-	-
	President	C.C. Lee	-	-
		Austin Lee	-	-
Far Eastern Spinning Weaving and Dyeing Ltd.	Directors	Far Eastern Apparel (H) Ltd.	-	100.00
		Eric Hu (Chairman), Humphrey Cheng, Benjamin Shih, H.K. Lin	-	-
	Supervisors	Steve Liu, David Wang, Bill Yang	-	-
	President	C.C. Lee	-	-
		H.K. Lin	-	-
Sino Belgium (Suzhou) Ltd.	Directors	Sino Belgium (H) Ltd.	-	100.00
		Eric Hu (Chairman), David Wang, Humphrey Cheng	-	-
	Supervisors	Alan Tsai	-	-
	President	Donald Fan	-	-
Martens Beer (Shanghai) Ltd.	Directors	Sino Belgium (H) Ltd.	-	100.00
		Eric Hu, Jan Martens, Ahons Martens, W.F. Chu, Fanny Liao	-	-
	Supervisors	C.C. Lee	-	-
	President	W.F. Chu	-	-
Suzhou An He Apparel Ltd.	Directors	Far Eastern Apparel (Suzhou) Ltd.	-	100.00
		Eric Hu (Chairman), Austin Lee, Mike Wu, Hans Kuo	-	-
	Supervisors	Steve Liu	-	-
	President	C.C. Lee	-	-
		Austin Lee	-	-

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Company	Title	Name or representative	Registered shares owned	
			Shares	%
Far Eastern Industries (Wuxi) Ltd.	Directors	Oriental Textile (H) Ltd.	-	100.00
	Supervisors	Eric Hu (Chairman), Benjamin Shih, T.Y. Hsieh, Humphrey Cheng David Wang, Bill Yang, Mingo A. Chen	-	-
	President	C.C. Lee T.Y. Hsieh	-	-
Wuhan Far Eastern New Material Ltd.	Directors	Far Eastern Polytex(H) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Apparel (Suzou) Ltd. L.T. Chang (Chairman), Donald Fan, Mo Jyi Wu, M.G. Liu, C.Y. Dai	-	96.20 3.63 0.17
	Supervisors	C.C. Lee	-	-
	President	C.Y. Dai	-	-
PET Far Eastern (M) SDN BHD	Directors	Far Eastern Investment (H) Ltd. L.T. Chang, Donald Fan, Y.H. Tseng, David Wang, Chuck Tseng, M.S. Chen Tan Soi Lim	普 5,000,000 特 3,000,000	50.00
	President	Donald Fan	-	-
Far Eastern Apparel (Vietnam) Ltd.	Directors	Far Eastern Investment (H) Ltd. Austin Lee (Chairman), T.D. Wu, T.H. Huang, Hans Kuo Mike Wu	-	100.00
	Supervisors	Alan Tsai	-	-
	President	T.D. Wu	-	-
Waldorf Services B.V.	Directors	F.E.T.G. Investment (Antilles) N.V. Douglas Tong Hsu, Johnny Shih, Van Maurik, Patrick Trust International Management (T.I.M.) B.V.	1,750	100.00
F.E.T.G. Investment (Antilles) N.V.	Directors	Far Eastern Investment (H) Ltd. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, C.S. Tu, Champion Lee Orangefield Trust (Antilles) N.V.	6,000	100.00
Far EastTone Telecommunications Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd. Douglas Tong Hsu (Chairman), Jan Nilsson, Champion Lee Yuan Ding Co., Ltd. Johnny Shih, Peter Hsu Yue Ding Industries Co., Ltd. Toon Lim, Kazuhiro Toda Lawrence Juen-Yee Lau, Kurt Roland Hellstrom	1,066,657,614 - 4,163,500 - 837,940 -	32.73 - 0.13 - 0.03 -
	Supervisors	Far Eastern International Leasing Co., Ltd. Eli Hong Asia Investment Corporation Morton Mate Huang Chen-en Ko	26,650,908 - 856,303 - -	0.82 - 0.03 - -
	President	Jan Nilsson	138,950	-
KG Telecommunications Co., Ltd. (Note 1)	Directors	Far EastTone Telecommunications Co., Ltd. Douglas Tong Hsu (Chairman), Champion Lee, Jan Nilsson	1,332,997,916	100.00
	Supervisors	Far EastTone Telecommunications Co., Ltd. Charles Wang	1,332,997,916	100.00
	President	Jan Nilsson	-	-
KGEx.com Co., Ltd.	Directors	KG Telecommunications	89,088,470	79.25
	Supervisors	Jeffrey Gee (Chairman), Jan Nilsson, S. C. Lee, Jessica Chen, Samuel Yuan KG Telecommunications Yvonne Li	- 89,088,470 -	- 79.25 -
	President	Jeffrey Gee	-	-
ARCOA Communication	Directors	Far EastTone Telecommunications Co., Ltd. (Note 2) Philby Chen (Chairman), Alan Tsai, Maxwell Cheng, Guang-Ruey Chiang,	82,009,242	61.07

## Special Disclosure

Company	Title	Name or representative	Registered shares owned	
			Shares	%
	Supervisors	Jessica Chen Wan-Shih-Shin Co., Ltd.	470,325	0.35
		Gary Lin Taiwan Incubator SME Development Co.	-	-
		Far EasTone Telecommunications Co., Ltd.	1,122,979	0.84
		Li-Chi Chen, David Tsai, Sharon Lin	82,009,242	61.07
		Guang-Ruey Chiang	-	-
Q-ware Communications	Directors	President Chain Store Co., Ltd.	8,059,091	11.27
		James Heieh (Chairman), Nan Bey Lai, Chia Hua Chang	-	-
	Supervisors	Far EasTone Telecommunications Co., Ltd.	36,459,930	51.00
		Yvonne Li, Philby Chen, Jeffrey Gee, Maxwell Cheng	-	-
		Uni-President Enterprises Co., Ltd.	9,875,060	13.81
		Jupiter Fang	-	-
President	Far EasTone Telecommunications Co., Ltd.	36,459,930	51.00	
	Sharon Lin Pai Ling Chiang	-	-	
Yuan Cing Co., Ltd.	Directors	E. World (H) Ltd.	19,349,994	99.99
		Jan Nilsson (Chairman), Philby Chen, Jessica Chen	-	-
	Supervisors	E. World (H) Ltd. Yvonne Li	19,349,994	99.99
ADCast Interactive Marketing Co., Ltd.	Directors	NCIC	932,327	20.63
		Benjamin Ho (Chairman), Sharon Chao, Cing Wang	-	-
	Supervisors	KG Telecommunications Eton Shu, Roger Chen	368,519	8.16
		Far EasTone Telecommunications Co., Ltd.	18,351	0.40
		Sharon Lin	-	-
President	Sharon Chao	-	-	
E. World (H) Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Douglas Tong Hsu (Chairman), Champion Lee, Joseph O'Konek, Jordan M. Roderick	6,014,622	85.92
Far Easton (H) Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Jan Nilsson (Chairman)	4,486,988	100.00
Far Eastern Info Service (H) Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Yvonne Li (Chairman), Jessica Chen, Eton Shu, Roger Chen (Note 3), Samuel Yuan (Note 3)	1,200	100.00
Far Eastern Tech-info Ltd. (Shanghai)	Directors	Far Eastern Info Service (H) Ltd Yvonne Li (Chairman), Jessica Chen, Eton Shu, Roger Chen (Note 4), Samuel Yuan	-	100.00
Yuan Cing International Investment Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Douglas Tong Hsu (Chairman), Champion Lee, Jan Nilsson	100,000	100.00
	Supervisors	Far EasTone Telecommunications Co., Ltd. Yvonne Li	100,000	100.00

Note:

1. KG Telecommunications was merged by Far EasTone Telecommunications on 1 January 2010.
2. Far EasTone Telecommunications re-appointed Yvonne Li as its representative. ARCOA Communication elected Yvonne Li as the Chairman in the Board Meeting held at 17 March 2010, and the boarding date for the new Chairman was 18 March 2010.
3. Far EasTone Telecommunications re-appointed Maggie Mei and Robert Liu as its representative on 27 April 2010.
4. Far Eastern Info Service(Holding) Ltd. re-appointed Maggie Mei and Robert Liu as representative on 27 April 2010.

## 1.1.6 Operation results of each subsidiary and affiliate

Unit:NT\$ thousands, unless stated otherwise

	Name	Paid-in Capital	Total assets	Total liability	Net worth	Operating revenue	Operating income (loss)	Net income (loss)	EPS(NT\$)
0	Far Eastern New Century Corp.	46,613,529	146,543,232	54,032,044	92,511,188	41,940,078	(832,784)	8,088,696	1.74
1	Yuan Ding Investment Co., Ltd.	18,338,262	49,818,107	13,185,548	36,632,559	4,213,138	3,971,110	3,882,827	2.12
2	Yuan Tong Investment Co., Ltd.	7,051,468	9,308,878	2,012,836	7,296,042	274,090	125,768	156,952	0.22
3	Oriental Petrochemical (Taiwan) Ltd.	4,469,111	12,683,559	7,492,653	5,190,906	22,735,366	1,003,116	707,058	1.58
4	Far Eastern Electronic Toll Collection Co., Ltd.	3,830,000	1,565,194	1,002,041	563,153	850,538	(392,479)	(400,580)	(1.05)
5	Far Eastern Resources Development Co., Ltd.	2,837,969	23,812,576	6,349,110	17,463,466	466,592	196,616	2,263,926	7.98
6	Kai Yuan Investment Co., Ltd.	2,911,956	6,144,347	1,778,276	4,366,071	523,403	498,918	517,921	1.78
7	Ding Yuan International Investment Co., Ltd.	2,050,000	2,433,228	9,260	2,423,968	324,282	323,728	324,746	1.58
8	Far Eastern Construction Co., Ltd.	2,370,991	9,037,557	5,760,087	3,277,470	2,181,102	50,244	275,768	1.16
9	Far Eastern General Contractor Inc.	1,204,672	3,460,339	1,940,026	1,520,313	5,723,881	304,014	145,264	1.21
10	Far Eastern Fibertech Co., Ltd.	666,737	1,948,396	1,232,103	716,293	1,421,369	38,556	6,243	0.09
11	An Ho Garment Co., Ltd.	663,462	2,681,401	1,074,975	1,606,426	967	(2,614)	253,887	3.83
12	Oriental Resources Development Ltd.	303,220	274,885	83,069	191,816	357,860	(27,953)	(24,711)	(0.81)
13	Far Eastern Apparel Co., Ltd.	196,636	611,354	288,007	323,347	1,257,697	63,165	51,765	2.63
14	Yuan Faun Co., Ltd.	50,000	103,816	1,061	102,755	3,736	(2,424)	329	0.06
15	Fu Kwok Garment Manufacturing Co., Ltd.	40,000	205,423	73,327	132,096	657,837	(132)	2,240	0.56
16	Ming Ding Co., Ltd.	10,000	15,773	1,213	14,560	425	20	118	0.11
17	Yuan Cheng Human Resources Consultant Corp.	5,000	27,585	16,297	11,288	303,933	3,946	3,925	7.85
18	Far Eastern Polychem Industries Ltd.	341 HK\$83	11,116,872 2,694,346	4,118,597 998,206	6,998,275 1,696,140	6,089,758 1,428,515	(1,372,783) (322,023)	(351,796) (82,523)	(0.43) (0.10)
19	Far Eastern Investment (H) Ltd.	544 US\$17	6,072,924 189,817	833,501 26,055	5,238,743 163,762	2,085,296 63,112	(127,885) (3,871)	6,753 204	3.97 0.12
20	F.E.D.P. (H) Ltd	155 US\$4.8	1,682,393 52,591	195,451 6,110	1,486,942 46,481	2,072 63	(146,269) (4,427)	(153,817) (4,655)	(317.29) (9.60)
21	PET Far Eastern (H) Ltd.	76 US\$2.4	4,137,012 129,322	97,993 3,063	4,039,019 126,259	1,287,450 38,965	1,258,954 38,103	1,242,597 37,608	5,259.94 159.19
22	Oriental Textile (H) Ltd	29 US\$0.9	6,560,762 205,088	1,283,695 40,128	5,277,067 164,960	904,380 27,371	(391,698) (11,855)	(399,500) (12,091)	(4,476.19) (135.47)
23	Far Eastern Apparel (H) Ltd.	30 US\$1	2,012,911 62,923	78,534 2,455	1,934,377 60,468	399,666 12,096	74,696 2,261	85,231 2,580	895.28 27.10
24	Far Eastern Polytex(H)Ltd.	15 US\$0.5	3,710,808 115,999	387,490 12,113	3,323,320 103,886	249,234 7,543	248,112 7,509	241,957 7,323	5,300.26 160.41
25	Sino Belgium (H) Ltd.	6 US\$0.2	2,056,456 64,284	1,288,493 40,278	767,963 24,006	-	(364,686) (11,037)	(410,844) (12,434)	(21,270.75) (643.77)
26	Far Eastern Industries (Shanghai) Ltd.	8,364,363 RMB 1,801,888	15,820,372 3,408,094	9,256,702 1,994,119	6,563,670 1,413,975	22,317,409 4,665,010	(240,829) (50,340)	(293,084) (61,263)	N/A N/A
27	Oriental Petrochemical (Shanghai) Ltd.	6,971,678 RMB 1,501,870	14,428,855 3,108,327	6,834,198 1,472,253	7,594,657 1,636,074	18,566,320 3,880,920	2,352,426 491,728	2,391,814 499,961	N/A N/A
28	Far Eastern New Century (China) Ltd.	1,692,195 RMB 364,540	1,637,386 352,733	0 0	1,637,386 352,733	-	(509) (106)	(411) (86)	N/A N/A
29	Shanghai Yuan Hua Logistic Corp.	23,210 RMB 5,000	64,796 13,959	37,539 8,087	27,257 5,872	43,220 9,034	3,103 649	2,530 529	N/A N/A
30	Shanghai Far Eastern IT Corp.	9,284 RMB 2,000	9,121 1,965	504 109	8,617 1,856	40,033 8,368	29 6	20 4	N/A N/A
31	Oriental Industries (Suzhou) Ltd	3,653,626	5,688,728	2,924,102	2,764,626	3,904,592	(379,733)	(372,103)	N/A

## Special Disclosure

	Name	Paid-in Capital	Total assets	Total liability	Net worth	Operating revenue	Operating income (loss)	Net income (loss)	EPS(NT\$)
		RMB 787,080	1,225,491	629,923	595,568	816,177	(79,376)	(77,781)	N/A
32	Far Eastern Industries (Suzhou) Ltd.	1,830,664	3,926,460	2,707,552	1,218,907	3,997,320	(124,327)	(144,639)	N/A
		RMB 394,370	845,855	583,273	262,582	835,560	(25,988)	(30,234)	N/A
33	Far Eastern Apparel (Suzhou) Ltd.	949,647	2,277,008	1,058,677	1,218,331	3,745,221	191,541	142,791	N/A
		RMB 204,577	490,523	228,065	262,458	782,864	40,038	29,848	N/A
34	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	768,451	1,515,186	701,617	813,569	1,347,261	69,584	70,059	N/A
		RMB 165,543	326,408	151,145	175,263	281,618	14,545	14,644	N/A
35	Sino Belgium (Suzhou) Ltd.	1,014,182	1,581,408	864,224	717,184	74,811	(185,276)	(235,075)	N/A
		RMB 218,480	340,674	186,175	154,499	15,638	(38,728)	(49,138)	N/A
36	Martens Beers Trading (Shanghai) Ltd.	116,050	46,102	66,690	(20,588)	20,617	(96,412)	(96,335)	N/A
		RMB 25,000	9,931	14,367	(4,435)	4,310	(20,153)	(20,137)	N/A
37	Suzhou An He Apparel Ltd.	4,642	63,033	53,788	9,245	192,410	2,382	2,323	N/A
		RMB 1,000	13,579	11,587	1,991	40,219	498	486	N/A
38	Far Eastern Industries (Wuxi) Ltd.	2,234,986	4,576,492	2,317,409	2,259,083	2,598,558	(10,132)	34,096	N/A
		RMB 481,471	985,888	499,226	486,662	543,177	(2,118)	7,127	N/A
39	Wuhan Far Eastern New Material Ltd.	794,003	1,610,208	816,894	793,314	1,104,675	8,713	17,383	N/A
		RMB 171,048	346,878	175,979	170,899	230,910	1,821	3,634	N/A
40	PET Far Eastern (M) SDN BHD	143,472	1,143,971	771,934	372,037	1,263,401	70,687	75,619	4.73
		MYR 16,000	127,576	86,086	41,490	141,685	7,927	8,480	0.53
41	Far Eastern Apparel (Vietnam) Ltd.	191,940	250,969	101,761	149,208	165,130	12,983	20,528	N/A
		US\$6,000	7,845	3,181	4,664	4,998	393	621	N/A
42	Waldorf Services B.V.	616	577,620	262,658	314,930	179,563	121,450	115,826	66,186.56
		US\$19.3	18,056	8,211	9,845	5,435	3,676	3,506	2,003.16
43	FETG Investment Antilles N.V.	192	520,221	201,805	318,416	115,827	115,429	115,529	19,254.82
		US\$6	16,262	6,308	9,954	3,506	3,494	3,497	582.76
44	Far EastTone Telecommunications Co., Ltd.	32,585,008	83,924,566	12,381,979	71,542,587	53,740,291	13,862,628	9,230,107	2.83
45	KG Telecommunications Co., Ltd.	13,329,979	33,064,274	2,490,776	30,573,498	8,127,814	(1,352,299)	(1,094,787)	(0.82)
46	KGEx.com Co., Ltd.	1,124,080	1,635,842	633,058	1,002,784	1,248,741	(96,761)	(121,296)	(1.08)
47	Arcoa Communication Co., Ltd.	1,342,800	2,109,482	639,442	1,470,040	5,331,293	79,948	103,387	0.81
48	Q-Ware Communication Corp.	714,901	494,031	438,265	55,766	84,711	(204,650)	(230,617)	(3.23)
49	Yuan Cing Co., Ltd.	193,500	83,257	8,597	74,660	30,521	6,459	5,378	0.28
50	ACDast Interactive Marketing Co., Ltd.	45,182	62,213	19,286	42,927	55,806	569	1,065	0.24
51	E. World (H) Ltd.	223,930	83,221	196	83,025	-	-	4,900	0.66
		US\$7,000	2,601	6	2,595	-	-	148	0.02
52	Far Easttron (H) Ltd.	143,539	26,090	68	26,022	-	-	446	-
		US\$4,487	816	2	813	-	-	14	-
53	Far Eastern Info Service (H) Ltd	384	144,153	68	144,085	-	-	11,308	9,423.62
		US\$12	4,506	2	4,504	-	-	342	285.21
54	Far Eastern Tech-Info (Shanghai) Ltd.	95,973	167,873	27,566	140,306	162,785	18,297	11,497	N/A
		RMB 20,675	36,164	5,938	30,225	34,027	3,825	2,403	N/A
55	Yuan Cing International Investment Co., Ltd.	1,000	1,000	7	993	-	(7)	(7)	(0.07)

1.2 Declaration for the consolidated financial statements of affiliated enterprises of the Company

REPRESENTATION LETTER

The affiliates of Far Eastern New Century Corp. (FENC) that should be included in the combined financial statements of FENC and its affiliates as of and for the year ended December 31, 2009 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, 2009. 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,

Douglas Tong Hsu  
Chairman  
Far Eastern New Century Corp.  
March 5, 2010

1.3 Affiliation Report: Not applicable

**2. Private Placement Securities in the Motst Recent Years: None**

**3. The Company's Shares Held or Disposed by Subsidiaries in Recent Years until the Annual Report being Published: None**

**4. Other Supplementary Information: None**

**5. Event Having Material Impact on Shareholders' Equity or Share Price in Recent Years until the Annual Report being Published: None**



**FAR EASTERN NEW CENTURY**

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