



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

Date: Wednesday, 18 June 2008

Time: 9:00 a.m. Taipei time

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

Purpose:

1. To accept 2007 business report and financial statements
2. To approve proposed resolutions

Proposed resolutions:

1. To accept 2007 business report and financial statements
2. To approve the proposal for distribution of 2007 profits
3. To approve the capitalization of 2007 stock dividends

Attachments:

- I. 2007 business report
- II. Independent auditors' audit report by Deloitte & Touche
- III. Supervisors' report
- IV. 2007 financial statements
- V. 2007 profit allocation proposal

General Information

- I. Articles of Incorporation of Far Eastern Textile Limited; also available for viewing on the internet at http://www.fetl.com.tw/en/company/company_process.aspx
- II. Meeting rules of stockholders for Far Eastern Textile Limited; also available for viewing on the internet at http://www.fetl.com.tw/en/adm/download/download/shmr_EN_200703.pdf
- III. Meeting rules of board of directors for Far Eastern Textile Limited and amendments. The original meeting rules are also available for viewing on the internet at http://www.fetl.com.tw/en/adm/download/download/bodmr_EN_200703.pdf
- IV. Information about the issuance of corporate bonds in year 2007
- V. The full English-version audited report on 2007 financial statements, translated and prepared by the independent auditor Deloitte & Touche, will be available for viewing on the internet at http://www.fetl.com.tw/en/investor/finance_data.aspx?DC_ID=8 on or about 3 June 2008.
- VI. The notice and the agenda for the upcoming 2008 annual general shareholders' meeting will be available for viewing on the internet at http://www.fetl.com.tw/en/investor/finance_data.aspx?DC_ID=10 on or about 16 May 2008.

If you do not have access to the internet and would like to obtain a hard copy of the meeting notice, the meeting agenda, and 2007 financial report, please write to:

Attention: IR team, 2008 AGM agenda
Far Eastern Textile Limited
34FI, No. 207, Tun-Hwa South Road, Section 2
Taipei 106, Taiwan

Or, you may also request for a hardcopy of the meeting notice, the meeting agenda, and 2007 financial report by contacting the following:

Joe Pai + 886-2-2737-8725; joepai@mail.fetl.com.tw
Chialing Chao + 886-2-2733-8000 ext. 8470; chialing@mail.fetl.com.tw



Far Eastern Textile Limited

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

1. Meeting start announced by chairperson

2. To report:

- a. 2007 business operations
- b. 2007 financial statements
- c. Supervisors' review report of 2007 business operations and financial statements
- d. The amendments of the "Meeting rules of the board of directors"
- e. Information of the issuance of corporate bonds in 2007

3. To discuss and approve proposed resolutions:

- a. To accept 2007 business report and financial statements
- b. To approve the proposal for distribution of 2007 profits
- c. To approve the capitalization of 2007 stock dividends

4. Extemporary motion

5. Meeting adjourned

Proposed resolutions

1. To accept 2007 business report and financial statements

The Board of Directors proposes and recommends that each shareholder vote FOR the acceptance of 2007 business report and financial statements.

Explanatory Notes:

- i. FETL's 2007 business report and financial statements, including balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, have been audited by independent auditors, Mr. Shih Ching-Pin and Mr. Wu En-Ming of Deloitte & Touche, and have been examined by and determined to be correct and accurate by Supervisors of FETL. We thereby submit this report.
- ii. The 2007 business report, independent auditors' audit report, Supervisors' report, and the abovementioned financial statements are attached as Attachments I, II, III, and IV.
- iii. Please accept the abovementioned business report and financial statements

2. To approve the proposal for distribution of 2007 profits

The Board of Directors proposes and recommends that each shareholder vote FOR the distribution of 2007 profits.

Explanatory Notes:

- i. Cash dividends to common share holders: Totaling NT\$8,064,624,395. Each common share holder will be entitled to receive a cash dividend of NT\$1.8 per share.
- ii. Stock dividends to common share holders: Totaling NT\$896,069,380. Each common share holder will be entitled to receive a stock dividend of 20 common shares for each 1,000 common shares held by such shareholder.
- iii. After being approved at the Annual General Shareholders' Meeting, the cash and stock dividends to common share holders will be distributed on a record date to be determined by the Board of Directors.
- iv. Should FETL subsequently repurchase its common shares or issue new common shares according to Article 28-2 of the ROC Securities and Exchange Law and other relevant regulations, the total number of common shares outstanding may change, and the ultimate cash and stock to be distributed to each common share may need to be adjusted accordingly. It is proposed that the Board of Directors of FETL be authorized to adjust the cash and stock to be distributed to each common share based on the total amount of profits resolved to be distributed, the amount of earnings resolved to be capitalized, and the number of actual common shares outstanding on the record date for distribution.
- v. The 2007 profit allocation proposal is attached as Attachment V.
- vi. Please approve the abovementioned proposal for the distribution of 2007 profits.

3. To approve the capitalization of 2007 stock dividends

The Board of Directors proposes and recommends that each shareholder vote FOR the capitalization of 2007 stock dividends.

Explanatory Notes:

- i. For the purpose of improving the financial and capital structure, it is proposed that FETL's paid-in capital be increased by capitalizing the stock dividends to common share holders of NT\$896,069,380.
- ii. A total number of 89,606,938 common shares, at par value of NT\$10 each share, shall be issued for such capital increase. Each common share holder will be entitled to receive a stock dividend of 20 common shares for each 1,000 common shares held by such shareholder.
- iii. If the stock dividends include any fractional shares which are less than one full share, the distribution will be made in the form of cash rounded to the nearest dollar amount calculated at par value. Such fractional shares will be purchased by Far Eastern Recreation Center Employee's Welfare Committee of FETL.
- iv. After being approved at the Annual General Shareholders' Meeting and accepted by the regulatory authority in charge, the new shares will be distributed on a record date to be determined by the Board of Directors.
- v. The shareholders' rights and obligations of the new shares are the same as those of the existing shares.
- vi. After the capitalization of 2007 stock dividends, the total number of issued common shares will be 4,569,953,824 shares, at par value of NT\$10 each share. The paid-in capital will amount to NT\$45,699,538,240.
- vii. Please approve the proposal for the capitalization of 2007 stock dividends.

Attachment I

2007 business report

The world business environment in year 2007 was full of uncertainties. Prices of natural resources, including crude oil, iron ore, precious metals, and agricultural crops, were rising. Sub-prime mortgage issue in the United States led to significant volatility in the global equity market. The macroeconomic cooling-down policy by the China government, combined with the US FED's moves to ease the credit tightening issue in the banking system, resulted in material changes of major currency values.

Enterprises' tasks in Taiwan were even compounded by the mediocre performance of the domestic capital market and the business environment. Taiwan equity market is the only one failed to ride on the China boom among all emerging Asian countries in 2007. The government's economic policy was unclear, as people in this island still had controversies in opinions about opening up to China. Although constructions of the Taiwan High Speed Railway and the Hsuehshan Tunnel completed in 2007, the public investment in Taiwan declined continuously in 2007.

Despite of all difficulties, Far Eastern Textile Ltd. (FETL) managed to deliver a satisfactory financial result in 2007. Besides, the company also committed to its social responsibility. In 2007, FETL was awarded "The Best Contributor to the Society" by DHL and Chinatimes.

Operating results

In year 2007, FETL achieved its best earnings performance in the company's 58-year history. The revenue reached NT\$49.1bn, up by 24% year on year. The net income was NT\$11.3bn, up by 37% year on year, representing a net margin of 23% and translating into an earnings per share of NT\$2.54. The board proposes and recommends each shareholder to vote for a cash dividend of NT\$1.8/share, and a stock dividend of NT\$0.2/share. The operating results are discussed in the followings:

Polyester and textile business

FETL is broadly recognized by its customers as a leader in the polyester and textile business in terms of production scale, brand name, and technology innovation. The company's Taiwan production sites have been focusing on innovation and technology upgrade, and China production sites have achieved vertical integration of production facilities, covering from upstream petrochemical raw materials to the downstream garments and apparels.

The polyester and textile business was re-organized in 2007 and then simplified to achieve better management efficiency. In Taiwan, two Business Operation Groups, Polyester Group and Textile Group, now are responsible for the polyester and the textile businesses, separately. China operations were also re-organized into two Business Operation Groups: Shanghai Group and Suzhou Group. Shanghai Group is responsible for the upstream petrochemical and polyester

business. Subsidiaries under its management are Oriental Petrochemical, Far Eastern Industries (Shanghai), and Wu-Han Far Eastern New Material. Suzhou Group is in charge of downstream textile, dyeing and finishing, apparels, and beer bottle businesses. Subsidiaries under its management are Far Eastern Industries (Suzhou), Oriental Industries (Suzhou), Far Eastern Industries (Wuxi), Far Eastern Dyeing and Finishing (Suzhou), Far Eastern Apparel (Suzhou), and Sino Belgium Beer (Suzhou).

Targets for capacity additions and product upgrades were achieved in 2007. In the polyester business, production sites in Shanghai and Wu-Han had completed its expansions of PET sheets. Both sites together now make the company become the largest producer of PET sheets in Asia. The Shanghai site is planning further capacity addition to sustain the company's leadership, depending on the market situation.

In the textile business, Oriental Industries (Suzhou) has accomplished the plant construction for the production of HDIs (high denier industrial yarns), a specialized product used for the production of seat belts, tire cords, conveyor belts, and rubber/polymer-dipping fabrics. Commercial operation was commenced in September 2007. Its newly developed rubber-dipping industrial fabric has received the quality endorsement from Fenner Dunlop, the largest conveyor belt producer in the world. The company is one of the limited suppliers for such product in the world today.

Far Eastern Apparel (Suzhou) also completed the built-up of new production lines in order to meet the rising demand for sports wear, mainly a result of the 2008 Olympic Games in Beijing. Its Product Creative Center was established in 2007 to provide customers design services. It also diversified into the outdoor fashion market to broaden product mix.

In 2007, the Suzhou Group received a license from Martens, a major beer producer in Belgium, to brew and sell Martens Beer in China. Sino Belgium Beer (Suzhou) Company is thus established, and will be providing PET bottle pre-forms, PET beer bottles, filling and packaging services for Martens Beer. Scale and construction of such facility now are under planning.

FETL now is planning to further streamline its holding structure in China. The ultimate goal is to establish a domestic single holding company in China, controlling and consolidating all administrative works for all subsidiaries in China.

The operating environment in China has been changing fast. Cheap labor in China will not last for long, especially after the recently implemented Labor Law. Export tariff rebate was reduced. Cost of domestic borrowing has been rising, and the value of RMB has been appreciating against all other major currencies. The difficulties in acquiring industrial land are increasing. All these could mean challenges, as well as opportunities, for the company. After accomplishments we achieved in China in 2007, we believe the company is able to maintain its leading position in the industry and outperform peer companies.

In 2007, R&D continues to be one of our focuses in the polyester and textile business. Our R&D

efforts have been focusing on the development and production of functional fibers and specialized products. We believe these R&D efforts are one of the major reasons to sustain the company's leadership in the industry. Far Eastern Group R&D Center has had several achievements in product development and production technology innovation. The newly developed polyester heat-shrinkage films and low-melt staple fibers are in commercial production. New applications for the recycled PET bottle caps are being created. All these products and technologies have received several patents from Taiwan, China, and the United States. Phase II expansion of the Far Eastern Group R&D Center was completed in 2007, and, with the new facility, we expect more commercially viable results to be realized.

Land development business

FETL owns substantial land holdings available for development, with a total size of more than 200,000 pings. The development project of the Banchiao site, also called Taipei Far Eastern Telecom Park, has begun. In July 2007, some of the old factories and buildings at this site were dismantled. In November 2007, the construction license for the first commercial office building was awarded, and the construction commenced and the pre-rental process also kicked off afterwards. The grand opening of this office building is scheduled in early 2010, and we believe it will bring the company a satisfactory rate of return through rental income. For our solid execution plan on this project, combined with the valuable location of this site, and convenient traffics with Taipei MRT system, Taiwan High Speed Railway, and Taiwan Railway all being in the neighborhood, we believe the potential upside of this property development project can be material.

The company's land holding located in Ilan is planned to be developed into a hotel resort. The whole project received the land re-zoning permit from the Ministry of Interior in January 2008, converting the original industrial land into a commercial used land. We expect the company will receive the development license from the government in half a year, and the development and construction will begin soon afterwards.

Results of equity investments

FETL owns a portfolio of equity investments, covering a wide range of industries: petrochemicals, cement, transportation, textile, retailing, telecommunications, financial services, construction, and hotel. The investment income contributed from these subsidiaries was significant in 2007, and cash dividends that FETL will receive from this portfolio this year should be abundant.

Far EasTone Telecommunications is the largest subsidiary of the company in terms of book value, contributing almost 50% of the company's investment income in 2007. Far EasTone achieved several accomplishments in 2007: First, it fully merged New Century InfoComm, a broadband fixed-line company, now successfully providing an integrated service of mobile and fixed-line. Second, Far EasTone received an island-wide WiMAX license to initiate its 4G wireless business. Third, Far EasTone was awarded the "Best Management Company in Taiwan" by Finance Asia Magazine, being the only telecom company in Taiwan awarded this honor. Fourth, it was ranked as A+ grade for two consecutive years by the Taiwan Securities and Futures Institute in its Information Transparency and Disclosure system. Besides, Far EasTone directly owns Seednet,

an ISP provider, and also participates in the development of Taipei Far Eastern Telecom Park. With records and achievements that Far EasTone demonstrated, we believe it will remain as the most important source of investment income at FETL's equity holdings.

Other investments also had satisfactory performance in 2007. Thanks to the rising demand in China domestic market, the profit from the cement business rose. After restructuring the hypermarket business in Taiwan and changing its merchandise mix in the department stores, the retail business recorded historically high revenue. The petrochemical and the marine shipping businesses posted growth in earnings as well.

Plans and prospects

The company's management team commits to excellence, and increasing the return on shareholders' equity remains as the team's mission. Prospects and plans for 2008 are discussed below.

Streamline the holding structure of the overseas production sites

In January 2007, Far Eastern (China) Investment Ltd. was established in China. The purpose of this wholly-owned subsidiary is to serve as a single holding vehicle to control all polyester and textile relevant production sites in China, and that will simplify the company's overseas holding structure and would help reducing the administrative work and cost. After completing this restructuring process, the management will have more flexibility to make the company's China assets go for overseas public offering, under the proviso of an appropriate market valuation, in the hopes that we can improve the transparency of the company and increase the return on shareholders' equity.

Recruit talents and provide continual training

In light of the growth opportunities available for the company in the future, the human resources department began to focus its efforts on recruiting new talents starting from 2007. Several continual training programs for employees were in the mean time designed and launched. The human resources department has worked with Yuan Zhi University to provide two training program for the management team: Advanced Management Program for senior managers and Mini MBA Program for junior managers. Two training centers were established in Shanghai and Suzhou in China for employees based in China. A rotation program is under design, to offer management trainee cross-function and cross-region learning opportunities. All to make sure the company can be managed by a professional team, and human resources will be deployed to fulfill the company's target and mission.

Create business opportunities by offering integrated services

We believe offering integrated services across subsidiaries can better utilize resources and in turn likely to create more business opportunities. As mentioned above, Far EasTone was the pioneer in the Far Eastern Group to offer integrated services by consolidating the mobile, broadband fixed-line, and internet service providers into one single umbrella, which has successfully demonstrated improvement in cost efficiency and increase in customer base. In June 2007, GO HAPPY online

shopping service was launched to integrate all retail related businesses, including Far Eastern Department Stores, Pacific SOGO Department Stores, Far Eastern Geant Hyper Markets, Seednet, and etc. Based on a membership exceeding four million, the GO HAPPY virtual distribution channel, in our opinion, would encourage customers' visits, save advertisement costs, and create more opportunities for the group's retail businesses.

Help saving the earth

The efforts of Far Eastern Group R&D Center will focus on energy saving and environment protection. New products on the pipeline now include bio-degradable co-polymer (FEPOL), bio-degradable packaging materials, corn-made fibers (PLA), and recyclable PET sheets for electronics appliances. The R&D Center also focuses on the new applications of recycled PET bottle chips, expanding its application from staple fibers to filament yarns and food packaging purposes, in order to reduce the consumption of natural resources and control the emission of carbon di-oxide. Moreover, Oriental Resources Development Limited began operation at end of 2007, and this wholly-owned subsidiary will work closely with the R&D Center, and be responsible for the mass production and the commercialization of these new applications.

Upgrade the management software system

The Enterprise Resource Planning (ERP) system and a globally interconnected Intranet were installed in the Group years ago, and have been upgraded year over year. Since then, the Group has implemented technologies like Virtual Private Networks (VPN), Mobile VPNs (MVPN), Voice over IP (VoIP), personal video conferencing, and is now moving onto Single Sign On (SSN) Portals. This SSN Portals will integrate three management systems to achieve better efficiency: the ERP system, the supply-chain management system (SCM), and the customer management system (CRM). Furthermore, because of the increased reliance upon the Internet, the Group has formed a Network Security Task Force to monitor network intrusion and is busy implementing e-Commerce, M-Commerce and Virtual Management related business applications systems based upon Java and Web 2.0. Examples are our ITIL and E-FLY systems. Our IT departments in both Taiwan and China have earned many certifications from Microsoft, SAP, and Oracle for the maintenance and installation of software from the respective companies. The IT-related activities have successfully provided the best support for the management team and our customers' requirements.

Be a responsible corporate citizen

FETL commits to be a responsible corporate citizen. It has established several non-profit foundations and sponsors programs dedicated to the promotion of educational, medical, cultural, scientific activities. The Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation, based on its mission of supporting technology and innovation, established the Mr. Y. Z. Hsu Science Award to encourage and sponsor research activities about nanotechnology, optoelectronics, and biotechnology in Taiwan. Far Eastern Memorial Foundation, dedicated to support the art and cultural activities, have sponsored nine consecutive years the Far Eastern Architectural Award, which is recognized as the leading award in the architecture industry. Far Eastern Medical Foundation established the Far Eastern Memorial Hospital located in Banchiao, Taipei. The hospital now has 1,053 beds, and being upgraded by the government as a local medical center. In

2008, the hospital received the eighteenth National Quality Award – Organization Award from the Ministry of Economic Affairs.

We thank our shareholders for their continual support, and we appreciate efforts and dedication of every employee. The management team of the company will commit to our corporate mission – increasing the return on shareholders' equity. It also dedicates itself to the corporate motto – Sincerity, Diligence, Thrift, Prudence, and Innovation. Meanwhile, the team also strives to upgrade itself and adapt itself fast enough, in order to catch up the fast-changing business environment, and to seek and create growth opportunities for the company.

Attachment II



勤業眾信會計師事務所
105台北市民生東路三段156號12樓

Deloitte & Touche
12th Floor, Hung-Tai Plaza
156 Min Sheng East Road, Sec. 3
Taipei 105, Taiwan, ROC
Tel : +886 (2) 2545-9988
Fax: +886 (2) 2545-9966
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of Far Eastern Textile Ltd. (the "Company") as of December 31, 2007 and 2006 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, 2007 and 2006. Stock investments in these companies, either held directly or indirectly by the Company, were all accounted for by the equity method. The carrying values of these investments, included in the accompanying balance sheets, were 1.94% (NT\$2,830,233 thousand or US\$87,272 thousand) and 3.73% (NT\$4,761,701 thousand or US\$146,830 thousand) of the Company's total assets as of December 31, 2007 and 2006, respectively. As shown in the accompanying statements of income, the Company's equity in net losses of NT\$216,742 thousand (US\$6,683 thousand) and that of the foregoing investees of NT\$34,659 thousand (US\$1,069 thousand) were (1.92%) and (0.39%), respectively, of the Company's income before income tax in 2007 and 2006, respectively. The financial statements of these investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts pertaining to the above investments, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the Company's financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Far Eastern Textile Ltd. as of December 31, 2007 and 2006 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, 2007, the Company adopted the newly-released ROC Statements of Financial Accounting Standards ("Statements" or SFAS) No. 37 - "Accounting for Intangible Assets" and related revisions of previously released statements. Meanwhile starting on January 1, 2006, the Company adopted ROC Statements of Financial Accounting Standards ("Statements" or SFAS) No. 34 - "Financial Instruments: Recognition and Measurement" and No. 36 - "Financial Instruments: Disclosure and Presentation" and the revisions of previously issued SFASs in harmonizing with SFAS Nos. 34 and 36.

We have also audited the consolidated financial statements of Far Eastern Textile Ltd. for the years ended December 31, 2007 and 2006 and have expressed a modified unqualified opinion thereon also dated March 10, 2008 based on our audits and the reports of the other auditors.

Our audits also comprehended the translation of the 2007 and 2006 New Taiwan dollar amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 4. Such U.S. dollar amounts are presented solely for the convenience of readers.

Deloitte & Touche

March 10, 2008

Notice to Readers

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

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

Attachment III

Supervisors' report

To the 2008 General Shareholders' Meeting of Far Eastern Textile Limited,

In accordance with Article 219 of the Company Law, we have examined the Business Report, the Resolution for Allocation of Surplus Profit, and Financial Statements submitted by the Board of Directors for the year ending 2007 which had been audited by Deloitte & Touche, and found them in order.

K.Y. Lee



Ching-Ing Hou



Alice Hsu



April 25th, 2008

Attachment IV

FAR EASTERN TEXTILE LTD.

BALANCE SHEETS
DECEMBER 31, 2007 AND 2006
(In Thousands, Except Par Value)

	New Taiwan Dollars				U.S. Dollars (Note 4)			New Taiwan Dollars				U.S. Dollars (Note 4)	
	2007		2006		2007	2006		2007	%	2006	%	2007	2006
ASSETS	Amount	%	Amount	%	Amount	Amount	Amount	%	Amount	%	Amount	Amount	
CURRENT ASSETS													
Cash (Note 5)	\$ 7,090,598	5	\$ 2,016,583	2	\$ 218,643	\$ 62,183							
Financial assets at fair value through profit or loss - current (Notes 2, 3 and 6)	143,455	-	21,688	-	4,424	669							
Notes receivable (Notes 2, 21 and 22)	856,005	1	636,146	1	26,395	19,616							
Accounts receivable, net (Notes 2 and 21)	6,772,300	5	5,511,420	4	208,828	169,948							
Inventories, net (Notes 2 and 7)	6,535,287	5	5,589,943	4	201,520	172,370							
Other financial assets - current (Note 21)	275,904	-	382,988	-	8,508	11,810							
Prepaid expenses (Note 21)	540,677	-	484,936	1	16,672	14,953							
Deferred income taxes - current (Notes 2 and 17)	189,246	-	215,779	-	5,836	6,654							
Other current assets	253,196	-	186,195	-	7,807	5,741							
Total current assets	22,656,668	16	15,045,678	12	698,633	463,944							
MUTUAL FUNDS AND INVESTMENTS (Notes 2, 8, 9 and 22)													
Financial assets carried at cost - noncurrent	53,667	-	109,355	-	1,655	3,372							
Equity-method investments	106,612,437	73	95,384,347	75	3,287,463	2,941,238							
Total mutual funds and investments	106,666,104	73	95,493,702	75	3,289,118	2,944,610							
PROPERTIES (Notes 2, 10, 18 and 22)													
Cost													
Land													
Buildings and equipment	1,070,649	1	1,029,891	1	33,014	31,757							
Machinery and equipment	6,065,777	4	6,025,512	5	187,042	185,801							
Furniture and miscellaneous equipment	40,250,461	28	38,986,405	30	1,241,149	1,202,171							
Total cost	2,329,038	1	2,248,118	2	71,817	69,322							
Appreciation	49,715,925	34	48,289,926	38	1,533,022	1,489,051							
Total cost and appreciation	3,085,669	2	3,089,966	2	95,149	95,281							
Less: Accumulated depreciation	52,801,594	36	51,379,892	40	1,628,171	1,584,332							
Constructions in progress	39,923,463	27	38,269,737	30	1,231,066	1,180,072							
Advances for acquisition of equipment	12,878,131	9	13,110,155	10	397,105	404,260							
Net properties	1,870,069	1	2,186,550	2	57,665	67,424							
	87,320	-	55,465	-	2,693	1,710							
INTANGIBLE ASSETS													
Deferred pension cost (Notes 2 and 20)	14,835,520	10	15,352,170	12	457,463	473,394							
Others (Notes 2 and 4)	-	-	395,248	-	-	12,188							
OTHER ASSETS	59,880	-	102,435	-	1,846	3,159							
Nonoperating properties, net (Notes 2, 10, 11 and 22)	59,880	-	497,683	-	1,846	15,347							
Deferred income taxes - noncurrent (Notes 2 and 17)	590,281	1	595,776	1	18,202	18,371							
Farmland (Note 12)	373,625	-	347,092	-	11,521	10,703							
Miscellaneous (Notes 2 and 21)	276,661	-	292,644	-	8,531	9,024							
Total other assets	135,136	-	145,242	-	4,167	4,479							
TOTAL	\$ 145,593,875	100	\$ 127,769,987	100	\$ 4,489,481	\$ 3,939,872							
LIABILITIES AND STOCKHOLDERS' EQUITY													
CURRENT LIABILITIES													
Short-term bank loans (Notes 13, 21 and 22)	\$ 2,855,477	2	\$ 4,808,953	4	\$ 88,050	\$ 148,287							
Commercial paper (Notes 14 and 22)	-	-	599,232	-	-	18,478							
Notes payable	8,828	-	23,428	-	272	722							
Accounts payable (Note 21)	3,465,635	2	2,484,029	2	106,865	76,597							
Accrued expenses (Note 21)	1,711,055	1	1,332,934	1	52,761	41,102							
Financial assets at fair value through profit or loss - current (Notes 2, 6 and 15)	391,781	-	-	-	12,081	-							
Advances from customers	297,941	-	264,820	-	9,187	8,166							
Current portion of long-term liabilities (Notes 15 and 22)	4,000,000	3	2,000,000	2	123,343	61,671							
Other current liabilities	633,098	1	549,277	-	19,522	16,938							
Total current liabilities	13,363,815	9	12,062,673	9	412,081	371,961							
LONG-TERM LIABILITIES, NET OF CURRENT PORTION													
Bonds issued (Notes 2, 15 and 22)	6,525,680	4	5,500,000	4	201,224	169,596							
Bank loans (Notes 15 and 22)	31,356,800	22	24,980,000	20	966,907	770,274							
Derivative financial liabilities for hedging - noncurrent (Notes 2 and 3)	63,816	-	88,999	-	1,968	2,744							
Total long-term liabilities	37,946,296	26	30,568,999	24	1,170,099	942,614							
RESERVE FOR LAND VALUE INCREMENT TAX (Note 10)													
RESERVE FOR LAND VALUE INCREMENT TAX (Note 10)	1,018,899	1	1,018,899	1	31,418	31,418							
OTHER LIABILITIES													
Accrued pension cost (Notes 2 and 20)	1,268,089	1	1,550,290	2	39,102	47,804							
Deferred income (Notes 2 and 21)	50,194	-	50,194	-	1,548	1,548							
Other liabilities (Note 23)	615	-	268,057	-	19	8,266							
Total other liabilities	1,318,898	1	1,868,541	2	40,669	57,618							
Total liabilities	53,647,908	37	45,519,112	36	1,654,267	1,403,611							
STOCKHOLDERS' EQUITY													
Capital stock - NT\$10 par value													
Authorized - 4,950,000 thousand shares in 2007 and 2006	-	-	-	-	-	-							
Issued and outstanding - 4,480,347 thousand shares in 2007 and 4,349,851 thousand shares in 2006	44,803,469	31	43,498,513	34	1,381,545	1,341,306							
Capital surplus													
Additional paid-in capital	932,814	-	932,814	1	28,764	28,764							
Equity in capital surplus reported by investees	8,386,464	6	6,878,584	5	258,602	212,106							
Others	8,719	-	8,719	-	269	269							
Total capital surplus	9,327,997	6	7,820,117	6	287,635	241,139							
Retained earnings													
Legal reserve	7,061,162	5	6,231,874	5	217,735	192,164							
Special reserve	3,034,766	2	3,378,850	2	93,579	104,189							
Unappropriated earnings	13,247,308	9	9,864,900	8	408,489	304,191							
Total retained earnings	23,343,236	16	19,475,624	15	719,803	600,544							
Other stockholders' equity													
Unrealized valuation gain (loss) on financial assets	4,268,337	3	1,823,497	1	131,617	56,229							
Cumulative translation adjustments	1,706,254	1	845,490	1	52,613	26,071							
Unrealized revaluation increment on properties	8,566,640	6	8,848,431	7	264,158	272,847							
Net loss not recognized as pension cost	(69,966)	-	(2,157)	-	(1,875)	(1,875)							
Total other stockholders' equity	14,471,265	10	11,456,621	9	446,231	353,272							
Net stockholders' equity	91,945,967	63	82,250,875	64	2,835,214	2,536,261							
TOTAL	\$ 145,593,875	100	\$ 127,769,987	100	\$ 4,489,481	\$ 3,939,872							

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

(With Deloitte & Touche audit report dated March 10, 2008)

FAR EASTERN TEXTILE LTD.

STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2007 AND 2006 (In Thousands, Except Earnings Per Share)

	New Taiwan Dollars				U.S. Dollars (Note 4)	
	2007	%	2006	%	2007	2006
	Amount		Amount		Amount	Amount
REVENUES						
Sales (Notes 2 and 21)	\$ 49,720,776	101	\$ 40,200,106	101	\$ 1,533,172	\$ 1,239,596
Less: Sales returns and allowances	<u>574,165</u>	<u>1</u>	<u>572,806</u>	<u>1</u>	<u>17,705</u>	<u>17,663</u>
Net sales	49,146,611	100	39,627,300	100	1,515,467	1,221,933
Processing service income	<u>7,379</u>	<u>-</u>	<u>2,240</u>	<u>-</u>	<u>228</u>	<u>69</u>
Total revenues	<u>49,153,990</u>	<u>100</u>	<u>39,629,540</u>	<u>100</u>	<u>1,515,695</u>	<u>1,222,002</u>
COSTS OF REVENUES						
Cost of sales (Notes 18 and 21)	43,688,540	89	36,451,081	92	1,347,164	1,123,993
Cost of processing services	<u>6,714</u>	<u>-</u>	<u>2,275</u>	<u>-</u>	<u>207</u>	<u>70</u>
Total costs of revenues	<u>43,695,254</u>	<u>89</u>	<u>36,453,356</u>	<u>92</u>	<u>1,347,371</u>	<u>1,124,063</u>
GROSS PROFIT	<u>5,458,736</u>	<u>11</u>	<u>3,176,184</u>	<u>8</u>	<u>168,324</u>	<u>97,939</u>
OPERATING EXPENSES (Notes 18 and 21)						
Marketing	3,096,484	6	2,381,433	6	95,482	73,433
General and administrative	815,607	2	752,631	2	25,150	23,208
Research and development	<u>510,243</u>	<u>1</u>	<u>460,702</u>	<u>1</u>	<u>15,734</u>	<u>14,206</u>
Total operating expenses	<u>4,422,334</u>	<u>9</u>	<u>3,594,766</u>	<u>9</u>	<u>136,366</u>	<u>110,847</u>
OPERATING GAIN (LOSS)	<u>1,036,402</u>	<u>2</u>	<u>(418,582)</u>	<u>(1)</u>	<u>31,958</u>	<u>(12,908)</u>
NONOPERATING INCOME AND GAINS						
Equity in net income of investees, net (Notes 2 and 9)	11,282,355	23	9,870,166	25	347,899	304,353
Reversal of loss on inventories (Notes 2 and 7)	144,736	-	-	-	4,463	-
Interest (Note 21)	113,743	-	80,888	-	3,507	2,494
Exchange profit, net (Note 2)	102,915	-	69,219	-	3,173	2,134
Valuation gain on financial assets, net (Notes 2, 3, and 6)	66,656	-	600	-	2,055	19
Rental (Note 21)	10,148	-	9,847	-	313	304
Gain on disposal of property, plant and equipment	8,524	-	63,329	-	263	1,953
Cash dividends	7,177	-	4,148	-	221	128
Gain on sale of investments, net (Note 9)	3,033	-	208,159	1	94	6,419
Valuation gain on financial liabilities, net (Notes 2 and 6)	-	-	20,333	-	-	627
Others (Notes 6 and 21)	<u>214,034</u>	<u>1</u>	<u>175,657</u>	<u>-</u>	<u>6,600</u>	<u>5,416</u>
Total nonoperating income and gains	<u>11,953,321</u>	<u>24</u>	<u>10,502,346</u>	<u>26</u>	<u>368,588</u>	<u>323,847</u>
NONOPERATING EXPENSES AND LOSSES						
Interest (Notes 10 and 21)	964,040	2	869,368	2	29,727	26,808
Impairment losses on nonoperating properties (Note 2)	65,452	-	47,484	-	2,018	1,464
Valuation loss on financial liabilities, net (Notes 2 and 6)	55,361	-	-	-	1,707	-
Impairment loss on financial assets measured at holding cost (Notes 2 and 8)	2,957	-	722	-	91	22
Allowance for loss on inventories	-	-	34,000	-	-	1,048
Others (Notes 6 and 21)	<u>628,099</u>	<u>1</u>	<u>822,217</u>	<u>2</u>	<u>19,368</u>	<u>25,354</u>
Total nonoperating expenses and losses	<u>1,715,909</u>	<u>3</u>	<u>1,773,791</u>	<u>4</u>	<u>52,911</u>	<u>54,696</u>
INCOME BEFORE INCOME TAX	11,273,814	23	8,309,973	21	347,635	256,243
INCOME TAX BENEFIT (Notes 2 and 17)	<u>93,283</u>	<u>-</u>	<u>27,210</u>	<u>-</u>	<u>2,876</u>	<u>839</u>
NET INCOME	<u>\$ 11,367,097</u>	<u>23</u>	<u>\$ 8,337,183</u>	<u>21</u>	<u>\$ 350,511</u>	<u>\$ 257,082</u>

(Continued)

FAR EASTERN TEXTILE LTD.

STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Thousands, Except Earnings Per Share)

	New Taiwan Dollars				U.S. Dollars (Note 4)			
	2007		2006		2007		2006	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
EARNINGS PER SHARE (Note 19)								
Basic	\$ 2.52	\$ 2.54	\$ 1.85	\$ 1.86	\$ 0.08	\$ 0.08	\$ 0.06	\$ 0.06

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

(With Deloitte & Touche audit report dated March 10, 2008)

(Concluded)

FAR EASTERN TEXTILE LTD.

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Capital Stock Issued and Outstanding (Note 16)		Capital Surplus (Notes 2 and 16)	Retained Earnings (Notes 2, 16 and 17)			Unrealized Valuation Gain (Loss) on Financial Instruments (Note 2)	Cumulative Translation Adjustments (Note 2)	Unrealized Revaluation Increment on Properties (Note 10)	Net Loss not Recognized as Pension Cost	Total Stockholders' Equity	
	Shares in Thousand	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings						Total
BALANCE, JANUARY 1, 2006	4,103,633	\$41,036,333	\$ 8,046,874	\$ 5,410,930	\$ 3,535,789	\$ 9,296,039	\$ 18,242,758	\$ (632,230)	\$ 707,385	\$ 8,847,006	\$ (419,240)	\$75,828,886
Reversal of special reserve to unappropriated earnings	-	-	-	-	(156,939)	156,939	-	-	-	-	-	-
Appropriation of the 2005 earnings:												
Legal reserve	-	-	-	820,944	-	(820,944)	-	-	-	-	-	-
Stock dividends - NT\$0.6 per share	246,218	2,462,180	-	-	-	(2,462,180)	(2,462,180)	-	-	-	-	-
Cash dividends - NT\$1.0 per share	-	-	-	-	-	(4,103,633)	(4,103,633)	-	-	-	-	(4,103,633)
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-	(494,201)	(494,201)	-	-	-	-	(494,201)
Balance after appropriations	4,349,851	43,498,513	8,046,874	6,231,874	3,378,850	1,572,020	11,182,744	(632,230)	707,385	8,847,006	(419,240)	71,231,052
Net income in 2006	-	-	-	-	-	8,337,183	8,337,183	-	-	-	-	8,337,183
Adjustments due to changes in investees' equity in long-term investments	-	-	(204,277)	-	-	(44,303)	(44,303)	2,544,726	273,454	1,425	8,289	2,579,314
Effect of change in ownership percentage due to investees' issuance of capital stock for cash	-	-	(22,480)	-	-	-	-	-	-	-	-	(22,480)
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	(78,361)	-	-	(78,361)
Reversal of net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	350,154	350,154
Unrealized loss on cash flow hedged	-	-	-	-	-	-	-	(88,999)	-	-	-	(88,999)
Adjustments on stockholders' equity due to the sale of long-term equity investments	-	-	-	-	-	-	-	-	(56,988)	-	-	(56,988)
BALANCE, DECEMBER 31, 2006	4,349,851	43,498,513	7,820,117	6,231,874	3,378,850	9,864,900	19,475,624	1,823,497	845,490	8,848,431	(60,797)	82,250,875
Provision for special reserve	-	-	-	-	(344,084)	344,084	-	-	-	-	-	-
Appropriation of the 2006 earnings:												
Legal reserve	-	-	-	829,288	-	(829,288)	-	-	-	-	-	-
Stock dividends - NT\$0.3 per share	130,496	1,304,956	-	-	-	(1,304,956)	(1,304,956)	-	-	-	-	-
Cash dividends - NT\$1.3 per share	-	-	-	-	-	(5,654,807)	(5,654,807)	-	-	-	-	(5,654,807)
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-	(523,853)	(523,853)	-	-	-	-	(523,853)
Balance after appropriations	4,480,347	44,803,469	7,820,117	7,061,162	3,034,766	1,896,080	11,992,008	1,823,497	845,490	8,848,431	(60,797)	76,072,215
Net income in 2007	-	-	-	-	-	11,367,097	11,367,097	-	-	-	-	11,367,097
Adjustments due to changes in investees' equity in long-term investments	-	-	1,507,880	-	-	(15,869)	(15,869)	2,419,658	750,972	(281,791)	(9,169)	4,371,681
Unrealized loss on cash flow hedged	-	-	-	-	-	-	-	25,182	-	-	-	25,182
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	109,792	-	-	109,792
BALANCE, DECEMBER 31, 2007	<u>4,480,347</u>	<u>\$44,803,469</u>	<u>\$ 9,327,997</u>	<u>\$ 7,061,162</u>	<u>\$ 3,034,766</u>	<u>\$ 13,247,308</u>	<u>\$ 23,343,236</u>	<u>\$ 4,268,337</u>	<u>\$ 1,706,254</u>	<u>\$ 8,566,640</u>	<u>\$ (69,966)</u>	<u>\$91,945,967</u>

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

(With Deloitte & Touche audit report dated March 10, 2008)

FAR EASTERN TEXTILE LTD.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Thousands of U.S. Dollars, Except Dividends Per Share - Note 4)

	Capital Stock Issued and Outstanding (Note 16)		Capital Surplus (Notes 2 and 16)	Retained Earnings (Notes 2, 16 and 17)			Unrealized Valuation Gain (Loss) on Financial Instruments (Note 2)	Cumulative Translation Adjustments (Note 2)	Unrealized Revaluation Increment on Properties (Note 10)	Net Loss not Recognized as Pension Cost	Total Stockholders' Equity	
	Shares in Thousand	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings						Total
BALANCE, JANUARY 1, 2006	4,103,633	\$ 1,265,383	\$ 248,131	\$ 166,850	\$ 109,028	\$ 286,649	\$ 562,527	\$ (19,495)	\$ 21,813	\$ 272,803	\$ (12,928)	\$ 2,338,234
Reversal of special reserve to unappropriated earnings	-	-	-	-	(4,839)	4,839	-	-	-	-	-	-
Appropriation of the 2005 earnings:												
Legal reserve	-	-	-	25,314	-	(25,314)	-	-	-	-	-	-
Stock dividends - NT\$0.6 per share	246,218	75,923	-	-	-	(75,923)	(75,923)	-	-	-	-	-
Cash dividends - NT\$1.0 per share	-	-	-	-	-	(126,538)	(126,538)	-	-	-	-	(126,538)
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-	(15,239)	(15,239)	-	-	-	-	(15,239)
Balance after appropriations	4,349,851	1,341,306	248,131	192,164	104,189	48,474	344,827	(19,495)	21,813	272,803	(12,928)	2,196,457
Net income in 2006	-	-	-	-	-	257,082	257,082	-	-	-	-	257,082
Adjustments due to changes in investees' equity in long-term investments	-	-	(6,299)	-	-	(1,366)	(1,366)	78,468	8,432	44	256	79,535
Effect of change in ownership percentage due to investees' issuance of capital stock for cash	-	-	(693)	-	-	-	-	-	-	-	-	(693)
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	(2,416)	-	-	(2,416)
Reversal of net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	10,797	10,797
Unrealized loss on cash flow hedged	-	-	-	-	-	-	-	(2,744)	-	-	-	(2,744)
Adjustments on stockholders' equity due to the sale of long-term equity investments	-	-	-	-	-	-	-	-	(1,757)	-	-	(1,757)
BALANCE, DECEMBER 31, 2006	4,349,851	1,341,306	241,139	192,164	104,189	304,190	600,543	56,229	26,072	272,847	(1,875)	2,536,261
Provision for special reserve	-	-	-	-	(10,610)	10,610	-	-	-	-	-	-
Appropriation of the 2006 earnings:												
Legal reserve	-	-	-	25,572	-	(25,572)	-	-	-	-	-	-
Stock dividends - NT\$0.3 per share	130,496	40,239	-	-	-	(40,239)	(40,239)	-	-	-	-	-
Cash dividends - NT\$1.3 per share	-	-	-	-	-	(174,370)	(174,370)	-	-	-	-	(174,370)
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-	(16,153)	(16,153)	-	-	-	-	(16,153)
Balance after appropriations	4,480,347	1,381,545	241,139	217,736	93,579	58,466	369,781	56,229	26,072	272,847	(1,875)	2,345,738
Net income in 2007	-	-	-	-	-	350,512	350,512	-	-	-	-	350,512
Adjustments due to changes in investees' equity in long-term investments	-	-	46,496	-	-	(490)	(490)	74,612	23,157	(8,689)	(282)	134,804
Unrealized loss on cash flow hedged	-	-	-	-	-	-	-	776	-	-	-	776
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	3,384	-	-	3,384
BALANCE, DECEMBER 31, 2007	<u>4,480,347</u>	<u>\$ 1,381,545</u>	<u>\$ 287,635</u>	<u>\$ 217,736</u>	<u>\$ 93,579</u>	<u>\$ 408,488</u>	<u>\$ 719,803</u>	<u>\$ 131,617</u>	<u>\$ 52,613</u>	<u>\$ 264,158</u>	<u>\$ (2,157)</u>	<u>\$ 2,835,214</u>

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

(With Deloitte & Touche audit report dated March 10, 2008)

FAR EASTERN TEXTILE LTD.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2007 AND 2006 (In Thousands)

	New Taiwan Dollars		U.S. Dollars (Note 4)	
	2007	2006	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 11,367,097	\$ 8,337,183	\$ 350,512	\$ 257,082
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	1,938,483	2,143,711	59,774	66,103
Amortization of deferred costs	48,261	48,558	1,488	1,497
Impairment loss on financial assets carried at cost	2,957	722	91	22
Provision (reversal of allowance) for losses on inventories	(144,736)	34,000	(4,463)	1,048
Amortization on discount of exchangeable bonds	17,337	-	535	-
Equity in net income of investees, net	(11,282,355)	(9,870,166)	(347,899)	(304,353)
Cash dividends received on equity-method investments	6,968,885	8,774,320	214,890	270,562
Provision for pension costs	113,047	173,471	3,486	5,349
Net gain on disposal of properties	(5,331)	(59,637)	(164)	(1,839)
Impairment losses on idle properties	65,452	47,484	2,018	1,464
Gain on sale of investments, net	(3,033)	(208,159)	(94)	(6,419)
Net changes in operating assets and liabilities				
Financial assets held for trading	(121,767)	18,244	(3,755)	563
Financial liabilities held for trading	378,750	-	11,679	-
Notes receivable	(219,859)	(85,368)	(6,779)	(2,632)
Accounts receivable	(1,260,880)	(740,812)	(38,880)	(22,843)
Inventories	(800,608)	140,476	(24,687)	4,332
Other financial assets - current	107,084	(182,255)	3,302	(5,620)
Prepaid expenses	(55,741)	(258,342)	(1,719)	(7,966)
Other current assets	(67,001)	(12,892)	(2,066)	(398)
Notes payable	(14,600)	18,623	(450)	574
Accounts payable	981,606	104,708	30,268	3,229
Accrued expenses	378,121	28,391	11,660	875
Advances from customers	33,121	(101,513)	1,021	(3,130)
Other current liabilities	(2,825)	149,699	(87)	4,616
Net cash provided by operating activities	<u>8,421,465</u>	<u>8,500,446</u>	<u>259,681</u>	<u>262,116</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds of the disposal of available-for-sale financial assets - current	-	57,091	-	1,760
Proceeds of the disposal of financial assets carried at cost - noncurrent	-	167,863	-	5,176
Proceeds of the disposal of long-term equity investments	-	209,992	-	6,475
Increase in long-term equity investments	(2,401,361)	(4,877,942)	(74,048)	(150,414)
Repayments from stock reduction of investees	23,978	-	739	-
Acquisition of properties	(1,458,201)	(1,427,392)	(44,965)	(44,015)
Proceeds of the disposal of properties	18,986	273,921	585	8,447
Increase in patents	-	(5,000)	-	(154)
(Increase) decrease in other assets	(16,862)	19,293	(520)	595
Net cash used in investing activities	<u>(3,833,460)</u>	<u>(5,582,174)</u>	<u>(118,209)</u>	<u>(172,130)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of short-term bank loans	(1,953,476)	(43,517)	(60,237)	(1,342)
Repayments of commercial paper issued	(599,232)	(159,014)	(18,478)	(4,903)
Payments of cash dividends, remuneration to directors and supervisors and bonus to employees	(6,078,983)	(4,572,882)	(187,449)	(141,008)
Increase in long-term liabilities	6,376,800	2,520,535	196,633	77,722
Issuance (payments) for bonds	3,008,343	(2,300,000)	92,764	(70,922)
Decrease in other liabilities	(267,442)	-	(8,247)	-

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FAR EASTERN TEXTILE LTD.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2007 AND 2006 (In Thousands)

	New Taiwan Dollars		U.S. Dollars (Note 4)	
	2007	2006	2007	2006
Net cash provided by (used in) financing activities	<u>486,010</u>	<u>(4,554,878)</u>	<u>14,986</u>	<u>(140,453)</u>
NET INCREASE (DECREASE) IN CASH	5,074,015	(1,636,606)	156,458	(50,467)
CASH, BEGINNING OF YEAR	<u>2,016,583</u>	<u>3,653,189</u>	<u>62,183</u>	<u>112,648</u>
CASH, END OF YEAR	<u>\$ 7,090,598</u>	<u>\$ 2,016,583</u>	<u>\$ 218,641</u>	<u>\$ 62,181</u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION				
Interest paid	\$ 1,236,278	\$ 859,021	\$ 38,121	\$ 26,488
Less: Capitalized interest	<u>70,602</u>	<u>53,881</u>	<u>2,177</u>	<u>1,661</u>
Interest paid (excluding capitalized interest)	<u>\$ 1,165,676</u>	<u>\$ 805,140</u>	<u>\$ 35,944</u>	<u>\$ 24,827</u>
Income tax paid	<u>\$ 10,424</u>	<u>\$ 7,575</u>	<u>\$ 321</u>	<u>\$ 234</u>
CASH PAID FOR ACQUISITION OF PROPERTIES				
Increase in properties	\$ 1,746,002	\$ 1,650,497	\$ 53,839	\$ 50,894
Add: Payables for acquisition of properties, beginning of year	35,819	49,341	1,105	1,521
Advances to suppliers of machine and equipment, end of year	87,320	55,465	2,693	1,710
Constructions in progress, end of year	1,870,069	2,186,550	57,665	67,424
Less: Advances to suppliers of machine and equipment, beginning of year	(55,465)	(307,454)	(1,710)	(9,481)
Constructions in progress, beginning of year	(2,186,550)	(2,171,188)	(67,424)	(66,950)
Payables for acquisition of properties, end of year	<u>(38,994)</u>	<u>(35,819)</u>	<u>(1,202)</u>	<u>(1,105)</u>
Cash paid for acquisition of properties	<u>\$ 1,458,201</u>	<u>\$ 1,427,392</u>	<u>\$ 44,966</u>	<u>\$ 44,013</u>
NONCASH FINANCING ACTIVITIES				
Current portion of long-term liabilities	<u>\$ 4,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 123,343</u>	<u>\$ 61,671</u>

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

(With Deloitte & Touche audit report dated March 10, 2008)

(Concluded)

Attachment V

Far Eastern Textile Limited Profit Allocation Proposal

Unit: NT dollar

Net income of 2007	11,367,096,535
Less:	
Unappropriated retained earnings booked by equity method from affiliates	15,868,595
10% legal reserve	1,135,122,794
Plus:	
Unappropriated retained earnings of previous years	1,896,080,368
Earnings available for distribution as of 31 December 2007	12,112,185,514
Distribution items:	
Cash dividends to common share holders (NT\$1.8 per share)	8,064,624,395
Stock dividends to common share holders (NT\$0.2 per share at par value, i.e., 20 shares for each 1,000 shares owned)	896,069,380
Cash bonus to employees	385,406,184
Compensation to Directors and Supervisors	289,054,638
Total distribution	9,635,154,597
Unappropriated earnings	2,477,030,917

General information

I. Articles of Incorporation of Far Eastern Textile Limited

Chapter 1 General Provisions

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

Article 2 The Company's businesses are as follows :

C301010 Yarn Spinning Mills

C302010 Knit Fabric Mills

C303010 Non woven Fabric Mills

C305010 Printing dyeing and finishing Mills

C306010 Outerwear Knitting Mill

C307010 Apparel, clothing accessories and other textile product manufacturing

C399990 Other textile products

C801120 Manmade fiber manufacturing

C801990 Other chemical material manufacturing

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

F105050 Wholesale of Furniture, bedclothes, kitchen equipment and fixtures

F106020 Wholesale of articles for daily use

F107990 Wholesale of other chemical products

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

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

F206020 Retail sale of articles for daily use

F207990 Retail sale of other chemical products

F301010 Department stores

F401010 International trade

F501060 Restaurants

J701020 Amusement parks

J801030 Athletics and recreational sport stadium

H701010 Residence and buildings lease construction and development

H701020 Industrial factory buildings lease construction and development

H701040 Specialized field construction and development

H701050 Public works construction and investment

G202010 Parking garage business

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

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

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

Article 4 Where the Company invests in other companies and becomes a shareholder with limited liability; its total investment may exceed 40% of its paid-up capital as stipulated under Article 13 of the Company Law, subject to approval of the Board of Directors.

Article 5 The Company is incorporated in Taipei, the Republic of China; the Board of Directors may by resolution approve the establishment of domestic and international branches where it deems necessary.

Chapter 2 Share Capital

Article 6 The Company's total capital shall be Forty-Nine Billion and Five Hundred Million New Taiwan Dollar (NT\$49,500,000,000) divided into 4,950,000,000 shares of NT\$10 each. The Board of Directors is authorized to issue the un-issued shares in separate trenches.

Out of the above total capital amount, One Hundred Million New Taiwan Dollar (NT\$100,000,000) shall be divided into 10,000,000 shares of NT\$10 each, to be issued as warrants for employees to subscribe.

Article 7 The Company's shares shall be numbered and issued following the signatures or seals by 3 Directors or more and the authentication by the relevant authorities or the registration organizations as approved by the

authorities in compliance with law.

Shares issued by the Company are not required to be evidenced by share certificates, provided that they shall be recorded at the Securities Central Depository Enterprises. New shares issued by the Company may also be consolidated for the purposes of production of share certificates, subject to them being deposited at the Securities Central Depository Enterprises.

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

The Company can issue special shares.

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

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

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

Chapter 3 Shareholders' Meeting

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

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

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

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

shareholders' meeting for the benefit of the Company.

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

Article 12 Unless otherwise stipulated by the Company Law, a quorum shall be present at the shareholders' meeting if shareholders representing more than half of the shares issued by the Company are in attendance and resolutions at the said assembly shall be passed if approved by a majority of the shareholders in attendance.

Article 13 Shareholders may by way of power of attorney stamped with the seal of the Company appoint proxies to attend the said shareholders' meeting. Except for trust enterprises or share registration agencies approved by the securities management authorities, when one shareholder is entrusted by two or more shareholders, the voting right represented by the said shareholder shall not exceed 3% of the voting rights of total shares issued. Where it has so exceeded, the voting right in excess shall not be included.

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

Article 14 Unless otherwise stipulated by the Company Law and the Articles of Incorporation, shareholders' meeting shall be conducted in accordance with the Company's regulations for shareholders' meeting.

Article 15 Minutes and resolutions of shareholders' meeting shall be recorded and signed by or affixed with the seal of the chairman of the meeting. The said minutes and resolutions shall specify the date and place of the shareholders' meeting, number of shares represented by the shareholders (or proxies) present at the meeting; number of voting rights represented; name of the chairman of the shareholders' meeting; resolutions and the manner in which they are passed. The said minutes and resolutions shall be kept, together with the register of shareholders' attendance and the proxies' powers of attorney, in compliance with the law.

Chapter 4 Directors, Supervisors and Managers

- Article 16 There shall be 11 Directors and 3 Supervisors of the Company, who are elected and appointed from the persons with legal capacity at the shareholders' meeting. The total shares number of the registered shares of the Company held by all of the Directors and Supervisors shall be determined according to the provisions of "Rules and Review Procedures for Director and Supervisor Ownership Ratios at Public Companies".
- Article 17 The respective appointments of Directors and Supervisors are for a period of 3 years. They may be reappointed following their re-election.
- Article 18 The Board of Directors of the Company shall comprise the directors. A Chairman and a Vice Chairman shall be elected from among the Directors to represent the Company. Where the Chairman has taken leave or is unable to perform his duties for any reasons, the Vice Chairman shall act in his place. Where the Vice Chairman is also unavailable, the Chairman shall appoint a Director to act on his behalf, failing which the Board of Directors shall nominate from among them a person to act on behalf of the Chairman of the Company.
- Article 19 Meetings of the Board of Directors, which shall be held quarterly, shall be convened by the Chairman. Unless otherwise stipulated by the Company Law, a quorum shall be present at the Board of Directors if it is attended by more than half of the Directors, and a resolution passed if approved by a majority of the Directors in attendance. The Chairman may where necessary convene meetings of the Board at any time.
When a Director is unable to personally attend the meeting of the Board of Directors, he may entrust another Director to represent him in accordance with law.
- Article 20 The Supervisors shall perform their supervising duties in accordance with law; furthermore Supervisors may attend meetings of the Board of Directors and present their views, but may not have voting rights. Supervisors may elect from among them a Resident Supervisor to perform the daily supervisory duty.
- Article 21 The remuneration of Directors and Supervisors shall be decided by the shareholders' meeting.
- Article 22 The Company shall have a General Manager and a number of deputy general managers, a Chief Auditor and a Deputy Chief Auditor, a number of assistant managers, managers and factory managers.

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

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

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

Chapter 5 Accounting

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

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

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

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

60% as share interest, to be distributed based on shareholdings. However in the case of increase in the Company's share capital, unless otherwise stipulated by law, the share interest to be distributed to the shareholders of increased shares for the year shall be decided by the shareholders' meeting;

33% as shareholders' bonuses to be distributed based on shareholdings. However in the case of increase in the Company's share capital, the shareholders' bonus to be distributed to the shareholders of increased shares for the year shall be decided by the shareholders' meeting;

4% as employees' bonuses

3% as remuneration for Directors and Supervisors, the manner in which it is to be distributed shall be decided by the Board of Directors.

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

Article 28 All matters not covered herein shall be undertaken in accordance with the Company Law of the Republic of China and the other relevant law and regulations.

Article 29 These Articles of Incorporation were drafted on December 15, 1952, and came into effect following its approval by a resolution of the General Shareholders' Meeting and the competent authorities. Amendments shall take effect following their approval at the shareholders' meetings.

First amendment on July 1, 1953;

Second amendment on January 22, 1954;

Third amendment on September 1, 1956;

Fourth amendment on January 15, 1957;

Fifth amendment on June 13, 1959;

Sixth amendment on August 25, 1959;

Seventh amendment on March 31, 1960;

Eighth amendment on October 26, 1960;

Ninth amendment on February 25, 1961;

Tenth amendment on May 25, 1961;

Eleventh amendment on May 2, 1962;

Twelfth amendment on August 7, 1964;

Thirteenth amendment on December 19, 1964;

Fourteenth amendment on January 20, 1966;

Fifteenth amendment on June 22, 1966;
Sixteenth amendment on June 24, 1967;
Seventeenth amendment on December 23, 1967;
Eighteenth amendment on June 8, 1968;
Nineteenth amendment on May 31, 1969;
Twentieth amendment on June 17, 1970;
Twenty-first amendment on January 25, 1972;
Twenty-second amendment on June 20, 1972;
Twenty-third amendment on April 30, 1973;
Twenty-fourth amendment on October 17, 1973;
Twenty-fifth amendment on May 8, 1974;
Twenty-sixth amendment on May 19, 1975;
Twenty-seventh amendment on April 14, 1976;
Twenty-eighth amendment on September 15, 1976;
Twenty-ninth amendment on April 6, 1977;
Thirtieth amendment on April 18, 1978;
Thirty-first amendment on February 9, 1979;
Thirty-second amendment on April 14, 1979;
Thirty-third amendment on April 28, 1980;
Thirty-fourth amendment on April 15, 1981;
Thirty-fifth amendment on April 21, 1982;
Thirty-sixth amendment on April 21, 1982;
Thirty-seventh amendment on May 5, 1983;
Thirty-eighth amendment on May 2, 1984;
Thirty-ninth amendment on May 10, 1985;
Fortieth amendment on April 23, 1987;
Forty-first amendment on April 20, 1988;
Forty-second amendment on April 20, 1989;
Forty-third amendment on April 23, 1990;
Forty-fourth amendment on April 26, 1991;
Forty-fifth amendment on May 12, 1992;
Forty-sixth amendment on May 14, 1993;
Forty-seventh amendment on May 9, 1994;
Forty-eighth amendment on May 4, 1995;
Forty-ninth amendment on May 27, 1996;
Fiftieth amendment on May 23, 1997;
Fifty-first amendment on May 22, 1998;
Fifty-second amendment on May 21, 1999;
Fifty-third amendment on May 15, 2000;
Fifty-fourth amendment on May 18, 2001;
Fifty-fifth amendment on June 12, 2002;
Fifty-sixth amendment on June 9, 2003;
Fifty-seventh amendment on June 4, 2004;

Fifty-eighth amendment on June 14, 2005,
Fifty-ninth amendment on June 13, 2006,

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

II. Meeting rules of stockholders for Far Eastern Textile Limited

As last amended on June 12, 2002

Article 1 The stockholders' meeting of the Company shall be held according to the rules herein.

Article 2 The location for stockholders' meeting shall be the Company's place of business or a place convenient for attendance by stockholders (or by proxies) that is suitable to holding of this meeting. The meeting shall be held between 9:00AM and 3:00PM. The stockholders (or proxies) when attending the meeting shall wear admission badge and hand in signed attendance form to be used to calculate the number of attending shares.

The Company may appoint lawyers, accountants or related personnel to attend the stockholders' meeting.

The personnel in charge of handling the affairs of the meeting shall wear identification badge or armband.

For a stockholders' meeting convened by the board of directors, the chairman of the board of directors shall preside at the meeting. If the chairman of the board of directors is on leave or unable to exert the rights, the vice-chairman of the board of directors shall preside instead. If the position of vice-chairman is vacant or the vice-chairman is on leave or unable to exert the rights, the chairman of the board of directors shall designate a director to preside at the meeting. If no director is so designated, the chairman of the meeting shall be elected by the board of directors from among themselves. For a stockholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting; if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

The complete processes of the meeting shall be recorded by voice or video recorders and all the records shall be kept by the Company for a minimum period of at least one year.

Article 3 The chairperson shall announce starting of the meeting when the attending stockholders (or proxies) represent more than half of the total shares issued in public. The chairperson may announce postponement of meeting if the legal quorum is not present after the designated meeting time. Such postponement is limited to two times and the aggregated postponed time shall not exceed one hour. If quorum is still not present after two postponements but the attending stockholders (or proxies) represent more than one third of the total shares issued in public, tentative resolution/s may be passed with respect to ordinary resolution/s by a majority of those present.

After proceeding with the aforesaid tentative resolutions, the chairperson may put the

tentative resolutions for re-voting over the meeting if and when the shares represented by the attending stockholders (or proxies) reached the legal quorum.

Article 4 If the stockholders' meeting is convened by the board of directors, the agenda shall be designated by the board of directors. The meeting shall proceed in accordance with the designated agenda and shall not be amended without resolutions.

If the meeting is convened by person, other than the board of directors, having the convening right, the provision set out in the preceding paragraph shall apply mutatis mutandis.

Except with stockholders' resolution, the chairperson shall not declare adjournment of the meeting before the first two matters set out in the agendas (including extemporary motions) are concluded. During the meeting, if the chairperson declares adjournment of the meeting in violation of the preceding rule, a new chairperson may be elected by a resolution passed by majority of the attending stockholders to continue the meeting.

When the meeting is adjourned by resolution, the stockholders shall not elect another chairperson to continue the meeting at the same location or another venue.

Article 5 The stockholders (or proxies) shall complete statement slip setting out the number of his/her attendance card, name and statement brief before speaking, and the chairperson will designate the order in which each person is to speak during the session.

No statement will be considered to have been made if the stockholder (or proxies) merely completes the statement slip without speaking at the meeting. If there are any discrepancies between the content of the statement slip and the speech made, the statement to be adopted shall be the statement confirmed.

Article 6 Any proposal for the agendas shall be submitted in written form. Except for the proposals set out in the agenda, any proposal by the stockholders (or proxies) to amend, substitute or to initiate extemporary motions with respect to the original proposal shall be seconded by other stockholders (or proxies). The same rule shall apply to any proposal to amend the agenda and motion to adjourn the meeting. The shares represented by the proponents and the seconders shall reach 100,000.

Article 7 The explanation of proposal shall be limited to 5 minutes. The statement of inquiry and reply shall be limited to 3 minutes per person. The time may be extended for 3 minutes with the chairperson's permission.

The chairperson may restrain stockholders (or proxies) from speaking if that stockholders (or proxies) speak overtime, speak beyond the allowed frequency or content of the speech is beyond the scope of the proposal. When a stockholder (or proxy) is speaking,

other stockholder (or proxy) shall not interrupt without consent of the chairperson and the speaking stockholder (or proxy). Any disobedient of the preceding rule shall be prohibited by the chairperson. Article 15 of this meeting rule shall apply if the disobedient do not follow the chairperson's instructions.

Article 8 For the same proposal, each person shall not speak more than 2 times.

When a juristic person is a stockholder, only one representative shall be appointed to attend the meeting.

If more than two representatives were appointed to attend the meeting, only one representative is allowed to speak.

Article 9 After speaking by the attending stockholder (or proxy), the chairperson may reply in person or assign relevant officer to reply.

Over the proposal discussion, the chairperson may conclude the discussion in a timely manner and where necessary announce discussion is closed.

Article 10 For proposal in which discussion has been concluded or closed, the chairperson shall submit it for voting.

No discussion or voting shall proceed for matters unrelated to the proposal.

The personnel responsible for overseeing and counting of the votes for resolutions shall be appointed by the chairperson with the consent of the stockholders (or proxies). The person responsible for vote overseeing shall be of the stockholder status.

Article 11 In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or Company's articles of incorporation, resolution shall be passed by a majority of the voting rights represented by the stockholders (or proxies) attending the meeting. The proposal for a resolution shall be deemed approved if the chairperson inquires and receives no objection. The validity of such approval has the same effect as if the resolution has been put to vote.

If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the chairperson. If one of the two proposals has been approved, the other shall be deemed rejected without requirement to put it to vote.

The results of voting shall be reported on the spot and kept for records.

Article 12 During the meeting, the chairperson may at his/her discretion declare time for break.

Article 13 The meeting shall be adjourned if encountering an air-raid alarm during the meeting. The meeting shall resume one hour after the alarm is lifted.

Article 14 The chairperson may maintain the meeting order by instructing the security guards. The security guards shall wear the armband for identification when helping maintaining the venue order.

Article 15 The stockholders (or proxies) shall obey the instructions of the chairperson and security guards in terms of maintaining the order. The chairperson or security guards may exclude the persons disturbing the stockholders' meeting from the meeting.

Article 16 For matters not governed by the rules specified herein, shall be governed according to Company Law, Stock Exchange Law and the other related laws and regulations.

Article 17 The rules herein take effect after approval at the stockholders' meeting, the same apply for any amendments.

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

III. Meeting rules of board of directors for Far Eastern Textile Limited and amendments

Pursuant to the rule (Rule No. 1-0960074345), "Meeting rules of board of directors for public companies", issued by the Financial Supervisory Commission dated on 11 January 2008, FETL's meeting rules of board of directors are amended.

The overview table for the "Meeting rules of board of directors for Far Eastern Textile Limited" Before and After amendments is attached below.

Section	Current Articles	Amendments
Article 1	Unless otherwise provided by law or by the Company's Articles of Incorporation, the meeting of board of directors shall be conducted according to the rules herein.	Unless otherwise provided by law or by the Company's Articles of Incorporation, the meeting of board of directors shall be conducted according to the rules herein.
Article 2	A meeting of board of directors shall be convened <u>every three months</u> . The directors and supervisors shall be notified with the subjects seven (7) days before the meeting, however, in the case of emergency, the meeting may be convened at any time.	A meeting of board of directors shall be convened <u>at least once for every three months</u> . The directors and supervisors shall be notified with the subjects seven (7) days before the meeting, however, in the case of emergency, the meeting may be convened at any time.
Article 3	The meeting shall be convened and presided by the chairman of the board of directors except for the first meeting of each term of the board of directors which shall be convened and presided by the director who received a ballot representing the largest number of votes at the election of directors at the stockholders' meeting. If there are two or more persons having the convening right, the chairperson of the meeting shall be elected from among themselves.	The meeting shall be convened and presided by the chairman of the board of directors except for the first meeting of each term of the board of directors which shall be convened and presided by the director who received a ballot representing the largest number of votes at the election of directors at the stockholders' meeting. If there are two or more persons having the convening right, the chairperson of the meeting shall be elected from among themselves.
Article 4	If the chairman of the board of directors is on leave or unable to exert the rights, the vice-chairman shall preside instead. If the vice-chairman is on leave or unable to exert the rights, the chairman shall designate a director to preside at the meeting. If no director is so designated, one of board members of directors shall be chosen from among themselves to preside at the meeting.	If the chairman of the board of directors is on leave or unable to exert the rights, the vice-chairman shall preside instead. If the vice-chairman is on leave or unable to exert the rights, the chairman shall designate a director to preside at the meeting. If no director is so designated, one of board members of directors shall be chosen from among themselves to preside at the meeting.
Article 5	The secretary division shall prepare for the agendas and provide <u>sufficient</u> information for the meeting of board of directors. All the written information shall be sent along with the meeting notification to the directors. The director may ask for complement if considers the information received is <u>insufficient</u> . The meeting shall be postponed based on the resolution form the board of directors if the directors consider the information insufficient for meeting.	The secretary division shall prepare for the agendas and provide <u>sufficient and complete</u> information for the meeting of board of directors. All the written information shall be sent along with the meeting notification to the directors. The director may ask for complement if considers the information received is <u>insufficient or incomplete</u> . The meeting shall be postponed based on the resolution form the board of directors if the directors consider the information insufficient for meeting.

	<p>5-1) The content of the periodic meeting shall include at least the following:</p> <p>a) Items to be reported:</p> <ul style="list-style-type: none"> i. Minutes and execution status of last meeting ii. Report of important financial business iii. Report of internal audit business iv. Other important report items <p>b) Items to be discussed:</p> <ul style="list-style-type: none"> i. Items remaining for discussion over the last meeting ii. Items to be discussed at this meeting <p>c) Extemporaneous Motions</p> <p>5-2) The following items shall be submitted for discussion over the meeting of board of directors:</p> <p>a) Operation plans of the company</p> <p>b) Annual and biannual financial statement reports</p> <p>c) Adoption or amendment of internal control system pursuant to article 14-1 of the Securities and Exchange Act.</p> <p>d) Adoption or amendment pursuant to article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, endorsements or guarantees for others.</p> <p>e) The offering, issuance or private placement of any equity-type securities.</p> <p>f) Employment and discharge of a financial, accounting or internal audit officer.</p> <p>g) Other important items which shall be effected <u>by resolutions of the stockholders' meeting</u>, pursuant to article 14-3 of the Securities and Exchange Act, other governing laws, Articles of Incorporation, or required by regulatory authorities.</p> <p>The preceding items shall be listed along with meeting notification and shall not be raised as extemporaneous motion except in the case of emergency or with good cause shown.</p>	<p>5-1) The content of the periodic meeting shall include at least the following:</p> <p>a) Items to be reported:</p> <ul style="list-style-type: none"> i. Minutes and execution status of last meeting ii. Report of important financial business iii. Report of internal audit business iv. Other important report items <p>b) Items to be discussed:</p> <ul style="list-style-type: none"> i. Items remaining for discussion over the last meeting ii. Items to be discussed at this meeting <p>c) Extemporaneous Motions</p> <p>5-2) The following items shall be submitted for discussion over the meeting of board of directors:</p> <p>a) Operation plans of the company</p> <p>b) Annual and biannual financial statement reports</p> <p>c) Adoption or amendment of internal control system pursuant to article 14-1 of the Securities and Exchange Act.</p> <p>d) Adoption or amendment pursuant to article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, endorsements or guarantees for others.</p> <p>e) The offering, issuance or private placement of any equity-type securities.</p> <p>f) Employment and discharge of a financial, accounting or internal audit officer.</p> <p>g) Other important items which shall be effected <u>by resolutions of the stockholders' meeting or the meeting of board of directors</u>, pursuant to article 14-3 of the Securities and Exchange Act, other governing laws, Articles of Incorporation, or required by regulatory authorities.</p> <p>The preceding items shall be listed along with meeting notification and shall not be raised as extemporaneous motion except in the case of emergency or with good cause shown.</p> <p><u>5-3) In addition to the preceding items which shall be submitted for discussion over the meeting of board of directors, the person authorized by the board of directors, and the duties the said person authorized to perform by the board of directors, shall be specific and precise.</u></p>
Article 6	The attendance book shall be provided for signing by the attending directors and all the related documents shall be made available for the directors' reference during the meeting of board of directors.	The attendance book shall be provided for signing by the attending directors and all the related documents shall be made available for the directors' reference during the meeting of board of directors.
Article 7	The director shall attend the meeting in person. A director not able to attend in person may appoint	The director shall attend the meeting in person. A director not able to attend in person may appoint

	another director to attend in his/her behalf. <u>The director attending the meeting through video conference shall be deemed present in person, but the signed attendance card must be sent by fax.</u>	another director to attend in his/her behalf. <u>The director attending the meeting through video conference shall be deemed present in person.</u>
Article 8	In case a director appoints another director to attend the meeting in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. Each director is limited to accept one appointment to act as a proxy for the other director.	In case a director appoints another director to attend the meeting in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. Each director is limited to accept one appointment to act as a proxy for the other director.
Article 9	<p>The chairman may appoint relevant department managers for attendance, based on requirements of the meeting content, to assist the directors to understand the company status and make appropriate decisions.</p> <p>The supervisors may attend the meeting and make statement but do not have the right to vote.</p> <p>9-1) Upon the designated meeting time, if the directors present do not constitute a majority of the directors, the chairperson may announce postponing the meeting. The postponement shall be limited to two times. If quorum is still not present after a second postponement, the chairperson <u>shall</u> re-convene the meeting according to the procedures set out in article 2 herein.</p> <p>9-2) The meeting shall proceed in accordance with the agenda set out in the meeting notification. However, the agenda may be amended by a resolution adopted by a majority vote of the attending directors.</p> <p>Except with a resolution adopted by a majority vote of the attending directors, the chairperson shall not declare adjourning of the meeting before the preceding designated agendas and extemporary motions are concluded.</p> <p>In the progress of the meeting, the chairperson shall announce adjournment of the meeting at the proposal of the directors present if the number of the directors present does not reach half the attending directors.</p>	<p>The chairman may appoint relevant department managers for attendance, based on requirements of the meeting content, to assist the directors to understand the company status and make appropriate decisions.</p> <p>The supervisors may attend the meeting and make statement but do not have the right to vote.</p> <p>9-1) Upon the designated meeting time, if the directors present do not constitute a majority of the directors, the chairperson may announce postponing the meeting. The postponement shall be limited to two times. If quorum is still not present after a second postponement, the chairperson <u>may</u> re-convene the meeting according to the procedures set out in article 2 herein.</p> <p>9-2) The meeting shall proceed in accordance with the agenda set out in the meeting notification. However, the agenda may be amended by a resolution adopted by a majority vote of the attending directors.</p> <p>Except with a resolution adopted by a majority vote of the attending directors, the chairperson shall not declare adjourning of the meeting before the preceding designated agendas and extemporary motions are concluded.</p> <p>In the progress of the meeting, the chairperson shall announce adjournment of the meeting at the proposal of the directors present if the number of the directors present does not reach half the attending directors.</p>
Article 10	For proposal discussion, the chairperson may announce conclusion of the discussion and submit the proposal for voting at his/her discretion.	For proposal discussion, the chairperson may announce conclusion of the discussion and submit the proposal for voting at his/her discretion.
Article 11	The directors shall uphold high discipline such that a director shall not join discussion, vote nor exercise the voting right on behalf of another director for matters which he/she has a personal interest or concern interest of which he/she represents for other legal entity which may impair the interest of the	The directors shall uphold high discipline such that a director shall not join discussion, vote nor exercise the voting right on behalf of another director for matters which he/she has a personal interest or concern interest of which he/she represents for other legal entity which may impair the interest of the

	<p>company.</p> <p>In passing a resolution at the directors meeting, the directors who cannot exert the voting rights pursuant to the preceding item, their votes shall not be counted in the number of votes of directors present at the meeting.</p>	<p>company. <u>Such a director shall not present at the meeting in which the aforesaid matters are discussed and voted on. However, he/she may make a statement and respond to questions upon request.</u></p> <p>In passing a resolution at the directors meeting, the directors who cannot exert the voting rights pursuant to the preceding item, their votes shall not be counted in the number of votes of directors present at the meeting.</p>
Article 12	<p>Each director has one vote. Unless otherwise provided by law or by the Company's Articles of Incorporation, the resolution of board of directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.</p>	<p>Each director has one vote. Unless otherwise provided by law or by the Company's Articles of Incorporation, the resolution of board of directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.</p>
Article 13	<p>Regarding the resolution of proposals, it will be deemed approved <u>if the chairperson inquires and receives no objection.</u></p> <p><u>Should there be any objections after the chairperson's inquiry, the proposal shall be submitted for voting. The chairperson can choose one of the following methods for voting.</u> If there are any objections from the attending directors, the method shall then be decided by the majority.</p> <p>a) Hand raising or voting devices b) Roll call c) Ballot casting</p>	<p>Regarding the resolution of proposals, it will be deemed approved <u>if the chairperson inquires and receives no objection from attending directors.</u></p> <p><u>Otherwise, the proposal shall be submitted for voting. The chairperson can choose one of the following methods for voting.</u> If there are any objections from the attending directors, the method shall then be decided by the majority.</p> <p>a) Hand raising or voting devices b) Roll call c) Ballot casting</p> <p><u>The attending directors said in the preceding two items do not include directors who shall not exert the voting rights pursuant to the Article 11, Item 2.</u></p>
Article 14	<p>If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the chairperson with the original proposal. If one of the two proposals has been approved, the other proposal shall be deemed rejected without requirement to put it to vote.</p>	<p>If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the chairperson with the original proposal. If one of the two proposals has been approved, the other proposal shall be deemed rejected without requirement to put it to vote.</p>
Article 15	<p>If there is necessity to set up the personnel of vote-overseeing and –counting for resolution, the chairperson shall assign the vote-counting personnel and all the attending directors shall serve as the vote-overseeing personnel.</p>	<p>If there is necessity to set up the personnel of vote-overseeing and –counting for resolution, the chairperson shall assign the vote-counting personnel and all the attending directors shall serve as the vote-overseeing personnel.</p>
Article 16	<p>Resolutions adopted at a directors' meeting shall be recorded in the minutes of the meeting and shall contain detailed description of the followings:</p> <p>a) Meeting number (or year), time and location of meeting b) Name of chairperson c) Attendance status of directors (including the numbers and names of directors that are, present, absent and on leave) d) Names and Titles of the attendees</p>	<p>Resolutions adopted at a directors' meeting shall be recorded in the minutes of the meeting and shall contain detailed description of the followings:</p> <p>a) Meeting number (or year), time and location of meeting b) Name of chairperson c) Attendance status of directors (including the numbers and names of directors that are, present, absent and on leave) d) Names and Titles of the attendees</p>

	<p>e) Name of record keeper f) Items reported g) Items discussed: including the resolution method and result of each proposal, the brief statements of the directors, supervisors, experts and others, and any records or written statement of any objection or reservation. h) Extemporaneous Motions: including the name of proponent, the resolution, method and result of each proposal, the brief statements of the directors, supervisors, experts and others, and any records or written statement of any objection or reservation. i) Other items required to be recorded</p> <p>The meeting minutes shall consist of the attendance book. The minutes shall be signed or sealed by the chairperson and record keeper. The minutes shall be sent, within 20 days of meeting, to all the directors, supervisors and other attendees. <u>The minutes shall also be kept as important files for as long as the Company remains in existence.</u> The creation and distribution of the minutes can be done in the electronic format.</p>	<p>e) Name of record keeper f) Items reported g) Items discussed: including the resolution method and result of each proposal, the brief statements of the directors, supervisors, experts and others, and any records or written statement of any objection or reservation. h) Extemporaneous Motions: including the name of proponent, the resolution, method and result of each proposal, the brief statements of the directors, supervisors, experts and others, and any records or written statement of any objection or reservation. i) Other items required to be recorded</p> <p>The meeting minutes shall consist of the attendance book. The minutes shall be signed or sealed by the chairperson and record keeper. The minutes shall be sent, within 20 days of meeting, to all the directors, supervisors and other attendees. <u>The minutes shall also be kept as important files, and well preserved for as long as the Company remains in existence.</u> The creation and distribution of the minutes can be done in the electronic format.</p>
Article 17	<p>The complete process of the meeting of board of directors shall be kept by video or voice recorders. The records shall be kept for at least 5 years. The preservation of such records can be done in the electronic format.</p> <p>If there is any lawsuit related to the resolution of the meeting before expiry of the preceding time period, the relevant voice or video records shall be maintained <u>and the preceding time period shall not apply.</u></p> <p>If a video conference is held for the directors' meeting, the <u>voice and video records</u> are part of the minutes and <u>shall to be kept forever.</u></p>	<p>The complete process of the meeting of board of directors shall be kept by video or voice recorders. The records shall be kept for at least 5 years. The preservation of such records can be done in the electronic format.</p> <p>If there is any lawsuit related to the resolution of the meeting before expiry of the preceding time period, the relevant voice or video records shall be maintained <u>until the conclusion or termination of the relevant lawsuit.</u></p> <p>If a video conference is held for the directors' meeting, the <u>voice, video, and digital transforming records</u> are part of the minutes and <u>shall be well preserved for as long as the Company remains in existence.</u></p>
Article 18	<p>For matters not governed by the rules specified herein shall be governed according to Company Law, the Company's Articles of Incorporation and the other relevant decrees and regulations.</p>	<p>For matters not governed by the rules specified herein shall be governed according to Company Law, the Company's Articles of Incorporation and the other relevant decrees and regulations.</p>
Article 19	<p>The rules herein take effect after approval at the directors' meeting and shall be submitted to the stockholders' meeting. The same apply for any amendments.</p>	<p>The rules herein take effect after approval at the directors' meeting and shall be submitted to the stockholders' meeting. The same apply for any amendments.</p>

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

IV. Information about the issuance of corporate bonds in year 2007

The company issued three corporate bonds in year 2007. Pursuant to the Article 246 of ROC Company Law, the information about the issue of such corporate bonds is disclosed below:

a. Domestic unsecured exchangeable bonds – 2nd – Far Eastern Textile Limited

Five-year domestic unsecured exchangeable bonds were issued at par value on 14 September 2007. The total face value of the bonds is NT\$2,500,000,000, at a coupon rate of 0%. The bonds are exchangeable by holders into common shares of Asia Cement Corporation owned by the company. Unless the bonds are exchanged, put, called, or early redeemed based on the issuing terms, these bonds are repayable in lump sum on maturity with 0% interest. The proceeds of the bond are used to payback short-term borrowings and improve the financial structure. The issue of the bonds was approved by the Financial Supervisory Commission on 14 August 2007 (Approval Letter No. FSC1-0960043401).

b. Domestic unsecured bonds – 1st of Year 2007 – Far Eastern Textile Limited

Three-year domestic unsecured bonds were issued at par value on 31 October 2007. The total face value of the bonds is NT\$800,000,000. These bonds are repayable in lump sum on maturity, with 2.62% interest calculated and paid annually. The proceeds of the bond are used to payback short-term borrowings and improve the financial structure. The issue of the bonds was approved by the Financial Supervisory Commission on 15 October 2007 (Approval Letter No. FSC1-0960056612).

c. Domestic unsecured bonds – 2nd of Year 2007 – Far Eastern Textile Limited

Three-year domestic unsecured bonds were issued at par value on 22 November 2007. The total face value of the bonds is NT\$2,000,000,000. These bonds are repayable in lump sum on maturity, with 2.80% interest calculated and paid annually. The proceeds of the bond are used to payback short-term borrowings and improve the financial structure. The issue of the bonds was approved by the Financial Supervisory Commission on 31 October 2007 (Approval Letter No. FSC1-0960060298).