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Luxembourg Stock Exchange  
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<http://www.bourse.lu>

## **Corporate Website**

<http://www.fenc.com>



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## I. 2011 Business Report

### Business environment

Macro business environment could be considered by many as unprecedented in year 2011. Participants in this market were overloaded with information such as political uncertainties, over indebtedness of certain European countries, increasing money supplies by collective efforts of western governments, and, ironically, over-tightening monetary policy enforced by China. Such events affected not only mentality and confidence, but also the real business activities. As a global player, Far Eastern New Century (FENC, the Company) was inevitably affected by the aforesaid macro factors.

Monetary policy adopted by the Beijing government in 2011 should be the first factor to be mentioned. The Peoples' Bank of China (PBOC) raised the Required Reserve Ratio by 12 times in less than nine months, up from 16.5% all the way to 21.5%, in order to fight against a phantom inflationary expectation. Reluctantly, private enterprises based in China had increasing difficulties to finance their working capital at a reasonable cost, and some of them even have to source capital from "shadow banks" at a cost of 40-50% per year. As a result, trading activities with China counterparties were paralyzed. PBOC began to lower rate at end of 2011. However, the change at monetary policy arrived too late, and the GDP growth in China has already entered into an extended slowdown period.

Over indebtedness of certain countries in the Euro zone affected the business prospect of the company in year 2012. Few had confidence that the intensive and coordinated rescue efforts can successfully prevent over-indebted countries from insolvency. To compound the issue, reduction at the government deficits and borrowings inevitably has an adverse impact on consumer spending. A recession to some extent at the Euro economy in 2012 seems to be a consensus now in the market.

Economic chaos, compounded by political uncertainties in North Africa and an unfortunate natural disaster in Japan, led to increasing volatility at prices of major commodities. Cotton price, after reaching a record high of US\$2/lb, collapsed to only 85 cents per pound. Crude oil prices were also highly volatile. All made the company difficult to manage the inventory level and control the raw material costs.

### Operating results

FENC and its subsidiaries received several honors and awards in 2011. The *Asia Magazine* (or *Yazhou Zhoukan*) awarded the Company "The Best 1000 Chinese Company in 2011", and FENC is the only company based in Taiwan to receive this award. FENC was also awarded by the *CommonWealth Magazine* the "Year 2011 Taiwan's Most Admired Company", an honorable recognition from the Taiwanese local society.

In addition to the non-financial achievements, FENC managed to deliver a financial results, relatively stable compared to its peers, in year 2011, and most of expansion projects of the Company were executed on schedule, despite the fact that macro economic situation was challenging. On the consolidated basis, the revenue reached NT\$235.7 billion. On the parent-alone basis, the revenue arrived at NT\$61.6 billion, rising by 15% YoY, mainly thanks to the capacity additions achieved by the Polyester Industry in 2011. The net income experienced a minor dip to NT\$11.1 billion, translating into an earnings per share of NT\$2.26. The Board of Directors has resolved to pay dividends of

## **Company Profile**

NT\$2.0 per share – NT\$1.7/share in cash and NT\$0.3/share in stocks, representing a total payout ratio of 88.5%. The Board also recommends each shareholder to vote FOR the dividend payout proposal in the Annual Shareholders' Meeting.

Several specific strategic moves were also made by the Company in 2011 to pursue further growth, while fulfill the mission of the Company, and those moves are recapped below:

### ***Company re-organization – promoting professional managers to achieve disciplined growth***

Since its inception, the Company has been prospering from a small cotton mill into a multi-billion market cap company with diversified investments in past 62 years. To accomplish continual aggregate growth of the entire Far Eastern Group, and to re-enforce the mission and its original entrepreneur passion of the Company, the Board of Directors resolved to re-organize the Company in July 2011. Four Business Industry – Petrochemical, Polyester, Textile, and Administrative, were established. Each Business Industry now is led by a President, and every President is an experienced professional manager, instead of the owners' family member, selected by the Board.

### ***Petrochemical Industry – Continual expansion to enhance economies of scale***

Oriental Petrochemical (Shanghai) and Oriental Petrochemical (Taiwan) comprise the Petrochemical Industry, which currently manages factories with a total capacity of 1.7 million tons of PTA, a major raw material for the production of polyester products. Capacity expansion is necessary to be cost competitive in this commodity business; therefore, the Petrochemical Industry plans to go for green-field projects in both Taiwan and China. A new PTA factory, located at Guanyin, Taiwan with an annual capacity of 1.5 million tons, is on the drawing board. A joint-venture was formed with Sinopec Yizheng to build another green-field PTA factory in Yangzhou, Jiansu Province, and the designed capacity is 2 million tons per year. New lines in Taiwan and China are slated for commercial operation in 2013 and 2014, separately. The total PTA capacity of the Company will arrive more than 5 million tons per year, making FENC one of the top producers in the world.

### ***Polyester Industry – Top scale worldwide with diversified applications***

FENC is one of the largest polyester producers in the world, with a capacity of 2 million tons per year. Applications of its polyester products are very much diversified; moreover, currently non-apparel and recycled/recyclable applications are priority products that the Company is promoting and expanding. FENC now is the largest worldwide supplier of amorphous PET sheets and staple fibers used for non-apparel purposes, such as thermal bonding, non-woven, insulation, and upholstery. As the awareness of conserving the environment is proliferating, the demand for recycled/recyclable polyester products is rising at an accelerating rate. In order to fulfill the increasing demand from international beverage producers such as Coca Cola, food-grade recycled PET (*r*-PET) resin is a product that the Company is adding capacity most aggressively. Heat-shrinkage PET film is the other environmentally friendly products with, in our opinion, great growth potential, as it is used to replace toxic, un-recyclable PVC films.

With respect to the filament yarn products, FENC has been making efforts to differentiate its products. Functional filament yarn to regulate body temperature is our best selling product in past one year. In winter 2011, FENC successfully launched its proprietary TopHeat™ fibers. The company is planning to launch another new fiber in the coming summer, TopCool™, which we believe will be a leading product in the market to re-shape the fiber industry.

### ***Textile Industry – differentiated products targeting at high-end niche market***

Textile Industry mainly produces fabrics, targeting at top-notch international brand names. Trendy design for fabrics

used for apparel purposes is only a must nowadays. Functionality is the key to differentiate our products. FENC is able to produce special fabrics, which are light-weighted, more stretchable, can release more moisture, and endure repeated washing and wearing than conventional ones. FENC can also produce fabrics by using post-consumed PET bottles. Dry-fit and recycled fabrics made by the Company were selected by Nike to use in the FIFA World Cup™ for two consecutive years. Fabrics produced by the Company used for industrial purposes are mainly the materials for tire cords and conveyor belts. The Company now is already in the process of receiving quality endorsements for the world top-ten tire makers for its tire cord products. In addition to the rubber-dipped conveyor belts, FENC also diversify into conveyor belts coated with other thermal elastomers. Four more production lines for conveyor belt fabrics are slated for commercial operation in 2013, and then, FENC will be the largest producer of such product in China.

### ***Subsidiaries – Taking advantage of the further deregulation of cross-strait relations***

FENC controls interests of a diversified portfolio, including several major industries. Telecommunication, Retail, and property businesses are the most important ones in this portfolio, and the combined market cap and the combined contribution to the net income of the Company is more than 70% and 80%, respectively, in year 2011. Moreover, FENC received a net cash dividend of NT\$8.6 billion from these subsidiaries, allowing the parent company to pay shareholders a handsome dividend.

Far EasTone Telecom remains as the most important subsidiary owned by the Company, comprising 50% of the total affiliate earnings in 2011. Revenue and profit derived from data transfer has become the growth driver of the telecom business. Far EasTone foresaw this trend and launched multiple applications ahead of its peers, making itself the number one player in this market in terms of market share of data revenue. Moreover, Far EasTone formed a joint venture with the largest telecom company in China, China Mobile, in year 2009, when Taiwanese authority decided to deregulate the investment restrictions of Taiwanese companies across the Taiwan Strait. Only in two years, FETone has already uploaded more than 400 Apps on the network of China Mobile, allowing customers in China to download. One of its applications, iSmart Market, has accumulated more than 2.3 million downloads. Besides, O music, eBook Town, eComic, etc. are also well-accepted by Chinese customers, making the data revenue of FETone grow by more than 48% in year 2011, from NT\$2.7 million to NT\$4.0 million.

The retail business expanded into large-scale shopping mall in both Taiwan and China, accelerating the growth of the market share. The grand openings of Mega City in Banciao, New Taipei City and the Top City in Taichung City at end of 2011 presented the citizen a new style of shopping combined with entertainment, making the revenue of the retail business experience a high double-digit growth. The Big City in Hsinchu was opened in January 2012, and the new business model, in combination with the introduction of international luxury brands in this mega mall, can further raise the growth rate of the retail business territory.

Monetizing the idled lands has been the priority objective of the Company for years, and it has begun to contribute to the net income of the Company in year 2011. The disposal of Residential I project – California Dream at the T park (Taipei Far Eastern Telecom Park) project of Banciao generated a total net profit of more than NT\$4 billion. The first phase of commercial area in T park was also completed and began commercial operation in February 2012. Several international telecommunication related organizations, such as the research headquarters of Ericsson, have resided in the park. Some local famous companies, such as E Sun Bank and Wang Steak Restaurant Chain also moved in, improving the quality of living, working, and entertaining for people live or work in the neighborhood. The value of the remaining land holdings, in our opinion, should have been raised after the completion of the phase I development.

## Company Profile

### Plans and prospects

On the solid foundation built-up by the Company in past six decades, FENC believes only innovation can re-invent and re-gain the growth momentum in the future. Guided by the mission of the Company and disciplined management, the growth target will focus on the followings:

#### ***New organizational structure and establishing succession plans***

Precise execution of the Company's strategy is the key to success, and precise execution relies on the right person at the right place. As mentioned above, the Company has been re-organized into four major Business Industries, and each Industry is led by a professional President. The next step is to establish a succession plan of the top managers, in order to rejuvenate the whole management team phase by phase to achieve the strategic objective of the Company.

#### ***Continual expansion at capacity to sustain growth***

Several expansion projects are on the drawing board or already have been in the process of construction:

**Petrochemical Industry:** Oriental Petrochemical (Taiwan) plans to build a new PTA factory with an annual capacity of 1.5 million tons. This expansion project is on the drawing board and conducting feasibility study. The expansion of PTA capacity in China will be accelerated by the Company. Oriental Petrochemical (Shanghai) had formed a joint-venture with Sinopec Yizheng Chemical and Fibers to build a green-field PTA factory with a capacity of 2 million tons per year at Yangzhou, Jiangsu Province, China. The construction of this project is started and slated for completion by the end of 2014. Provided all expansion plans can be completed on schedule, FENC will make itself become one of the top producers in the global PTA business.

**Polyester Industry:** The expansions of *r*-PET (recycled PET resins), amorphous PET sheet, and heat-shrinkage PET film are under construction. A single PET production line, with a capacity of 700,000 tons/year, is planned at the Yangzhou site in Jiangsu Province, China, provided relevant licenses can be granted. This is the largest single PET production line in the world, with the most advanced production technology. The completion of this new production line will double the PET capacity of the company in China, and the production cost will be much competitive for its mass scale relative to peers.

**Textile Industry:** The phase II expansion of industrial yarns and fabrics used for conveyor belts and tire cords are under construction at the Suzhou site, China. Dyeing and finishing capacity is also being expanded at the same location. Capacities for apparels are already expanded at the Vietnam site, and a new site at Suchien, Jiangsu Province was established and commercial operation was commenced in 3Q11.

#### ***Sustainability management creates entry barrier***

In light of the worsening problems of global climate change, and the increasing awareness of environmental conservation, FENC has committed to the innovation and promotion of green products. At the R&D center of the Company, a new team dedicated to the environmentally-friendly materials was established in 2010. A special committee dedicated to the bio-based energy and bio-based materials was formed in 2011. The key purpose of these teams is to create and promote recycled PET resins and bio-based PET resins to meet the demand from our major customers; meanwhile, carry out the social responsibility of the Company. In 2011, FENC was awarded by



Ministry of Economic Affairs (MoEA) of the “The Most Environmentally Friendly Company”. Products recognized by MoEA and allow the Company to be awarded include: 1) FEPOL<sup>®</sup>, a bio-degradable material used for packaging purpose for food and beverage; 2) Pro-Green<sup>™</sup>, a kind of recycled PET resins for food packaging purpose, and 3) recycled polyester fibers. FENC successfully turns the waste into resources, reduces the consumption of petroleum and the emission of green-house gas, and in the meantime, creates a niche market in which FENC is unrivaled by peers.

### ***R&D effort constitutes the foundation for sustainability management***

Innovation and R&D efforts differentiate FENC from its peers in the competitive polyester industry. The R&D center comprises of five teams – polyester, high-molecule polymers, green products, optoelectronics, and bio-medical products. An R&D team is also established in Shanghai, in order to incorporate the talents based in China. A new R&D team is considered to be set up in Yangzhou, Jiangsu Province to strengthen the R&D ability of the Company.

## **Corporate social responsibilities**

In addition to the recycled/recyclable, bio-based, and bio-degradable products that FENC is dedicatedly promoting, the Company believes it has to contribute to the welfare of the society and common good. In this aspect, FENC has established several non-profit Foundations and sponsored programs dedicated to the promotion of medical, educational, cultural, and scientific activities. Far Eastern Memorial Hospital (the Hospital) has gained a well known reputation for its medical treatment of cardiovascular diseases while being the largest medical center in New Taipei City with 1,100 beds. The construction of the Phase II expansion of the Hospital is underway, and will open a new wing with additional 400 beds by the end of 2013. The Hospital has received the “National Quality Award” from the Executive Yuan for several consecutive years.

Moreover, Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation has been sponsoring the “Y. Z. Hsu Scientific Award”, encouraging research activities on nanotechnology, optoelectronics, and biotechnology in Taiwan. Believing that education is the most important way to cultivate talents for the society, Far Eastern Group has established and continually sponsored the Yuan Zi University and Oriental Technology Institute. Far Eastern Memorial Foundation, dedicated to supporting art and cultural activities, has sponsored “Far Eastern Architectural Award” in past one decade, which is recognized as the leading award in the architecture industry.

We sincerely thank the continual supports from our shareholders and dedicated efforts of our employees. 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. Meanwhile, the management is also inspired by the new mission of the 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.” We believe we can and we will request ourselves to aim higher and to deliver better results, making sure our shareholders will be better rewarded in the coming years.

## Company Profile

# 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 China.
- 1949** • The company was relocated to Taiwan, and installed its knitting factory in Banciao, the outskirt of the Taipei City, where it continued producing and marketing knitted fabrics.
- 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 Banciao 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 was the first one in the Republic of China to receive an order for the cotton yarn export.
- 1960** • An advanced apparel plant was established.
- 1963** • Cotton and chemical fiber facilities were installed for the rising demand of the Taiwan society and the synthetic fiber industry.
- 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 head office was moved to Paoching Rd. in Taipei in July.
- 1967** • Permission for FETL shares listed on 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 Banciao textile factory of Taiwan Textile and the Neili textile plant of Yunghsing Industries were procured and converted to FETL's Banciao 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 Orient Chemical Fiber and establish a chemical fiber plant.
- 1982** • Permission was received to merge Eastern Manmade Fiber into FETL and established the Eastman Division, which in July of the next year was merged into the Textile Division.
- 1987** • The Hukou production site was established, and later yarn and fabric plants were constructed there.

- Ground-breaking took place in August for the Taipei Metro Tower; a multiple-purpose twin towers with 41 stories above ground and five below, containing offices, a shopping center, and a tourist hotel.
- 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.
- 1993** • The Hsinpu Synthetic Fiber Plant of the Fiber Division received ISO-9001 certification from the D.N.V. company, being the first chemical fiber plant in Taiwan to be accredited with such certification.
  - Construction of the Taipei Metro Tower completed in October and the head offices of FETL as well as of Asia Cement and other affiliated companies moved into the complex on Oct. 16 and 17, making this the headquarters of the Far Eastern Group.
- 1994** • The Yilan and Banciao plants of the Apparel Division, and the Neili and Hukou plants of the Textile Division, were accredited with ISO-9002 certification.
- 1995** • DuPont-Far Eastern Co. Ltd. (renamed as Far Eastern Fibertech Company now) 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. (renamed as Oriental Petrochemical Corporation now) 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.
- 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 a new business territory, and it provided a new model for growth as well.
- 1998** • The FETL-invested Far Eastern Textile Industrial (Shanghai) Co. Ltd. began trial production in September.
- 2000** • 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.
- 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 October, a joint investment by FETL's subsidiaries and Far Eastern Department Stores ("FEDS") was formed to acquire the controlling interests of the SOGO Department Stores.
- 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" (T-park) conducted by FERD was approved by Ministry of Economic Affairs as "national major investment and major public

## Company Profile

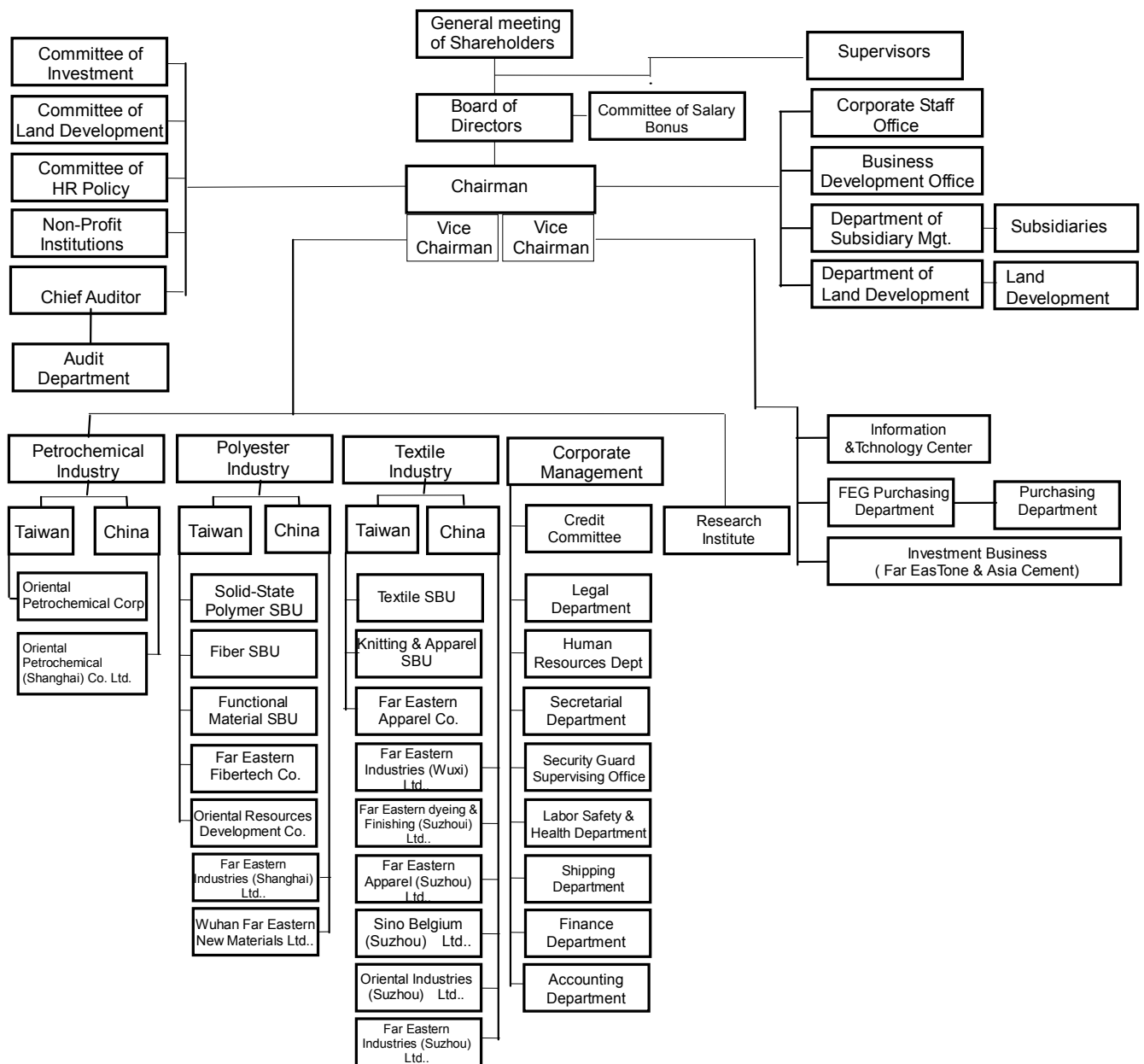
constructions".

- In April, FET was approved by Taiwan Stock Exchange Corporation to become as a publicly listed company.
- 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 a change on the urban development plan, converting its Banciao factory from production factory 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.
- 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 launched to the market 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 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.
  - In December, FENC and Sinopec Yizheng Chemical Fiber Company Limited have agreed to form a joint-venture company to construct a green-field purified terephthalic acid (PTA) plant located in the Yangzhou Chemical Industrial Park. Three parties aforesaid signed a "Letter of Intent (LOI)"
- 2011**
- In March, FENC constructed, operated and sponsored "FE EcoARK", a pavilion made of 100% post-consumed PET bottles, at the Taipei International Flora Expo. This architecture was the first of all sorts of green buildings in the world and the National Geographic Channel (NGC) produced a documentary "Megastructures EcoARK" on EcoARK as well. The show was broadcasted throughout 168 countries in 34 languages.
  - In April, the first commercial office building of T-park, TPKA, was officially launched to the market.
  - In November, FENC and Sinopec Yizheng Chemical Fiber Company established Far Eastern Yizheng Petrochemical (Yanzhou) Company Ltd. via joint-investment.

### III. Corporate Governance Report

#### 1. Organization

##### 1.1 Organization chart



## Corporate Governance Report

### 1.2 Affairs in charge for each major department

<b>Department</b>	<b>Affairs in charge</b>
Audit Department	Internal auditing
Petrochemical Industry	Production and sale of PTA
Polyester Industry	Production and sales of polyester chips, polyester staple fibers, polyester filament, functional materials, and polyester films.
Textile Industry	Printing, dyeing and finishing of yarns, silks, fabrics and cloths; 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.
Corporate Management	Legal, human resources, general administration, shipping, security, finance, labor safety and health, and accounting departments.
Research Institute	Research and development.

## 2. Directors, Supervisors and Management Team

### 2.1 Directors and Supervisors

Book closure date: 29 April 2012

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
Chairman	Douglas Tong Hsu	26 Jun 2009	3	23 Dec 1967	51,901,829	1.14	55,618,621	1.14	0	0	University of Columbia, USA, Master in Economics Δ Chairman of ACC, OUCC, U-Ming, FEEDS, Far East Tone, and Vice Chairman of FEIB	Chairman Supervisor	Johnny Shih Raymond Hsu Peter Hsu Tonia Katherine Hsu Alice Hsu	Brother-in-law Brother Brother Daughter Sister
Vice Chairman	Johnny Shih Representative of Yue Ding Industry Co., Ltd.	26 Jun 2009	3	9 Feb 1979	1,610,402 *1,991,951	0.04 0.04	2,672,965 *2,134,597	0.05 0.04	0 *22,102,446	0 0.45	University of Columbia, USA, Master in Computer Science Δ Vice Chairman of FENC, Chairman of Everset Textile, Vice Chairman of OUCC, Director of ACC & FET	Chairman Vice Chairman Vice Chairman Supervisor	Douglas Tong Hsu Raymond Hsu Peter Hsu Alice Hsu	Brother-in-law Brother-in-law Brother-in-law Brother-in-law
Chairman	Peter Hsu Representative of Asia Cement Corporation.	26 Jun 2009	3	14 Feb 1976	1,018,191,496 *19,360,443	22.28 0.42	1,092,535,039 *24,221,610	22.31 0.49	0 6,175,493	0 0.13	Stanford University, USA, Master in Operation Research Δ Vice Chairman 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
	Raymond Hsu Representative of Yue Ding Industry Co., Ltd.	26 Jun 2009	3	14 Apr 1976	1,610,402 *20,291,617	0.04 0.44	2,672,965 *21,744,738	0.05 0.44	0 21,129,531	0 0.10	Australian Mining and Metallurgy College, Australia Δ Chief auditor of FENC, Chairman of An Ho Garment Co., Ltd. & Fu Kwok Garment Manufacturing Co., Ltd.	Chairman Vice Chairman Vice Chairman Supervisor	Douglas Tong Hsu Johnny Shih Peter Hsu Alice Hsu	Brother Brother-in-law Brother Sister
Director	Shaw Y. Wang Representative of Asia Cement Corporation	26 Jun 2009	3	10 May 1985	1,018,191,496 *337,542	22.28 0.01	1,092,535,039 *361,712	22.31 0.01	0 0	0 0	National Chung Hsing University, TW, Business Administration Department Δ Senior Executive Vice President of FENC, Supervisor of ACC, Director of FET & U-Ming	-	-	-
	Champion Lee Representative of Asia Cement Corporation	26 Jun 2009	3	20 Apr 1988	1,018,191,496 *195,871	22.28 0.00	1,092,535,039 *65,450	22.31 0.01	0 0	0 0	Texas A&I University, USA, Master in Business Administration Δ 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 10 degrees of kinship		
					Share	%	Share	%	Share	%		Title	Name	Relation
Director	G. M. Wang Representative of Asia Cement Corporation	26 Jun 2009	3	15 May 2000	1,018,191,496 *0	22.28 0	1,092,535,039 *0	22.31 0	0 0	0 0	Kansas State University, USA, Ph.D. in Industrial Engineering Δ Professor of Yuan Ze University	-	-	-
	Y. H. Tseng Representative of Far Eastern Department Stores	26 Jun 2009	3	13 Jun 2006	17,044,348 *265,507	0.37 0.01	18,264,926 *164,009	0.37 0.00	0 0	0 0	Tung Hai University, TW, Chemical Engineering Department Δ President, Polyester Industry of FENC	-	-	-
	Richard Yang Representative of Far Eastern Department Stores	26 Jun 2009	3	13 Jun 2006	17,044,348 *630,461	0.37 0.01	18,264,926 *938,464	0.37 0.02	0 0	0 0	American Graduate School of International Management Δ Managing Director of Sunview Capital Ltd.	-	-	-
	Kuan-Tao Li Representative of Far Eastern Department Stores	26 Jun 2009	3	13 Jun 2006	17,044,348 *0	0.37 0	18,264,926 *0	0.37 0	0 0	0 0	MBA, Kellogg-HKUST Δ Chief Counselor, Lee and Li, Attorney-at-law, Director of Tai Yuan Textile Co., Ltd., and Supervisor of ACC & Yuan Nissan Motor Co. Ltd	-	-	-
	Tonia Katherine Hsu Representative of Bai Yang Investment	26 Jun 2009	3	13 Jun 2006	1,892,330 *0	0.04 0	2,027,842 *0	0.04 0	0 0	0 0	Sarah Lawrence College, New York, USA, Literature Department Δ Art Counselor, KoonNewYork	Chairman	Douglas Tong Hsu	Daughter
	T. H. Chang Representative of U-Ming Marine Transport Corp.	26 Jun 2009	3	26 Jun 2009	26,620,814 *77,497	0.58 0	28,527,182 *83,044	0.58 0	0 84,488	0 0	President of ACC. Δ Director of ACC & U-Ming, Chief Executive Officer of Asia Cement (China) Holding Corp.	-	-	-
	Alice Hsu Representative of U-Ming Marine Transport Corp.	26 Jun 2009	3	20 Apr 1988	26,620,814 *24,386,677	0.58 0.53	28,527,182 *25,552,323	0.58 0.52	0 0	0 0	Hedon College, USA, Retail Business Management Δ Nil	Chairman Vice Chairman Director	Douglas Tong Hsu Johnny Shih Raymond Hsu Peter Hsu	Brother Brother-in-Law Brother Brother
	Ching-Ing Hou Representative of Yuan Ding Co., Ltd.	26 Jun 2009	3	13 Jun 2006	665,365 *0	0.01 0	713,032 *0	0.01 0	0 0	0 0	Vanderbilt University, USA, Master in Economics Δ Chairman 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: 29 April 2012

Name of institutional shareholders	Major shareholders of the institutional shareholders (%)
Asia Cement Corporation	Far Eastern New Century Corp. (22.33); Far Eastern Medical Foundation (5.40); Yu Yuan Investment Co., Ltd. (5.32); Fubon Life Insurance Co., Ltd. (2.02); Far Eastern Department Stores Ltd. (1.81); Labor Pension Fund (1.67); Nan Shan Life Insurance Co., Ltd. (1.54); Shinkong Life Insurance Co., Ltd. (1.44); Yuan Ze University (1.41); Bai Ding Investment Co., Ltd. (1.39)
Far Eastern Department Stores Co., Ltd.	Far Eastern New Century Corp. (16.80); Asia Cement Corp. (5.56); Yuan Ze University (4.68); China Post Corporation (2.12); Yu Yuan Investment Co., Ltd. (2.02); Labor Pension Fund Committee of Far Eastern Department Stores Co., Ltd. (1.91); Yuan Tong Investment Co., Ltd. (1.72); Government of Singapore Investment Corp. account in the custody of Citi Bank (1.63); Vanguard Emerging Markets Stock Index Fund account in the custody of Standard Chartered Bank (1.27); Supervisory Committee of Labor Pension Fund (1.23).
Yue Ding Industry 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); Ya Li Precast Prestressed Concrete Industries Corp. (3.89); Ta Chu Chemical Fiber Co., Ltd. (3.89); Yuan Ding Co., Ltd. (2.59); Bai Ding Investment Co., Ltd. (2.31); Yue Ming Co., Ltd. (1.53)
Bai Yang Investment Co., Ltd.	Far Eastern Department Stores Co., Ltd. (100.00)
U-Ming Marine Transportation Corp.	Asia Cement Corp. (38.66); Labor Pension Fund (2.63); Management Board of the Public Service Pension Fund (1.40); Nan Shan Life Insurance Co., Ltd. (1.07); Vanguard Emerging Markets Stock Index Fund account in the custody of Standard Chartered Bank (0.94); Yu Yuan Investment Co., Ltd. (0.93); Asia Investment Corp. (0.91); Peter Company account in the custody of HSBC (Taiwan) Commercial Bank (0.59); Wisdom Tree Emerging Markets Small Cap Dividend Fund account in the custody of HSBC Bank (0.56).
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: 29 April 2012

Name of juridical persons	Major shareholders of the juridical persons (%)
Far Eastern New Century Corp.	Please refer to Page 52
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 Transportation 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)
Fubon Life Insurance Co. Ltd.	Fubon Financial Holding Co., Ltd.(100.00)
Fu Da Transportation Corp.	Fu Ming Transport Corp.(99.90); Johnny Shih(0.03); K.Y. Lee(0.03); F.C. Wang(0.03)
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.(100.00)
Ding Yuan International Investment Co., Ltd.	Far Eastern New Century Corp.(100.00)
Ton Fu Investment Co., Ltd.	Oriental Union Chemical Corp.(100.00)
Ya Li Precast Prestressed Concrete Industries Corp.	Asia Cement Corp.(83.81); Far Eastern General Contractor Inc.(16.03); T. H. Chang(0.03); K.Y. Lee(0.03); R.H. Shao(0.03); Richard Yang(0.02); C.F. Zheng(0.01); H.M. Yang(0.01); Douglas Tong Hsu(0.01); S.S. Hsu(0.01)
Ta Chu Chemical Fiber Co., Ltd.	Yuan Ding Investment Co., Ltd.(41.86); Yue Ding Industry 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 Industry 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)
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)
Nan Shan Life Insurance Co., Ltd.	Ruenchen Investment Holding Company account in the custody of First Financial Bank(83.11); Ruenchen Investment Holding Co., Ltd.(7.58); Yin-zong Tu(3.25); Ruenhwa Dyeing and Fabricating Co., Ltd.(0.43); Gping Investment Co., Ltd.(0.11); Wen-der Kuo(0.11); Pouchi Investment Co., Ltd.(0.05); Pouyi Investment Co., Ltd.(0.05); Poulhwan Investment Co., Ltd.(0.05); Poulhwei Investment Co., Ltd.(0.05)
Shinkong Life Insurance Co., Ltd.	Shinkong Financial Holding Co., Ltd.(100.00)
Chunghwa Post Co., Ltd.	Ministry of Transportation and Communications R.O.C.
Yuan Tong Investment Co., Ltd.	Far Eastern New Century Corp.(10.000)
Der Ching Investment Co., Ltd.	Asia Cement Corp.(99.99)
Yuan Ding Investment Co., Ltd.	Far Eastern New Century Corp.(99.70); An Ho Garment Co., Ltd.(0.30); Ta Chu Chemical Fiber Co., Ltd.(0.30)



## 2.2 President, Executive Vice President, Senior Vice President, and Managers of Departments and Branches

Book closure date: 29 April 2011

Title	Name	Date effective	Shareholding		Shareholding of spouse & minor children		Curriculum vitae Δ Positions in other companies	Managers who are spouses or within two degrees of kinship		
			Shares	%	Shares	%		Title	Name	Relation
Chief Executive Officer Non-profit Institutions, Chairman Office	Shaw Y. Wang	1 Jan 05	361,712	0.01	0	0.00	National Chung Hsing University, TW, Business Administration Department Δ Please refer to Page 13.	-	-	-
President Petrochemical Industry	K. S. Wu	1 Jul 11	1,264	0.00	328	0.00	Chinese Culture University, TW, Chemical Department Δ Director of Everest Textile & OPTC	-	-	-
President Polyester Department	Y. H. Tseng	1 Jul 11	164,009	0.00	0	0.00	Tung Hai University, TW, Chemical Engineering Department Δ Please refer to Page 14.	-	-	-
President Textile Industry	Eric Hu	1 Jul 11	255	0.00	0	0.00	Tung Hai University, TW, Industrial Engineering Department Δ Director of Everest Textile & Far Eastern Apparel	-	-	-
Corporate Management President Management Department	Humphrey Cheng	1 Jul 11	0	0.00	0	0.00	National Chung Hsing University, TW, Law Department Δ Director of OUCC, Supervisor of FEIB	-	-	-
Chief Auditor	Raymond Hsu	1 Mar 96	21,744,738	0.44	21,129,531	0.43	Australian Mining and Metallurgy College, Australia Δ Please refer to Page 13.	Vice Chairman	Johnny Shih	Brother-in-law
Executive Vice President Management Department	David Wang	1 Jan 05	6,509	0.00	63	0.00	Mississippi State University, USA, MBA Δ Chairman of Yuan Tong Investment, Director of Kai Yuan International Investment.	-	-	-
Executive Vice President Research Institute	Ru-yu Wu	1 Jan 05	6,734	0.00	0	0.00	University of Monash, Australia, Ph.D. Δ Director of OUCC	-	-	-
Executive Vice President Polyester Industry	T.H. Liu	1 Jan 05	43,489	0.00	391	0.00	Ta Tung University, TW, Mechanical Engineering Department Δ Director of OUCC & Oriental Resource Development	-	-	-
Executive Vice President Polyester Industry	Fred Chu	1 Jan 05	0	0.00	0	0.00	National Taipei University of Technology, TW, Textile Engineering Department Δ Director of Far Eastern Fibertech & Yuan Faun Co., Ltd.	-	-	-
Executive Vice President Polyester Industry	Donald Fan	1 Jan 05	83,064	0.00	3,430	0.00	Feng Chia University, TW, Textile Department Δ Director of Far Eastern Industries (Shaghai), President of Sino Belgium (Suzhou)	-	-	-
Executive Vice President Polyester Industry	B. T. Cheng	1 Oct 07	371	0.00	0	0.00	Feng Chia University, TW, Textile Department Δ Director of Yuan Cheng Human Resources Consultant	-	-	-
Executive Vice President Polyester Industry	Chuck Tseng	1 Jun 09	68,130	0.00	460	0.00	Ta Tung University, TW, Chemical Engineering Department Δ Director of PET Far Eastern (M) SDN BHD	-	-	-
Executive Vice President Textile Industry	Austin Lee	1 Jun 06	0	0.00	0	0.00	Soochow University, TW, Business Administration Department Δ Director of Far Eastern Apparel & Fu Kwok Manufacturing	-	-	-

Title	Name	Date effective	Shareholding		Shareholding of spouse & minor children		Curriculum vitae A Positions in other companies	Managers who are spouses or within two degrees of kinship		
			Shares	%	Shares	%		Title	Name	Relation
Executive Vice President Textile Industry	Kwen Lin Ho	1 Oct 07	0	0.00	0	0.00	Feng Chia University, TW, Textile Department Δ Director of Far Eastern Dyeing and Finishing (Suzhou)	-	-	-
Senior Vice President Corporate Staff Office	Jackson Wu	07.10.01	44,898	0.00	0	0.00	Chung Yuan Christian University, TW, Master in Mechanical Engineering Δ Supervisor of Far Eastern General Contractor	-	-	-
Senior Vice President Corporate Staff Office	Frank Kuo	1 Feb 10	615	0.00	0	0.00	Yuan Ze University, TW, Master in Management Δ Supervisor of Oriental Securities Corp.	-	-	-
Senior Vice President President Office	David Snih	1 Nov 06	322	0.00	0	0.00	National Taiwan University of Science and Technology, TW, Industrial Management Δ Director of OPTC	-	-	-
Senior Vice President President Office	Emily Wu	1 Jun 06	0	0.00	0	0.00	University of Texas at Arlington, USA, Master in Accounting Δ Director of Yuan Cheng Human Resource Consultant, Supervisor of Oriental Industries (Suzhou)	-	-	-
Vice Chief Auditor Internal Auditing Department	Mark Lu	11 Jan 91	39,393	0.00	7,740	0.00	University of Georgia, USA, Master in Accounting Δ Supervisor of Yuan Ding Investment	-	-	-
Senior Vice President Accounting Department	Bill Yang	1 Oct 01	498	0.00	0	0.00	National Cheng Kung University, TW, Accounting Department Δ Director of Kai Yuan International Investment & Yuan Tong Investment	-	-	-
Senior Vice President Accounting Department	Brian Lee	1 Nov 10	0	0.00	0	0.00	National Chung Hsing University, TW, Accounting Department Δ Supervisor of Far Eastern Apparel (Suzhou) & Far Eastern Industries (WUXI)	-	-	-
Senior Vice President Finance Department	Mike Wu	1 Sep 06	1,134	0.00	0	0.00	University of Oklahoma, USA, MBA Δ Director of Far Eastern Apparel (Suzhou) & Shanghai Far Eastern IT	-	-	-
Senior Vice President Finance Department	Sandy Chiou	1 Oct 07	1,326	0.00	332	0.00	Yuan Tzu University, TW, Postgraduate Diploma in Management Administration Δ Director of Far Eastern Apparel	-	-	-
Senior Vice President Finance Department	Joe Pai	1 Apr 10	0	0.00	0	0.00	Boston University, USA, MBA Δ -	-	-	-
Senior Vice President Legal Department	L-Chi Chen	1 Oct 07	0	0.00	0	0.00	National Taiwan University, TW, College of Law Δ Director of Far Eastern Apparel; Supervisor of Arcoa Communication	-	-	-
Senior Vice President Human Resource Department	William T. Hsu	12 Apr 10	0	0.00	0	0.00	University of Leicester, UK, MBA Δ -	-	-	-
Senior Vice President Human Resource Department	C. Y. Lin	1 Jun 09	0	0.00	0	0.00	National Chengchi University, TW, Master in Labor Research Δ Director of Yuan Cheng Human Resource Consultant	-	-	-
Senior Vice President Research Institute	C. W. Chu	1 Jul 07	1,592	0.00	0	0.00	National Taiwan University, TW, Chemical Engineering Department Δ -	-	-	-
Senior Vice President Shipping Department	Steve Liu	1 Oct 07	16,395	0.00	0	0.00	Yuan Tzu University, TW, Postgraduate Diploma in Management Administration Δ Director of Oriental Industries (Suzhou) & Far Eastern Industries (Suzhou)	-	-	-
Senior Vice President Polyester Industry	T.H. Tsai	1 Oct 06	96,508	0.00	0	0.00	National Taipei University of Technology, TW, Textile Engineering Department Δ Director of Oriental Industries (Suzhou)	-	-	-

Title	Name	Date effective	Shareholding		Shareholding of spouse & minor children		Curriculum vitae A Positions in other companies	Managers who are spouses or within two degrees of kinship		
			Shares	%	Shares	%		Title	Name	Relation
Senior Vice President Polyester Industry	C. C. Fan	13 Jun 06	0	0.00	0	0.00	Feng Chia University, TW, Electronics Engineering Department	-	-	-
Senior Vice President Polyester Industry	Arthur Lee	15 Feb 07	5,459	0.00	0	0.00	Oklahoma City University, USA, Master	-	-	-
Senior Vice President Polyester Industry	C. T. Peng	1 Oct 10	0	0.00	0	0.00	National Tsing Hua University, TW, Master in Chemical Engineering	-	-	-
Senior Vice President Polyester Industry	K.B. Louy	1 Nov 10	34	0.00	0	0.00	Feng Chia University, TW, Textile Engineering Department	-	-	-
Senior Vice President Polyester Industry	C. T. Chen	1 Nov 10	0	0.00	0	0.00	Yuan Tzu University, TW, Master in Industrial Engineering	-	-	-
Senior Vice President Polyester Industry	W. C. Hu	1 Nov 10	0	0.00	0	0.00	University of Connecticut, USA, Ph. D. in Chemical Engineering	-	-	-
Senior Vice President Polyester Industry	Jack Luh	1 Nov 10	0	0.00	0	0.00	Nanya Institute of Technology, TW, Textile Engineering Department	-	-	-
Senior Vice President Polyester Industry	C. T. Chang	1 Jan 11	718	0.00	128	0.00	Yuan Tzu University, TW, Master in Chemical Engineering	-	-	-
Senior Vice President Polyester Industry	H. C. Ho	1 Jan 11	38,482	0.00	0	0.00	Chung Yuan Christian University, TW, Chemical Engineering Department	-	-	-
Senior Vice President Polyester Industry	Y. J. Lo	1 Mar 11	32,065	0.00	0	0.00	Ta Tung University, TW, Chemical Engineering Department	-	-	-
Senior Vice President Textile Industry	T. J. Lo	1 Jun 06	1,134	0.00	0	0.00	Feng Chia University, TW, Textile Engineering Department	-	-	-
Senior Vice President Textile Industry	Mingo A. Chen	1 Oct 07	964	0.00	635	0.00	Feng Chia University, TW, Textile Engineering Department	-	-	-
Senior Vice President Textile Industry	Monsun Yang	1 Oct 07	14,305	0.00	0	0.00	Ta Tung University, TW, Mechanical Engineering Department	-	-	-
Senior Vice President Textile Industry	Tony Liang	1 Jan 09	31	0.00	124	0.00	Fu Jen University, TW, Department of English Language & Literature	-	-	-
Senior Vice President Textile Industry	Huang Biao Liang	1 Apr 11	20,000	0.00	0	0.00	Oriental Technology Institute, TW, Department of Industry Management	-	-	-
Senior Vice President Purchasing Department	C. C. Hong	1 May 11	0	0.00	998	0.00	Feng Chia University, TW, Mechanical Engineering Department	-	-	-
Senior Vice President Purchasing Department	Allen Lu	1 May 11	0	0.00	0	0.00	Fu Jen University, TW, Department of Business Administration	-	-	-

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
Senior Vice President Purchasing Department	Ryan Wu	1 May 11	0	0.00	0	0.00	▲ - Da-Yeh University, TW, Master in Food Industry	-	-	-
Senior Vice President F&E Auditing Department	Chun Min Ho	1 Jul 05	0	0.00	9,839	0.00	▲ - National Cheng Kung University, TW, Accounting and Statistics Department	-	-	-

Note:

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





## 2.3.2 Remuneration of Supervisors

Unit: NT\$ thousands

Title	Name	Remuneration						Ratio of total remuneration (I+II+III+IV)/a net income(%)	Compensation paid to Supervisors from an investor company other than the Company's subsidiary	
		Base Compensation(I)	Companies in the consolidated financial statements	Severance Pay(II)	Companies in the consolidated financial statements	Bonus to Supervisors (III)	Companies in the consolidated financial statements			
Supervisor	U-Ming Marine Transportation Corp.	0	0	37,170	37,170	144	144	0.34%	0.21%	1,498
	Yuan Ding Co., Ltd.	0	0	18,585	18,585	72	72	0.17%	0.11%	15,898

Note

1. Base compensation is distributed in 2011; bonuses to Supervisors are proposed figures to be resolved in the upcoming 2012 Annual General Shareholders' Meeting.
2. Representative of U-Ming Marine Transport Corp.: T. H. Chang, Alice Hsu; Representative of Yuan Ding Co., Ltd.: Ching-ling Hou

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Bracket	Name of Supervisors		Total of (I+II+III)	Companies in the consolidated financial statement
	The Company	Representative of Yuan Ding Co., Ltd.: Ching-ling Hou Representative of U-Ming Marine Transportation Corp.: T. H. Chang and Alice Hsu		
Under NT\$2,000,000			0	0
NT\$2,000,000~NT\$4,999,999			0	0
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		3	3

## 2.3.3. Compensation of President and Executive Vice Presidents

Unit: NT\$, thousands

Title	Name	Salary (I)		Severance Pay (II)		Bonuses and Allowances (III)		Profit Sharing Employee Bonus (IV)		Ratio of total compensation (I+II+III+IV) to net income after tax		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	
President	K. S. Wu							Cash						
	Y. H. Tseng							Stock						
	Eric Hu							Cash						
	Humphrey Cheng							Stock						
Executive Vice President	Raymond Hsu							Cash						
	Chuck Tseng							Stock						
	David Wang	38,305	38,413	0	0	61,740	61,740	6,939	0	6,939	0	0	7,863	
	Ru-yu Wu													
	T. H. Liu													
	Fred Chu													
Chief Auditor	Donald Fan													
	Austin Lee													
	B. T. Cheng													

Note:

- Column A represents the Company; column B represents all companies in the consolidated financial statement.
- 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.
- A company car is assigned to all Presidents and Executive Vice Presidents for business purposes. The total rental for the said car is NT\$360,000 per year.

Bracket	Name of Presidents and Executive Vice Presidents		Ratio of total compensation (I+II+III+IV) to net income after tax	Exercisable Employee Stock Option	Compensation paid to the President and Executive Vice President from an invested company other than the Company's subsidiary
	The company	Companies in the consolidated financial statement			
Under NT\$2,000,000	0	0			
NT\$2,000,000~NT\$4,999,999	0	0			
NT\$5,000,000~NT\$9,999,999	Raymond Hsu, Y. H. Tseng, Humphrey Cheng, David Wang, Chuck Tseng, K. S. Wu, B. T. Cheng, Fred Chu, Austin Lee, Kwen Lin Ho, Ru-yu Wu, Donald Fan, Eric Hu, T. H. Liu	Raymond Hsu, Y. H. Tseng, Humphrey Cheng, David Wang, Chuck Tseng, K. S. Wu, B. T. Cheng, Fred Chu, Austin Lee, Kwen Lin Ho, Ru-yu Wu, Donald Fan, Eric Hu, T. H. Liu	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	14	14			

2.3.4 Bounces to Managers

Unit:NT\$ thousands

Title	Name	Employee Bonus - in Cash	Ratio of Total Amount to Net Income (%)
President, Polyester Industry	Y. H. Tseng	43,244	0.34%
President, Textile Industry	Eric Hu		
President, Petrochemical Industry	K. S. Wu		
Corporat Management President, Management Department	Humphrey Cheng		
Chief Auditor	Raymond Hsu		
Chief Executive Officer, Non-profit Institutes, Chairman Office	Shaw. Y. Wang		
Excecutive Vice President, Management Department	David Wang		
Executive Vice President, Research Institute	Ru-yu Wu		
Executive Vice President, Polyester Industry	Fred Chu		
Executive Vice President, Polyester Industry	B. T. Cherng		
Executive Vice President, Polyester Industry	T.H. Liu		
Executive Vice President, Polyester Industry	Donald Fan		
Executive Vice President, Polyester Industry	Chuck Tseng		
Executive Vice President , Textile Industry	Austin Lee		
Executive Vice President , Textile Industry	Kwen Lin Ho		
Senior Vice Prersident, Corporate Staff Office	Jackson Wu		
Senior Vice Prersident, Corporate Staff Office	Frank Kuo		
Senior Vice President , President Office	David Shih		
Senior Vice President , President Office	Emily Wu		
Vice Chief Auditor, Internal Auditing Department	Mark Lu		
Senior Vice President, Accounting Department	Bill Yang		
Senior Vice President , Accounting Department	Brian Lee		
Senior Vice President , Finance Department	Mike Wu		
Senior Vice President, Finance Department	Sandy Chiou		
Senior Vice President, Finance Department	Joe Pai		
Senior Vice President, Legal Department	Li-Chi Chen		
Senior Vice President, Shipping Department	Steve Liu		
Senior Vice President, Human Resource Department	C. Y. Lin		
Senior Vice President, Human Resource Department	William T. Hsu		
Senior Vice President, Research Institute	C. W. Chu		
Senior Vice President, Polyester Industry	T. H. Tsai		
Senior Vice President, Polyester Industry	C. C. Fan		
Senior Vice President, Polyester Industry	W. C. Hu		
Senior Vice President, Polyester Industry	K. B. Louy		
Senior Vice President, Polyester Industry	C. T. Chen		
Senior Vice President, Polyester Industry	Jack Luh		
Senior Vice President, Polyester Industry	C. T. Peng		
Senior Vice President, Polyester Industry	Arthur Lee		
Senior Vice President, Polyester Industry	C. T. Chang		
Senior Vice President, Polyester Industry	H. C. Ho		
Senior Vice President, Polyester Industry	Y. J. Lo		
Senior Vice President , Textile Industry	T. J. Lo		
Senior Vice President , Textile Industry	Mingo A. Chen		
Senior Vice President , Textile Industry	Monsun Yang		
Senior Vice President , Textile Industry	Tony Liang		
Senior Vice President , Textile Industry	Huang Biao Liang		
Senior Vice President , Purchasing Department	Ryan Wu		
Senior Vice President , Purchasing Department	C. C. Hong		
Senior Vice President , Purchasing Department	Allen Lu		
Senior Vice President , FEG Auditing Department	Chun Min Ho		

## Corporate Government Report

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

**2.4 Comparison of Remuneration for Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents 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, presidents 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
2011	4.01%	3.12%
2010	3.71%	2.78%

2.4.2 The policies, standards, structures for the payments of remuneration, the procedures for determining remuneration, and the their correlations 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 2011. Attendance of each Director and Supervisor is as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%)	Remarks	
Chairman	Douglas Tong Hsu	4	0	100	Nil	
Director	Yue Ding Industry Co., Ltd.	Johnny Shih	4	0		100
		Raymond Hsu	3	1		75
	Asia Cement Corp.	Peter Hsu	4	0		100
		Shaw Y. Wang	4	0		100
		Champion Lee	4	0		100
		G. M. Wang	4	0		100
		Y. H. Tseng	4	0		100
	Far Eastern Department Stores Co., Ltd.	Richard Yang	3	0		75
		Kuan Tao Lee	3	0		75
		Bai Yang Investment Co., Ltd.	Tonia Katherin Hsu	4		0
Supervisor	U-Ming Marine Transportation Corp.	Alice Hsu	3	0		75
		T. H. Chang	4	0		100
	Yuan Ding Co., Ltd.	Ching Ing Hou	2	0		50

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: Not applicable

(3) Targets and measures of this and previous years established to improve the functionality of the Board of Directors and their execution results (for instance, the establishment of the audit committee, the improvement of information disclosure, and so forth): 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, as needed.
2. Communications between Supervisors and the chief internal auditor and CPA of the Company (for instance, the ways and topics that the aforesaid parties discuss on the financial and business situations of the Company, and the conclusions of their discussions):
  - 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 board meetings, the dates and sessions of the said meetings, 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 serving shareholders to respond to their suggestions or complaints	The Company has designated appropriate departments and persons, such as Chairman staff Office, Investor Relations, Spokesperson, Deputy Spokesperson to serve shareholders and to respond to their suggestions and complaints. In addition, Oriental Securities Corp., the Company's share transfer agent, is appointed to assist shareholders.	None
b. The Company's possession of a list of major shareholders and a list of ultimate owners of these major shareholders	The Company, at any time, is keeping updated information of major shareholders and the ultimate owners of these major shareholders. As long as change in ownership occurs, the Company follows the relevant regulations to disclose related information.	None
c. Risk management mechanism and “firewall” between the Company and its affiliates	The Company has assigned the Credit Committee to be responsible for risk control of accounts receivable. Meanwhile, to manage the likely risk, and establish a “firewall”, between the Company and its affiliates, the Company and its affiliates have already established and implemented “Procedures of Assets Acquisition and Disposal”, “Procedures of Capital Loans to Others”, and “Procedures for Endorsements and Guarantees”.	None
<b>(2) Composition and Responsibilities of the Board of Directors</b>		
a. Independent Directors	The Board consists of 11 directors, and independent directors will be elected in the 2012 Annual General Shareholders' Meeting to comprise 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.	None

## Corporate Government Report

b. Regular evaluation of the independence of CPAs	The Board of Director evaluates the independence of CPAs regularly.	None
<b>(3) Communication channels with stakeholders and other interested parties</b>		
	The Company has designated appropriate departments to communicate with stakeholders and other interested parties on a case by case basis, as needed.	None
<b>(4) Information Disclosure</b>		
a. Construction of a corporate website to disclose information of financial, business and corporate governance status of the Company	The Company has set up a multiple-language (traditional Chinese/simplified Chinese/English) website ( <a href="http://www.fenc.com">www.fenc.com</a> ). The Company also designated appropriate persons to monitor the information about th Company's financial, business, and corporate governance status, and the aforesaid information will be disclosed on the Company's website and the M.O.P.S. website operated by the Taiwan Stock Exchange, as needed.	None
b. Other information disclosure channels	The Company has established a spokesperson system, including a spokesperson and a dupty spokesperson. Both managers undertake their deeds precisely based on the Company's requirements.  Investor conference is held as needed, and the relevant information is disclosed on the Company's website and the M.O.P.S. website operated by the Taiwan Stock Exchange.	None
<b>(5) Operations of the Company's Nomination Committee, Remuniration Committee, or other committees of varieties of functions</b>		
	The Company has established the Committee of Human Resource Policy and the Remuniration committee.	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 difference:**



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 table above, the deviation from the “Corporate Governance Best-Practice Principles for TWSE /GTSM Listed Companies” is non-existent. In reality, the Company has substantially implemented the relevant corporate governance practices required by the principles.

## Corporate Government Report

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

Item	Implementation Status	Deviations from "Corporate Social responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
<b>(1) Implementation and promotion of corporate governance</b>		
<ul style="list-style-type: none"> <li>a. A written policy or a system to carry out corporate social responsibilities, and the performance review of the said policy or system.</li> <li>b. Establishment of a department, dedicated or non-dedicated, to promote corporate social responsibilities; and the operating status of the said department.</li> <li>c. To provide periodical training and dissemination on corporate ethics to directors, supervisors and employees; meanwhile, incorporate ethical conducts into the performance evaluation system of employees to encourage the carry-out of ethics by a clear and effective reward/discipline system.</li> </ul>	<ul style="list-style-type: none"> <li>1. The Company has designated Corporate Staff Office as the dedicated unit to carry out and promote the corporate social responsibilities. Each department, according to the nature of its duties, is also required to cooperate with the Corporate Staff Office to promote and carry out corporate social responsibilities.</li> <li>2. The Human Resources Development Center is responsible for providing training courses related to corporate governance to directors, supervisors, and managers.</li> <li>3. The Human Resources Department has clear and precise written policies addressing performance evaluation, training, and reward/discipline system for employees, and complying with ethic conducts is one of criteria in evaluating performance of employees.</li> <li>4. The Company has set up the Remuneration Committee to establish a performance evaluation system and a compensation system for directors, supervisors, and managers, and the Committee reviews the results on a regular basis.</li> </ul>	None
<b>(2) Sustainability management</b>		

<p>a. Efforts that the Company makes to efficiently utilize all natural resources, and to consume the recycled/recyclable materials as feedstocks to minimize the adverse impact on the environment.</p> <p>b. The system or mechanism that the Company establishes to conserve the environment, based on the particular industry and business characteristics of the Company.</p> <p>c. The designation of a dedicated department or person to carry out the duty of environmental conservation.</p> <p>d. The Company must be aware of the impact from the climate change on its business operations; thus, methods and policies must be adopted by the Company to save the energy and to reduce the emission of carbon and green-house gas.</p>	<p>1. Specific efforts that the Company makes to conserve the environment mainly include, but not limited to, the followings: 1) consume recycled/recyclable materials as feedstocks, e.g. recycled PET bottles; 2) re-utilize the residuals from the production process as raw materials; 3) collect the residual fuel and the emission of heat and steam for heating purpose in order to reduce the consumption of energy.</p> <p>2. The Company has already promoted the awareness and reinforces policies to encourage the recycle of natural resources, to decrease the energy consumption, and to reduce the emission of green-house gas.</p> <p>3. Through each department, the specific actions that the Company takes to protect the environment are, but not limited to, the followings: 1) the collection and evaluation of data about the impact that business operations cause on the environment; 2) establish a set of evaluation criteria; 3) continual review and improvement of business operations to achieve the purpose of environmental conservation.</p> <p>4. The polyester plants and textile plants owned by the Company have been evaluated and accredited by ISO-14064-1 for their emissions of green-house gas. A special budget is set aside and dedicated for the purpose of reducing the energy consumption.</p>	<p>None</p>
<p><b>(3) Promote common goods and public welfare</b></p>		

## Corporate Government Report

<ul style="list-style-type: none"> <li>a. In compliance with the relevant labor regulations, methodologies and procedures adopted by the Company to protect the legal privileges of employees</li> <li>b. A safe and healthy working environment for employees has to be provided, and training courses about employee working safety and health must be offered by the Company on a regular basis.</li> <li>c. Establishment and public disclosure of the Company's policy to protect the rights of consumers; a clear and effective procedure to satisfy product and/or service claims from consumers.</li> <li>d. Requesting and cooperating with its upstream suppliers to promote the corporate social responsibilities.</li> <li>e. Participation in community development and charity events through commercial activities, donation of materials, volunteer services, and other activities relevant to non-profit charity organizations.</li> </ul>	<ul style="list-style-type: none"> <li>1. The Company is in compliance with all relevant labor regulations. Moreover, by closely monitoring the changes in the said regulations, the Company improves its internal management procedures from time to time. In addition, announcements and disseminations of relevant labor regulations are made to employees periodically.</li> <li>2. The Company provides employees training courses about working safety and personal health.</li> <li>3. The Company has established "Procedures for receiving and satisfying clients' claims", and according to the said procedures, the dedicated persons in the Marketing Department reponse to clients' claims via electronic or postal mails. Business scopes, news flash, and "contact us" sections are installed on the website of the Company, ensuring consumers to receive the updated material information in time, and allowing consumers to provide the Company their opinions and feedback.</li> <li>4. The Company has been cooperating with international sportswear companies and international beverage companies to promote the usage of green products, in order to reduce the consumption of energy and natural resources. Efforts the Company has already made are, but not limited to, 1) using bio-based polyester chips and recycled chips to produce PET bottles; and 2) using recycled fibers and corn-made PLA fibers to produce function textile products.</li> <li>5. In order to promote the awareness of environmental protection, FENC has worked with the Taipei City Government in the event of 2010 Taipei International Florar Expo. The Company has built the pavilion, named as Far Eastern EcoARK, for the Expo. The pavilion walls were made of PET crystal bricks recycled from PET bottles, the first architecture of this kind in the world. This pavilion is the only one donated by the private enterprise in this event.</li> </ul>	None
<p><b>(4) Improvement in information disclosure</b></p>		

<p>a. Method of the Company adopts to disclose relevant and reliable information on corporate social responsibilities.</p> <p>b. Compilation of report to disclose information on the status the Company executing its policies on carrying out corporate social responsibilities.</p>	<p>On the website of the Company (<a href="http://www.fenc.com">www.fenc.com</a>), information about the status the Company carries out corporate social responsibilities is disclosed. In addition, relevant information is conveyed to interested parties via investors' conferences, shareholders' meetings, and services provided by investor relationship personnel.</p>	<p>None</p>
<p><b>(5) If the company has set up the principles based on "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies", please illustrate the implementation progress and any difference:</b></p> <p>Though the Company has not yet set up its governance principles in writing based on the "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies", as stated in this table, the Company has proactively and enthusiastically promoted corporate social responsibilities and contributed to the common goods of the society, such as implementing corporate governance best practices, conserving the global environment, and participating in public charity events, through the Company's R&amp;D ability, donation of materials and valuables, and environmental conservation evaluation verified by independent, publicly well-known organizations.</p>		
<p><b>(6) Please state any other important information that would facilitate better understanding on the Company's status in fulfilling corporate social responsibilities (i.e. systems, mechanism, policies that the Company adopts and their execution results about corporate social responsibilities, such as environmental conservation, community welfare improvement, contributions to common goods, social service activities, charity and donations, consumer rights, safety, health, and others):</b></p> <p>a. The Company dedicates in conserving the global environment through the following ways:</p> <ul style="list-style-type: none"> <li>- Reduce: Reduce the consumption of energy in the production process through continual R&amp;D efforts. Launch and promote light-weighted PET bottles to reduce the consumption of natural resources.</li> <li>- Recycle: Develop the up-to-date recycling technology, increase the scale and scope of recyclable products, and create more applications for recycled materials.</li> <li>- Replace: Replace fossil fuels with alternative energies. Utilize the waste of crops and indigestible crops as materials to replace petrochemical-based plastics.</li> </ul> <p>b. T park, a land development project under construction currently, utilizes a rain-collection system and a water recycling system to build a eco-environment. A massive space of green area is also planned in this project. T park would be a perfect demonstration of advanced technology and environmental conservation.</p> <p>c. In order to save energy and reduce the carbon emission, the Company is replacing traditional light bulbs with LED lights in every factory and office building. All employees are encourages to save all sorts of natural resources.</p> <p>d. Plan and hold the "National Marathon and Community Carnival for Promoting Saftey and Health Awareness" in Hsinchu City. About 2,000 contestants islandwide and residents in the neighborhood of Hsinchu City participate in this event.</p>		

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**(7) If products of the Company or reports of corporate social responsibility have/has been accredited by relevant accreditation institutions, please elaborate:**

- a. Knitted fabrics made of the recycled fibers developed by the Company have been accredited by GRS (Global Recycle Standard), a international institute to verify sportswear made of recycled materials.
- b. Yarns made of organic cotton and yarns made of recycled fiber yarns have been accredited by C.U. (CONTROL UNION).
- c. Evaluation of green-house gas emission has been implemented based on the criteria of ISO 14064-1, and have been accredited by D.N.V.
- d. Quality of products have been accredited by D.N.V. based on the criteria of ISO-9001, ISO-14001, ISO-18001, and OHSAS.
- e. Food-grade PET resins produced by the Company all have received quality endorsements from international prestigious beverage companies. All sorts of PET resins have received quality approvals from the US FDA.
- f. Polyester fibers made of 100% recycled materials have been accredited by the Taiwanese government authority.
- g. Bio-degradable materials developed by the Company have received quality approval from OWS in Europe, and have been accredited as BPI by Taiwan authority.
- h. Green food-grade PET resins have completed the carbon footprint assessment by PAS 2050:2008, and have been accredited by D.N.V.

**(8) Status of Ethical Corporate Management and Procedures that the Company implements such Management:**

"Code of Ethics for Far Eastern New Century Corporation" and "Best Practice Principles of Ethical Corporate Management for Far Eastern New Century Corporation" have approved by the board meeting dated as 19 August 2011, and will be reported to the upcoming 2012 Annual General Shareholders' Meeting dated as 28 June 2012. Directors of the Company all exercise a high degree of self-discipline. A director may present his/her opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party; neither does a director vote on such proposal as a proxy of another director in such circumstances. In addition, the internal auditing department will, on a regular basis, audit the accounting system, internal control system, and the executions of the said systems. An auditing report will be prepared and submitted to the Board of Directors.

**(9) 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 allowances 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 "zero 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. Operational status of the Remuneration Committee

- On 19 August 2011, the Company established the Remuneration Committee, which is responsible for the

establishment and review of policies, regulations, standards, and structures of the performance evaluation system and compensation system for directors, supervisors, and managers. The committee is also in charge of the review of compensation for directors, supervisors, and managers on a regular basis, and the review results will be submitted to the board meeting for discussion.

- On 22 December 2011, the Remuneration Committee convened the first meeting, in which the current performance evaluation system of the Company, the current standard of salaries, incentives, and bonuses for employees, and the current system of compensation for directors and supervisors were reviewed and examined. Committee members attending in person all consented the current systems, and resolved to maintain the current system. The resolution was submitted to the board meeting dated as 21 March 2012, and approved by the board meeting.
- c. Execution of policies to protect consumers or customers: The Company has abided by all relevant policies.
- d. 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 board of directors, supervisors, presidents, and executive vice presidents:

Title	Name	Study Date		Sponsoring Organization	Name of the Course	Study hours
		From	To			
Chairman	Douglas Tong Hsu	27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Sep 09	23 Sep 09	Deloitte & Touche	IFRS Seminar	6
Directors	Johnny Shih	27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Sep 09	23 Sep 09	Deloitte & Touche	IFRS Seminar	6
		2 Jul 09	2 Jul 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Shaw Y. Wang	27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Sep 09	23 Sep 09	Deloitte & Touche	IFRS Seminar	6
		2 Jul 09	2 Jul 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Champion Lee	27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Sep 09	23 Sep 09	Deloitte & Touche	IFRS Seminar	6
		2 Jul 09	2 Jul 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
Peter Hsu	27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3	
	23 Sep 09	23 Sep 09	Deloitte & Touche	IFRS Seminar	6	
	2 Jul 09	2 Jul 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3	

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Title	Name	Study Date		Sponsoring Organization	Name of the Course	Study hours
		From	To			
Directors	Tonia Katherine Hsu	23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		2 Jul 09	2 Jul 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Y. H. Tseng	27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Sep 09	23 Sep 09	Deloitte & Touche	IFRS Seminar	6
		2 Jul 09	2 Jul 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Richard Yang	23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		28 Sep 07	28 Sep 07	Taiwan Academy of Banking and Finance	Regulations and Risks of Related Party Transactions	3
	Kuan Tao Lee	23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Sep 09	23 Sep 09	Deloitte & Touche	IFRS Seminar	6
		2 Jul 09	2 Jul 09	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Supervisor	Alice Hsu	27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance
23 Dec 10			23 Dec 10	Taiwan Academy of Banking and Finance	Regulations and Risks of Related Party Transactions	3
T. H. Chang		27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
Ching Ing Hou		24 Nov 11	24 Nov 11	Financial Supervisory Commission, Executive Yuan	The 7th Taipei Corporate Governance Forum	3
		23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
President	Eric Hu	27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Sep 09	23 Sep 09	Deloitte & Touche	IFRS Seminar	6
	K. S. Wu	27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Humphrey Cheng	27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
23 Dec 10		23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3	
23 Sep 09		23 Sep 09	Deloitte & Touche	IFRS Seminar	6	
Executive Vice President	Ru-yu Wu	27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Sep 09	23 Sep 09	Deloitte & Touche	IFRS Seminar	6
	T. H. Liu	27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3



### 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://emops.twse.com.tw/emops\\_all.htm](http://emops.twse.com.tw/emops_all.htm)

### 3.5 Others

#### 3.5.1 Code of conducts or ethical principles of the Company employees :

"Sincerity, Diligence, Thrift, Prudence" and "Innovation" is the motto of the Company, and also the code of conducts 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		3	-	3
CPA China		1	-	-
CFA		-	2	-
CIA		3	1	3
CMA		1	-	-
CFM		1	-	-
CPB		16	1	-
Land Administration Agent		1	-	-
Realtor		1	-	-
Non-Life Insurance Broker		1	-	-
the Enterprise Internal Control Basic Ability		20	7	18
the Senior Securities Broker		2	10	1
Securities Investment Analyst		1	1	-
the Broker of Future Contract Trading		2	-	1
Financial Planning		-	4	1
Licenseed Trust Sales		1	8	1
Foreign Exchange Trading		-	2	-
CISA		-	-	1
ISMS Lead Auditor		-	-	1

## Corporate Government Report

### 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: 21 March 2012

Based on the self-examination results of the internal control system for the year of 2011, Far Eastern New Century Corporation (the Company) therefore declares the following:

1. Board of Directors and the management of the Company understand that it is their responsibility to establish, implement, and maintain an internal control system, and such a system has been established. The purpose to establish the aforesaid system is to reasonably assure 1) the operating results and operating efficiencies (including profit, performance, and the safeguard of assets; 2) the reliability of the financial reports, and 3) the compliance of the relevant laws and regulations.
2. An internal control system, regardless how perfectly the system is being designed, can have its defect. A system that can reasonably assure the achievements of the three purposes mentioned in the preceding paragraph is considered as effective and useful. In addition, changes in the business environment and situation may as a result hinder the effectiveness of an adequate system. However, the internal control system of the Company has included self-examination mechanism, the Company will make immediate corrections considering the materiality 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 items during the internal control process: 1) Control Environment, 2) Risk Evaluation and Management, 3) Control Activities, 4) Information and Communication, and 5) Monitoring. Details of each area being examined can be found in the Guidelines.
4. Based on the items mentioned in the preceding paragraph, the Company has examined the design of the internal control system and the effectiveness of the implementation of the aforesaid system.
5. The exam result indicated that the internal control system of the Company (including the governance of its subsidiaries) 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 company policies
  - (4) Safeguard of company assets and information
6. This Declaration is a significant content in the annual report and prospectus of the Company, and it is available to the general public. If it contains false information or conceals any material contents, the Company is in violation of Article 20, Article 32, Article 171 and Article 174 set forth in the ROC Securities and Exchange Law.
7. The Board of Directors has approved the Declaration of Internal Control System in the board meeting held on 21 March 2012. All of eleven Directors presented consented the Declaration, and no dissenting opinion is expressed.

Far Eastern New Century Corporation

Chairman: Douglas Tong Hsu

Corporate Management President: Humphrey Cheng

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 Shareholders' meeting

	Date	Resolutions of Shareholders' Meeting	Execution
2011 Annual General Shareholders' Meeting	24 June 2010	Matters to be reported: 1. 2010 business operations 2. 2010 financial statements 3. Supervisor's review report of 2010 business operations and financial statements 4. Information of the corporate bonds issued in 2010	Not applicable
		Matters to be approved: 1. To accept 2010 business report and financial statements. 2. To approve the proposal for distribution of 2010 profits.	31 August 2011 was fixed to be the date of ex-dividend, and cash dividend was distributed on 30 September 2011.
		Matters to be discussed 1. To approve amending the Articles of Incorporation.. 2. To approve the capitalization of 2010 stock dividends. 3. To approve amending the Company bylaws on "Election Procedures of the Directors and Supervisors for Far Eastern New Century Corporation."	1. Operating pursuant to the amended procedures 2. Common stocks were issued on 30 September 2011 3. Operating pursuant to the amended procedures

3.8.2 Board of Directors

Date	Important Resolutions
22 March 2011	<ol style="list-style-type: none"> <li>1. Approved 2010 financial statements (including consolidated reports).</li> <li>2. Approved the proposal for profit distribution of 2010.</li> <li>3. Approved the capitalization of 2010 stock dividends.</li> <li>4. Approved amending the Article of Incorporation.</li> <li>5. Approved amending the Company bylaw "Election Procedures of the Directors and Supervisors for Far Eastern New Century Corporation".</li> <li>6. Approved the amendments of "Meeting Rules of the Board of Directors".</li> <li>7. Approved the proposal of convening 2011 Annual General Shareholders' Meeting.</li> <li>8. Approved the issuance of corporate bonds in year 2011.</li> <li>9. Approved and accept the self-examine results of the internal control system.</li> <li>10. Approved a special capital expenditure dedicated for the energy savings.</li> </ol>
30 June 2011	<ol style="list-style-type: none"> <li>1. Approved the details about FENC's cash dividend, stock dividend and ex-dividend date.</li> <li>2. Approved the amendments of "Procedures of Internal Auditing for Far Eastern New Century Corporation".</li> <li>3. Approved the change at the organizational structure of the Company and one additional Vice Chairman position be created. Mr. Raymond Hsu was appointed by the Board to be the Vice Chairman.</li> <li>4. Each President for Petrochemical Industry, Polyester Industry, Textile Industry, and Corporate Management Department was appointed by the Board.</li> </ol>
19 August 2011	<ol style="list-style-type: none"> <li>1. Approved financial statements (including consolidated reports) for the first half of year 2011.</li> <li>2. Approved the Company bylaw "Article of Remuneration Committee".</li> <li>3. Approved the establishment of the Remuneration Committee.</li> <li>4. Approved the promulgation of "Code of Ethics for Far Eastern New Century Corporation" and "Best Practice Principles of Ethical Corporate Management for Far Eastern New Century".</li> <li>5. Approved the issuance of unsecured corporate bonds in 2011.</li> <li>6. Approved the proposal of a capital injection of Rmb 136,000,000 to Far Eastern Industries (Shanghai) Ltd.</li> </ol>

## Corporate Government Report

Date	Important Resolutions
27 December 2011	<ol style="list-style-type: none"> <li>1. Approved the proposal for 2012 operating budget and the 2012 budget for capital expenditure.</li> <li>2. Approved the proposal for re-evaluation of the land owned by the Company.</li> </ol>
21 March 2012	<ol style="list-style-type: none"> <li>1. Approved 2011 financial statements (Including consolidated reports).</li> <li>2. Approved the proposal for profit distribution of 2011.</li> <li>3. Approved the capitalization of 2011 stock dividends.</li> <li>4. Approved amending the Company bylaw "Procedures of Acquisition and Disposition of Assets for Far Eastern New Century Corporation."</li> <li>5. Approved the proposal of re-election of directors, independent directors, and supervisors.</li> <li>6. Approved the proposal of convening 2012 Annual General Shareholders' Meeting.</li> <li>7. Approved the issuance of unsecured corporate bonds in year 2012.</li> </ol>

3.9 In recent years until the annual report being 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:

Name	New position	Previous position
Johnny Shih	Vice Chairman	Vice Chairman & President
K. S. Wu	President, Petrochemical Industry	Senior Executive Vice President, President Office
Y. H. Tseng	President, Polyester Industry	Senior Executive Vice President, Polyester Business Operation Center
Eric Hu	President, Textile Industry	Senior Executive Vice President, Textile Business Operation Center
Humphrey Cheng	President, Corporate Management Department	Senior Executive Vice President, Corporate Management Department

## 4. Public Expenses of CPA

### 4.1 Information of CPA

#### 4.1.1

Accounting Firm	Name of CPA		Audit Period	Note
Deloitte & Touche	Benjamin Shih	Huang Shu Chieh	1 Jan 2011 – 31 Dec 2011	None

#### 4.1.2

Amount (NT\$)	Item	Audit Fee	Non-audit Fee	Total
1	Under 1,999,999			
2	2,000,000 ~ 3,999,999		V	
3	4,000,000 ~ 5,999,999			
4	6,000,000 ~ 7,999,999	V		
5	8,000,000 ~ 9,999,999			V
6	10,000,000 and over			

#### 4.1.3

Unit: NT\$ thousands

Accounting Firm	Name of CPA		Audit Fee	Non-audit Fee					Audit period
				System Design	Registration	Human Resource	Other	Total	
Deloitte & Touche	Benjamin Shih	Huang Shu Chieh	7,440	0	90	0	2,165	2,255	1 Jan 2011 – 31 Dec 2011

Note: Non-audit fee mainly includes fees of 1) NT\$1,000,000 related to convert R.O.C GAAP into IFRS; and 2) NT\$1,165,000 service fees for tax reporting, legal consulting, and corporate bonds issuance.

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 CPA firm is changed: None

4.4 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:** None

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

## Corporate Government Report

### 7. Shareholding Transferred or Pledged by Directors, Supervisors, Management, and Major Shareholders who holds 10% of the Company shares or more

#### 7.1 Shareholding Variation

Unit: Share

Title	Name	2011		Year 2012 till 29 April	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Chairman	Douglas Tong Hsu	1,619,955	-	-	-
Vice Chairman	Johnny Shih	62,172	-	-	-
Vice Chairman	Peter Hsu	(8,017,954)	-	-	-
Director	Yue Ding Industry Co., Ltd.	573,503	-	824,000	-
	Raymond Hsu	633,341	-	-	-
	Asia Cement Corporation	31,821,408	-	-	-
	Shaw Y. Wang	10,535	-	-	-
	Champion Lee	361,667	-	-	-
	G. M. Wang	-	-	-	-
	Far Eastern Department Stores Co., Ltd.	531,988	-	-	-
	Y. H. Tseng	(40,224)	-	-	-
	Richard Yang	138,013	-	-	-
	Kuan Tao Lee	-	-	-	-
	Bai Yang Investment Co., Ltd.	59,063	-	-	-
Tonia Katherin Hsu	-	-	-	-	
Supervisor	U-Ming Marine Transportation Corporation	830,888	(11,000,000)	-	-
	T. H. Chang	2,418	-	-	-
	Alice Hsu	750,805	-	(1,500,000)	-
	Yuan Ding Co., Ltd.	20,767	-	-	-
	Ching Ing Hou	-	-	-	-
Manager	Eric Hu	7	-	-	-
	K.S. Wu	36	-	-	-
	T.H. Liu	1,266	-	-	-
	Fred Chu	-	-	-	-
	Donald Fan	(17,581)	-	-	-
	Humphrey Cheng	-	-	-	-
	Ru-yu Wu	(9,804)	0	0	0
	David Wang	189	0	0	0
	Austin Lee	-	-	-	-
	B. T. Cherng	(4,990)	-	-	-
	Kuen Lin Ho	-	-	-	-

Title	Name	2011		Year 2012 till 29 April	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
	Chuck Tseng	1,984	-	-	-
	Mark Lu	1,150	-	-	-
	Chum Min Ho	-	-	-	-
	T.J. Lo	33	-	-	-
	Emily Wu	-	-	-	-
	Bill Yang	14	-	-	-
	C. C. Fan	-	-	-	-
	Mike Wu	33	-	-	-
	T. H. Tsai	2,810	-	-	-
	David Shih	9	-	-	-
	Arthur Lee	159	-	-	-
	C.W. Chu	46	-	-	-
	Jackson Wu	1,346	-	-	-
	Mingo A. Chen	115	-	(3,000)	-
	Li Chi Cheng	-	-	-	-
	Monsun Yang	416	-	-	-
	Sandy Chiou	38	-	-	-
	Steve Liu	477	-	-	-
	Tony Liang	-	-	-	-
	C. Y. Lin	-	-	-	-
	Joe Pai	-	-	-	-
	William T. Hsu	-	-	-	-
	C.T. Peng	-	-	-	-
	Brian Lee	-	-	-	-
	K. B. Louy	(9,170)	-	(1,000)	-
	C. T. Chen	-	-	-	-
	W. C. Hu	-	-	-	-
	Jack Luh	(20,000)	-	-	-
	Frank Kou	17	-	-	-
	C. T. Chang	20	-	-	-
	H. C. Ho	1,120	-	-	-
	Y. J. Lo	933	-	-	-
	Huang Biao Liang	-	-	-	-
	Ryan Wu	-	-	-	-
	C. C. Hong	-	-	-	-
	Allen Lu	-	-	-	-

## Corporate Government Report

### 7.2 Shareholding Transferred (while the counterparty is a related party):

Not applicable

### 7.3 Shareholding Pledged :

Name	Reason for Changing Pledged Shares	Changed Date	Counter Party	The Relationship of the Counter Party	Shares (000 shares)	Holding Ratio	Pledge Ratio
U-Ming Marine Transportation Corporation	De-pledge	28 Nov 2011	Far Eastern International Bank (FEIB)	The Chairman of U-Ming Marine is the same person as the Vice Chairman of FEIB	11,000	0.58%	35.05%



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

Book closure date: 29 April 2012

Name	Current shareholding		Spouse & minor children's shareholding		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 Corporation Representative: Douglas Tong Hsu	1,092,535,039	22.31	0	0.00	0	0.00	Oriental Institute of Technology	The same Chairman
							Far Eastern Medical Foundation	
							Yuan Ze University	
							Far Eastern Memorial Foundation	Chairman is a Director of the Foundation
							Der Ching Investment Co., Ltd	ACC's subsidiary
Oriental Institute of Technology Representative: Douglas Tong Hsu	235,719,283	4.81	0	0.00	0	0.00	Asia Cement Corp.	The same Chairman
							Far Eastern Medical Foundation	
							Yuan Ze University	
							Far Eastern Memorial Foundation	Chairman is a Director of the Foundation
Far Eastern Medical Foundation Representative: Douglas Tong Hsu	175,851,732	3.59	0	0.00	0	0.00	Asia Cement Corp.	The same Chairman
							Oriental Institute of Technology	
							Yuan Ze University	
							Far Eastern Memorial Foundation	Chairman is a Director of the Foundation
Far Eastern Memorial Foundation Representative: Chen Sun	146,237,599	2.99	0	0.00	0	0.00	Asia Cement Corp.	Director of the Foundation is the Chairman of the aforesaid organizations.
							Oriental Institute of Technology	
							Yuan Ze University	
							Far Eastern Medical Foundation	

## Corporate Government Report

Name	Current shareholding		Spouse & minor children's shareholding		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
Yuan Ze University Representative: Douglas Tong Hsu	134,093,580	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	Chairman is a Director of the Foundation
Chunghwa Post Co. Ltd.	112,731,450	2.30	0	0.00	0	0.00	None	None
Shinkong Life Insurance Corporation	85,688,030	1.75	0	0.00	0	0.00	None	None
Chinatrust Commercail Bank Trust Account-Asia Cement Corp.	71,440,800	1.46	0	0.00	0	0.00	None	None
Der Ching investment Co., Ltd. Representative: K. Y. Lee	70,707,263	1.44	0	0.00	0	0.00	Asia Cement Corp.	ACC's subsidiary
Funds of Saudi Arabia at the discretionary account of Morgan Stanley Asset Management and in custody of JP Morgan	64,199,366	1.31	0	0.00	0	0.00	None	None

## 9. Shareholding Proportion of FENC to Investees

Book closure date: 29 April 2012

Investees	FENC Holdings		Direct and Indirect Holdings of Directors, Supervisors, and Managers of FENC		Total Holdings	
	Shares (Thousand)	%	Shares (Thousand)	%	Shares (Thousand)	%
Asia Cement Corp.	700,357	22.33	203,308	6.48	903,665	28.81
Far Eastern Department Stores Co., Ltd.	221,275	16.80	119,988	9.11	341,263	25.91
Oriental Union Chemical Corp.	73,833	9.17	204,676	25.42	278,509	34.59
Far Eastern International Bank	65,554	3.09	446,033	21.05	511,587	24.14
Everest Textile Co., Ltd.	129	0.03	129,974	27.58	130,103	27.61
Yuan Ding Investment Co., Ltd.	1,822,821	99.40	5,502	0.30	1,828,323	99.70
Far Eastern Resources Development Co., Ltd.	489,974	100.00	-	-	489,974	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.	746,134	69.22	331,718	30.78	1,077,852	100.00
Kai Yuan International Investment Co., Ltd.	302,844	100.00	-	-	302,844	100.00
Oriental Petrochemical (Taiwan) Co., Ltd.	509,860	75.56	43,410	6.43	553,270	81.99
Far Eastern Polytex (H) Ltd	113	100.00	-	-	46	100.00
Yuan Ding Co., Ltd.	186,926	37.13	243,474	48.37	430,400	85.50
Far Eastern Construction Co., Ltd.	154,372	65.11	2,150	0.91	156,522	66.02
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	85.07
PET Far Eastern (H) Ltd.	202	85.27	35	14.73	237	100.00
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 Gament Manufacturing Co., Ltd.	3,999	99.99	-	-	3,999	99.99
FEDP (H) Ltd.	244	50.43	240	49.57	484	100.00
Far Eastern Textile Limited	100	100.00	-	-	100	100.00
Ding Ding Hotel Co., Ltd.	5,386	19.00	21,466	75.72	26,852	94.72
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 (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of capital	Capital increased by assets other than cash	Other
Sep 07	10	4,950,000	49,500,000	4,480,347	44,803,469	Capitalization of share diividends	-	-
Sep 08	10	4,950,000	49,500,000	4,569,954	45,699,538	Capitalization of share diividends	-	-
Sep 09	10	4,950,000	49,500,000	4,661,353	46,613,529	Capitalization of share diividends	-	-
Sep 10	10	4,950,000	49,500,000	4,754,580	47,545,799	Capitalization of share diividends	-	-
Sep 11	10	6,000,000	60,000,000	4,897,217	48,972,174	Capitalization of share diividends	-	-

Note :

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

19 July 2007 Financial Supervisory Commission Ruling Ref. No.0960037682

16 July 2008 Financial Supervisory Commission Ruling Ref. No.0970035940

21 July 2009 Financial Supervisory Commission Ruling Ref. No.0980036534

14 July 2010 Financial Supervisory Commission Ruling Ref. No.0990036491

25 July 2011 Financial Supervisory Commission Ruling Ref. No.1000033221

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	4,897,217	-	4,897,217	942,783	150,000	10,000	6,000,000	-

1.2 Shelf Registration: None

### 1.3 Composition of shareholders

Book closure date: 26 April 2011

Types Amounts	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Citizens	Security Trust Funds	Foreign Institutions & Foreign Persons	Total
Numbers	21	71	258	101,825	35	585	102,795
Number of shares owned	212,548,634	660,174,976	2,224,575,315	723,948,113	48,199,761	1,027,770,559	4,897,217,358
% holdings	4.34%	13.48%	45.42%	14.80%	0.98%	20.98%	100.00%

### 1.4 Distribution profile of share ownership

Par value: NT\$10 per share  
Book closure date: 29 April 2012

Shareholder Ownership	Number of shareholders	Number of shares owned	%
1 ~ 999	53,928	12,410,838	0.25%
1,000 ~ 5,000	33,129	72,353,045	1.50%
5,001 ~ 10,000	7,259	51,656,216	1.05%
10,001 ~ 15,000	2,931	34,596,696	0.71%
15,001 ~ 20,000	1,362	24,038,619	0.49%
20,001 ~ 30,000	1,376	32,922,400	0.67%
30,001 ~ 40,000	682	23,453,189	0.48%
40,001 ~ 50,000	376	16,785,491	0.34%
50,001 ~ 100,000	736	51,399,756	1.05%
100,001 ~ 200,000	364	51,146,884	1.04%
200,001 ~ 400,000	187	52,587,058	1.07%
400,001 ~ 600,000	89	43,861,047	0.90%
600,001 ~ 800,000	46	32,000,485	0.65%
800,001 ~ 1,000,000	25	22,671,657	0.46%
Over 1,000,001	269	4,375,333,977	89.34%
Total	102,795	4,897,217,358	100.00%

### 1.5 Preferred Share: None

## Capital Overview

### 1.6 Major shareholders

Book closure date: 29 April 2012

Shareholders	Total shares owned	Ownership%
Asia Cement Corporation	1,092,535,039	22.31%
Oriental Institute of Technology	235,719,283	4.81%
Far Eastern Medical Foundation	175,851,732	3.59%
Far Eastern Memorial Foundation	146,237,599	2.99%
Yuan Ze University	130,187,942	2.74%
Chunghwa Post Co., Ltd.	112,731,450	2.30%
Shinkong Life Insurance Corporation	85,688,030	1.75%
Chinatrust Commercial Bank Trust Account- Asia Cement Corp.	71,440,800	1.46%
Der Ching Investment Corp.	70,707,263	1.44%
Funds of Saudi Arabia Central Bank at the discretionary account of Morgan Stanley Asset Management, in custody of JP Morgan	64,199,366	1.31%

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

Items	Year	2010	2011	Year 2012 till
				31 Mar
Market price per share	Highest	52.20	51.50	38.20
	Lowest	29.55	28.60	33.60
	Average	38.71	41.06	35.81
Net worth per share	Before distribution	20.73	22.78	23.12
	After distribution	18.73	(Note 1)	(Note 1)
Earnings per share	Weighted average shares (thousand shares)	4,754,580	4,897,217	4,897,217
	Diluted earnings per share	2.70	2.26	0.60
	Adjusted diluted earnings per share (Note 2)	2.62	(Note 1)	(Note 1)
Dividends per share (Note 3)	Cash dividend	1.3	2.0	-
	Stock dividend	0.2	0.3	-
		-	-	-
	Accumulated undistributed dividend	-	-	-
Return on Investment	Price / Earnings ratio (Note 4)	14.34	18.17	-
	Price / Dividend ratio (Note 5)	29.78	20.53	-
	Cash Dividend yield (Note 6)	3.36	4.87	-

Note 1 : The profit distribution amounts shall be finalized based on the resolutions at the upcoming 2012 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/Earning 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. Unless saving for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required, when distributing dividends, the cash dividends shall not be less than 10% of the aggregate sum of dividends and bonus distributed in the same year.
- 1.8.2 Proposed distribution of 2011 profits to be approved at the Shareholders' Meeting: Cash dividend NT\$1.70 per share and stock dividend NT\$0.3 per share (dividend 30 shares for each thousand shares owned). Totally NT\$2.0 per share proposed to be distributed.

## Capital Overview

### 1.9 Effects on business performance and EPS resulting from stock dividend distribution proposed by 2012 Annual General Shareholders' Meeting

NT\$ thousands

Items		Year	2012 (pro forma basis)
Paid-in Capital (Beginning of the year)			48,972,173
Stock & cash dividend to be distributed	Cash Dividend		NT\$1.7/share
	Stock dividend from retained earnings		30 shares for each thousand shares owned
	Stock dividend from capital surplus		-
Variance in business performance	Operating income		Not applicable  (Note)
	% 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 neither prepare nor disclose financial forecast of 2012, pursuant to the letter issued by the Securities and Futures Bureau on 1 February 2000 (Letter number: Tai-Tsai-Zen-1-00371), the company is not required to disclose this information.



## 1.10 Bonuses for employees, Directors and Supervisors

1.10.1 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 dividends to shareholders, to be distributed based on shareholdings. However in the case of increase in the Company's share capital, unless otherwise stipulated by law, the dividends 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.
- e. 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

1.10.2 The discrepancy, if there is any, between the total amount of estimated employee bonus, remuneration for Directors and Supervisors, and stock dividends and total amount actually being paid: Treated as the changes at the accounting estimate, and such changes are adjusted in the year that annual general shareholders' meeting resolved.

1.10.3 Proposed bonuses for employees, directors and supervisors:

The Company Board of Directors resolved on 21 March 2012, the amount of bonuses being paid to employees, Directors, and Supervisors, respectively, are listed below:

- a. a.1. Employee cash bonus: NT\$421,226,009, employee stock bonus: NT\$0, remuneration for Directors and Supervisors: NT\$315,949,507.
- a.2. The discrepancy, if there is any, between the estimated amount and the amount being actually paid, and the reason for such discrepancy: Not applicable.
- b. Proposed percentage of employee stock bonus over retained earnings transferred to common stock: Not applicable

1.10.4 Bonuses to employees, Directors and Supervisors for 2011 as approved at the board meeting and annual general shareholders' meeting are as follows:

- a. a.1. Employee cash bonus: NT\$470,345,544, employee stock bonus: NT\$0, remuneration for Directors and Supervisors: NT\$352,759,158.
- a.2. The discrepancy, if there is any, between the estimated amount and the amount being actually paid, and the reason for such discrepancy: Not applicable.
- b. Proposed percentage of employee stock bonuses over retained earnings transferred to common stock: Not applicable

1.10.5 The discrepancy, if there is any, between the total amount being actually paid as bonuses to employees, Directors and Supervisors for 2010 (including number of shares, dollar amount, and share price) and the amount of such bonuses being recognized should be stated, and the reason for such discrepancy:

- a. Remuneration to Directors and Supervisors: Resolved amount is NT\$352,759,158. The dollar amount

## Capital Overview

actually being paid is NT\$153,000,000.

- b. Employee bonus: Resolved amount is NT\$470,345,544. The dollar amount actually being paid is NT\$470,345,544.

The difference between the resolved amount and the amount actually being paid will be paid in the following years.

### 1.11 Share buyback by the Company:

The Company did not buy back share in year 2011 and in year 2012 till the date of 30 April.

## 2. Corporate Bonds

Book closure date: 29 April 2012

Corporate Bond Type	2 <sup>nd</sup> Domestic Unsecured Bond	1 <sup>st</sup> Unsecured Bond 2008	2 <sup>nd</sup> Unsecured Bond 2008	3 <sup>rd</sup> Unsecured Bond 2008
Issue Date	14 Sep 2007	28 May 2008	20 Jun 2008	18 Jul 2008
Face value	NT\$ 100,000	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\$ 2,600,000,000	NT\$ 1,000,000,000	NT\$ 1,200,000,000
Coupon rate	0%	2.67%	2.83%	2.95%
Maturity	5 years Maturity date: 14 Sep 2012	3 years Maturity date: 28 May 2011	5 years Maturity date: 20 Jun 2013	5 years Maturity date: 18 Jul 2013
Guarantor	-	-	-	-
Trustee	Bank SinoPac	Bank SinoPac	Bank SinoPac	Bank SinoPac
Underwriter	Chinatrust Securities	-	-	-
Legal counsel	-	N. C. Liao	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	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 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.
Outstanding amount	NT\$1,239,300,000	NT\$2,600,000,000	NT\$1,000,000,000	NT\$1,200,000,000
Redemption or early repayment clause	Refer to Contract	None	None	None
Covenant applicable	Refer to Contract	None	None	None
Crediting rating	Received a rating of "twA+" from Taiwan Ratings Corp. on 1 Aug 2007	Received a rating of "twA+" from Taiwan Ratings Corp. on 2 May 2008	Received a rating of "twA+" from Taiwan Ratings Corp. on 21 May 2008	Received a rating of "twA+" from Taiwan Ratings Corp. on 20 Jun 2008
Other rights of bond holders	Amount converted in, exchanged, or subscribed to common shares, ADRs or other securities	The total amount being converted to common shares is NT\$300,000 till 29 April 2012.	None	None
	Conversion rights	Refer to Contract	None	None
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.	None	None	None
Custodian	TDCC	None	None	None

## Capital Overview

Book closure date: 29 April 2012

Corporate Bond Type	1 <sup>st</sup> Unsecured Bond 2009	1 <sup>st</sup> Unsecured Bond 2010	2 <sup>nd</sup> Unsecured Bond 2010
Issue Date	29 Oct 2009	27 May 2010	16 Sep 2010
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\$ 3,000,000,000	NT\$ 5,500,000,000	NT\$ 6,000,000,000
Coupon rate	1.85%	1.68%	1.59%
Maturity	5 years Maturity date: 29 Oct 2014	5 years Maturity date: 27 May 2015	5 years Maturity date: 16 Sep 2015
Guarantor	-	-	-
Trustee	Bank SinoPac	Bank SinoPac	Bank SinoPac
Underwriter	-	-	-
Legal counsel	N. C. Liao	N. C. Liao	N. C. Liao
CPA	Shih Ching Pin Wu En Ming	Shih Ching Pin Huang Shu Chieh	Shih Ching Pin Huang Shu Chieh
Repayment	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.	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.	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\$ 3,000,000,000	NT\$ 5,500,000,000	NT\$ 6,000,000,000
Redemption or early repayment clause	None	None	None
Covenant applicable	None	None	None
Crediting rating	Received a rating of "twA+" from Taiwan Ratings Corp. on 30 Sep 2009	Received a rating of "twA+" from Taiwan Ratings Corp. on 27 Apr 2010	Received a rating of "twA+" from Taiwan Ratings Corp. on 10 Aug 2010
Other rights of bond holders	Amount converted in, exchanged, or subscribed to common shares, ADRs or other securities	None	None
	Conversion rights	None	None
Dilution and other effects on existing shareholders	None	None	None
Custodian	None	None	None

## Far Eastern New Century

Annual Report 2011

Book closure date: 29 April 2012

Corporate Bond Type	1 <sup>st</sup> Unsecured Bond 2011	2 <sup>nd</sup> Unsecured Bond 2011	3 <sup>rd</sup> Unsecured Bond 2011
Issue Date	27 May 2011	29 Sep 2011	15 Feb 2012
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\$3,800,000,000	NT\$2,200,000,000	NT\$6,000,000,000
Coupon rate	1.50%	1.55%	1.36%
Maturity	5 years Maturity date: 27 May 2016	5 years Maturity date: 29 Sep 2016	5 years Maturity date: 15 Feb 2017
Guarantor	-	-	-
Trustee	Bank SinoPac	Bank SinoPac	Bank SinoPac
Underwriter	-	-	-
Legal counsel	N. C. Liao	N. C. Liao	N. C. Liao
CPA	Shih Ching Pin Huang Shu Chieh	Shih Ching Pin Huang Shu Chieh	Shih Ching Pin Huang Shu Chieh
Repayment	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.	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.	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\$3,800,000,000	NT\$2,200,000,000	NT\$6,000,000,000
Redemption or early repayment clause	None	None	None
Covenant applicable	None	None	None
Crediting rating	Received a rating of "twA+" from Taiwan Ratings Corp. on 20 Apr 2011	Received a rating of "twA+" from Taiwan Ratings Corp. on 26 Aug 2011	Received a rating of "twA+" from Taiwan Ratings Corp. on 21 Dec 2011
Other rights of bond holders	Amount converted in, exchanged, or subscribed to common shares, ADRs or other securities	None	None
	Conversion rights	None	None
Dilution and other effects on existing shareholders	None	None	None
Custodian	None	None	None

## Capital Overview

### Exchangable Bonds

Type	2 <sup>nd</sup> Domestic Unsecured Bond						
Year	14 Sep 2007	31 Dec 2007	31 Dec 2008	31 Dec 2009	31 Dec 2010	31 Dec 2011	30 Apr 2012
Number of shares as underlying assets	657,751,161	657,751,161	697,216,230	666,632,716	686,631,697	700,357,335	750,357,335
Exchange price	57.88	57.88	51.77	47.70	43.74	40.87	40.87
Market price	Highest	—	109.00	110.80	100.50	105.00	111.75
	Lowest	—	98.00	82.50	95.00	99.30	98.50
	Average	—	103.36	101.39	98.69	99.64	104.67
Issued date	14 September 2007						
Exchange Target	Common stock of Aisa Cement Corporation						

### 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" or "FENC")
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 par value
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 Corporation (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 sections 11.2 and 11.3, should ACC common shares go ex-dividend before the issuance date of the Bond.

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 Bond 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 in regard to the adjustment by writing to make a public announcement, 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 the new exchange price by writing to make a public announcement.

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

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

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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 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 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 an public announcement in regard to the adjustment. Bondholders who exercise exchange right before the ex-dividend date shall me 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 Compnay shall notify the GTSM by writing to make an public announcement in regard to 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:

		Exchange price prior to adjustment	×	Current number of shares ACC issued (note 2)	+	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	×	Number of new common shares issued by ACC when purchasing rights being exercised
Adjusted exchange price	=	Current number of shares ACCement 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 prive 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 in regard to the adjustment, and the adjustment should be in effect on the record date of capital reduction.

		Exchange price prior to adjustment	×	Number of common shares issued before capital reduction
Adjusted exchange price	=	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 aforementioned 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 aforementioned 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 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

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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 aforementioned 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 aforementioned period shall not fall into the Closed Period specified in Condition 9) to holders of the Bonds (based on bondholders' 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 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.

### 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 40<sup>th</sup> 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 mail 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 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 time should be based on the time 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 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 Overseas 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	None		
Depository bank	The Bank of New York Mellon Corporation		
Custodian bank	Far Eastern International Bank		
Number of outstanding shares	644,738.10 Units (Year 2012 till 30 April)		
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
2011	US\$17.75	US\$11.00	US\$13.24
Year 2012 till 30 April	US\$15.71	US\$15.71	US\$15.71

#### 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 privated placement of securities in the preceding 3 years whose return of investment has not emerged: None

## Operational Highlights

# V. Operational Highlights

## Business Activities

### 1. Business Scope

#### 1.1. Main products and percentage of sales for each product

Polyester Industry		Textile Industry	
Products	% of sales	Products	% of sales
Solid-state polymer	37.07%	Cotton yarn	8.42%
Polyester staple fiber	20.39%	Apparel	7.53%
Pre-oriented yarn	7.13%	Knitted finished fabrics	2.45%
High denier industrial yarn	5.16%	Industrial fabrics	1.52%
Drawn textured yarn	2.60%	Fabrics (Including yarn-dyed fabrics)	0.40%
PET bottle	1.97%		
Polyester chip	2.49%		
PET sheet	1.64%		

#### 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 Paul Simon, and beddings of ToniaNicole, etc.)
- Knitted products (Including underwears of brand names of F.E.T., Active and Paul Simon, casual wears of ACTIVE, etc.)

#### 1.3. Products and services planned to develop and launch by FENC

Functional fiber, fabrics made of specialty materials, water-proof and moisture-permeable films, bio-degradable plastic materials, high gas barrier plastics materials, functional bio-medical wound dressing, environmental friendly heat-shrinkage film, key materials used in optoelectronics industry, and international e-commerce marketing networks with our own brandings.

### 2. Business environment

#### 2.1. Current situation and prospects

### 2.3.1. Petrochemical business

The major product of the Company in the petrochemical business area is pure terephthalate acid (PTA). In 2011, the total PTA production volume in the world was 47.40 million tons, up by 9% or 3.74 million tons compared to the previous year. The first quarter of 2011 was the peak of the cycle for PTA business, and for the remaining part of the 2011, the demand for PTA gradually slowed down, as a result of deteriorating global economy.

Globally, most of the major PTA-producing countries locate in Northeast Asia. The top three producing countries, in their ranking, are China, South Korea, and Taiwan, and all of which together comprise of 62% of the global production volume. In 2011, the total production volume in China was 17.69 million tons, up by 18% year on year, and representing 37% of the global output. The production volume in Taiwan was 5.50 million tons in the same year, increasing by 7% year on year and representing 12% of the global output.

### 2.3.2. Polyester business

Affected by the increasing volatility at the price of raw materials and the slowdown of the global economy, the polyester industry has experienced a roller coaster cycle in 2011, with a strong demand and high price in the first quarter and then trending down quickly quarter over quarter. The total production volume of polyesters rose by 6% to 55.71 million tons. The rising trend at prices of raw materials, beginning from 2010, sustained into the first quarter of 2011. Prices of cotton, a sort of substitute of polyester yarn, also reached its peak at price in the first quarter of 2011. However, both the raw materials and cotton went through a sharp decline at their prices for the remaining of 2011. In addition, global economy was deteriorating for the insolvency issue at some European countries and weak job market in the western countries. As a result, the price of and demand for polyester both decline after the first quarter of the 2011.

There are two major applications of polyester products: PET resins and polyester fibers (mainly comprise of polyester filament and polyester staple fibers). Polyester filament, one of the polyester fibers, is the most widely used products, comprising of 43% of the global polyester consumption in year 2011. PET resins and polyester staple fibers representing 32% and 25%, respectively, of the global polyester consumption.

#### - PET resins

PET resins can be classified into the food-grade and the industrial-grade resins. Nowadays, food-grade PET resins are widely used for the packaging bottles of beverages, including but not limited to, drinking water, carbonated soft drinks, juices, and tea. In addition to bottles, new applications of food-grade PET resins have been created, such as packaging materials for fresh food and frozen food, and microwavable containers.

Industrial-grade PET resins are widely used by automobile, electronic, other industrial factories, as well as medical and medicare purposes. Major applications are, but not limited to, automobile seat belts, air bags, tire cords, conveyor belts, and packaging materials for electronic products.

#### - Polyester fibers

Man-made fibers comprise of more than 60% of the global fiber production, while the natural fiber less than 40%. In terms of production volume, polyester fibers dominated the man-made fiber market. In 2011, the total production volume of polyester fibers globally reached 39.86 million tons.

Polyester fibers can be further classified into polyester filaments and polyester staple fibers.

In 2011, the global production volume for polyester filaments was 25.37 million tons, increasing by 9% year over year. Production volume from Asia countries represents 94% of the global output. China alone produced nearly 70% of the global volume in 2011, reaching 17.50 million and representing an annual growth rate of 13%. The production volume from China is unrivalled by any other single country or region. The production volume of polyester filaments in Taiwan was only 1.12 million tons in 2011, up by 1% year on year and comprising of 4% of

## Operational Highlights

the global production.

The global production volume of polyester staple fibers in 2011 were 14.49 million tons, rising by 6% year on year. Again, Asia countries dominate the global market, and produced 89% of the total global volume. China, the leading producer in the world, had a total output of 8.9 million tons, up by 11% year on year and representing 61% of the global production volume. In 2011, the production volume of polyester staple fibers in Taiwan remained at 620,000 tons, the same level as that in 2010, and represented 4% of the global output.

### 2.3.3. Textile business

#### - Cotton yarn and spinning business

Prices of cotton, the major raw material for textile spinning business, experienced an unprecedented volatility in past four years. In 2008, cotton prices were negatively affected by the global financial crisis. As a result, the planting acreages were reduced by three consecutive years, starting from year 2008/09. Reduced harvest volume, in combination with speculative activities fueled by the monetary easing policies adopted by major central banks, boosted cotton prices up into an uncharted territory in 2010. However, the upward spike at cotton prices re-encouraged cotton growers to increase the planting acreages quickly, leading to a substantial increase at the harvest volume. During 2010/11, the global harvest volume reached 25.40 million tons, sharply rising by 14% year on year. Unfortunately, the global economy slowed down in 2011, resulting in a decline of 4% at the cotton demand. Surplus of cotton and rising inventory level, combined with the retreat of speculators, clapsed the cotton prices in 2011.

The volume of global cotton spindles, a indicator representing the demand for cotton, declined by nearly 10% in 2011 to only 200 million. China, the dominante producer of cotton yarn, owned 120 million cotton spindles, or 60% of the global ones. The number of cotton spindles in China remained at about the same level as that in 2010. The number of cotton spindles in Taiwan was only 1.22 million, increased by 50,000 spindles compared to 2010.

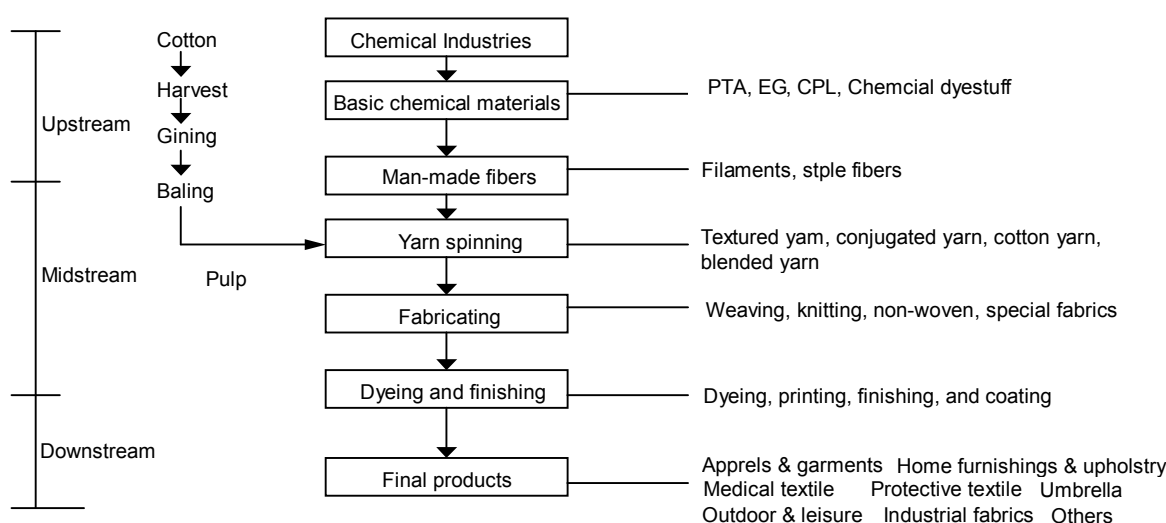
#### - Fabricating business, garments, and apparels

China again was the largest producing country of fabrics, garments, and apparels. In 2011, China produced all sorts of fabrics of totaling 62 billion meters and clothes of 25.4 billion pieces, representing an annual growth of 12% and 8%, respectively. However, both growth rate of the aforesaid products were lower than 2010. China was also the largest exporting country for the aforesaid products. In terms of dollar amount, the export of cloths and apparels from China was US\$153.2 billion in 2011, but in terms of volume, the export of cloths and apparels declined by 2% in the same period, for the rising production costs in China and the slowdown at the global economy. Rising dollar amount of export, in combination with a declining at export volume, indicated that the unit price of aforesaid products from China was on a upward trend.

The combined dollar amount of export for all fabrics, garments, apparels, and other textile products from China rose by 20% in 2011, reaching US\$247.9 billion. The major export markets for China were still developed countries such as the United States, Japan, and countries in the European Union. However, the growth rate of export to such developed countries was lower than the average growth for the whole year. The growth rate of export to emerging markets, particularly countries in ASEAN, has been higher since 2010. After the free-trade agreement between China and ASEAN countries became in effective in 2010, the trading of textile products between both sides has been accelerating. The export of all sorts of textile products from China to ASEAN countries has been rising by more than 30% for two consecutive years.

## 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.



## 2.3. Industry trends and competition

### 2.3.1. Petrochemical business – PTA

The production volume of PTA worldwide in 2012 is expected to rise by 7% or 3.31 million tons, reaching 50.97 million tons, and the global utilization rate is expected to be 87%, slightly lower compared to 2011. The global consumption is estimated to be 50.67 million tons, up by 7% year on year. In 2012, China alone would consume more than 50% of the global consumption volume, or 26.06 million tons, representing a growth rate of 8% compared to previous year. However, about 5 million tons of consumption in China still needs to be imported.

As the polyester industry in China would continue to expand the capacity, the shortage of PTA supply in China is inevitable and China will continue to rely on imports to meet its rising demand. Moreover, it is likely that PTA will be included in the import-tariff free item in ECFA, the free-trade agreement between Taipei and Beijing. In order to benefit from this favorable business environment, the Company is expanding its PTA producing capacity in both Taiwan and China.

### 2.3.2. Polyester business

#### - PET resins

As the applications of PET resins are very much diversified, it is expected that the consumption of PET resins, either food-grade or industrial-grade, would steadily grow. The global production volume of PET resins in 2012 is forecasted to be 17.17 million tons, rising by 7% compared to 2011.

## Operational Highlights

The global consumption of PET resins is expected to rise stably, mainly thanks to: 1) Bottles mixed with recycled PET resins enjoys a growth rate of double-digit percentage points, as the awareness of conserving the environment has been proliferating; 2) Fixed asset investments in several industries continue to increase; consequently, demand for industrial-grade PET resins is driven higher by such investments, especially varieties of conveyor belts used in manufacturing factories; 3) China has emerged as the largest producing and consuming country of automobiles, resulting in surging demand for tire cords, which can also be made of PET resins.

FENC is the first company in Asia to commence the production of PET resins, and currently is the largest producer of food-grade and industrial-grade PET resins. With respect to the food-grade PET resins, the Company has launched the light-weighted bottles and containers, for the rising awareness of environmental conservation. Moreover, FENC is the first one to launch the food-grade recycled PET resins and bio-based PET resins. With respect to industrial-grade PET resins, the Company focus on tire cords, automobile seat belts, geotextile products, and varieties of conveyor belts used in manufacturing factories. Capacity in Taiwan has been expanded in 2011. In order to maintain its leading position, the Company has planned to increase its capacity aggressively in both Taiwan and China.

### - Polyester fibers

The global production volume of polyester fibers is expected to increase by 7% or 2.65 million tons, reaching 42.51 million tons. China alone will increase production volume by 2.18 million tons, which is 82% of the production increase in the world.

FENC is the second largest producer of polyester filament yarns in Taiwan. In both Taiwan and China, the Company owns several sites for production, marketing, and sales. The production process is vertically integrated, and the product family is wide and comprehensive, including but not limited to, POY, DTY, HDI, and nylon 6.6. In addition, the Company has achieved a leading position in the industry regarding to the environmentally friendly fibers. The Company has launched PLA fibers made of corn, PTT fibers, and TopGreen™ recycled fibers made of post-consumed PET bottles.

With respect to the polyester staple fibers, FENC is ranked among the top five largest producers in the world, owning sites for production, marketing, and distributing in both Taiwan and China. In terms of production volume of non-apparel usage, FENC is ranked number one in the world. Non-apparel usage of polyester staple includes, but not limited to, medical, automobile, home furnishing, and other high value-added products. The capacity of polyester staple in Taiwan has been increased at end of 2011.

### 2.3.3. Textile spinning business

#### - Cotton yarn and spinning business

During 2011/12, the harvest volume of cotton is expected to reach 26.90 million tons; meanwhile, the consumption only 23.90 million tons. As a result, the global inventory level would reach 13.20 million tons, the highest record in past ten years, and that equals to 50% of the annual consumption globally. At end of 2011, Beijing decided to increase the government cotton reserve by four million tons, in order to protect the Chinese cotton growers and support the local cotton prices. The Company will adjust the purchasing strategy from time to time depending on the market situation, and will adjust the product mix to avoid the risk of cotton price volatility, for maximizing the benefit of the Company.

#### - Knitted fabrics and apparels

Rising production costs, especially labor cost, is undeniably a long-term sustainable trend in China. As a labor-intensive business, downstream fabric and apparel producers are relocating production sites to areas where



the labor costs are lower. In the meantime, the international brand names of sportswear also diversify their sources of supply into Southeast Asia and other emerging markets. FENC has foreseen this trend, and several actions have been taken to sustain or even enlarge its profit. The Company is taking advantage of the integrated production process of the Company to provide customers unique services, such as material developments, fashion designs, and proprietary dyeing and fabricating technologies. Differentiation in services provided make FENC unrivalled by its peers. In addition, FENC also relocated part of the production facility to inner part of China, where the labor cost is less expensive. The expansion project of the Company in Vietnam has commenced commercial operation. Incremental demand from international customers can be satisfied.

### 3. Technology innovation and R&D results

#### 3.1. R&D expenses in recent years

The R&D expenses were NT\$588.51 million and NT\$653.90 million in 2010 and 2011, respectively.

#### 3.2. Technologies or products being developed

Development of low temperature thermoplastic polymer; Development of low-cost liquid photopolymer for flexographic plate; Synthesis of mPEGMA acrylate monomer for polycarboxylate polymer; Application of epoxy groups containing chain extender in processing of FEOL; hard coat resin for adhesion enhancement printing inks; Developing a PET co-polymer with the peak of melting point 240°C and the initial melting temperature 225°C; Developing an anti-blocking masterbatch for PET shrinkage film; Utilizing Ag/ITO multi-layer structure to make low resistance transparent conductive film for organic photovoltaics; Development of Amorphous ITO transparent conductive film with index matching structure; Development of dental impression materials; Development of anti-microbial wound dressing; Development of negative-pressure wound therapy products – PU/PVA foam dressing; Development of silicone scar gel products; Development of hydrogel dressing.

### 4. Long-term and near-term business plans:

#### 4.1. Near-term business plan

##### 4.2.1. 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 cooperatively inventing new upstream materials for finished products, and that creates a competitive advantage unrivalled by peers.

##### 4.2.2. Upgrade the product mix

After ECFA, a free trade agreement between Beijing and Taipei, came effective in 2010, a portion of products of the Company experienced a substantial rise at the sales volume, as a result of the import tariff being removed by Beijing. However, last year Korea had signed free-trade agreements with the United States and countries in the European Union. When such agreements come effective, products from Korea will be a competitive factor to the Company. To cope with the rapid change of the business environment, the Company will adopt more flexibility in

## Operational Highlights

the production and sales of each production sites in Taiwan, China, and Vietnam, and in the meantime, upgrade its product mix to add more value to downstream customers.

### 4.2.3. Increase domestic sales in China market

China has developed itself into the second largest economic entity in the world. The domestic demand is strongly encouraged by the 12th Five-Year Plan adopted by the Beijing authority, via increasing the mandatory base salary in each year to increase the willingness and ability of citizens to purchase and consume, in order to achieve the growth target of China GDP. Therefore, given such good opportunities, the Company has decided to increase its sales amount in the China domestic market and expand the market share of the Company.

## 4.2. Long-term business plan:

The long term target of the Company is to double the operating revenue from its manufacturing business in five years, beginning from year 2010. Three specific plans have been decided to achieve this target:

### 4.2.1. Capacity expansions

Increasing capacity has long been a consistent strategy of the Company. The upstream petrochemical business, the mid-stream polyester business, and the downstream textile business are all implementing several expansion projects. The way to expand capacity includes self-construction factories and joint-ventures with other companies. The location of each new production site will be decided based on the competitive factors and unique business environment of each region.

### 4.2.2. Accelerating new product developments

New product development has been another strategy the Company perseveres with. The R&D Center, established in year 2001, of the Company consists of six teams, focusing their efforts on polyester, new polymers, green products and materials, optoelectronics products, and bio-medical researches. In addition, a new R&D institute was established in Shanghai, in order to meet the needs of business in China and provide customers service. 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.

### 4.2.3. Ongoing promotion of environmentl conservation and energy saving

In addition, conserving the environment has become a worldwide trend and attracts attentions from many customers. Therefore, new products the Company is developing focuss on environmentally friendly products, in order to capture the relevant new business opportunities. Two major products the Company currently focus on are: 1) Recycled PET resins; 2) Bio-based PET resins.

Recycled PET resins: recycled PET resins are generated by processing post-consumed PET bottles, helping reducing the waste and lower the energy consumption. The entry barrier for food-grade recycled PET resins is high, as quality endorsements from the US FDA and international beverage companies are must. Such entry barrier would provide existing producers a early mover advantage and a better margin.

Bio-based PET resins: through a fermentation process, bio-ethanol can be produced from several kinds of crops. Bio-ethanol can be further processed into bio-ethylene, which is the raw material of bio-MEG. At the end, bio-MEG can be used to produce bio-based PET. This newly developed production process will reduce the

consumption of petroleum-based materials. Nowadays, about 30% of the raw materials used to produce polyester can be replaced by the waste of agricultural products, instead of petroleum-related derivatives. In the future, the Company aims to produce polyesters made of 100% of the waste of agricultural products, turning such waste into resources.

## Operational Highlights

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

#### 1. Market analysis

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

In 2011, 76% of the Company's sales revenue derived from export, and 24% from the domestic market. The major export regions and the percentage sales of each region are: Asia(44%), America(36%), European countries(14%), and others(6%).

##### 1.2. Domestic market share of main products

Products	Solid-state polymer	Polyester staple fiber	POY & DTY
%			
Domestic market share	51.40%	42.90%	12.60%

##### 1.3. Current supply/demand situation and the prospects of the market

In year 2011, for the over-tightening monetary policy adopted by the Peoples' Bank of China (PBOC), the interest rate rose rapidly in China and many downstream customers were not able to finance their working capital at a reasonable cost. As a result, trading activities at the polyester industry were paralyzed, and the profit of the entire industry was affected in an adverse way.

Several reasons, in our opinion, would lead to sequential improvement at the polyester industry: 1) PBOC has lowered the required reserve ratio for three times in past five months, increasing the money supply in the market. After receiving working capital at a relatively reasonable cost, downstream customers in China have already returned to the market and re-accumulate inventory. 2) For the political uncertainties in the Middle East and the difficulties to acquire capital in China at a reasonable cost, many expansion projects announced in past two years are being postponed or even being cancelled, making the supply/demand situation of the polyester market better than previous expectations. 3) Applications of polyesters become diversified, and new applications continues to be created. Polyester fibers now are used to replace expensive nylon fibers as the raw materials of sportswear and outdoor wears. Moreover, as polyester is 100% recyclable, relatively more environmentally friendly than other petroleum polymers, it has been used to replace toxic polyvinyl chlorine polymer and Styrofoam as packaging materials or containers of fresh food and frozen food. The anti-static PET sheets are used for the packaging materials of electronic and computer peripheral products. New applications become the key growth driver of the polyester industry.

More importantly, new production process has been commercialized to respond to the rising awareness of environmental conservation. Commercial production of recycled polyester and bio-based polyester has been successfully commenced. Recycled resins of the Company have already been consumed by several internationally prestigious beverage producers. The same resins now are sent to local detergent companies and technology companies for quality testing. Recycled fibers made by the Company are selected by international brands to produce sportswear, using in the FIFA World Cup and Olympics Games or several consecutive years. The bio-based polyester, using the waste of agricultural products as the raw materials, are consumed by international beverage producers such as Coca Cola to produce PlantBottle™. Specialty fibers with function to regulate body temperature, such as TopHeat™ and TopCool™ developed and launched by the Company, are well accepted by downstream apparel producers. The consumption growth of the aforesaid specialty products is

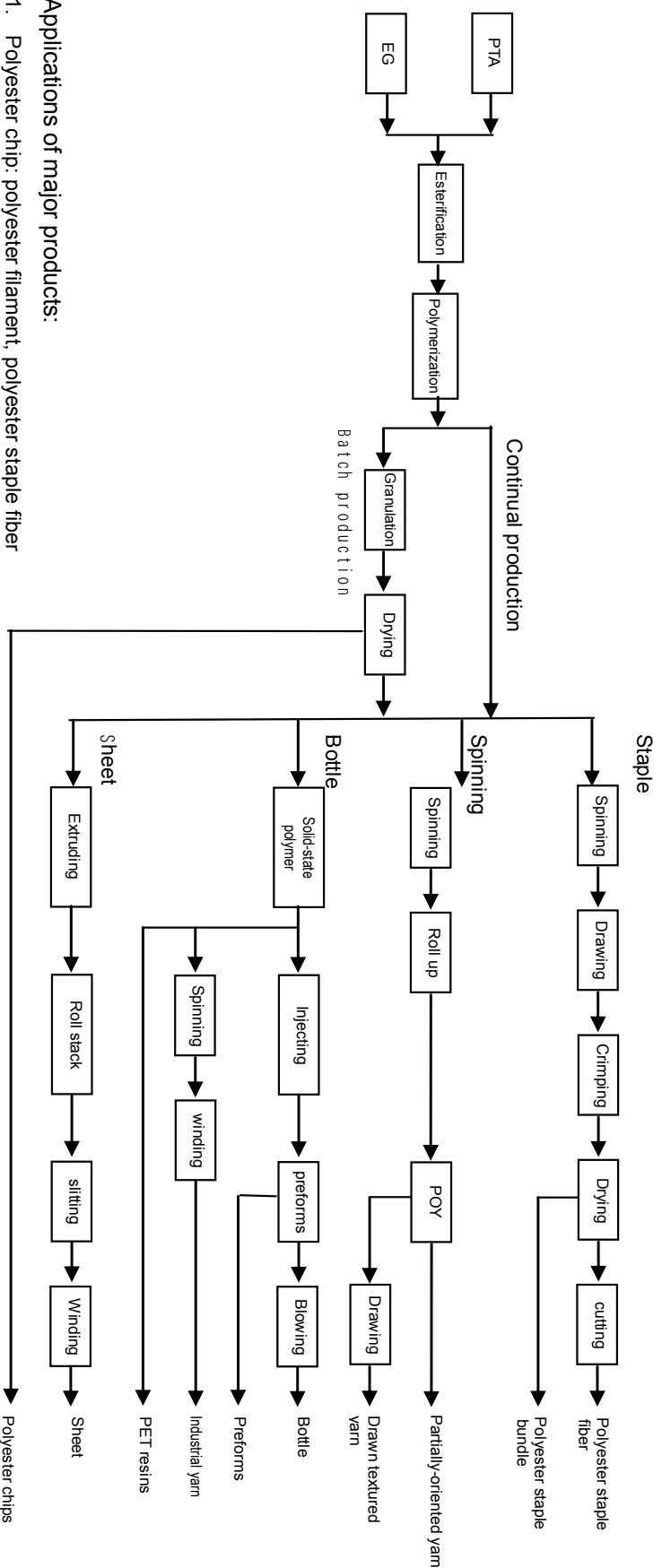
expected to outperform that of the conventional polyesters.

In addition to the reasons mentioned above, we believe the efforts in R&D can create further competitive advantage for the Company. In early 2001, the Company has already established a Research Institute, consisting of six sub-groups: polyester & textile, new specialty polymers, green materials, optoelectronics, bio-medical, and Shanghai sub-group. 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.

1.4. Competitive advantages, disadvantages, and the Company's measures to counteract negative factors

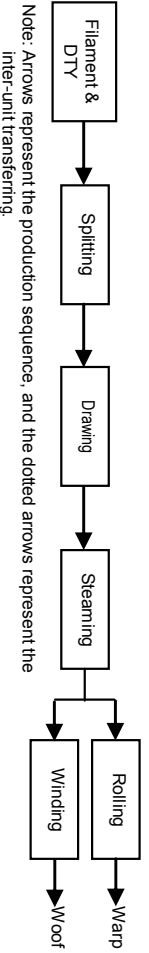
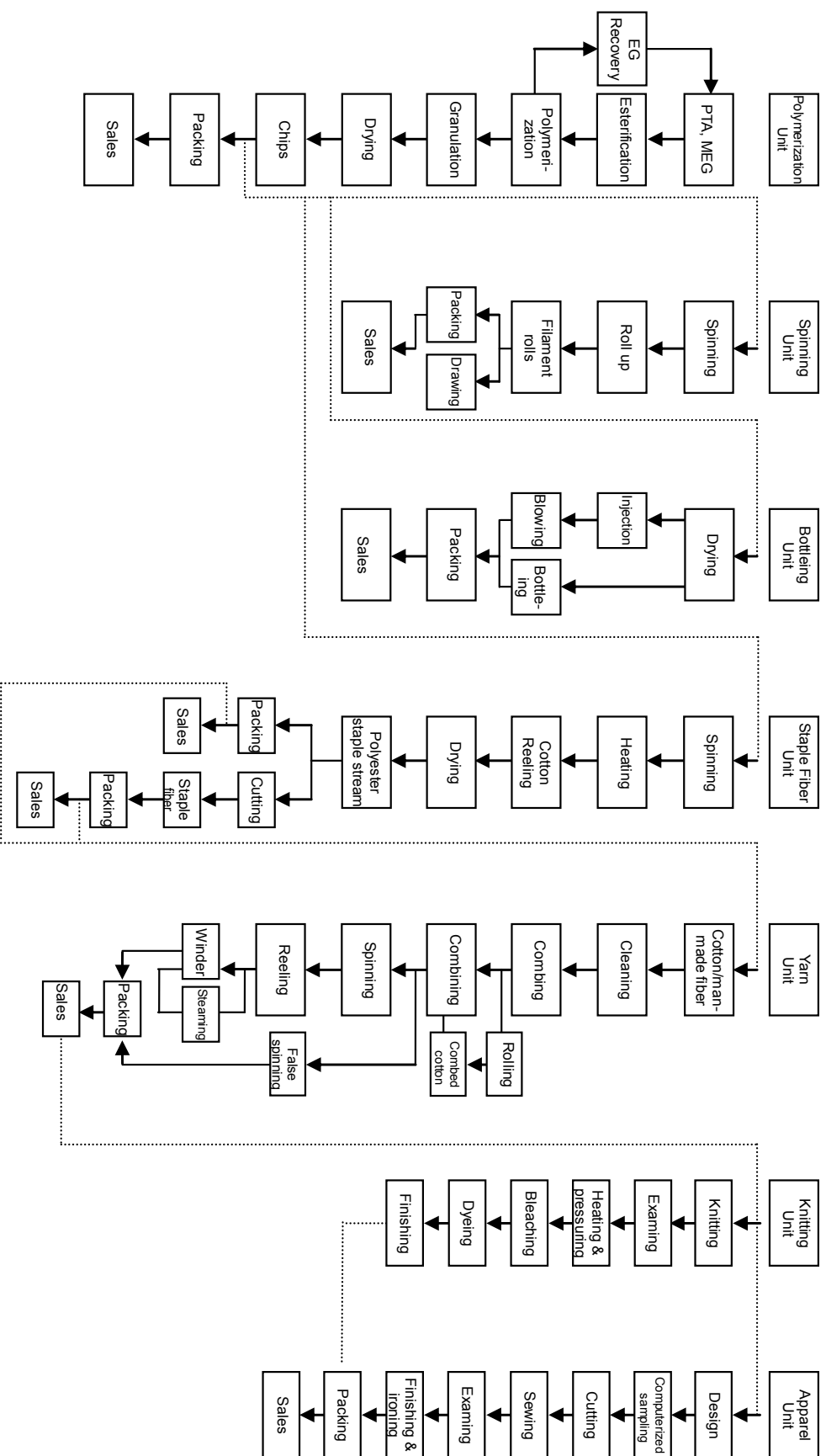
Competitive advantages	<ul style="list-style-type: none"> <li>- Being the fifth largest polyester producer in the world, the economies of scale of the Company is hardly rivaled by other peers.</li> <li>- Already achieved fully vertical integration at the production process, and as a result, the Company is one of the lowest cost producers in the world.</li> <li>- Diversified applications of the Company's products can satisfy the demands from a broad-range customers; meanwhile, reduce the volatility of the Company's profit.</li> </ul>
Positive factors	<ul style="list-style-type: none"> <li>- New technologies and new applications for polyester products emerging, sustaining the growth of demand for polyester products.</li> <li>- Sustainability management meet the demand for green products, and create a high entry barrier to differentiate the Company's products.</li> </ul>
Negative factors	<ul style="list-style-type: none"> <li>- The regulatory authority decided to substantially raise the prices of electricity and fuels, and that not only increased the utility costs of the Company but also highly likely force the downstream players, such as dyeing and finishing factories and cloths factories, to relocate to overseas sites. As a result, some customers inevitably will be lost.</li> <li>- The appreciation of NT dollar against the US dollar could have an adverse impact on the export business of the Company.</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>- Further diversify the production sites of the Company to mitigate the adverse impact of rising utility costs in Taiwan and the appreciation of NT dollar.</li> <li>- Continual development of high value-added products and differentiated products, and create new applications for polyester.</li> </ul>

## 2. Applications and production process of major products



### Applications of major products:

1. Polyester chip: polyester filament, polyester staple fiber
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 materials or containers of beverages 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 : underweares, clothings, shirts, fashions, etc..



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

## Operational Highlights

### 3. Sources of major raw materials

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

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

#### 4.1. List of aforesaid suppliers

Unit: NT\$thousands;%

Items	Suppliers	Relationship with the Company	2010		2011		Year 2012 till 31 March	
			Amount	%	Amount	%	Amount	%
1	Oriental Petrochemical	Subsidiary	9,537,895	25	10,110,908	22	2,548,661	22
2	CAPCO Co., Ltd.	External suppliers	7,993,180	21	9,061,007	20	2,064,744	18
3	SABIC		5,550,715	15	7,106,019	15	2,050,464	18
4	Formosa Chemicals and Fiber		2,506,882	39	5,563,723	12	1,868,813	16
5	Others		12,586,548	33	14,130,638	31	2,917,059	26
Total net amount of procurement			38,175,220	100	45,972,295	100	11,449,741	100

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

### 5. Quantity and value of the production in preceding two years

Unit: NT\$ thousands

Main products		Year	2010			2011		
			Production capacity	Production quantity	Production value	Production capacity	Production quantity	Production value
Polyester chip	MT	785,108	832,274	31,418,312	967,660	833,891	38,680,824	
Solid-state polymer	MT	465,722	457,371	17,867,443	552,531	516,248	23,898,412	
PET bottle preform	Thousand piece	633,257	486,139	857,199	650,098	566,092	1,136,503	
PET bottle	MT	90,600	61,192	222,531	100,430	81,583	305,442	
PET sheet	MT	18,200	16,266	867,004	20,400	17,150	1,015,686	
Polyester staple fiber	MT	240,000	260,982	11,380,508	295,000	223,812	12,006,336	
Pre-oriented yarn	MT	100,200	100,901	4,912,517	116,010	97,402	5,596,765	
Drawn textured yarn	MT	24,700	23,491	1,558,083	23,720	23,676	1,761,549	
High denier industrial yarn	MT	39,000	42,862	2,513,869	39,200	45,076	3,099,613	
Yarn	Bale	244,815	241,890	4,161,897	263,815	235,111	4,812,956	
Knitting fabrics	MT	4,450	4,611	1,729,155	4,830	4,739	1,618,279	
Industrial fabrics	MT	3,360	3,707	364,578	3,960	3,906	447,638	
Apparel	Dozen	102,078	196,214	468,219	188,273	137,638	385,013	



6. Sales quantity and revenue in preceding two years

Unit: NT\$ thousands

Main products		Year		2010				2011			
				Domestic sales		Export sales		Domestic sales		Export sales	
		Quantity	Revenue	Quantity	Revenue	Quantity	Revenue	Quantity	Revenue		
Polyester chip	MT	17,500	855,890	16,546	723,973	12,524	719,122	15,880	813,061		
Solid-state polymer	MT	45,982	1,885,018	343,919	15,083,136	29,636	1,426,998	402,793	21,393,903		
PET bottle preform	Thousand pieces	272,191	402,067	149,130	393,255	268,969	465,676	178,370	484,097		
PET bottle	MT	60,352	185,091	0	0	79,218	262,078	0	0		
PET sheet	MT	11,282	588,387	6,129	319,802	11,075	656,376	5,963	351,055		
Polyester staple fiber	MT	50,877	2,505,383	205,964	10,215,920	45,002	2,603,331	166,122	9,945,216		
Pre-oriented yarn	MT	58,738	3,057,735	20,578	1,037,278	46,721	2,830,348	26,266	1,560,821		
Drawn textured yarn	MT	12,951	955,496	7,635	566,824	12,586	987,653	7,139	614,095		
High denier industrial yarn	MT	5,435	337,737	33,922	2,273,267	5,573	394,963	36,236	2,781,938		
Yarn	Bale	175,275	3,251,771	65,246	1,268,030	139,833	3,216,094	89,588	1,965,006		
Knitting fabrics	MT	934	159,467	4,558	1,311,254	1,298	229,193	4,227	1,277,552		
Industrial fabrics	MT	1,827	225,554	3,340	405,308	1,277	155,083	3,625	489,652		
Knitting apparel	Dozen	7,235	18,137	2,062,125	4,848,125	6,957	21,015	1,893,062	4,615,925		

Information about Employees

Year		2010	2011	30 Apr 2012
Number of employees	Office staff	2,992	3,116	3,133
	Factory workers	877	915	904
	Foreign Labors	761	816	843
	Total	4,630	4,847	4,880
Average Age		42.1	41.9	42.1
Average Years of Service		15.9	15.9	16.0
Breakdown of Educational level (note)	Ph.D	0.6%	0.6%	0.6%
	Master	10.0%	9.8%	9.8%
	College	40.4%	37.5%	39.7%
	High School and below	49.0%	52.1%	49.9%

Note: Foreign Labors are not included in this statistics.

## Operational Highlights

### Expenses on Environmental Protection

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

Loss/penalty	Year	2011	Year 2012 till 30 Apr
Pollution event		Air pollution	None
Penalty or regulatory authority		Hsinchu County Environment Protection Bureau	
Damage claim or other claims		NT\$ 100,000	
Other losses		None	

#### 2. Specific measures to conserve the environment

##### 1.1. Planned specific measures

2.1.1. The Company has planned to invest NT\$72.59 million to improve the waste water treatment equipments and to procure furnace for industrial dirt burning at its polyester plants.

##### 2.1.2. Expected improvement

- i. The company will be in compliance with the relevant regulations and reduce the emission of polluted waste, in order to achieve a goal of environmental conservation will be better ensured.
- ii. Complying with the ISO requirements, the Company will continuously make efforts to protect the environment and ensure the safety at the working environment.
- iii. Improve the efficiency at the equipments to reduce the air pollution.
- iv. Upgrade equipments to lower the cost of waste water treatment.

##### 2.1.3. Expected impact after the improvement

- i. Depreciation is expected to increase by NT\$4.839 million in 2011.
- ii. Enhance the reputation and image of the Company.

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

## Employee Welfare

### 1. Current agreements with employee and employee welfare

#### 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 rhythmic gymnastics club, yoga club, badminton club, softball club, bowling club, mountain climbing club, and biking club organized by the Company, and various club activities are held on a regular basis. Meanwhile, the Company provides free physical health check for employees, education scholarships for children of employees, gift money for birthday, wedding, funeral, child birth, and traditional festival holiday for employees. A variety of group insurance programs are also provided for the choice of employees.

## 1.2. Advanced training:

Training program	Number of programs	Number of trainees	Total training hours	Total cost (NT\$ thousands)
Training program for new employees	12	404	4,314	659
Training program for managers	15	478	3,066	952
Training program for general working knowledge	71	1013	7,356	3,215
Training program for specific case/training program offered by outside experts	25	788	3,917	708

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 Resources Center (the Center) evidenced how the Company emphasizes on the cultivation of talents. In addition to providing management trainees with business administration and plant management related training courses at the initial stage, the Company later also proactively offers 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. In 2012, the Center offered the "EMBA School of Far Eastern Business College" for the sixth consecutive year. In addition, it also offers training programs for specific cases, in hopes that the managerial theories can be applied to the daily operation practices. In the meantime, the Center begins to offer training courses about key performance indicators (KPIs) and the setup and evaluation of business targets, in order to improve the performance evaluation system and reconcile personal performance of each employee with the overall business target of the Company.

To integrate personal career plan with the development strategy of the Company, the management function modules for top director and manager level in the first phase was completed. Based on this module, internal talent requirement, job description for each position, and performance evaluation can be monitored in a fair and precisely way. 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.

## 1.3. Pension and retirement plan:

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".

## Operational Highlights

- 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.

- 1.5. Working environment and employee safety protection procedures:

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

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

## Important Contracts and Agreements

Type of contract/agreement	Counter party	Duration period	Major contents	Covenants
Technology cooperation	Far East University	Dec 10 – May 11	Wood Plastics Co-polymer made of post-consumed amorphous PET and the research of commercial production process of such products	None
	Yuanpei University	Jan 11 – Jan 12	Research plan of artificial bone material polymer applied to the hog bones	
	Yuanpei University	Feb 11 – Jan 12	Research plan of the second-generation artificial bone substitute applied to live hogs	
	Institute for Information Industry	Dec 10 – May 11	Development of green back-light modules and the raw materials of such products	
	Yuanpei University	Mar 11 – Feb 12	Laboratory animal research by using live hogs.	
	Transwell Biotech	Mar 11 – Feb 16	Co-development of wound dressing materials containing medicines	
	Food Industry Research and Development Institute	May 11 – Aug 11	The growing environment of a 5-liter fermentation tanker for Cellulase, a bio-catalyst used in the de-composition of cellulose	
	Taiwan Textile Research Institute	Jun 11 – Jun 12	Development of hydrophilic cooling fiber made of co-PET polymer	
	Gwowe Technology Co., Ltd.	Jul 11 – Jul 14	Development of materials for dental clinic and medical cosmetology	
Yu Feng Fiber Co., Ltd.	Jul 11 – Jul 12	Co-development of dyeable PP filament yarns		

Type of contract/agreement	Counter party	Duration period	Major contents	Covenants
Long-term supply contract	CAPCO Co., Ltd.,	Jan 11 – Dec 13	PTA supplying contract	None
	Oriental Union Chemical Corporation	Mar 10 – Feb 12	EG supplying contract	Option to extend three years when expiration
	SABIC Far East Limited	Jan 11 – Dec 13	EG supplying contract	Automatically extended by one year when expiration
Long-term borrowing contract	Mega Commerical Bank, Foreign Department	Mar 11 – Mar 14 Sep 10 – Sep 13 Aug 11 – Aug 13	Bank loan agreement Bank loan agreement Collaterized loan – machinery	None
	Bank of Taiwan, Wu-Chan Branch	Nov 11 – Nov 13	Bank loan agreement	
	Bank of Taiwan, Min-Shen Branch	Mar 12 – Mar 15 Mar 12 – Mar 15	Collaterized loan - machinery Bank loan agreement	
	Chinatrust Commerical Bank	Dec 11 – Dec 13	Bank loan agreement	
	First Commercial Bank	Mar 10 – Mar 13 Mar 10 – Mar 13 Sep 08 – Sep 13 May 11 – May 13	Bank loan agreement Bank loan agreement Bank loan agreement Bank loan agreement	
	Taiwan Cooperative Bank, Ximen Branch	May 11 – May 14	Bank loan agreement	
	Taiwan Cooperative Bank, Chunshang Branch	Jul 11 – Jul 13	Bank loan agreement	
	Chang Hwa Bank	Sep 08 – Sep 13	Bank loan agreement	
	Hwa Nan Commerical Bank	Sep 08 – Sep 13 Jul 11 – Jul 13	Bank loan agreement Bank loan agreement	
	Taipei Fubon Commerical Bank	Oct 11 – Oct 13	Bank loan agreement	
	Far Eastern International Bank	Mar 11 – Mar 13	Bank loan agreement	
	Industrial Bank of Taiwan	Apr 11 – Apr 13	Bank loan agreement	
	China Development Industrial Bank	Oct 10 – Oct 13 Oct 10 – Oct 13	Bank loan agreement Bank loan agreement	
	E Sun Bank	Oct 11 – Oct 13 Sep 08 – Sep 13	Bank loan agreement Bank loan agreement	
	Sinopec Commerical Bank	Apr 11 – Apr 13	Bank loan agreement	
	The Agricultural Bank of Taiwan	Sep 08 – Sep 13	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	
HSBC	Jul 11 – Jul 13	Bank loan agreement		
BNP Paribas	Jul 11 – Jul 13	Bank loan agreement		

## Operational Highlights

Type of contract/agreement	Counter party	Duration period	Major contents	Covenants
	Mizuho Corporate Bank	Jul 11 – Jul 13	Bank loan agreement	
	Crédit Agricole Corporate & Investment Bank	Mar 11 – Mar 13	Bank loan agreement	
	Sumitomo Mitsui Banking Corporation	Jun 11 – Jun 13	Bank loan agreement	
	Bank of East Asia	Jan 10 – Jan 13	Bank loan agreement	
	Bangkok Bank	Feb 12 – Feb 14	Bank loan agreement	
	Taishin Commercial Bank	Jul 11 – Jul 13	Bank loan agreement	
	Citibank	Apr 11 – Apr 13	Bank loan agreement	

## 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 2012 (Note 2)
		2011	2010	2009	2008	2007	
Current assets		21,804,672	22,941,610	18,578,752	19,186,350	22,656,668	20,988,801
Funds & long-term investments		139,609,011	122,861,543	113,066,432	105,923,915	106,666,104	143,017,755
Fixed assets		19,024,998	14,422,982	13,361,364	14,285,439	14,835,520	19,258,226
Intangible assets		21,965	23,439	8,976	94,708	59,880	19,819
Other assets		757,428	1,202,454	1,527,708	1,547,900	1,375,703	1,341,817
Total assets		181,218,074	161,452,028	146,543,232	141,038,312	145,593,875	184,626,418
Current liabilities	Before distribution	16,845,019	16,878,906	15,739,025	13,786,001	13,363,815	16,816,908
	After distribution	(Note 1)	26,388,066	21,798,784	17,441,964	22,102,900	(Note 1)
Long-term liabilities		49,794,014	43,910,634	36,170,340	39,702,182	37,946,296	51,342,771
Reserve for land value appreciation tax		1,519,896	1,018,899	1,018,899	1,018,899	1,018,899	1,519,896
Other liabilities		1,508,482	1,094,978	1,103,780	1,987,303	1,318,898	1,625,010
Total liabilities	Before distribution	69,667,411	62,903,417	54,032,044	56,494,385	53,647,908	71,394,585
	After distribution	(Note 1)	72,412,577	60,091,803	60,150,348	62,386,993	(Note 1)
Capital stock		48,972,173	47,545,799	46,613,529	45,699,538	44,803,469	48,972,173
Capital surplus		10,361,728	10,228,131	10,181,403	10,060,658	9,327,997	10,323,184
Retained earnings	Before distribution	27,572,678	27,290,233	21,308,981	17,766,327	23,343,236	32,525,492
	After distribution	(Note 1)	17,781,073	15,249,222	14,110,364	14,604,151	(Note 1)
Other stockholders' equity		24,644,084	13,484,448	14,407,275	11,017,404	14,471,265	23,410,984
Total Stockholders' equity	Before distribution	111,550,663	98,548,611	92,511,188	84,543,927	91,945,967	113,231,833
	After distribution	(Note 1)	89,039,451	86,451,429	80,887,964	83,206,882	(Note 1)

Note:

- The distribution of 2011 earnings is subject to the approval at the upcoming 2012 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 2012 (Note 3)
		2011	2010	2009	2008	2007	
Operating revenue		61,556,945	53,758,879	41,940,078	50,674,895	49,153,990	15,175,333
Gross profit		5,174,066	5,999,195	3,449,668	5,030,934	5,458,736	1,188,447
Operating income (loss)		447,256	774,853	(832,784)	187,742	1,036,402	39,782
Non-operating income		12,549,582	13,775,287	10,396,075	6,508,095	11,950,128	3,531,595
Non-operating expenses		1,135,236	1,540,940	1,427,584	2,081,333	1,712,716	485,561
Income before tax		11,861,602	13,009,200	8,135,707	4,614,504	11,273,814	3,087,816
Income after tax		11,087,496	12,850,170	8,088,696	4,621,944	11,367,097	2,950,809
EPS (NT\$/share)	Note 1	2.26	2.70	1.74	1.01	2.54	0.60
	Note 2	-	2.62	1.65	0.94	2.32	-

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
2011	Benjamin Shih & Huang Shu Chieh	Modified Unqualified opinion
2010	Benjamin Shih & Huang Shu Chieh	Modified Unqualified 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



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

Item		Year	Financial ratios in the preceding five years					Financial data as at 31 Mar 2012	
			2011	2010	2009	2008	2007		
Financial structure (%)	Ratio of liabilities to assets		38.4	39.0	36.9	40.1	36.8	38.7	
	Ratio of long-term capital to fixed assets		848.1	987.7	963.1	869.7	875.5	855.0	
Liquidity analysis (%)	Current ratio(%)		129.4	135.9	118.0	139.2	169.5	124.8	
	Quick ratio(%)		82.1	100.9	85.8	96.6	116.6	78.5	
	Interest coverage ratio (times)		19.4	23.1	14.6	4.8	12.7	16.8	
Operating ability	Accounts receivable turnover(times)		6.9	7.3	6.1	6.9	7.1	6.1	
	Average collection period (days)		52.9	49.9	59.8	52.9	51.4	59.4	
	Inventory turnover (times)		8.5	9.5	7.7	7.5	7.2	7.6	
	Accounts payable turnover (times)		14.6	15.1	14.7	16.8	14.6	13.5	
	Average sales days (days)		42.9	38.5	47.7	48.7	50.7	48.3	
	Fixed assets turnover (times)		3.2	3.7	3.1	3.5	3.3	3.2	
	Total assets turnover (times)		0.3	0.3	0.3	0.4	0.3	0.3	
Profitability	Return on total assets(%)		6.9	8.7	6.0	4.1	9.0	6.9	
	Return on shareholders' equity (%)		10.6	13.5	9.1	5.2	13.1	10.5	
	Ratio to paid-in capital (%)	Operating profit		0.9	1.6	(1.8)	0.4	2.3	0.3
		Pre-tax income		24.2	27.4	17.5	10.1	25.2	25.2
	Ratio of net income to revenue(%)		18.0	23.9	19.3	9.1	23.1	19.4	
	EPS (NT\$/share)	(Note 1)		2.26	2.70	1.74	1.01	2.54	2.4
(Note 2)			—	2.62	1.65	0.94	2.39	0.0	
Cash flow (%)	Cash flow ratio		32.9	49.7	49.3	84.5	63.5	(14.1)	
	Cash flow adequacy ratio(%)		86.7	117.5	120.9	107.9	94.7	64.5	
	Cash reinvestment ratio(%)		(1.9)	1.2	2.4	2.1	1.6	(1.1)	
Leverage	Operating leverage		12.0	7.6	—	28.2	7.2	31.2	
	Financial leverage		(2.3)	4.2	—	—	14.3	(0.3)	

### Analysis of variations exceeding 20% of the numbers in previous year for 2010 and 2011:

- (1) Decrease at the return on total assets: The number of total assets rose in 2011, for the re-evaluation of fixed assets and increase in the long-term investment recognized by equity method.
- (2) Decrease at the return on shareholders' equity: The number of unrealized value appreciation increased for the re-evaluation of fixed assets, leading to the rising at the number of total equity.
- (3) Decrease at the ratio of operating profit to paid-in capital: The number of paid-in capital increased in 2011; meanwhile, the operating profit declined.
- (4) Decrease at the ratio of net income to revenue: The revenue rose in 2011; however, the net income after tax fell.

## Financial Informational

- (5) Decrease at the cash flow ratio, the cash flow adequacy ratio, and the cash reinvestment ratio: The cash flows generated from operating activities in 2011 declined.
- (6) Decrease at the financial leverage but increase at the operating leverage: The operating profit in 2011 declined.

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.

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 2012 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 2011 which had been audited by Deloitte & Touche, and found them in order.

T. H. Chang



Ching-Ing Hou



Alice Hsu



29 March 2012

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

## Financial Informational

### 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, 2011 and 2010 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, 2011 and 2010. 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 1.30% (NT\$2,363,491 thousand) and 1.31% (NT\$2,116,579 thousand) of the Company's total assets as of December 31, 2011 and 2010, respectively. As shown in the accompanying statements of income, the Company's equity in net gain of NT\$244,939 thousand and gain of NT\$255,710 thousand of the foregoing investees were 2.06% and 1.97%, respectively, of the Company's income before income tax in 2011 and 2010, 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, 2011 and 2010 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, 2011, the Company changed its method of calculating depreciation expenses from the fixed-percentage-of-declining-balance method to straight-line method and service lives from 7 to 15 years to 15 years. This accounting change resulted in increases of NT\$215,835 thousand in net income and NT\$0.044 in after income tax basic earnings per share in 2011.

Note 23 (h) to the financial statements describes a case related to the Department of Commerce's nullification of Pacific Liu Tung Investment Corporation's (PLT, an equity-method investee of the Company) registration of a capital increase and relevant registrations. 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 PLT's investors, will depend on the final judgment of the court.

According to Note 24(a) of the financial statement, on February 13, 2012, Taipei District Court of Taiwan assigned Chen-Rong Chuan, Wang-Gong and Jian-Min Qiu as the temporary receivers of PLT. Far Eastern Department Stores (FEDS), an equity-method investee of the Company, along with a number of other interested parties, have appealed against the ruling made by Taipei District Court of Taiwan. On February 29, 2012, the Department of Commerce had accomplished the registration of the aforesaid temporary receivers of PLT.

We have also audited the consolidated financial statements of Far Eastern New Century Corporation and subsidiaries for the years ended December 31, 2011 and 2010 (not presented herewith) and have expressed a modified unqualified opinion thereon in our report dated March 29, 2012 on the basis of our audits and the reports of the other auditors.

March 29, 2012

#### 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.*

## Financial Informational

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

#### BALANCE SHEETS

DECEMBER 31, 2011 AND 2010

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

ASSETS	2011		2010	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Note 4)	\$ 2,444,308	2	\$ 8,192,747	5
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	48,308	-	17,416	-
Notes receivable (Note 2)	302,778	-	702,541	1
Accounts receivable - less allowance for bad debts of \$55,619 thousand in 2011 and \$100,099 thousand in 2010 (Note 2)	9,776,610	6	6,972,796	4
Notes and accounts receivable from affiliates (Note 21)	470,140	-	321,825	-
Other receivables	216,389	-	200,796	-
Other receivables from affiliates (Note 21)	135,676	-	291,486	-
Inventories, net (Notes 2 and 6)	7,597,423	4	5,640,168	4
Prepaid expenses (Note 21)	373,997	-	271,983	-
Deferred income taxes assets - current (Notes 2 and 17)	-	-	45,829	-
Restricted assets - noncurrent (Note 22)	34,381	-	-	-
Other current assets	404,662	-	284,023	-
<b>Total current assets</b>	<b>21,804,672</b>	<b>12</b>	<b>22,941,610</b>	<b>14</b>
<b>FUNDS AND INVESTMENTS (Notes 2, 7, 8, 9 and 22)</b>				
Available-for-sale financial assets - noncurrent	737,481	-	919,563	1
Financial assets carried at cost - noncurrent	53,667	-	53,667	-
Investment accounted for by the equity method	138,817,863	77	121,888,313	75
<b>Total funds and investments</b>	<b>139,609,011</b>	<b>77</b>	<b>122,861,543</b>	<b>76</b>
<b>PROPERTIES (Notes 2, 10, 18, 21 and 22)</b>				
Cost				
Land	1,428,688	1	1,428,688	1
Buildings and equipment	6,174,103	3	5,904,996	4
Machinery and equipment	42,621,822	23	40,867,130	25
Furniture and miscellaneous equipment	2,756,634	2	2,625,260	1
Total cost	52,981,247	29	50,826,074	31
Revaluation increment	5,074,773	3	3,016,483	2
Total cost and revaluation increment	58,056,020	32	53,842,557	33
Less: Accumulated depreciation	43,243,644	24	42,039,316	26
Accumulated impairment losses	159,253	-	159,730	-
	14,653,123	8	11,643,511	7
Constructions in progress	3,866,778	2	2,560,702	2
Prepayments for equipment	505,097	1	218,769	-
<b>Net properties</b>	<b>19,024,998</b>	<b>11</b>	<b>14,422,982</b>	<b>9</b>
<b>INTANGIBLE ASSETS</b>				
Other intangible assets (Notes 2 and 18)	21,965	-	23,439	-
<b>OTHER ASSETS</b>				
Nonoperating properties, net (Notes 2, 10, 11 and 22)	230,300	-	513,381	1
Deferred income taxes assets - noncurrent (Notes 2 and 17)	-	-	220,619	-
Farmland (Note 12)	276,661	-	276,661	-
Miscellaneous (Notes 2, 18 and 21)	250,467	-	191,793	-
<b>Total other assets</b>	<b>757,428</b>	<b>-</b>	<b>1,202,454</b>	<b>1</b>
<b>TOTAL</b>	<b>\$ 181,218,074</b>	<b>100</b>	<b>\$ 161,452,028</b>	<b>100</b>

# Far Eastern New Century

Annual Report 2011

LIABILITIES AND STOCKHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%
<b>CURRENT LIABILITIES</b>				
Short-term bank loans (Notes 13 and 22)	\$ 5,472,199	3	\$ 4,451,842	3
Financial liabilities at fair value through profit or loss - current (Notes 2, 5 and 14)	4,708	-	4,461	-
Notes payable	2,338	-	3,005	-
Accounts payable	3,967,737	2	3,777,023	2
Accounts payable to affiliates (Note 21)	1,108,388	1	1,290,014	1
Accrued expenses (Note 21)	3,344,427	2	3,162,837	2
Receipts in advance	364,251	-	299,679	-
Current portion of long-term liabilities (Notes 2, 14 and 22)	1,878,631	1	3,260,000	2
Other current liabilities (Note 21)	<u>702,340</u>	-	<u>630,045</u>	-
Total current liabilities	<u>16,845,019</u>	<u>9</u>	<u>16,878,906</u>	<u>10</u>
<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION</b>				
Bonds payable (Notes 2, 14 and 22)	21,344,014	12	17,201,351	11
Long-term debts (Notes 14 and 22)	<u>28,450,000</u>	<u>15</u>	<u>26,709,283</u>	<u>16</u>
Total long-term liabilities	<u>49,794,014</u>	<u>27</u>	<u>43,910,634</u>	<u>27</u>
RESERVE FOR LAND VALUE INCREMENT TAX (Note 10)	<u>1,519,896</u>	<u>1</u>	<u>1,018,899</u>	<u>1</u>
<b>OTHER LIABILITIES</b>				
Accrued pension liabilities (Notes 2 and 20)	994,021	1	1,038,860	1
Deferred income tax liability - noncurrent (Note 2 and 17)	457,960	-	-	-
Deferred income (Note 2, 9 and 21)	55,886	-	55,503	-
Guarantee deposits received	<u>615</u>	-	<u>615</u>	-
Total other liabilities	<u>1,508,482</u>	<u>1</u>	<u>1,094,978</u>	<u>1</u>
Total liabilities	<u>69,667,411</u>	<u>38</u>	<u>62,903,417</u>	<u>39</u>
<b>STOCKHOLDERS' EQUITY</b>				
Capital stock - NT\$10.00 par value				
Authorized - 6,000,000 thousand shares; issued and outstanding - 4,897,217 thousand shares in 2011 and 4,754,580 thousand shares in 2010	<u>48,972,173</u>	<u>27</u>	<u>47,545,799</u>	<u>30</u>
Capital surplus				
Premium on capital stock	932,814	1	932,814	-
Equity in capital surplus reported by investees	9,421,242	5	9,287,645	6
Others	<u>7,672</u>	-	<u>7,672</u>	-
Total capital surplus	<u>10,361,728</u>	<u>6</u>	<u>10,228,131</u>	<u>6</u>
Retained earnings				
Legal reserve	10,710,699	6	9,413,371	6
Special reserve	3,152,529	2	3,034,766	2
Unappropriated earnings	<u>13,709,450</u>	<u>7</u>	<u>14,842,096</u>	<u>9</u>
Total retained earnings	<u>27,572,678</u>	<u>15</u>	<u>27,290,233</u>	<u>17</u>
Other stockholders' equity				
Unrealized gain on financial instruments	2,716,548	1	5,370,206	3
Cumulative translation adjustments	2,915,415	2	(492,626)	-
Unrealized revaluation increment	19,167,218	11	8,705,127	5
Unrecognized loss on pension cost	(130,034)	-	(98,259)	-
Treasury stock - 713 thousand shares	<u>(25,063)</u>	-	<u>-</u>	-
Total other stockholders' equity	<u>24,644,084</u>	<u>14</u>	<u>13,484,448</u>	<u>8</u>
Net stockholders' equity	<u>111,550,663</u>	<u>62</u>	<u>98,548,611</u>	<u>61</u>
<b>TOTAL</b>	<u>\$ 181,218,074</u>	<u>100</u>	<u>\$ 161,452,028</u>	<u>100</u>

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

(With Deloitte & Touche audit report dated March 29, 2012)

(Concluded)

Financial Informational

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

**STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2011		2010	
	Amount	%	Amount	%
<b>REVENUES</b>				
Sales (Notes 2 and 21)	\$ 62,251,658	101	\$ 54,402,076	101
Less: Sales returns and allowances	710,427	1	666,542	1
Net sales	61,541,231	100	53,735,534	100
Processing service income	15,714	-	23,345	-
Total revenues	61,556,945	100	53,758,879	100
<b>COST OF REVENUES</b>				
Cost of sales (Notes 3, 6, 18 and 21)	56,368,998	91	47,739,251	89
Cost of processing services	13,881	-	20,433	-
Total costs of revenues	56,382,879	91	47,759,684	89
GROSS PROFIT	5,174,066	9	5,999,195	11
<b>OPERATING EXPENSES (Notes 3, 18 and 21)</b>				
Selling expenses	2,749,466	5	3,300,566	6
General and administrative expenses	1,323,447	2	1,335,263	3
Research and development expenses	653,897	1	588,513	1
Total operating expenses	4,726,810	8	5,224,342	10
OPERATING INCOME	447,256	1	774,853	1
<b>NONOPERATING INCOME AND GAINS</b>				
Interest income	12,345	-	6,665	-
Investment income recognized under equity method (Notes 2 and 9)	12,239,808	20	13,347,228	25
Dividend income	19,142	-	7,394	-
Gain on disposal of properties, net	3,963	-	16,007	-
Gain on sale of investments, net (Note 9)	-	-	2,926	-
Rental revenue (Note 21)	11,380	-	10,373	-
Valuation gain on financial assets, net (Notes 2 and 5)	32,516	-	113,291	-
Valuation gain on financial liabilities, net (Notes 2 and 5)	35,081	-	19,190	-
Miscellaneous gain (Note 21)	195,347	-	252,213	1
Total nonoperating income and gains	12,549,582	20	13,775,287	26

(Continued)



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

**STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2011		2010	
	Amount	%	Amount	%
<b>NONOPERATING EXPENSES AND LOSSES</b>				
Interest expense (Notes 10 and 21)	645,270	1	589,506	1
Loss on disposal of investment	383	-	-	-
Exchange loss, net (Note 2)	34,523	-	415,683	1
Impairment loss on assets (Note 2)	269,133	1	263,190	-
Miscellaneous expenses (Notes 11 and 21)	<u>185,927</u>	-	<u>272,561</u>	1
Total nonoperating expenses and losses	<u>1,135,236</u>	<u>2</u>	<u>1,540,940</u>	<u>3</u>
INCOME BEFORE INCOME TAX	11,861,602	19	13,009,200	24
INCOME TAX EXPENSE (Notes 2 and 17)	<u>774,106</u>	<u>1</u>	<u>159,030</u>	-
NET INCOME	<u>\$ 11,087,496</u>	<u>18</u>	<u>\$ 12,850,170</u>	<u>24</u>

	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
<b>EARNINGS PER SHARE (Notes 3 and 19)</b>				
Basic	<u>\$ 2.42</u>	<u>\$ 2.26</u>	<u>\$ 2.66</u>	<u>\$ 2.62</u>
Diluted	<u>\$ 2.41</u>	<u>\$ 2.26</u>	<u>\$ 2.65</u>	<u>\$ 2.61</u>

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

(With Deloitte & Touche audit report dated March 29, 2012)

(Concluded)

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

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(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			Legal Reserve	Special Reserve
	Thousands	Amount			
BALANCE, JANUARY 1, 2010	4,661,353	\$ 46,613,529	\$ 10,181,403	\$ 8,602,110	\$ 3,034,766
Appropriation of the 2009 earnings					
Legal reserve	-	-	-	811,261	-
Stock dividends - NT\$0.2 per share	93,227	932,270	-	-	-
Cash dividends - NT\$1.3 per share	-	-	-	-	-
	<u>4,754,580</u>	<u>47,545,799</u>	<u>10,181,403</u>	<u>9,413,371</u>	<u>3,034,766</u>
Net income in 2010	-	-	-	-	-
Adjustments due to changes in investees' equity in long-term investments	-	-	46,728	-	-
Translation adjustments on foreign-currency equity-method investments	-	-	-	-	-
Change in unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-
Adjustments on stockholders' equity due to the sale of long-term equity investments	-	-	-	-	-
BALANCE, DECEMBER 31, 2010	4,754,580	47,545,799	10,228,131	9,413,371	3,034,766
Appropriation of the 2010 earnings					
Legal reserve	-	-	-	1,297,328	-
Stock dividends - NT\$0.3 per share	142,637	1,426,374	-	-	-
Cash dividends - NT\$2.0 per share	-	-	-	-	-
	<u>4,897,217</u>	<u>48,972,173</u>	<u>10,228,131</u>	<u>10,710,699</u>	<u>3,034,766</u>
Net income in 2011	-	-	-	-	-
Adjustments due to changes in investees' equity in long-term investments	-	-	133,607	-	117,763
Translation adjustments on foreign-currency equity-method investments	-	-	-	-	-
Change in unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-
Adjustment on stockholder's due to exchangeable bond	-	-	(10)	-	-
Company's share held by subsidiaries - treasury stock (713 thousand shares)	-	-	-	-	-
Revaluation incremental value of land	-	-	-	-	-
BALANCE, DECEMBER 31, 2011	<u>4,897,217</u>	<u>\$ 48,972,173</u>	<u>\$ 10,361,728</u>	<u>\$ 10,710,699</u>	<u>\$ 3,152,529</u>

(Continued)

## Far Eastern New Century

Annual Report 2011

(Notes 2, 15 and 16)		Other Equity					
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)	Net Loss not Recognized as Pension Cost (Note 2)	Treasury Stock (Notes 2 and 16)	Net Stockholders' Equity
\$ 9,672,105	\$ 21,308,981	\$ 3,276,309	\$ 2,490,010	\$ 8,721,219	\$ (80,263)	\$ -	\$ 92,511,188
(811,261)	-	-	-	-	-	-	-
(932,270)	(932,270)	-	-	-	-	-	-
<u>(6,059,759)</u>	<u>(6,059,759)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,059,759)</u>
1,868,815	14,316,952	3,276,309	2,490,010	8,721,219	(80,263)	-	86,451,429
12,850,170	12,850,170	-	-	-	-	-	12,850,170
123,111	123,111	1,895,558	(1,214,252)	(16,092)	(17,996)	-	817,057
-	-	-	(1,768,381)	-	-	-	(1,768,381)
-	-	198,365	-	-	-	-	198,365
<u>-</u>	<u>-</u>	<u>(26)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29)</u>
14,842,096	27,290,233	5,370,206	(492,626)	8,705,127	(98,259)	-	98,548,611
(1,297,328)	-	-	-	-	-	-	-
(1,426,374)	(1,426,374)	-	-	-	-	-	-
<u>(9,509,160)</u>	<u>(9,509,160)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,509,160)</u>
2,609,234	16,354,699	5,370,206	(492,626)	8,705,127	(98,259)	-	89,039,451
11,087,496	11,087,496	-	-	-	-	-	11,087,496
12,720	130,483	(2,471,548)	2,697,436	8,905,010	(31,775)	-	9,363,213
-	-	-	710,603	-	-	-	710,603
-	-	(182,082)	-	-	-	-	(182,082)
-	-	(28)	2	-	-	-	(36)
-	-	-	-	-	-	(25,063)	(25,063)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,557,081</u>	<u>-</u>	<u>-</u>	<u>1,557,081</u>
<u>\$ 13,709,450</u>	<u>\$ 27,572,678</u>	<u>\$ 2,716,548</u>	<u>\$ 2,915,415</u>	<u>\$ 19,167,218</u>	<u>\$ (130,034)</u>	<u>\$ (25,063)</u>	<u>\$ 111,550,663</u>

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

(With Deloitte & Touche audit report dated March 29, 2012)

(Concluded)

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

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(In Thousands of New Taiwan Dollars)**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 11,087,496	\$ 12,850,170
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,271,767	1,691,479
Amortization	61,386	49,054
(Reversal of provision) provision for losses on inventories	239,781	(91,512)
Amortization on discount of exchangeable bonds	36,586	52,459
Gain on exchange of exchangeable bond	(219)	-
Loss on redemption of exchangeable bonds	-	29,501
Investment net income recognized under the equity method	(12,239,808)	(13,347,228)
Cash dividends received from equity-method investments	8,607,428	6,312,125
Reversal of allowance for bad debts	(44,480)	-
Accrued pension liabilities	(44,839)	(11,532)
Gain on disposal of properties, net	(3,963)	(16,007)
Impairment loss on assets	269,133	263,190
Loss (gain) on sale of investments, net	383	(2,926)
Deferred income tax	724,408	188,463
Net changes in operating assets and liabilities		
Financial assets held for trading	(30,892)	35,812
Financial liabilities held for trading	263	12,959
Notes receivable	399,763	(221,857)
Accounts receivable	(2,759,334)	(961,001)
Notes receivable and accounts receivable from affiliates	(148,315)	(94,719)
Other receivables	50,829	59,756
Other receivables from affiliates	155,810	(64,008)
Inventories	(2,197,036)	(1,112,132)
Prepaid expenses	(102,014)	359,541
Other current assets	(120,639)	(60,745)
Notes payable	(667)	1,134
Accounts payable	190,714	1,226,617
Accounts payable to affiliates	(181,626)	586,835
Accrued expenses	181,590	584,696
Receipts in advance	64,572	29,103
Other current liabilities	<u>67,404</u>	<u>31,010</u>
Net cash provided by operating activities	<u>5,535,481</u>	<u>8,380,237</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds of sale of investments accounted for by equity method	-	28,387
Acquisition of investments accounted for by equity method	(3,314,964)	(3,535,727)
Acquisition of properties	(3,797,894)	(2,827,279)
Proceeds of the disposal of properties	5,301	24,290
Increase in other intangible assets	(5,082)	(24,003)
Decrease in refundable deposits	4,789	-
Increase in other assets	<u>(118,603)</u>	<u>(48,104)</u>
Net cash used in investing activities	<u>(7,260,834)</u>	<u>(6,382,436)</u>

(Continued)

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

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
(In Thousands of New Taiwan Dollars)

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term bank loans	1,020,357	1,029,381
Payments of cash dividends	(9,509,160)	(6,059,723)
Increase (decrease) in long-term liabilities	1,740,717	(2,111,057)
Cash received from issuing of bonds	<u>2,725,000</u>	<u>7,407,800</u>
Net cash (used in) provided by financing activities	<u>(4,023,086)</u>	<u>266,401</u>
<b>NET INCREASE IN CASH</b>	(5,748,439)	2,264,202
<b>CASH, BEGINNING OF YEAR</b>	<u>8,192,747</u>	<u>5,928,545</u>
<b>CASH, END OF YEAR</b>	<u>\$ 2,444,308</u>	<u>\$ 8,192,747</u>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Interest paid	\$ 653,500	\$ 484,261
Deduct: Capitalized interest	<u>43,921</u>	<u>22,750</u>
Interest paid (excluding capitalized interest)	<u>\$ 609,579</u>	<u>\$ 461,511</u>
Income tax paid	<u>\$ 34,494</u>	<u>\$ 632</u>
<b>CASH PAID FOR ACQUISITION OF PROPERTIES</b>		
Increase in properties	\$ 2,210,381	\$ 1,219,965
Add:		
Payables for acquisition of properties, beginning of year	84	383
Advances to suppliers of machine and equipment, end of year	505,097	218,769
Constructions in progress, end of year	3,866,778	2,560,702
Deduct:		
Advances to suppliers of machine and equipment, beginning of year	(218,769)	(165,639)
Constructions in progress, beginning of year	(2,560,702)	(1,006,817)
Payables for acquisition of properties, end of year	<u>(4,975)</u>	<u>(84)</u>
Cash paid for acquisition of properties	<u>\$ 3,797,894</u>	<u>\$ 2,827,279</u>
<b>NONCASH FINANCING ACTIVITIES</b>		
Current portion of long-term liabilities	<u>\$ 1,878,631</u>	<u>\$ 3,260,000</u>
Total incremental value of land revaluation	\$ 2,058,078	\$ -
Deduct: Reserve for land value increment tax	<u>(500,997)</u>	<u>-</u>
Unrealized revaluation increment	<u>\$ 1,557,081</u>	<u>\$ -</u>

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

(With Deloitte & Touche audit report dated March 29, 2012)

(Concluded)

## Financial Informational

# 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 (the "Company", formerly Far Eastern Textile Ltd.) and subsidiaries as of December 31, 2011 and 2010 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 1.20% (NT\$3,941,434 thousand) and 1.09% (NT\$3,215,645 thousand) of the consolidated total assets as of December 31, 2011 and 2010, respectively. Their total net operating revenues were 1.31% (NT\$3,082,749 thousand) and 1.34% (NT\$2,685,636 thousand) of the consolidated net operating revenues in 2011 and 2010, 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 0.55% (NT\$1,803,409 thousand) and 0.61% (NT\$1,784,692 thousand) of the consolidated total assets as of December 31, 2011 and 2010, respectively. The Company's equity in their net income was 1.40% (NT\$297,660 thousand) and 1.26% (NT\$289,108 thousand) of the consolidated income before income tax in 2011 and 2010, 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, 2011 and 2010 and the results of their operations and their cash flows for the years then ended, in conformity with Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

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

Note 34 (j) to the financial statements describes a case related to the Department of Commerce's nullification of Pacific Liu Tung Investment Corporation's (PLT, an equity-method investee of the Company) registration of a capital increase and relevant registrations. 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 PLT's investors, will depend on the final judgment of the court.

According to Note 35(a) of the financial statement, on February 13, 2012, Taipei District Court of Taiwan assigned Chen-Rong Chuan, Wang-Gong and Jian-Min Qiu as the temporary receivers of PLT. Far Eastern Department Stores (FEDS), an equity-method investee of the Company, along with a number of other interested parties, have appealed against the ruling made by Taipei District Court of Taiwan. On February 29, 2012, the Department of Commerce had accomplished the registration of the aforesaid temporary receivers of PLT.

March 29, 2012

*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.*

## Financial Informational

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

(Formerly Far Eastern Textile Ltd. and Subsidiaries)

### CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2011 AND 2010

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

ASSETS	2011		2010	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 2 and 5)	\$ 28,330,882	9	\$ 26,256,123	9
Financial assets at fair value through profit or loss - current (Notes 2 and 6)	954,871	-	2,709,920	1
Hedging derivative financial assets-current (Note 2)	1,500	-	78,670	-
Available-for-sale financial assets - current (Notes 2, 7 and 33)	3,496,456	1	3,373,540	1
Notes and accounts receivable, net (Notes 2, 4 and 25)	31,794,052	10	25,686,050	9
Notes and accounts receivable from affiliates (Notes 2, 25 and 32)	1,853,529	1	1,270,516	-
Inventories, net (Notes 2 and 9)	21,179,616	6	15,269,752	5
Available-for-sale - buildings and land, net (Notes 2, 11 and 25)	1,690,502	-	30,339	-
Available for construction - land (Notes 2, 10, 25 and 33)	620,001	-	620,013	-
Construction-in-progress (net of billings on construction-in-progress) (Notes 2, 12, 25, 32 and 33)	1,964,181	1	8,282,288	3
Other receivables	1,065,662	-	1,362,134	1
Noncurrent assets classified as held for sale (Note 16)	-	-	152,825	-
Deferred income tax assets - current (Notes 2 and 28)	316,339	-	444,381	-
Restricted assets (Notes 25 and 33)	3,187,326	1	2,866,448	1
Prepayments and other current assets (Notes 2, 12, 25 and 33)	5,040,858	2	4,740,998	2
Total current assets	<u>101,495,775</u>	<u>31</u>	<u>93,143,997</u>	<u>32</u>
<b>FUNDS AND INVESTMENTS (Notes 2, 7, 8, 13, 14, 15 and 33)</b>				
Investments accounted for by the equity method	44,142,690	14	41,526,716	14
Available-for-sale financial assets - noncurrent	4,032,047	1	4,394,149	1
Held-to-maturity financial assets - noncurrent	199,768	-	199,666	-
Financial assets carried at cost - noncurrent	1,029,223	-	1,568,046	1
Bond investments with no active market - noncurrent	261,384	-	258,903	-
Total funds and investments	<u>49,665,112</u>	<u>15</u>	<u>47,947,480</u>	<u>16</u>
<b>PROPERTIES (Notes 2, 16 and 33)</b>				
Cost				
Land	11,258,491	3	11,040,497	4
Buildings	29,850,917	9	20,709,951	7
Machinery and equipment	103,683,905	32	96,101,572	33
Telecommunication equipment	138,886,643	42	133,462,358	45
Computer equipment	23,057,973	7	21,793,166	7
Leasehold improvements	3,152,607	1	3,053,315	1
Operating and miscellaneous equipment	15,573,377	5	8,309,984	3
Total cost	325,463,913	99	294,470,843	100
Revaluation increment	32,242,769	10	19,009,809	7
Total cost and revaluation increment	357,706,682	109	313,480,652	107
Less: Accumulated depreciation	215,445,231	66	193,523,179	66
Accumulated impairment	5,894,686	2	5,770,370	2
	136,366,765	41	114,187,103	39
Construction in progress and prepayments for equipment	14,688,373	5	12,350,480	4
Repayment on land	391,216	-	-	-
Net properties	<u>151,446,354</u>	<u>46</u>	<u>126,537,583</u>	<u>43</u>
<b>INTANGIBLE ASSETS</b>				
Deferred pension cost (Note 2)	44,968	-	55,852	-
Goodwill (Notes 2 and 17)	11,971,406	4	11,871,100	4
3G license fee (Notes 1, 2 and 18)	5,114,945	1	5,845,651	2
Land use rights, net (Notes 2, 33 and 34)	1,862,024	1	1,348,528	1
Other intangible assets (Notes 2 and 17)	859,236	-	634,207	-
Total intangible assets	<u>19,852,579</u>	<u>6</u>	<u>19,755,338</u>	<u>7</u>
<b>OTHER ASSETS</b>				
Nonoperating properties, net (Notes 2, 16 and 33)	4,330,871	2	3,479,498	1
Deferred income tax assets, net (Notes 2 and 28)	381,707	-	670,183	-
Refundable deposits (Note 25)	499,731	-	538,387	-
Deferred charges, net (Note 2)	726,234	-	807,308	1
Restricted assets (Note 25 and 33)	115,805	-	422,409	-
Farmland (Note 19)	276,661	-	276,661	-
Miscellaneous (Notes 2, 14, 32 and 33)	214,358	-	128,658	-
Total other assets	<u>6,545,367</u>	<u>2</u>	<u>6,323,104</u>	<u>2</u>
<b>TOTAL</b>	<u>\$ 329,005,187</u>	<u>100</u>	<u>\$ 293,707,502</u>	<u>100</u>



# Far Eastern New Century

Annual Report 2011

LIABILITIES AND STOCKHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%
<b>CURRENT LIABILITIES</b>				
Short-term bank loans (Notes 20 and 33)	\$ 27,371,719	8	\$ 28,633,677	10
Hedging derivative liabilities - current (Note 2)	2,667	-	-	-
Short-term bills payable (Notes 21 and 33)	10,765,090	3	7,202,696	2
Financial liabilities at fair value through profit or loss - current (Notes 2 and 6)	4,708	-	4,461	-
Notes and accounts payable (Note 25)	21,855,631	7	17,255,682	6
Notes and accounts payable to affiliates (Notes 25 and 32)	1,147,752	-	1,542,707	1
Income tax payable (Note 2)	1,700,572	1	2,047,274	1
Accrued expenses (Note 25)	9,573,072	3	9,594,968	3
Guarantee deposits received - current	504,806	-	680,067	-
Payables for acquisition of properties	2,210,448	1	2,247,024	1
Advance sales receipts	1,163,573	-	919,381	-
Advances on real estate receipts (Notes 2, 11, 12, 25 and 32)	990,147	-	1,339,041	-
Unearned revenue (Notes 2 and 22)	2,776,205	1	1,982,833	1
Billings on construction-in-progress (net of construction-in-progress) (Notes 2, 23, 25, 31 and 32)	504,941	-	896,083	-
Current portion of long-term liabilities (Notes 24 and 33)	2,525,144	1	4,995,272	2
Deferred income tax liabilities - current (Notes 2 and 28)	2,041	-	943	-
Other current liabilities (Notes 2 and 25)	<u>2,261,852</u>	<u>1</u>	<u>1,601,179</u>	<u>1</u>
Total current liabilities	<u>85,360,368</u>	<u>26</u>	<u>80,943,288</u>	<u>28</u>
<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION (Notes 2, 24 and 33)</b>				
Long-term debt	33,124,195	10	32,870,100	11
Bonds payable	<u>28,327,158</u>	<u>9</u>	<u>19,196,052</u>	<u>7</u>
Total long-term liabilities	<u>61,451,353</u>	<u>19</u>	<u>52,066,152</u>	<u>18</u>
RESERVE FOR LAND VALUE INCREMENT TAX (Note 16)	<u>8,660,653</u>	<u>3</u>	<u>6,299,417</u>	<u>2</u>
<b>OTHER LIABILITIES</b>				
Accrued pension cost (Notes 2 and 31)	2,124,155	1	1,889,590	1
Guarantee deposits received - noncurrent	630,861	-	335,750	-
Deferred income tax liabilities - noncurrent (Notes 2 and 28)	1,106,225	-	210,053	-
Deferred income (Notes 2, 16 and 32)	151,296	-	971,124	-
Miscellaneous (Notes 2, 14 and 25)	<u>1,110,052</u>	<u>-</u>	<u>944,104</u>	<u>-</u>
Total other liabilities	<u>5,122,589</u>	<u>1</u>	<u>4,350,621</u>	<u>1</u>
Total liabilities	<u>160,594,963</u>	<u>49</u>	<u>143,659,478</u>	<u>49</u>
<b>STOCKHOLDERS' EQUITY OF PARENT COMPANY</b>				
Capital stock - NT\$10.00 par value				
Authorized - 6,000,000 thousand shares			-	-
Issued and outstanding - 4,897,217 thousand shares in 2011 and 4,754,580 thousand shares in 2010	<u>48,972,173</u>	<u>15</u>	<u>47,545,799</u>	<u>16</u>
Capital surplus				
Premium on capital stock	932,814	-	932,814	1
From long-term equity-method investments	9,421,242	3	9,287,645	3
Others	<u>7,672</u>	<u>-</u>	<u>7,672</u>	<u>-</u>
Total capital surplus	<u>10,361,728</u>	<u>3</u>	<u>10,228,131</u>	<u>4</u>
Retained earnings				
Legal reserve	10,710,699	3	9,413,371	3
Special reserve	3,152,529	1	3,034,766	1
Unappropriated earnings	<u>13,709,450</u>	<u>4</u>	<u>14,842,096</u>	<u>5</u>
Total retained earnings	<u>27,572,678</u>	<u>8</u>	<u>27,290,233</u>	<u>9</u>
Other stockholders' equity				
Unrealized gains on financial instruments	2,716,548	1	5,370,206	2
Cumulative translation adjustments	2,915,415	1	(492,626)	-
Unrealized revaluation increment	19,167,218	6	8,705,127	3
Unrecognized loss on pension cost	(130,034)	-	(98,259)	-
Treasury stock - 713 thousand shares	(25,063)	-	-	-
Total other stockholders' equity	<u>24,644,084</u>	<u>8</u>	<u>13,484,448</u>	<u>5</u>
Total stockholders' equity of parent company	111,550,663	34	98,548,611	34
MINORITY INTEREST	<u>56,859,561</u>	<u>17</u>	<u>51,499,413</u>	<u>17</u>
Total stockholders' equity	<u>168,410,224</u>	<u>51</u>	<u>150,048,024</u>	<u>51</u>
<b>TOTAL</b>	<u>\$ 329,005,187</u>	<u>100</u>	<u>\$ 293,707,502</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche audit report dated March 29, 2012)

Financial Informational

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

**CONSOLIDATED STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

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

	2011		2010	
	Amount	%	Amount	%
<b>OPERATING REVENUES (Notes 2 and 32)</b>				
Net sales	\$ 159,889,095	68	\$ 130,574,982	65
Telecommunications service income	63,072,609	27	56,525,310	28
Gain on sale of investments, net (Note 13)	-	-	449,838	-
Construction revenues, net	9,415,462	4	10,679,889	6
Other operating revenues	<u>3,184,080</u>	<u>1</u>	<u>1,974,209</u>	<u>1</u>
Total operating revenues	<u>235,561,246</u>	<u>100</u>	<u>200,204,228</u>	<u>100</u>
<b>OPERATING COSTS (Notes 2, 9, 29 and 32)</b>				
Cost of goods sold	149,995,328	64	115,707,765	58
Cost of telecommunications services	30,348,098	13	28,035,060	14
Loss of sale of investments, net	54,911	-	-	-
Construction cost	7,494,698	3	7,429,871	3
Other operating cost	<u>1,357,161</u>	<u>1</u>	<u>1,596,860</u>	<u>1</u>
Total operating costs	<u>189,250,196</u>	<u>81</u>	<u>152,769,556</u>	<u>76</u>
GROSS PROFIT EXCLUDING REALIZED CONSTRUCTION INCOME	46,311,050	19	47,434,672	24
REALIZED CONSTRUCTION INCOME (Notes 2 and 32)	<u>555</u>	<u>-</u>	<u>556</u>	<u>-</u>
GROSS PROFIT	<u>46,311,605</u>	<u>19</u>	<u>47,435,228</u>	<u>24</u>
<b>OPERATING EXPENSES (Notes 2, 29 and 32)</b>				
Selling expenses	19,780,636	8	17,324,469	9
General and administrative expenses	8,021,618	4	7,622,670	4
Research and development expenses	<u>732,281</u>	<u>-</u>	<u>678,762</u>	<u>-</u>
Total operating expenses	<u>28,534,535</u>	<u>12</u>	<u>25,625,901</u>	<u>13</u>
OPERATING INCOME	<u>17,777,070</u>	<u>7</u>	<u>21,809,327</u>	<u>11</u>
<b>NONOPERATING INCOME AND GAINS (Note 32)</b>				
Interest income	329,734	-	175,042	-
Investment income from equity method investees, net (Notes 2 and 14)	3,984,785	2	3,266,549	2
Dividend income	312,935	-	349,496	-
Exchange gain, net (Note 2)	812,958	1	67,364	-

(Continued)



Financial Informational

**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, 2011 AND 2010**  
**(In Thousands of New Taiwan Dollars, Except Earnings 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, 2010	4,661,353	\$ 46,613,529	\$ 10,181,403	\$ 8,602,110	\$ 3,034,766
Appropriation of the 2009 earnings					
Legal reserve	-	-	-	811,261	-
Stock dividends - NT\$0.2 per share	93,227	932,270	-	-	-
Cash dividends - NT\$1.3 per share	-	-	-	-	-
	4,754,580	47,545,799	10,181,403	9,413,371	3,034,766
Consolidated net income in 2010	-	-	-	-	-
Adjustments due to changes in investees' equity in long-term investments	-	-	46,728	-	-
Translation adjustment on foreign-currency equity-method investments	-	-	-	-	-
Change in unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-
Adjustments on stockholders' equity due to the sale of long-term equity investments	-	-	-	-	-
Decrease in minority interest	-	-	-	-	-
BALANCE, DECEMBER 31, 2010	4,754,580	47,545,799	10,228,131	9,413,371	3,034,766
Appropriation of the 2010 earnings					
Legal reserve	-	-	-	1,297,328	-
Stock dividends - NT\$0.3 per share	142,637	1,426,374	-	-	-
Cash dividends - NT\$2.0 per share	-	-	-	-	-
	4,897,217	48,972,173	10,228,131	10,710,699	3,034,766
Consolidated net income in 2011	-	-	-	-	-
Adjustments due to changes in investees' equity in long-term investments	-	-	133,607	-	117,763
Translation adjustment on foreign-currency equity-method investments	-	-	-	-	-
Change in unrealized gain (loss) on available-for-sale financial assets	-	-	-	-	-
Adjustments on stockholders' equity due to exchangeable bond	-	-	(10)	-	-
Company's shares held by subsidiaries - treasury stock (713 thousand shares)	-	-	-	-	-
Revaluation incremental value of land	-	-	-	-	-
Decrease in minority interest	-	-	-	-	-
BALANCE, DECEMBER 31, 2011	<u>4,897,217</u>	<u>\$ 48,972,173</u>	<u>\$ 10,361,728</u>	<u>\$ 10,710,699</u>	<u>\$ 3,152,529</u>

# Far Eastern New Century

Annual Report 2011

(Notes 2, 15 and 16)		Other Equity						
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)	Net Loss not Recognized as Pension Cost (Note 2)	Treasury Stock (Notes 2 and 16)	Minority interest	Total Stockholders' Equity
\$ 9,672,105	\$ 21,308,981	\$ 3,276,309	\$ 2,490,010	\$ 8,721,219	\$ (80,263)	\$ -	\$ 48,996,582	\$ 141,507,770
(811,261)	-	-	-	-	-	-	-	-
(932,270)	(932,270)	-	-	-	-	-	-	-
<u>(6,059,759)</u>	<u>(6,059,759)</u>	-	-	-	-	-	-	<u>(6,059,759)</u>
1,868,815	14,316,952	3,276,309	2,490,010	8,721,219	(80,263)	-	48,996,582	135,448,011
12,850,170	12,850,170	-	-	-	-	-	7,078,622	19,928,792
123,111	123,111	1,895,558	(1,214,252)	(16,092)	(17,996)	-	-	817,057
-	-	-	(1,768,381)	-	-	-	-	(1,768,381)
-	-	198,365	-	-	-	-	-	198,365
-	-	(26)	(3)	-	-	-	-	(29)
-	-	-	-	-	-	-	<u>(4,575,791)</u>	<u>(4,575,791)</u>
14,842,096	27,290,233	5,370,206	(492,626)	8,705,127	(98,259)	-	51,499,413	150,048,024
(1,297,328)	-	-	-	-	-	-	-	-
(1,426,374)	(1,426,374)	-	-	-	-	-	-	-
<u>(9,509,160)</u>	<u>(9,509,160)</u>	-	-	-	-	-	-	<u>(9,509,160)</u>
2,609,234	16,354,699	5,370,206	(492,626)	8,705,127	(98,259)	-	51,499,413	140,538,864
11,087,496	11,087,496	-	-	-	-	-	6,586,907	17,674,403
12,720	130,483	(2,471,548)	2,697,436	8,905,010	(31,775)	-	-	9,363,213
-	-	-	710,603	-	-	-	-	710,603
-	-	(182,082)	-	-	-	-	-	(182,082)
-	-	(28)	2	-	-	-	-	(36)
-	-	-	-	-	-	(25,063)	-	(25,063)
-	-	-	-	1,557,081	-	-	-	1,557,081
-	-	-	-	-	-	-	<u>(1,226,759)</u>	<u>(1,226,759)</u>
<u>\$ 13,709,450</u>	<u>\$ 27,572,678</u>	<u>\$ 2,716,548</u>	<u>\$ 2,915,415</u>	<u>\$ 19,167,218</u>	<u>\$ (130,034)</u>	<u>\$ (25,063)</u>	<u>\$ 56,859,561</u>	<u>\$ 168,410,224</u>

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

(With Deloitte & Touche audit report dated March 29, 2012)

(Concluded)

Financial Informational

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
(In Thousands of New Taiwan Dollars)

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated net income	\$ 17,674,403	\$ 19,928,792
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of 3G concession	730,706	730,707
Depreciation and amortization	15,404,812	15,757,739
(Reversal of provision) provision for losses on inventories	348,076	(18,047)
Loss (gain) on sale of investments, net	37,537	(470,673)
Allowance for doubtful accounts	203,244	463,918
Unrealized exchange loss on financial assets	522	34,551
Cash dividends received from equity-method investments	2,701,976	2,413,961
Impairment loss on assets	567,833	977,552
Deferred income of hedging derivative assets	(4,483)	79,770
Investment income from equity method investees, net	(3,984,785)	(3,266,549)
Loss (gain) on redemption of exchangeable bonds	(219)	29,501
Loss on disposal of properties, net	178,932	712,416
Realized deferred rental income	(49,622)	(53,176)
Accrued pension cost	(19,948)	20,487
Deferred income tax	1,332,785	496,655
Realized construction income	(555)	(556)
Loss on disposal of deferred charge	3,340	-
Net changes in operating assets and liabilities		
Financial assets held for trading	1,755,049	563,738
Financial liabilities held for trading	247	12,959
Notes and accounts receivable	(6,145,283)	(3,374,751)
Notes and accounts receivable from affiliates	(170,359)	296,558
Inventories	(5,498,989)	(3,022,809)
Construction in progress, net	2,066,539	(2,288,990)
Available for construction-land	12	-
Other receivables	342,645	(331,651)
Prepayments and other current assets	(130,718)	(555,491)
Notes and accounts payable	4,145,854	5,369,113
Notes and accounts payable to affiliates	(293,405)	(635,291)
Income taxes payable	(369,083)	644,325
Accrued expenses	(284,400)	1,499,023
Advance sales receipts	189,285	213,347
Advance on real estate receipts	(348,894)	350,223
Unearned revenue	751,377	454,411
Billings on construction in progress, net	(391,142)	604,985
Other current liabilities	<u>971,237</u>	<u>(1,199,840)</u>
Net cash provided by operating activities	<u>31,714,526</u>	<u>36,436,907</u>

CASH FLOWS FROM INVESTING ACTIVITIES

(Continued)

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(In Thousands of New Taiwan Dollars)**

	<u>2011</u>	<u>2010</u>
Increase in receivables from affiliates	(319,149)	(68,478)
Proceeds of sale of investments accounted for by equity method	268,135	654,289
Acquisition of investments accounted for by equity method	(2,024,867)	(1,040,707)
Proceeds of the sale of available-for-sale financial assets	3,367,040	4,205,575
Acquisition available-for-sale financial assets	(3,384,194)	(2,058,337)
Proceeds of the sale of financial assets carried at cost	11,804	504,703
Acquisition financial assets carried at cost	(270,000)	(30,669)
Proceeds of disposal of properties	126,710	335,254
Acquisition of properties	(18,167,118)	(17,896,080)
Increase in intangible assets	(14,074)	(53,655)
Cash payment for acquisition of subsidiaries	(236,342)	(14,875,050)
Cash prepayment for acquisition of land	(391,216)	-
Cash received in advance on sale of land	-	428,577
Decrease (increase) in restricted assets	36,197	(677,131)
Decrease in refundable deposits	10,946	5,041
Increase in deferred charges	(251,768)	(221,277)
Increase in other assets	(126,618)	(43,078)
Net cash used in investing activities	<u>(21,364,514)</u>	<u>(30,831,023)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term bank loans	(1,585,986)	4,317,539
Increase in short-term bills payable	2,283,001	2,102,946
Increase (decrease) in payable to affiliates	(147,311)	668,608
Increase in long-term liabilities	6,565,073	969,442
Decrease in guarantee deposits	(43,028)	(47,189)
Payments of cash dividends, remuneration to directors and supervisors and bonus to employees	(15,888,262)	(11,523,112)
Cash received from issuing common stock	1,535,090	-
Decrease in minority interest	(1,695,294)	(87,992)
Decrease in other liabilities	(105,824)	(105,905)
Net cash used in financing activities	<u>(9,082,541)</u>	<u>(3,705,663)</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>(105,309)</u>	<u>(1,435,875)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,162,162	464,346
CASH AND CASH EQUIVALENTS ARISING FROM INCREASING SUBSIDIARIES	912,597	4,649,779
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>26,256,123</u>	<u>21,141,998</u>

(Continued)

Financial Informational

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
(In Thousands of New Taiwan Dollars)

	<u>2011</u>	<u>2010</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 28,330,882</u>	<u>\$ 26,256,123</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid	\$ 1,436,734	\$ 1,031,805
Less: Capitalized interest	89,305	76,760
Interest paid (excluding capitalized interest)	<u>\$ 1,347,429</u>	<u>\$ 955,045</u>
Income tax paid	<u>\$ 2,696,896</u>	<u>\$ 1,893,735</u>
NONCASH INVESTMENT AND FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 2,525,144</u>	<u>\$ 4,995,272</u>
Total incremental value of land revaluation	\$ 11,843,257	\$ -
Deduct: Reserve for land value increment tax	(2,405,988)	-
Unrealized incremental value of land revaluation	<u>\$ 9,437,269</u>	<u>\$ -</u>

In April 2011, a subsidiary, Far Eastern Tech-info (Shanghai) Ltd. ("FETI") acquired 55% Far Eastern New Century Information Technology (Beijing) Ltd ("FECIT") in common shares. In November 2010 ARCOA Communication Co., Ltd. (ARCOA) acquired 70% of Data Express Infotech Co., Ltd.'s ("DE Infotech") common shares. In August 2010 Yuan Cing Infocomm Tech Co., Ltd. ("YCIC") acquired 67.82% of New Century InfoComm Tech Co., Ltd.'s ("NCIC") common shares. The fair values of total assets and total liabilities at the time of acquisition were as follows:

	<b>FECIT</b>	<b>DE Infotech</b>	<b>NCIC</b>
Cash and cash equivalents	\$ 56,930	\$ 26,258	\$ 4,623,521
Financial assets at fair value through income statement - current	-	-	1,678,379
Financial assets in available-for-sale - current	-	-	1,573,567
Financial assets in held-to-maturity - current	-	-	800,000
Notes receivable	-	39	46,320
Account receivable, net	-	80,327	843,165
Account receivable - related parties, net	-	-	175,455
Other receivable - related parties	-	-	59,128
Other financial asset - current	-	-	1,297,860
Inventory, net	-	141,124	122,057
Prepaid expense	257	15,911	90,825
Restricted asset - current	-	29,000	113,991
Other current asset	134	70,976	204,907
Equity-method investments	-	-	21,362
Held-to-maturity financial assets - noncurrent	-	-	1,007,478

(Continued)



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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**  
**(In Thousands of New Taiwan Dollars)**

	FECIT	DE Infotech	NCIC
Financial assets carried at cost - noncurrent	\$ -	\$ -	\$ 4,500
Properties, net	-	3,921	17,345,899
Intangible assets	241,046	104,660	904,000
Rental asset, net	-	-	169,995
Idle asset, net	-	-	7,219
Refundable deposit	-	8,805	86,032
Deferred charge, net	-	23,614	125,927
Pledged certificates of deposits - noncurrent	-	19,009	124,675
Other asset	-	-	48,357
Short-term bank loan	-	(170,000)	-
Notes payable	-	(5,682)	(7,349)
Account payable	-	(53,258)	(652,829)
Account payable - related parties	-	-	(139,915)
Income tax payable	-	(4,700)	-
Accrued expenses	(16)	(7,865)	(727,629)
Other payables - related parties	-	-	(197,579)
Payables for acquisition of properties	-	-	(605,343)
Hedging derivative financial liabilities - current	-	-	(5,830)
Unearned revenue	-	(20,324)	(300,887)
Other current liabilities	-	(653)	(187,263)
Long-term debts	-	(9,470)	-
Accrued pension cost	-	-	(141,043)
Deferred revenue	-	-	(154,930)
Guarantee deposit - noncurrent	-	(970)	(29,525)
Other liabilities	-	(61,731)	(309,084)
	<u>298,351</u>	<u>188,991</u>	<u>28,015,413</u>
Percentage of ownership acquired	<u>55%</u>	<u>70%</u>	<u>67.82%</u>
	<u>164,093</u>	<u>132,292</u>	<u>19,000,044</u>
Goodwill	<u>57,615</u>	<u>9,458</u>	<u>275,904</u>
Cash payment for acquisition FECIT、DE Infotech and NCIC	<u>\$ 221,708</u>	<u>\$ 141,750</u>	<u>\$ 19,275,948</u>

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

(With Deloitte & Touche audit report dated March 29, 2012)

(Concluded)

## 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	2011	2010	Variance	
				Amount	%
Current assets		21,804,672	22,941,610	(1,136,938)	(4.96)
Funds and investments		139,609,011	122,861,543	16,747,468	13.63
Properties		19,024,998	14,422,982	4,602,016	31.91
Intangible assets		21,965	23,439	(1,474)	(6.29)
Other assets		757,428	1,202,454	(445,026)	(37.01)
Total assets		181,218,074	161,452,028	19,766,046	12.24
Current liabilities		16,845,019	16,878,906	(33,887)	(0.20)
Long-term liabilities		49,794,014	43,910,634	5,883,380	13.40
Reserve for land value appreciation tax		1,519,896	1,018,899	500,997	49.17
Other liabilities		1,508,482	1,094,978	413,504	37.76
Total liabilities		69,667,411	62,903,417	6,763,994	10.75
Paid-in capital		48,972,173	47,545,799	1,426,374	3.00
Capital surplus		10,361,728	10,228,131	133,597	1.31
Retained earnings		27,572,678	27,290,233	282,445	1.03
Other shareholders' equity		24,644,084	13,484,448	11,159,636	82.76
Total shareholders' equity		111,550,663	98,548,611	13,002,052	13.19

Notes: Analysis of variation exceeding 20% and NT\$10 million of the numbers in the previous year

1. Increase in current assets and retained earnings: mainly for increase in cash balance reserving for expansions and investments.
2. Increase in intangible assets: mainly for the value appreciation of stocks owned by the employee pension scheme, and the accrued pension liabilities were increased.
3. Decrease in other assets: lower corporate income tax rate results in the reduction at the deferred income tax assets.
4. Increase in the long-term interest-bearing debts: mainly for the newly issued domestic corporate bonds.

## 2. Review and Analysis of Operating Performances

Unit: NT\$ thousands

Item \ Year	2011	2010	Variance	
			Amount	%
Revenues	61,556,945	53,758,879	7,798,066	14.51
Cost of goods sold	56,382,879	47,759,684	8,623,195	18.06
Gross profit	5,174,066	5,999,195	(825,129)	(13.75)
Operating expenses	4,726,810	5,224,342	(497,532)	(9.52)
Operating profit (loss)	447,256	774,853	(327,597)	(42.28)
Non-operating income	12,549,582	13,775,287	(1,225,705)	(8.90)
Non-operating expenses and losses	1,135,236	1,540,940	(405,704)	(26.33)
Income before income tax	11,861,602	13,009,200	(1,147,598)	(8.82)
Income tax expense (benefit)	774,106	159,030	615,076	386.77
Net Income	11,087,496	12,850,170	(1,762,674)	(13.72)

1. Analysis of variance:

- a. Revenues, cost of goods sold, gross profit, operating expenses, operating profit, income before tax, and net income: mainly for the increase in the unit price of products sold, and for the stronger demand compared to the previous year following the recovery of the global economy.
- b. Non-operating income: mainly for the increase in the affiliate earnings booked through equity method.
- c. Income tax expense: mainly for: 1) the change in regulations about lowering corporate income tax rate results in the decrease at deferred tax assets; 2) the operating result turns into profit from losses.

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. As the applications for polyester products have been created continuously, the Company is optimistic about the prospects of its operating performance in year 2012.

### 3. Review and Analysis of Cash Flow

Unit: NT\$ thousands

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
8,192,747	5,535,481	(11,283,920)	2,444,308	-	-

**1. Cash Flow Analysis for year 2011:**

- (1) Operating activities : A net cash inflow of NT\$5,535 million, mainly from operating activities and cash dividends received from invested companies.
- (2) Investing activities : A net cash outflow of NT\$7,261 million, mainly for increasing capital expenditures and equity investments.
- (3) Financing activities : A net cash outflow of NT\$4,023 million, mainly for cash dividend payout.

**2. Remedy plans for insufficient liquidity: Not applicable**

**3. 2012 Estimated Cash Flow Analysis**

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
2,444,308	8,412,806	(20,857,906)	(10,000,792)	–	12,000,000

**Analysis of variance in cash flow balance:**

- 1. The Company expects the affiliate earnings booked from each subsidiary through equity method in 2012 could exceed those in 2011. When including the cash dividends received from the aforesaid subsidiaries, the Company expects the net cash inflows from operating activities in 2012 to increase compared to 2011.
- 2. When taking into consideration of the planned capital expenditures, corporate bonds principal payment, and the proposed cash dividends distribution, the Company expects total cash outflows in 2012 to exceed those in 2011, and the the cash inflows from operating activities could be insufficient to meet the needs. The company plans to issue corporate bonds or increase bank borrowings to finance the insufficient portion.

## 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 2011

Unit: NT\$ thousands

Plan Item		Actual or estimated source of capital	Actual or estimated project completion date	Total capital needed (note)	Capital utilization schedule				
					Actual		Estimated		
					2010	2011	2012	2013	2014
Fiber Division	Construction of a new polymer production line (capacity: 600 tons/day)	Retained earnings and bank borrowings	Oct 2012	1,157,750	281,537	751,287	124,926	-	-
	Continuing expansion of production line for heat shrinkage film		May 2014	1,070,000	-	258	720,000	150,000	199,742
	Expansion of F/L13 production line with a capacity of 150 tons/day		Sep 2014	605,120	-	10,374	-	300,000	294,746
	Expansion of production line for heat-shrinkage film POLY		Feb 2014	470,000	-	-	231,500	168,500	70,000
	Construction of a low-melt staple fiber production line (capacity: 300 tons/day)		Oct 2011	460,400	10,092	441,875	8,433	-	-
Solid-State Polymer Division	Re-start a mothballed factory acquired in 2010		Oct 2011	369,100	1,655	357,679	9,766	-	-
Hukou Mill	Installment of equipments for specialty OE yarn products		June 2012	566,000	-	93,261	472,739	-	-
Banjiao Texturizing Plant	Relocating project		Dec 2011	802,340	450,509	249,139	102,692	-	-

Note: Total capital needed mention herein does not include the working capital.

## Review and Analysis of the Financial Condition, Operating Performance and Risk Management

### Expected benefit

6.1.1 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
2012	Polyester polymers (internal consumption)	Ton	287,000	Internal consumption	Internal consumption	918,358
	Polyester polymers (external sales)	Ton	6,000	6,000	312,950	26,432
	Low melt fibers	Ton	90,000	90,000	5,044,500	504,450
	OE yarns	Ton	66,881	66,881	899,550	89,554
2013	Polyester polymers (internal consumption)	Ton	303,400	Internal consumption	Internal consumption	977,620
	Solid-state polymers (external sales)	Ton	9,600	9,600	474,950	42,632
	Low melt fibers	Ton	99,000	99,000	5,694,975	569,497
	OE yarns	Ton	103,680	103,680	1,394,496	138,828

6.1.2 Other expected benefits: with respect to the relocation of Banqiao Texturizing Plant, the purpose is to construct a knitting fabrics factory equipped with up-to-date technologies, reserve a larger space for further capacity upgrade, and enhance the competitiveness of products, in hopes that the textile industry in Taiwan can sustain its advantage over foreign competitors.

## 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 achieve a sustainable growth of earnings.

### 5.2 Reasons for profit/loss in recent years and plans for improvement

The total affiliate earnings booked through equity method by the Company in 2011 was NT\$12.2 billion, and the profit generated by 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. In principal, the core strategy of future investments and expansions is to achieve a vertical integration at the production process, from the upstream petrochemical plants, mid-stream chemical fiber mills, all the way to the downstream textile product factories.

## 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 the current levels. The reasons are: 1) US economy is on the way of recovery, leading by the continual growth of job market and that leads to increased willingness in spending. The insolvency risk at the over-debted countries in Euro zone still remains existent, the market momentum slows down the global recovery and which may even cause fears of the return of a recession. However, we believe ECB and other central banks will likely hesitate to tighten the monetary policies in the near term, and major governments such as US and China may probably implement further stimulus into the system in the second half of this year. All of these would renew consumers' confidence and redirect the economy back on the recovery path. 2) In the domestic market, the forecast GDP figure in 2012 by the Directorate General of Budget, Accounting and Statistics of the Executive Yuan is 3.85%, and the CPI is forecast to rise to 1.46% over the previous year. Due to the signing of free trade agreement between the United States and South Korea, Taiwan's export volume to the US will likely be on the downward trend. The impact of expected rise in gasoline and electricity prices will also negatively affect the economy as a whole. Therefore, it can be concluded that the said factors will potentially distress the domestic economic growth in Taiwan. 3) Prices of several commodities have been corrected in a substantial way from the peak reached in the beginning of this year, and fluctuation of crude oil and food prices could still remain volatile in the near term. In order to maintain a stable business and financial environment, the Central Bank in Taiwan, we believe, would more likely remain the interest rate at the current levels. In order to minimize the impact from fluctuation at the interest rate, the Company plans to manage the duration of its overall interest-bearing debts, and in the meantime, plans to issue long-term fixed rate corporate bonds to lock-in the low borrowing cost. By doing so, the Company believes it can remain its average cost of capital low, even when the economic recovery afterwards accelerates and results in higher-than-expected 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 of assets and liabilities 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 therefore, 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.

## Review and Analysis of the Financial Condition, Operating Performance and Risk Management

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 2012 budgets :

- (1) High-molecule polymer research and development project: NT\$106 million
- (2) Polyester and fiber research and development project: NT\$199 million
- (3) Opto-electronic research and development project: NT\$100 million
- (4) Bio-medical research and development project: NT\$59 million
- (5) Bio-based/bio-degradable materials research and development project: NT\$128 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) Downstream customers’ overall confidence in the Company
- (5) 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 may also be the most important trend in the material development area in the future.



As the usage of plastics products is constrained 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 sheets, and 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 dressing. 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: 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 97.

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 78 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 90 of this annual report for relevant information disclosed by the independent auditors' report.

6.13 Other major risks: None.

**7. Others**

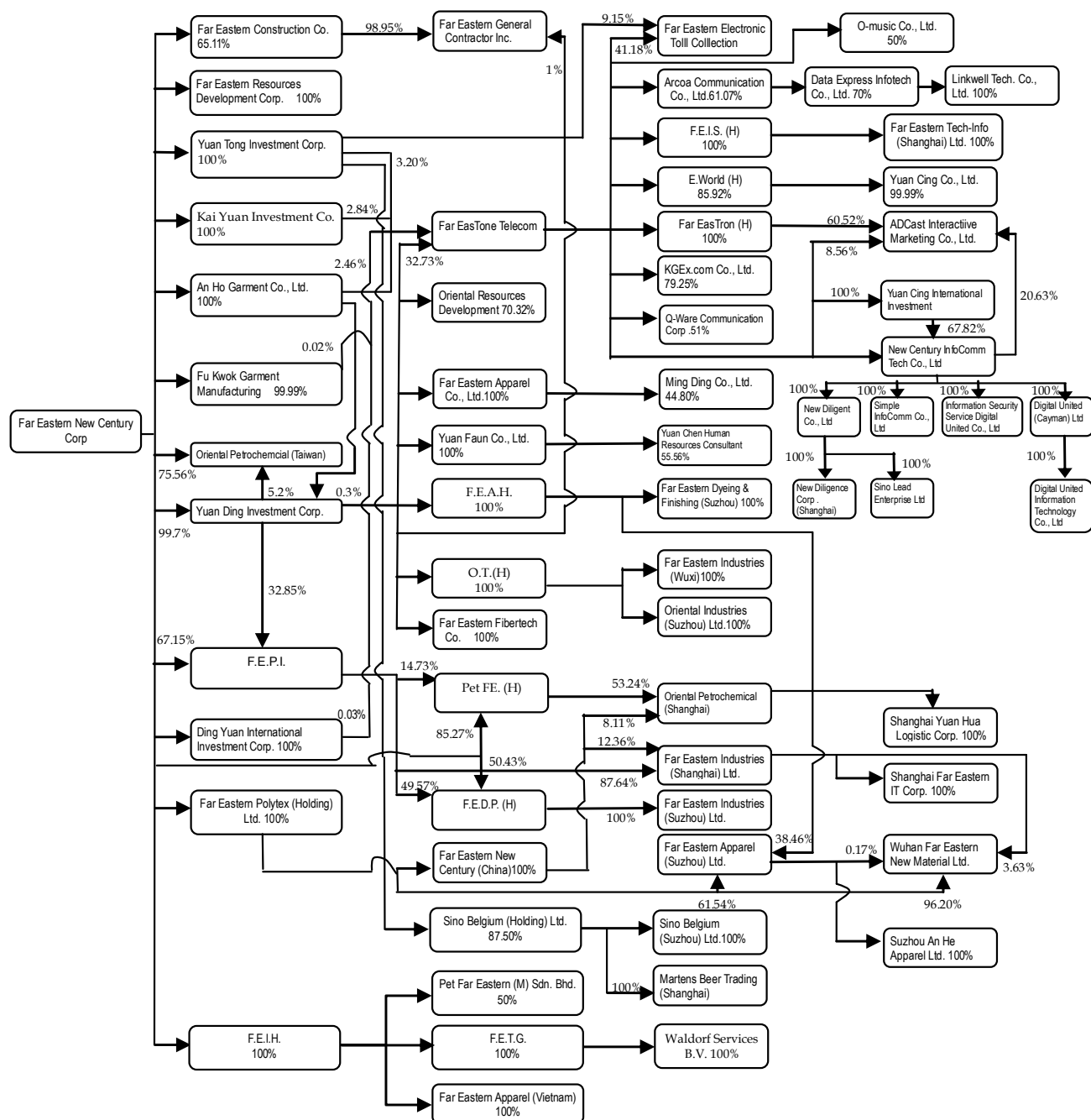
None

## 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.	48,972,173	Petrochemical and polyester materials, semi-finished products, 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	6,747,906	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.	4,100,000	Information software service, telecom hardware construction, engineering design of auto-controlling system
Far Eastern Resources Development Co., Ltd.	2003/9/30	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	4,989,740	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.	3,028,434	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.	2,370,992	Construction contractor for residential housings; broker of housing rental and sales service
Far Eastern General Contractor Inc.	1982/10/4	5F, 267, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	1,269,724	Construction of housing and public infrastructures.
Far Eastern Fibertech Co., Ltd.	1995/4/10	No.17, Gongye 5th Rd., Guanyin Township, Taoyuan County, Taiwan	760,961	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 wholesale of medical supplies; Waste recycling and re-processing
Far Eastern Apparel Co., Ltd.	1976/2/27	36F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	229,041	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 District, Kaohsiung City 811, Taiwan	40,000	Fabrics production and sales
Ming Ding Co., Ltd.	1990/8/7	1F., No.389, Sec. 1, Sichuan Rd., Banqiao City, New Taipei City 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, New Taipei City 234, Taiwan	13,500	Personnel recruitment; temporary employment arrangement
Far Eastern Polychem Industries Ltd.	1995/4/13	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	418 HK\$107	Investment
Far Eastern Investment (H) Ltd.	1989/8/29	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	515 US\$17	Investment
FEDP(H) Ltd	2002/3/20	Clarendon House 2 Church street Hamilton HM 11, Bermuda	147 US\$4.8	Investment
PET Far Eastern(H) Ltd.	1996/10/1	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	73 US\$2.4	Investment
Oriental Textile (H) Ltd.	2001/1/10	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	26 US\$0.9	Investment

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Company	Date of incorporation	Address	Paid-in capital	Major business activities
Far Eastern Apparel (H) Ltd.	1996/10/1	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	30 US\$1	Investment
Far Eastern Polytex (H) Ltd.	2006/3/22	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	27 US\$0.9	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	9,036,259 RMB 1,880,399	Production and sales of polyester staple, filament, and resins.
Oriental Petrochemical (Shanghai) Ltd.	2003/1/21	Suite 3201, 32F, No. 800, Dongfang Road, Pudong New Area, Shanghai, China	7,217,236 RMB 1,501,870	Production and sales of PTA
Far Eastern New Century (China) Ltd.	2007/6/18	Suite 3301, 33F, No. 800, Dongfang Road, Pudong New Area, Shanghai, China	1,751,797 RMB 364,540	Investment
Martens Beers Trading (Shanghai) Co.	2007/10/26	Suite 2105, 21F, No. 800, Dongfang Road, Pudong New Area, Shanghai, China	316,202 RMB 65,800	Trading of beer and relevant beverages
Shanghai Yuan Hua Logistic Corp.	2006/3/2	No.198 Baisha Road, Spark Development Zone, Pudong, Shanghai, China	91,305 RMB 19,000	Transportation and storage
Shanghai Far Eastern IT Corp.	2003/4/15	Suite 1801, No. 800, Dongfang Road, Pudong New Area, Shanghai, China	9,611 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	3,782,314 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	1,895,144 RMB 394,370	Production and sales of polyester products
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	2003/10/22	No.1588, Yin Zhong South Road, HeDong Industrial Park, Wu Zhong Economic Development District, Suzhou, China	1,774,542 RMB 369,273	Spinning, weaving and dyeing of high-end apparels, and sales and production of specialty garments
Sino Belgium (Suzhou) Ltd.	2007/9/4	No.6, Hengshan Road, New District, Suzhou, Jiangsu Province, China	1,537,535 RMB 218,480	Development of beer brewing technology
Far Eastern Apparel (Suzhou) Ltd.	1996/10/24	No.88, Tian ling Rd. Wu Zhong District Economic Development Zone, Suzhou	983,095 RMB 204,577	Production of knitted and woven garments and beddings
Far Eastern Yihua Petrochemical (Yangzhou) Ltd.	2011/12/9	No.9, Won Nien South Road, Yangzhou Industrial Park, Yangzhou, Jiangsu Province, China	3,641,233 RMB757,722	Production and sales of PTA
Suqian Far Eastern Apparel Ltd.	2011/7/5	East of Fumin Avenue and North of Jinji Lake Road, Economic Development Zone, Jiangsu, China	115,332 RMB24,000	Production and sales of knitted and woven garments, accessories, and beddings
Suzhou An He Apparel Ltd.	2008/1/31	No.88, Tian Ling Rd. Wu Zhong District Economic Development Zone, Suzhou	4,806 RMB 1,000	Production of knitting and weaving garments
Far Eastern Industries (Wuxi) Ltd.	2002/6/5	WinZhouLoad 89, WuXi, Jiangsu, China	2,313,707 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	821,969 RMB 171,048	Production and sales of PET sheet, chip, filament, staple fibers, and apparels
PET Far Eastern (M) Sdn Bhd	1995/7/22	Plo 69 ,Kawasan Perindustrian Senai III , 81400 Senai, Johor Bahru, Johor Malaysia	146,368 MYR 16,000	Production of PET bottles and preforms
Far Eastern Apparel (Vietnam) Ltd.	2002/7/4	11 VSIP Street 4, Vietnam Singapore Industrial Park, Thuan An District, Binh Duong Province, Vietnam	208,443 US\$6,885	Apparel production
Waldorf Services B.V.	1990/1/10	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	575 US\$19.3	Investment
F.E.T.G. Investment Antilles N.V.	1989/10/5	Kaya W.F.G. Mensing 14, Curacao, Nederlandse Antillen	182 US\$6.0	Investment
Worldwide Polychem (HK) Limited	2011/8/30	11/F, Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong	105,963 US\$3,500	Investment

## Special Disclosure

Company	Date of incorporation	Address	Paid-in capital	Major business activities
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
New Century InfoComm Tech Co., Ltd.	2000/6/1	1-11Fl., No.218, Ruei-Guang Rd., Nei Hu, Taipei, Taiwan	25,994,490	Type I & II telecom services
ARCOA Communication Co., Ltd.	1981/5/4	36F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	1,342,800	Type II telecom services; sale of cell phones and other telecom equipments
KGEx.com Co., Ltd.	2000/8/9	4F, No.468, Ruei-Guang Rd., Nei Hu, Taipei, Taiwan	1,124,080	Type II telecommunications service
New Diligent Co., Ltd.	2001/5/2	1F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan	800,000	Business consulting and souvenir selling
Q-Ware Communication Corp.	2007/2/13	8F, No.220, Kang Chien Road, Neihu, Taipei, Taiwan	714,901	Type II telecommunications services
Yuan Cing Co., Ltd.	2000/8/5	28F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	193,500	Phone subscriber service
Information Security Service Digital United	2004/12/22	6F, No 71, Zhou Ze Street, Neihu, Taipei, Taiwan	148,777	Security and monitoring services via Internet
Data Express Infotech Co., Ltd.	2004/7/22	6F-1, No. 778, Ba Der Road, Section 4, Taipei, Taiwan	87,750	Sale of communication products
O-music Co., Ltd.	2010/10/5	12F, No.468, Ruei-Guang Rd., Nei Hu, Taipei, Taiwan	50,000	Electronic information providing services
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
Simple InfoComm Co., Ltd.	2001/10/23	12F, No.468, Ruei-Guang Rd., Nei Hu, Taipei, Taiwan	34,000	Type II telecommunications services
Linkwell Tech Co., Ltd.	2005/4/8	2F, No. 2, Guan-Chien Road, Taipei, Taiwan	10,000	Sales of communication products
Samsungvip Co., Ltd.	2011/8/11	1F, No.24, Lane 241, King Pin Rd., Chong He District, New Taipei City, Taiwan	10,000	Sales of communication products
Gin Yuan Tech. Co., Ltd.	2011/9/5	6F-1, No. 778, Ba Der Road, Section 4, Taipei, Taiwan	10,000	Information processing service
E. World (H) Ltd.	2000/4/7	4F, One Capital Place. P.O. Box 847 G.T., Grand, Cayman Island	211,925 US\$7,000	International investments
Far EasTron (H) Ltd.	2005/8/30	Marguee Place, Suite 300, 430 West Bay Road, P.O. Box30691 SMB, Grand Cayman, Cayman Islands,British West Indies	135,844 US\$4,487	International investments
Digital United (Cayman) Ltd.	2000/8/16	P.O. Box 2681, Zephyt House, Mary Street, George Town, Grand Cayman, British West Indies	100,513 US\$3,320	General investments
Far Eastern Info Service (H) Ltd.	2002/7/17	Clarendon House 2 Church Street Hamilton HM11 Bemuda	363 US\$12	International investments
FENC (Beijing)	2010/7/23	11th floor, Building No.9, No.93, Jianguo Road, Wanda Plaza, Chaoyang District, Beijing, China	6,377 RMB1,327	Electronic information providing services
Far Eastern Tech-Info Ltd. (Shanghai)	2002/11/18	3F, No.23, Podong Software Park, No. 498, Guo Shou Jing Road, Pudong New Area, Shanghai, China	99,354 RMB 20,675	Computer software, data processing and internet content providing services
Digital United Information Technology (Shanghai) Co., Ltd.	2000/10/8	Suite 22301-918, House 14, Podong Software Park, No. 498, Guo Shou Jing Road, Pudong New Area, Shanghai, China	83,529 RMB 17,382	Design and research of computer system
Far Eastern New Diligence Ltd.	2010/7/27	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	- USD-	Consulting services, supporting services, and wholesale of machine equipment
Sino Lead Enterprise Ltd.	2006/4/11	Hong Kong Trade Center, 7/F, 161-167, Des Voeux Road, Central, Hong Kong	117 HK\$30	Telecommunication services
Yuan Ding Co., Ltd.	1984/10/1	23F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan	5,034,046	Hotel management
Yuan Hong Electric Co., Ltd.	1999/12/13	23F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan	390,000	Corporate management consulting, pipe & cable installment and replacement

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Company	Date of incorporation	Address	Paid-in capital	Major business activities
Ding Ding Hotel Co., Ltd.	1983/3/22	1-5F, 201-203, Tun Hwa South Road, Sec.2, Taipei, Taiwan	283,500	Hotel management
Far Eastern Technical Consultants Co., Ltd.	1996/1/17	23F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan	50,000	Construction management and consulting service
Far Eastern Electronic Commerce Co., Ltd.	2010/12/10	12F, 268, Fuxing South Road, Sec.2, Taipei, Taiwan	300,500	Online retail service
Ding Ding Integrated Marketing Service Co., Ltd.	2004/10/22	23F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan	115,000	Market research and advertisement
YDT Technology International Co., Ltd.	1989/8/4	23F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan	139,920	Sale of communication products
DDIMH (Virgin Islands) Ltd.	2011/8/31	P.O.Box.957OffshoreIncorporations Centre, Road Town Tortola, British Virgin Islands.	237,598 USD7,847	Business activities not prohibited by law
YDC (Virgin Islands) Ltd.	1998/2/11	Columbus Centre Building, Wickhams Cay, RoadTown, Tortola, British Virgin Islands.	34,211 USD1,130	Business activities not prohibited by law
Yuan Ding Tech-Info Ltd. (Shanghai)	2011/8/10	Room 1506, 719, Yan'an West Road, Changning District, Shanghai, China	3,330 RMB703	Software development and internet service design, sale of computer equipment
Far Info Digital Technology Ltd. (Shanghai)	2004/4/27	3F-21, Xin Brick Road, Songshan District, Shanghai, China	31,424 RMB6,539	Intelligent control equipment and security firewall software products

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:

Petrochemical, Chemical fiber, Textile, Garment and apparel, Investment, Construction, General Contractor, Leasing, Management consultant, Human resources consultant, Wireless telecommunication service, 3G telecommunication services, wholesale and retail sale of telecom related products and equipments...etc.

## Special Disclosure

### 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)	55,618,621	1.14
		Asia Cement Corp.	1,092,535,039	22.31
		Peter Hsu, Shaw Y. Wang, Champion Lee, K.M. Wang	-	-
		Yue Ding Industry Co., Ltd.	2,248,965	0.05
		Johnny Shih, Raymond Hsu	-	-
		Far Eastern Department Stores Co., Ltd.	18,264,926	0.37
	Supervisors	Y.H. Tseng, Richard Yang, Kuan Tao Li	-	-
		Bai Yang Investment Co., Ltd.	2,027,842	0.04
		Tonia Katherine Hsu	-	-
		U-Ming Marine Transport Corp.	28,527,182	0.58
President	Alice Hsu, T.H. Chang	-	-	
	Yuan Ding Co., Ltd.	713,032	0.01	
Yuan Ding Investment Co., Ltd.	Directors	Ching Ing Hou	-	-
		Humphrey Cheng,	-	-
	Supervisors	Far Eastern New Century Corp.	1,833,824,402	99.70
Yuan Tong Investment Co., Ltd.	Directors	Douglas Tong Hsu (Chairman), C.S. Tu, Johnny Shih, Champion Lee, Shaw Y. Wang	-	-
		An Ho Garment Co., Ltd.	5,502,000	0.30
	Supervisors	Humphrey Cheng, Mark Lu	-	-
Oriental Petrochemical (Taiwan) Corporation	Directors	C.S. Tu	-	-
		Far Eastern New Century Corp.	705,146,840	100.00
	Supervisors	David Wang (Chairman), Humphrey Cheng, Bill Yang	-	-
Far Eastern Electronic Toll Collection Co., Ltd.	Directors	Far Eastern New Century Corp.	705,146,840	100.00
		Alan Tsai	-	-
	Supervisors	David Wang	-	-
Far Eastern Electronic Toll Collection Co., Ltd.	Directors	Far Eastern New Century Corp.	509,859,325	75.56
		Douglas Tong Hsu (Chairman), Johnny Shih, K.S. Wu, H.D. Zhou, David Shih	-	-
		Oriental Union Chemical Corp.	121,521,126	18.01
	Supervisors	Alex Kuo	-	-
		Yuan Ding Investment Co., Ltd.	35,062,019	5.20
		David Wang, Humphrey Cheng	-	-
Far Eastern Electronic Toll Collection Co., Ltd.	Directors	Eric Chueh	-	-
		Far Eastone Telecommunications Co., Ltd.	167,720,020	40.91
		Douglas Tong Hsu (Chairman), Jan Nilsson, Y.C. Chang	-	-
		Yuan Tong Investment Co., Ltd.	37,271,201	9.09
		Champion Lee	-	-
		SYSTEX	39,315,614	9.59
		S. C. Yang	-	-
		TECO	55,906,802	13.64
		Sophia Chiu	-	-
		MITAC	44,606,802	10.88
		Kuo Yun	-	-
		C.F. Deng	-	-
		F.C. Lee	-	-
	Supervisors	Far Eastone Telecommunications Co., Ltd.	167,720,406	40.91
T. Y. Yin		-	-	
SYSTEX		39,315,614	9.59	
J.H. Lai		-	-	
President	MITAC	44,606,802	10.88	
	Simon Chiang	-	-	



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Company	Title	Name or representative	Registered shares owned	
			Shares	%
	President	TECO W.C. Ye Y.C. Zhang	55,906,802 - -	13.64 - -
Far Eastern Resources Development Co., Ltd.	Directors	Far Eastern New Century Corp. Douglas Tong Hsu (Chairman), Johnny Shih, Champion Lee	498,974,044 - -	100.00 - -
	Supervisors	Far Eastern New Century Corp. Shaw Y. Wang	498,974,044 - -	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	302,843,390 - -	100.00 - -
	Supervisors	Far Eastern New Century Corp. Li-Chi Chen	302,843,390 - -	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, Wei Ying Lin Kuo, D.F. Yang, T.C. Lin You, Z.C. Ku	125,638,715 - -	98.95 - -
	Supervisors	Yuan Ding Investment Co., Ltd. Jackson Wu, Y.M. Shih	1,270,063 - -	1.00 - -
	President	S.F. Cheng	10,600 -	- -
Far Eastern Fibertech Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd. Douglas Tong Hsu (Chairman), Johnny Shih, Fred Chu, Humphrey Cheng, C.Y. Huang	76,096,089 - -	100.00 - -
	Supervisors	Yuan Ding Investment Co., Ltd. Y.H. Tseng, David Wang	76,096,089 - -	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. Benjamin Shih	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	21,322,000 - -	70.32 - -
		Oriental Union Chemical Corporation Alex Kuo - Y.K. Pan	9,000,000 -	29.68 -
	Supervisors	Yuan Ding Investment Co., Ltd. Bill Yang	21,322,000 - -	70.32 - -
		Oriental Union Chemical Corporation Judy Wang	9,000,000 -	29.68 -
	President	Fanny Liao	- -	- -
Far Eastern Apparel Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd.	22,904,116	100.00

## Special Disclosure

Company	Title	Name or representative	Registered shares owned	
			Shares	%
	Supervisors	Benjamin Shih (Chairman), Eric Hu, Austin Lee, C.S. Tu, Li-Chi Chen, M.F. Chen, Bill Yang Yuan Ding Investment Co., Ltd. Y.H. Chen, Alan Tsai	- 22,904,116 -	- 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 -
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 -
	President	Raymond Hsu	-	-
Ming Ding Co., Ltd.	Directors	Far Eastern Apparel Co., Ltd. Bill Yang (Chairman)	448,000 -	44.80 -
		Da Ju Fiber Co., Ltd. F.Z. Yu	414,000 -	41.40 -
	Supervisors	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	749,999 -	55.56 -
		Chang Cheng Human Resources Consultant Co., Ltd. J.C. Wang, M.L. Yan, C.C. Wang	600,001 -	44.44 -
	Supervisors	Yuan Faun Co., Ltd. Bill Yang	749,999 -	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	331,717,633 742,156,114 -	30.89 69.11 -
		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 New Century Corp.	240,304 244,480	49.57 50.43
		Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Champion Lee, C.S. Tu	-	-
PET Far Eastern (H) Ltd.	Directors	Far Eastern Ploychem Industries Ltd. Far Eastern New Century Corp.	34,793 201,445	14.73 85.27
		Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Champion Lee, C.S. Tu	-	-
Oriental Textile(H) Ltd.	Directors	Yuan Ding Investment Co., Ltd. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Champion Lee, C.S. Tu	85,250 -	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	111,200 -	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	90,300 -	100.00 -
Sino Belgium (H) Ltd.	Directors	Yuan Tong Investment Co., Ltd.	16,900	87.50

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Company	Title	Name or representative	Registered shares owned	
			Shares	%
		Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Champion Lee, C.S. Tu Martens HK Limited Jan Martens	- 2,415 -	- 12.50 -
Far Eastern Industries (Shanghai) Ltd.	Directors	Far Eastern Ploychem Industries Ltd. Far Eastern New Century (China) Ltd. L.T. Chang (Chairman), C.S. Tu, Champion Lee, D.C. Wu, K.S. Wu, Humphrey Cheng, Donald Fan	- - -	87.64 12.36 -
	Supervisors President	Yvonne Lee C.Y. Dai	- -	- -
Oriental Petrochemical (Shanghai) Ltd.	Directors	PET Far Eastern (H) Ltd. Pacific Petrochemical (H) Ltd. Far Eastern New Century (China) Ltd. L.T. Chang (Chairman), Y.H. Tseng, Paul Chuang, D.C. Wu, Humphrey Cheng, K.S. Wu, Alex Kuo	- - - -	53.24 38.65 8.11 -
	Supervisors President	R.H. Shao Paul Chuang	- -	- -
Far Eastern New Century (China) Ltd.	Directors	Far Eastern Polytex(H) Ltd. L.T. Chang (Chairman), C.S. Tu, Eric Hu, Humphrey Cheng, D.C. Wu	- -	100.00 -
	Supervisors President	Charles Wang C.S. Tu	- -	- -
Martens Beer (Shanghai) Ltd.	Directors	Sino Belgium (H) Ltd. Eric Hu, Jan Martens, Alfons Martens, S.Y. Lai, Fanny Liao	- -	100.00 -
	Supervisors President	Brian Lee S.Y. Lai	- -	- -
Shanghai Yuan Hua Logistic Corp.	Directors	Far Eastern Industries (Shanghai) Ltd. L.T. Chang (Chairman), C.Y. Dai, K.S. Wu, Mo Jyi Wu, W.Y. Yun	- -	100.00 -
	Supervisors President	Y.P. Hung, Brian Lee Paul Chuang	- -	- -
Shanghai Far Eastern IT Corp.	Directors	Far Eastern New Century (China) Ltd. L.T. Chang (Chairman), C.Y. Dai, Emily Wu, Mo Jyi Wu, Mike Wu	- -	100.00 -
	Supervisors President	Y.P. Hung, Brian Lee C.Y. Dai	- -	- -
Oriental Industries (Suzhou) Ltd.	Directors	Oriental Textile (H) Ltd. Eric Hu (Chairman), Humphrey Cheng, David Wang, Mo Jyi Wu, K.J. Chen Steve Liu, T.H. Tsai	- -	100.00 -
	Supervisors President	Emily Wu Mo Jyi Wu	- -	- -
Far Eastern Industries (Suzhou) Ltd.	Directors	FEDP (H) Ltd. Eric Hu (Chairman), Humphrey Cheng, S.Y. Lai, Benjamin Shih, David Wang Steve Liu, Mo Jyi Wu	- -	100.00 -
	Supervisors President	Alan Tsai Donald Fan	- -	- -
Far Eastern Dyeing and Finishing (Suzhou) Ltd.	Directors	Far Eastern Apparel (H) Ltd. Eric Hu (Chairman), Humphrey Cheng, Benjamin Shih, Kwen Lin Ho, Steve Liu, David Wang, Bill Yang	- -	100.00 -
	Supervisors President	Brian Lee Kwen Lin Ho	- -	- -

## Special Disclosure

Company	Title	Name or representative	Registered shares owned	
			Shares	%
Sino Belgium (Suzhou) Ltd.	Directors	Sino Belgium (H) Ltd. Eric Hu (Chairman), David Wang, Humphrey Cheng	-	100.00
	Supervisors President	Alan Tsai Donald Fan	- -	- -
Far Eastern Apparel (Suzhou) Ltd.	Directors	Far Eastern Polytex (H) Ltd. Far Eastern Apparel (H) Ltd. Eric Hu (Chairman), Austin Lee, Mike Wu, H.B. Liang, Hans Kuo, Tony Liang, Steve Liu	- -	61.54 38.46
	Supervisors President	Brian Lee Austin Lee	- -	- -
Far Eastern Yihua Petrochemical (Yangzhou) Ltd.	Directors	Far Eastern Polytex(H) Ltd. K.S. Wu (Chairman), Humphrey Cheng, H.D. Zhou	- -	60.00 -
	Supervisors President	Sinopec Yizheng Chemical Fibre Co. Ltd. W.Z. Siao, S.G. Shen S.M. Peng, Y. Tzao W.Z. Siao	- - -	40.00 - -
Suqian Far Eastern Apparel Ltd.	Directors	Far Eastern Apparel (Suzhou) Ltd. Eric Hu (Chairman), Austin Lee, Mike Wu, Hans Kuo, Steve Liu	- -	100.00 -
	Supervisors President	Brian Lee Austin Lee	- -	- -
Suzhou An He Apparel Ltd.	Directors	Far Eastern Apparel (Suzhou) Ltd. Eric Hu (Chairman), Austin Lee, Mike Wu, Hans Kuo, Steve Liu	- -	100.00 -
	Supervisors President	Brian Lee Austin Lee	- -	- -
Far Eastern Industries (Wuxi) Ltd.	Directors	Oriental Textile (H) Ltd. Eric Hu (Chairman), Benjamin Shih, T.Y. Hsieh, Humphrey Cheng, David Wang Bill Yang, Mingo A. Chen	- -	100.00 -
	Supervisors President	Brian Lee T.Y. Hsieh	- -	- -
Wuhan Far Eastern New Material Ltd.	Directors	Far Eastern Polytex(H) Ltd. L.T. Chang (Chairman), Donald Fan, Mo Jyi Wu, C.Y. Dai, M.Y. Yeh, B.C. Chang, M.C. Chu	- -	100.00 -
	Supervisors President	Brian Lee C.Y. Dai	- -	- -
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 President	Alan Tsai S. N. Jeme (Appointed on March 2012)	- -	- -
PET Far Eastern (M) SDN BHD	Directors	Far Eastern Investment (H) Ltd. Y.H. Tseng (Chairman), Donald Fan, David Wang, Chuck Tseng, Leong Siew Foong, Q.T. Tsai (Appointed on March 2012)	Common shares: 5,000,000	50.00
	President	Donald Fan	Preferred shares: 3,000,000	-
Waldorf Services B.V.	Directors	F.E.T.G. Investment (Antilles)N.V. Douglas Tong Hsu, Johnny Shih, Van Maurik, Patrick	1,750	100.00
		Trust International Management(T.I.M.) B.V.	-	-
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	6,000	100.00
			-	-

## Far Eastern New Century

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Company	Title	Name or representative	Registered shares owned	
			Shares	%
		Orangefield Trust (Caribbean) N.V.	-	-
Worldwide Polychem (HK) Limited	Directors	Far Eastern Investment (H) Ltd. Y.J. Lou, Mike Wu, Alan Tsai	2,700,000 -	100.00 -
Far EasTone Telecommunications Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd. Douglas Tong Hsu (Chairman), Jan Nilsson, Champion Lee	1,066,657,614 -	32.73 -
		Yuan Ding Co., Ltd. Johnny Shih, Peter Hsu	4,163,500 -	0.13 -
		Yue Ding Industry Co., Ltd. Toon Lim, Kazuhiro Toda	837,940 -	0.03 -
	Supervisors	Lawrence Juen-Yee Lau, Kurt Roland Hellstrom	-	-
		Far Eastern International Leasing Co., Ltd. Eli Hong	26,650,908 -	0.82 -
	President	Asia Investment Corporation Morton Mate Huang Chen-en Ko	856,303 -	0.03 -
		Yvonne Li	-	-
New Century InfoComm Tech Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Douglas Tong Hsu, Yvonne Li, Jeffrey Gee	2,599,448,983 -	100.00 -
	Supervisors	Far EasTone Telecommunications Co., Ltd. T.Y. Yin	2,599,448,983 -	100.00 -
FENC (Beijing)	Directors	Far Eastern Tech-Info (Shanghai) Ltd. Jeffrey Gee, L.T. Chang, T.Y. Yin, P.Y. Su	-	55.00 -
		Far Eastern New Century Corp. Yi Deng	-	45.00 -
	Supervisors	Far Eastern Tech-Info (Shanghai) Ltd. S.G. Wang	-	55.00 -
ARCOA Communication Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Yvonne Li (Chairman), Alan Tsai, Maxwell Cheng, Guang-Ruey Chiang, A.Y. Deng	82,009,242 -	61.07 -
		Wan-Shih-Shin Co., Ltd. Gary Lin	470,325 -	0.35 -
		Taiwan Incubator SME Development Co.	1,122,979	0.84
	Supervisors	Far EasTone Telecommunications Co., Ltd. Li-Chi Chen, David Tsai, Sharon Lin	82,009,242 -	61.07 -
		President	Guang-Ruey Chiang	-
KGE.com Co., Ltd. <small>(Till April 24, 2012, Far EasTone Telecommunications Co., Ltd. held 112,335,219 shares of KGE.com Co., Ltd., represents holdings of 99.94%)</small>	Directors	Far EasTone Telecommunications Co., Ltd.  Jeffrey Gee (Chairman), Jan Nilsson, S.C. Lee, Jessica Chen, Samuel Yuan	112,335,219 -	99.94 -
	Supervisors	Far EasTone Telecommunications Co., Ltd. T.Y. Yin	112,335,219 -	99.94 -
	President	Jeffrey Gee	-	-
New Diligent Co., Ltd.	Directors	New Century InfoComm Tech Co., Ltd. Jeffrey Gee (Chairman), Daniel Chang, P.L. Chiang	80,000,000 -	100.00 -
	Supervisors	New Century InfoComm Tech Co., Ltd. T.Y. Yin	80,000,000 -	100.00 -
Q-ware Communications	Directors	President Chain Store Co., Ltd. James Heieh (Chairman), Nan Bey Lai, Chia Hua Chang	8,059,091 -	11.27 -
		Far EasTone Telecommunications Co., Ltd. Yvonne Li, Belinda Chen, Jeffrey Gee, Maxwell Cheng	36,459,930 -	51.00 -
	Supervisors	Uni-President Enterprises Co., Ltd.	9,875,060	13.81
		Jin Xing Chen	-	-

## Special Disclosure

Company	Title	Name or representative	Registered shares owned	
			Shares	%
		Far EastOne Telecommunications Co., Ltd. Sharon Lin	36,459,930	51.00
	President	Pai Ling Chiang	-	-
Yuan Cing Co., Ltd.	Directors	E. World (H) Ltd. Jan Nilsson (Chairman), Eton Shu, Jessica Chen	19,349,994	99.99
	Supervisors	E. World (H) Ltd. T.Y. Yin	19,349,994	99.99
	President	Maggie Mei	-	-
Information Security Service Digital United	Directors	New Century InfoComm Tech Co., Ltd. Jeffrey Gee (Chairman), Daniel Chang, Eric Lee	14,877,747	100.00
	Supervisors	New Century InfoComm Tech Co., Ltd. T.Y. Yin	14,877,747	100.00
Data Express Infotech Co., Ltd.	Directors	ARCOA Communications Co., Ltd. Benjamin Ho (Chairman), Eric Lee, Shing Chu, Grace Chu	6,142,500	70.00
	Supervisors	ARCOA Communications Co., Ltd. Ling Su Lin	1,821,500	20.76
			6,142,500	70.00
O-music Co., Ltd.	Directors	Universal Music Ltd. Sunny Chang (Chairman)	225,000	4.50
		Far EastOne Telecommunications Co., Ltd. Yvonne Li, Jeffrey Gee, Eton Shu, Benjamin Ho	2,500,000	50.00
		Gold Typhoon Music Co., Ltd. Ren Wei Peng	225,000	4.50
		Forward Music Co., Ltd. Barry Lee	225,000	4.50
	Supervisors	Far EastOne Telecommunications Co., Ltd. T.Y. Yin	2,500,000	50.00
		Otiga Technologies Limited Ipang Lin	1,375,000	27.50
		HIM International Music Inc. Lydia Ho	225,000	4.50
	President	Belung Chang	-	-
ADCast Interactive Marketing Co., Ltd.	Directors	New Century InfoComm Tech Co., Ltd. Benjamin Ho (Chairman), Sharon Chao	4,092,160	90.57
		Far EastOne Telecommunications Co., Ltd. Eton Shu, Roger Chen	386,869	8.56
	Supervisors	Far EastOne Telecommunications Co., Ltd.	386,869	8.56
		Sharon Lin	-	-
	President	Ping Ling Chen	-	-
Simple InfoComm Co., Ltd.	Directors	New Century InfoComm Tech Co., Ltd. Jeffrey Gee (Chairman), Johnson Hsieh P.L. Chiang	3,400,000	100.00
	Supervisors	New Century InfoComm Tech Co., Ltd. T.Y. Yin	3,400,000	100.00
Linkwell Tech. Co., Ltd.	Directors	Data Express Infotech Co., Ltd. Grace Chu (Chairman)	1,000,000	100.00
Samsungvip Co., Ltd.	Directors	Qin Su Lin	1,000	0.01
Gin Yuan Tech. Co., Ltd.	Directors	Data Express Infotech Co., Ltd. Grace Chu	1,000,000	100.00
Far Eastern Textile Co., Ltd.	Directors	Far Eastern New Century Co., Ltd. Douglas Tong Hsu, Johnny Shih, Peter Hsu	100,000	100.00
	Supervisors	Far Eastern New Century Corp. Shaw Y. Wang	100,000	100.00
	President	C.S. Tu	-	-

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Company	Title	Name or representative	Registered shares owned		
			Shares	%	
E. World (H) Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Douglas Tong Hsu (Chairman), Champion Lee, Joseph O'Konek, Jordan M. Roderick Laurence Yang (note)	6,014,622	85.92	
			-	-	
Far EasTron (H) Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Jan Nilsson (Chairman)	4,486,988	100.00	
Digital United (Cayman) Ltd.	Directors	New Century InfoComm Tech Co., Ltd. Jeffrey Gee (Chairman), T.Y. Yin	-	-	
			3,320,000	100.00	
Far Eastern Info Service (H) Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Yvonne Li (Chairman), Jessica Chen, Eton Shu, T.Y. Yin, Maggie Mei	1,200	100.00	
			-	-	
Far Eastern Tech-info Ltd. (Shanghai)	Directors	Far Eastern Info Service (H) Ltd. Yvonne Li (Chairman), Jessica Chen, Eton Shu, T.Y. Yin, Maggie Mei	-	100.00	
			-	-	
Digital United Information Technology (Shanghai) Co., Ltd.	Directors	Digital United (Cayman) Ltd. Daniel Chang (Chairman), P.L. Chiang Eric Li	-	100.00	
			-	-	
	Supervisors	Digital United (Cayman) Ltd. T.Y. Yin	-	100.00	
		Digital United (Cayman) Ltd. P.L. Chiang	-	100.00	
		-	-		
Far Eastern New Diligence Corporation	Directors	New Diligent Co., Ltd. Jeffrey Gee (Chairman), T.Y. Yin, Daniel Chang	-	100.00	
			-	-	
Sino Lead Enterprise Limited	Directors	New Diligent Co., Ltd. T.Y. Yin	-	100.00	
Yuan Ding Co., Ltd.	Directors	Douglas Tong Hsu (Chairman)	3,144	-	
		Far Eastern New Century Corp. Humphrey Cheng, Morton Mate Huang, Alan Tsai	186,925,339	37.13	
			-	-	
		Asia Cement Corp. K.Y. Lee, Peter Hsu, X.Y. Kuo	178,707,648	35.50	
			-	-	
		Far Eastern Department Stores Co., Ltd. Nancy Hsu	2,796	-	
			-	-	
		U-Ming Commerce Co., Ltd. David Wang	12,585	-	
			-	-	
				64,758,813	12.86
	President	Shaw Y. Wang	-	-	
Der Ching Investment Co., Ltd. Y.F. Chang		72,989,090	14.50		
Humphrey Cheng		-	-		
Yuan Hong Electric Co., Ltd	Directors	Yuan Ding Co., Ltd. Humphrey Cheng(Chairman), Di Hua Xiong, Zhong Kai Dai	39,000,000	100.00	
			-	-	
	Supervisors	Yuan Ding Co., Ltd. M.G. Chang	39,000,000	100.00	
			-	-	
Ding Ding Hotel Co., Ltd	Directors	Yuan Ding Co., Ltd. Douglas Tong Hsu (Chairman), Champion Lee, T.Z. Chang	17,572,276	61.98	
			-	-	
		Far Eastern New Century Corp. Johnny Shih, Tsai-Hsiung Chang	5,386,500	19.00	
			-	-	
		Der Ching Investment Co., Ltd. J.X. Chen	1,494,865	5.27	
	Supervisors	Asia Cement Corp. K.Y. Lee	3,891,637	13.73	
			-	-	
		Asia Cement Corp. J.C. Wang	3,891,637	13.73	
			-	-	

## Special Disclosure

Company	Title	Name or representative	Registered shares owned	
			Shares	%
Far Eastern Technical Consultants Co., Ltd	Directors	Yuan Ding Co., Ltd.	4,550,000	91.00
		Humphrey Cheng(Chairman), Di Hua Xiong, Zhong Kai Dai, T.Z. Chang	-	-
		Far Eastern General Contractor Inc.	450,000	9.00
	Supervisors	S.F. Cheng	-	-
		Yuan Ding Co., Ltd.	4,550,000	91.00
President	Z.S. Yang	-	-	
		X.J. Huang	-	-
Far Eastern Electronic Commerce Co., Ltd	Directors	Far EastTone Telecommunications Co., Ltd.	4,202,000	13.98
		Yvonne Li (Chairman)	-	-
		Yuan Ding Co., Ltd.	15,025,000	50.00
		Humphrey Cheng(Chairman), Di Hua Xiong, G.L. Liang, K.L. Zhuang	-	-
		Far Eastern Department Stores Co., Ltd.	3,132,500	10.42
		K.W. Hsieh	-	-
	Supervisors	Pacific Sogo Co., Ltd.	3,132,500	10.42
		K.L. Lee	-	-
		New Century InfoComm Tech Co., Ltd.	1,503,000	5.00
		C.X. Liu	-	-
Ding Ding Integrated Marketing Service Co., Ltd	Directors	Yuan Ding Co., Ltd.	6,900,000	60.00
		Douglas Tong Hsu (Chairman), Humphrey Cheng, Di Hua Xiong, T.C. Zhou	-	-
		Far EastTone Telecommunications Co., Ltd.	1,725,000	15.00
		Jeffey Gee	-	-
		Far Eastern Department Stores Co., Ltd.	1,150,000	-
	Supervisors	Nancy Hsu	-	-
		Pacific Sogo Co., Ltd.	1,150,000	-
		Jing Wen Huang	-	-
		New Century InfoComm Tech Co., Ltd.	575,000	5.00
		T.Y. Yin	-	-
YDT Technology International Co., Ltd	Directors	Yuan Ding Co., Ltd.	13,992,000	100.00
	Supervisors	T.Y. Yin, Di Hua Xiong, Zhong Kai Dai	-	-
		Yuan Ding Co., Ltd.	13,992,000	100.00
		Z.S. Yang	-	-
DDIMH(Virgin Islands)Ltd	Directors	Yuan Ding Co., Ltd.	-	-
		Humphrey Cheng, Di Hua Xiong, Zhong Kai Dai	-	-
YDC(Virgin Islands)Ltd	Directors	Yuan Ding Co., Ltd.	-	-
		Y.C. Chang, Di Hua Xiong, Zhong Kai Dai	-	-
Yuan Ding Tech-Info Ltd. (Shanghai)	Directors	Yuan Ding Co., Ltd.	-	-
	Supervisors	G.L. Liang	-	-
		Yuan Ding Co., Ltd.	-	-
President	Y.Z. Tsai	-	-	
		X.Y. Yuan	-	-
Far Info Digital Technology Ltd. (Shanghai)	Directors	Yuan Ding Co., Ltd.	-	-
		Di Hua Xiong	-	-

Note: Far EastTone Telecommunications Co., Ltd. has not yet appointed another individual to replace Laurence Yang who passed away in 2005.



# Far Eastern New Century

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## 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.	48,972,173	181,218,074	69,667,411	111,550,663	61,556,945	447,256	11,087,496	2.26
1	Yuan Ding Investment Co., Ltd.	18,338,262	51,342,607	13,863,601	37,479,006	4,344,655	4,327,578	4,010,762	2.19
2	Yuan Tong Investment Co., Ltd.	7,051,468	7,936,484	621,446	7,315,038	185,882	26,810	37,936	0.05
3	Oriental Petrochemical (Taiwan) Ltd.	6,747,906	16,238,539	8,208,227	8,030,312	35,312,974	1,107,814	1,014,471	1.50
4	Far Eastern Electronic Toll Collection Co., Ltd.	4,100,000	1,567,640	908,568	659,072	1,012,562	441,636	(24,399)	(0.06)
5	Far Eastern Resources Development Co., Ltd.	4,989,740	33,983,783	7,927,585	26,056,198	467,685	106,832	654,017	1.31
6	Kai Yuan Investment Co., Ltd.	3,028,434	6,438,570	1,937,657	4,500,913	527,472	527,031	468,237	1.55
7	Ding Yuan International Investment Co., Ltd.	2,050,000	2,568,218	52,078	2,516,140	204,453	203,954	193,119	0.94
8	Far Eastern Construction Co., Ltd.	2,370,992	9,614,932	5,237,454	4,377,478	1,652,889	771,202	1,172,650	4.95
9	Far Eastern General Contractor Inc.	1,269,724	4,751,174	2,878,460	1,872,714	9,025,754	552,547	409,109	3.22
10	Far Eastern Fibertech Co., Ltd.	760,961	2,319,280	1,485,770	833,510	2,000,023	62,944	34,943	0.46
11	An Ho Garment Co., Ltd.	663,462	2,740,543	1,107,474	1,633,069	1,138	(398)	241,914	3.65
12	Oriental Resources Development Ltd.	303,220	308,715	115,371	193,344	654,487	910	1,010	0.03
13	Far Eastern Apparel Co., Ltd.	229,041	872,685	488,843	383,842	1,576,072	46,548	39,592	1.73
14	Yuan Faun Co., Ltd.	50,000	110,881	5,338	105,543	55,692	(2,455)	1,705	0.34
15	Fu Kwok Garment Manufacturing Co., Ltd.	40,000	247,242	110,448	136,794	830,709	1,902	3,788	0.95
16	Ming Ding Co., Ltd.	10,000	15,879	1,083	14,796	1,238	59	137	0.14
17	Yuan Cheng Human Resources Consultant Corp.	13,500	53,191	31,141	22,050	493,440	17,597	5,187	3.84
18	Far Eastern Polychem Industries Ltd.	418 HKD 107	15,523,497 3,983,448	5,194,619 1,332,979	10,328,878 2,650,469	7,429,068 1,967,652	(50,025) (13,250)	349,596 92,594	0.33 0.09
19	Far Eastern Investment (H) Ltd.	515 USD 17.0	6,890,348 227,592	674,739 22,287	6,215,609 205,305	2,790,160 94,926	618,017 21,026	741,351 25,222	3.61 0.12
20	F.E.D.P. (H) Ltd	147 USD 4.8	2,038,052 67,318	600,595 19,838	1,437,457 47,480	0 0	(78,714) (2,678)	(88,122) (2,998)	(181.78) (6.18)
21	PET Far Eastern (H) Ltd.	73 USD 2.4	7,321,209 241,824	1,274,597 42,101	6,046,612 199,723	1,120,160 38,110	1,114,491 37,917	1,101,239 37,466	4,661.57 158.59
22	Oriental Textile (H) Ltd	26 USD 0.9	9,317,283 307,755	3,412,174 112,706	5,905,109 195,049	2,792,893 95,019	243,051 8,269	181,890 6,188	2,133.60 72.59
23	Far Eastern Apparel (H) Ltd.	30 USD 1.0	3,632,777 119,992	1,194,477 39,454	2,438,300 80,538	866,926 29,494	62,599 2,130	60,817 2,069	546.92 18.61
24	Far Eastern Polytex(H)Ltd.	27 USD 0.9	6,836,640 225,818	3,663 121	6,832,977 225,697	270,974 9,219	253,956 8,640	255,669 8,698	2,831.33 96.33
25	Sino Belgium (H) Ltd.	6 USD 0.2	1,263,133 41,722	1,018,360 33,637	244,773 8,085	0 0	(275,442) (9,371)	(308,594) (10,499)	(15,976.89) (543.56)
26	Far Eastern Industries (Shanghai) Ltd.	9,036,259 RMB 1,880,399	20,197,528 4,203,002	11,993,672 2,495,822	8,203,856 1,707,180	32,468,595 7,093,085	1,170,937 255,803	356,976 77,978	N/A N/A
27	Oriental Petrochemical (Shanghai) Ltd.	7,217,236 RMB 1,501,870	17,927,396 3,730,599	6,681,968 1,390,483	11,245,428 2,340,116	25,326,602 5,532,846	2,396,480 523,535	2,103,986 459,636	N/A N/A
28	Far Eastern New Century (China) Ltd.	1,751,797 RMB 364,540	1,704,124 354,619	12,112 2,520	1,692,012 352,099	0 0	211,564 46,218	211,587 46,218	N/A N/A
29	Martens Beers Trading (Shanghai) Ltd.	316,202 RMB 65,800	76,636 15,948	40,729 8,475	35,907 7,472	28,250 6,171	(39,120) (8,546)	(39,084) (8,538)	N/A N/A
30	Shanghai Yuan Hua Logistic Corp.	91,305 RMB 19,000	140,795 29,299	40,962 8,524	99,833 20,775	87,204 19,051	(743) (162)	1,076 235	N/A N/A
31	Shanghai Far Eastern IT Corp.	9,611 RMB 2,000	11,919 2,480	457 95	11,462 2,385	53,298 11,643	1,198 262	993 217	N/A N/A
32	Oriental Industries (Suzhou) Ltd.	3,782,314 RMB 787,080	7,997,058 1,664,147	5,024,361 1,045,544	2,972,697 618,603	5,074,693 1,108,617	101,349 22,141	104,002 22,718	N/A N/A
33	Far Eastern Industries (Suzhou) Ltd.	1,895,144 RMB 394,370	4,074,226 847,826	2,885,887 600,538	1,188,339 247,287	5,385,920 1,176,607	(69,495) (15,182)	(78,160) (17,073)	N/A N/A
34	Far Eastern Dyeing and Finishing (Suzhou) Ltd.	1,774,542 RMB 369,273	3,226,774 671,475	1,233,593 256,704	1,993,181 414,771	2,560,291 559,321	105,172 22,976	93,663 20,459	N/A N/A

## Special Disclosure

	Name	Paid-in Capital	Total assets	Total liability	Net worth	Operating revenue	Operating income (loss)	Net income (loss)	EPS(NT\$)
35	Sino Belgium (Suzhou) Ltd.	1,537,535 RMB 319,953	939,960 195,601	522,163 108,659	417,797 86,941	37,677 8,231	(149,860) (32,738)	(208,279) (45,501)	N/A N/A
36	Far Eastern Apparel (Suzhou) Ltd.	983,095 RMB 204,577	4,337,424 902,596	2,842,953 591,604	1,494,471 310,992	4,348,274 949,923	111,744 24,412	94,861 20,721	N/A N/A
37	Far Eastern Yihua Petrochemical (Yangzhou) Ltd.	3,641,233 RMB 757,722	3,641,233 757,722	0 0	3,641,233 757,522	0 0	0 0	(10,501) (2,294)	N/A N/A
38	Suqian Far Eastern Apparel Ltd.	115,332 RMB 24,000	129,167 26,879	13,387 2,786	115,780 24,093	21,893 4,783	516 113	427 93	N/A N/A
39	Suzhou An He Apparel Ltd.	4,806 RMB 1,000	141,427 29,430	113,953 23,713	27,474 5,717	298,031 65,108	9,800 2,141	7,649 1,671	N/A N/A
40	Far Eastern Industries (Wuxi) Ltd.	2,313,707 RMB 481,471	4,990,229 1,038,441	1,776,354 369,650	3,213,875 668,791	3,776,189 824,946	339,812 74,235	254,175 55,521	N/A N/A
41	Wuhan Far Eastern New Material Ltd.	821,969 RMB 171,048	2,076,679 432,146	1,171,131 243,706	905,548 188,440	2,954,043 645,340	4,420 966	6,488 1,417	N/A N/A
42	Far Eastern Apparel (Vietnam) Ltd.	208,443 USD 6,885	365,177 12,062	154,191 5,093	210,986 6,969	408,416 13,895	32,744 1,114	8,789 299	1.26 0.04
43	PET Far Eastern (M) SDN BHD	146,368 MYR 16,000	1,264,876 138,268	975,387 106,623	289,489 31,645	1,581,853 171,549	(64,538) (6,999)	(60,379) (6,548)	(1.91) (0.21)
44	Waldorf Services B.V.	575 USD 19.3	539,198 17,810	20,950 692	518,248 17,118	73,659 2,506	44,766 1,523	44,766 1,523	2.62 0.09
45	FETG Investment Antilles N.V.	182 USD 6.0	521,124 17,213	91 3	521,033 17,210	44,766 1,523	44,501 1,514	44,501 1,514	2.59 0.09
46	Worldwide Polychem(HK) Limited	105,963	281,467	175,595	105,872	112,575	(88)	(88)	(0.03)
47	Far Eastone Telecommunications Co., Ltd.	32,585,008	89,832,171	17,855,304	71,976,867	62,408,959	10,935,419	8,880,993	2.72
48	New Century InfoComm Tech Co., Ltd.	25,994,490	28,923,414	3,132,960	25,790,454	10,766,919	265,264	(732)	-
49	ARCOA Communication Co., Ltd.	1,342,800	3,674,919	2,076,368	1,598,551	7,301,703	137,976	160,083	1.19
50	KGEx.com Co., Ltd.	1,124,080	1,364,577	503,315	861,262	1,067,152	(55,144)	(55,486)	(0.49)
51	New Diligent Co., Ltd.	800,000	725,041	120	724,921	-	(331)	6,397	0.08
52	Q-Ware Communication Corp.	714,901	269,476	565,272	(295,796)	134,488	(170,537)	(181,331)	(2.54)
53	Yuan Cing Co., Ltd.	193,500	97,801	6,407	91,394	31,406	8,761	8,003	0.41
54	Information Security Service Digital United	148,777	163,719	66,504	97,215	153,348	(26,659)	(30,157)	(2.03)
55	Data Express Infotech Co., Ltd.	87,750	646,863	507,611	139,252	2,353,448	52,015	55,824	6.36
56	O-music Co., Ltd.	50,000	47,585	13,153	34,432	45,627	(13,585)	(13,234)	(2.65)
57	ADCast Interactive Marketing Co., Ltd.	45,182	63,646	19,093	44,553	23,023	(1,105)	(221)	(0.05)
58	Simple InfoComm Co., Ltd.	34,000	22,595	1,996	20,599	135,766	(3,615)	(3,516)	(1.03)
59	Linkwell Tech Co., Ltd.	10,000	273,298	254,027	19,271	855,279	15,051	12,905	12.91
60	Samsungvip Co., Ltd	10,000	49,637	42,106	7,531	33,829	(7,111)	(2,469)	(2.47)
61	Gin Yuan Tech. Co., Ltd	10,000	10,000	16	9,984	-	(16)	(16)	(0.02)
62	Far Eastern Textile Co., Ltd.	1,000	1,000	24	976	1	(24)	(24)	(0.24)
63	E. World (H) Ltd.	211,925 USD 7,000	98,878 3,266	60 2	98,818 3,264	- -	- -	7,769 264	1.18 0.04
64	Far Easton (H) Ltd.	135,844 USD 4,487	26,884 888	454 15	26,430 873	- -	- -	4,748 162	1.18 0.04
65	Digital United (Cayman) Ltd.	100,513 USD 3,320	26,370 871	242 8	26,128 863	- -	- -	385 13	- -
66	Far Eastern Info Service (H) Ltd	363 USD 12	159,973 5,284	60 2	159,913 5,282	- -	- -	(14,822) (504)	(12,352.70) (420.26)
67	FENC(Beijing)	6,377 RMB 1,327	168,529 35,070	143,007 29,759	25,522 5,311	140,476 30,853	(34,690) (7,619)	(34,645) (7,609)	N/A N/A
68	Far Eastern Tech-Info Ltd. (Shanghai)	99,354 RMB 20,675	330,013 68,674	161,864 33,683	168,149 34,991	137,188 29,970	17,005 3,715	(302) (66)	N/A N/A
69	Digital United Information Technology (Shanghai) Co., Ltd.	82,529 RMB 17,382	13,364 2,781	2,494 519	10,870 2,262	1,268 277	(4,111) (898)	(4,093) (900)	N/A N/A
70	New Diligence Corporation (Shanghai)	- RMB -	173 36	- -	173 36	- -	- -	- -	N/A N/A
71	Sino Lead Enterprise Ltd.	117 HKD 30	32,037 8,221	31,515 8,087	522 134	67,085 17,768	(30) (8)	(31) (8)	N/A N/A

## Far Eastern New Century

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	Name	Paid-in Capital	Total assets	Total liability	Net worth	Operating revenue	Operating income (loss)	Net income (loss)	EPS(NT\$)
72	Yuan Ding Co., Ltd	5,034,046	11,229,855	2,447,991	8,781,864	1,593,738	223,957	342,614	0.68
73	Yuan Hong Electric Co., Ltd	390,000	397,439	50	397,389	0	(192)	958	0.02
74	Ding Ding Hotel Co., Ltd	283,500	606,791	510,465	96,326	1,712,265	(54,646)	(50,685)	(1.79)
75	Far Eastern Technical Consultants Co., Ltd	50,000	115,399	986,326	(870,927)	88,622	15,657	14,284	2.86
76	Far Eastern Electronic Commerce Co., Ltd	300,500	391,416	213,735	177,681	1,119,515	(126,687)	(122,819)	(4.09)
77	Ding Ding Integrated Marketing Service Co., Ltd	115,000	241,357	145,519	95,838	637,050	47,762	63,706	0.55
78	YDT Technology International Co., Ltd	139,920	290,481	35,194	255,287	144,553	8,720	19,374	1.38
79	DDIMH(Virgin Islands)Ltd	237,598 USD 7,848	237,598 7,848	- -	237,598 7,848	- -	- -	5 -	- -
80	YDC(Virgin Islands)Ltd	34,211 USD 1,130	39,721 1,312	- -	39,721 1,312	- -	- -	4,801 163	4.23 0.14
81	Yuan Ding Tech-Info Ltd. (Shanghai)	3,330 RMB 703	28,910 6,016	25,580 5,313	3,330 703	- -	- -	- -	N/A N/A
82	Far Info Digital Technology Ltd. (Shanghai)	31,424 USD 6,539	37,944 7,896	3,360 699	34,584 7,197	57,997 12,670	4,479 979	3,898 851	N/A N/A

## **Special Disclosure**

### **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, 2011 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, 2011. 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 29, 2012

**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**

Name	Paid-in Capital (Thousand)	Source of funding	Holdings percentage	Date of acquisition or disposal	Number & amount of shares acquired	Number & amount of shares disposed	Investment income (loss)	Number & amount of shares held until the annual report being published (Thousand)	Creation of pledge	Amount of loan guaranteed by the Company	Amount of loan lent by the Company
Yuan Ding Co., Ltd	NT\$ 5,034,047	-	37.13%	-	-	-	-	Shares: 713 Amount: NT\$ 23,494	-	-	-

**4. Other Supplementary Information**

None

**5. Pursuant to the Article 2-2-2 of Security Exchange Act, Event Having Material Impact on Shareholders' Equity or Share Price in the Most Recent Year until the Annual Report being Published**

Please refer to page 18 for information regarding recent change of the Management.