

**Far Eastern Textile Ltd.**

**Financial Statements for the  
Years Ended December 31, 2008 and 2007 and  
Independent Auditors' Report**

## **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, 2008 and 2007 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, 2008 and 2007. The direct and indirect stock investments in these companies were all accounted for by the equity method. The carrying values of these investments, included in the accompanying balance sheets, were 1.38% (NT\$1,941,501 thousand) and 1.94% (NT\$2,830,233 thousand) of the Company's total assets as of December 31, 2008 and 2007, respectively. As shown in the accompanying statements of income, the Company's equity in net gain of NT\$181,150 thousand and loss of NT\$216,742 thousand of the foregoing investees were 3.93% and (1.92%), respectively, of the Company's income before income tax in 2008 and 2007, 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, 2008 and 2007 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, in March 2007, the Accounting Research and Development Foundation of the Republic of China issued Interpretation No. 2007-052, which requires companies to recognize as compensation expenses bonuses paid to employees and remuneration paid to directors and supervisors beginning January 1, 2008. These bonuses and remuneration were previously recorded as appropriations from earnings. This accounting change resulted in decrease of NT\$343,975 thousand in net income and in after income tax earnings per share of NT\$0.08 in 2008. In addition, starting on January 1, 2007, the Company has adopted the newly-released ROC Statements of Financial Accounting Standards (“Statements” or SFAS) No. 37 - “Accounting for Intangible Assets” and revisions of previously released statements.

We have also audited the consolidated financial statements of Far Eastern Textile Ltd. for the years ended December 31, 2008 and 2007 (not presented herewith) and have expressed a modified unqualified opinion thereon in our report dated March 4, 2009 on the basis of our audits and the reports of the other auditors.

March 4, 2009

Notice to Readers

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

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

**FAR EASTERN TEXTILE LTD.**
**BALANCE SHEETS**  
**DECEMBER 31, 2008 AND 2007**

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

ASSETS	2008		2007		LIABILITIES AND STOCKHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash (Note 4)	\$ 5,275,744	4	\$ 7,090,598	5	Short-term bank loans (Notes 12, 19 and 20)	\$ 6,608,803	5	\$ 2,855,477	2
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	79,441	-	143,455	-	Notes payable	1,767	-	8,828	-
Notes receivable (Notes 2 and 5)	426,799	-	856,005	1	Accounts payable (Note 19)	1,973,753	1	3,465,635	2
Accounts receivable, net (Notes 2 and 19)	6,712,735	5	6,772,300	5	Accrued expenses (Note 19)	2,176,594	2	1,697,663	1
Inventories, net (Notes 2 and 6)	5,702,294	4	6,535,287	5	Financial liabilities at fair value through profit or loss - current (Notes 2, 5 and 13)	102,862	-	391,781	-
Other financial assets - current (Note 19)	472,777	1	275,904	-	Derivative financial liabilities for hedging - current (Notes 2 and 13)	7,656	-	-	-
Prepaid expenses (Note 19)	246,525	-	540,677	-	Receipts in advance	235,226	-	297,941	-
Deferred income taxes - current (Notes 2 and 15)	193,630	-	189,246	-	Current portion of long-term liabilities (Notes 13 and 20)	1,877,320	1	4,000,000	3
Other current assets	177,729	-	253,196	-	Other current liabilities	802,020	1	646,490	1
Total current assets	19,287,674	14	22,656,668	16	Total current liabilities	13,786,001	10	13,363,815	9
<b>MUTUAL FUNDS AND INVESTMENTS (Notes 2, 7, 8 and 20)</b>					<b>LONG-TERM LIABILITIES, NET OF CURRENT PORTION</b>				
Financial assets carried at cost - noncurrent	53,667	-	53,667	-	Bonds issued (Notes 2, 13 and 20)	9,884,012	7	6,525,680	4
Equity-method investments	105,870,248	75	106,612,437	73	Bank loans (Notes 13, 19 and 20)	29,818,170	21	31,356,800	22
Total mutual funds and investments	105,923,915	75	106,666,104	73	Derivative financial liabilities for hedging - noncurrent (Notes 2 and 13)	-	-	63,816	-
<b>PROPERTIES (Notes 2, 9, 16, 19 and 20)</b>					Total long-term liabilities	39,702,182	28	37,946,296	26
Cost					<b>RESERVE FOR LAND VALUE INCREMENT TAX (Note 9)</b>	1,018,899	1	1,018,899	1
Land	1,076,981	1	1,070,649	1	<b>OTHER LIABILITIES</b>				
Buildings and equipment	6,015,401	4	6,065,777	4	Accrued pension cost (Notes 2 and 18)	1,933,915	1	1,268,089	1
Machinery and equipment	39,946,885	28	40,250,461	28	Deferred income (Notes 2, 8 and 19)	52,773	-	50,194	-
Furniture and miscellaneous equipment	2,479,573	2	2,329,038	1	Guarantee deposits received	615	-	615	-
Total cost	49,518,840	35	49,715,925	34	Total other liabilities	1,987,303	1	1,318,898	1
Appreciation	3,022,867	2	3,085,669	2	Total liabilities	56,494,385	40	53,647,908	37
Total cost and appreciation	52,541,707	37	52,801,594	36	<b>STOCKHOLDERS' EQUITY</b>				
Less: Accumulated depreciation	39,813,686	28	39,923,463	27	Capital stock - NT\$10.00 par value				
Constructions in progress	12,728,021	9	12,878,131	9	Authorized - 4,950,000 thousand shares in 2008 and 2007				
Prepayments for equipment	1,383,424	1	1,870,069	1	Issued and outstanding - 4,569,954 thousand shares in 2008 and 4,480,347 thousand shares in 2007	45,699,538	32	44,803,469	31
Net properties	14,285,439	10	14,835,520	10	Capital surplus				
<b>INTANGIBLE ASSETS</b>					Additional paid-in capital in excess of par	932,814	1	932,814	-
Deferred pension cost (Notes 2 and 18)	66,286	-	-	-	Equity in capital surplus reported by investees	9,120,172	6	8,386,464	6
Others (Notes 2, 3 and 16)	28,422	-	59,880	-	Others	7,672	-	8,719	-
	94,708	-	59,880	-	Total capital surplus	10,060,658	7	9,327,997	6
<b>OTHER ASSETS</b>					Retained earnings				
Nonoperating properties, net (Notes 2, 10, 19 and 20)	676,640	1	590,281	1	Legal reserve	8,196,285	6	7,061,162	5
Deferred income taxes - noncurrent (Notes 2 and 15)	369,241	-	373,625	-	Special reserve	3,034,766	2	3,034,766	2
Farmland (Note 11)	276,661	-	276,661	-	Unappropriated earnings	6,535,276	5	13,247,308	9
Miscellaneous (Notes 2, 16 and 19)	124,034	-	135,136	-	Total retained earnings	17,766,327	13	23,343,236	16
Total other assets	1,446,576	1	1,375,703	1	Other stockholders' equity				
<b>TOTAL</b>	<b>\$ 141,038,312</b>	<b>100</b>	<b>\$ 145,593,875</b>	<b>100</b>	Unrealized valuation gain on financial assets	(866,020)	(1)	4,268,337	3
					Cumulative translation adjustments	3,696,557	3	1,706,254	1
					Unrealized revaluation increment on properties	8,843,128	6	8,566,640	6
					Net loss not recognized as pension cost	(656,261)	-	(69,966)	-
					Total other stockholders' equity	11,017,404	8	14,471,265	10
					Net stockholders' equity	84,543,927	60	91,945,967	63
					<b>TOTAL</b>	<b>\$ 141,038,312</b>	<b>100</b>	<b>\$ 145,593,875</b>	<b>100</b>

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

(With Deloitte &amp; Touche audit report dated March 4, 2009)

# FAR EASTERN TEXTILE LTD.

## STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2008 AND 2007

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

	2008		2007	
	Amount	%	Amount	%
<b>REVENUES</b>				
Sales (Notes 2 and 19)	\$ 51,241,328	101	\$ 49,720,776	101
Less: Sales returns and allowances	<u>641,497</u>	<u>1</u>	<u>574,165</u>	<u>1</u>
Net sales	50,599,831	100	49,146,611	100
Processing service income	<u>18,102</u>	<u>-</u>	<u>7,379</u>	<u>-</u>
Total revenues	<u>50,617,933</u>	<u>100</u>	<u>49,153,990</u>	<u>100</u>
<b>COSTS OF REVENUES</b>				
Cost of sales (Notes 16 and 19)	45,349,458	90	43,688,540	89
Cost of processing services	<u>21,409</u>	<u>-</u>	<u>6,714</u>	<u>-</u>
Total costs of revenues	<u>45,370,867</u>	<u>90</u>	<u>43,695,254</u>	<u>89</u>
GROSS PROFIT	<u>5,247,066</u>	<u>10</u>	<u>5,458,736</u>	<u>11</u>
<b>OPERATING EXPENSES (Notes 16 and 19)</b>				
Marketing	3,284,796	6	3,096,484	6
General and administrative	989,483	2	815,607	2
Research and development	<u>568,913</u>	<u>1</u>	<u>510,243</u>	<u>1</u>
Total operating expenses	<u>4,843,192</u>	<u>9</u>	<u>4,422,334</u>	<u>9</u>
OPERATING GAIN (LOSS)	<u>403,874</u>	<u>1</u>	<u>1,036,402</u>	<u>2</u>
<b>NONOPERATING INCOME AND GAINS</b>				
Equity in net income of investees, net (Notes 2 and 8)	5,542,190	11	11,282,355	23
Valuation gain on financial liabilities, net (Notes 2 and 5)	465,708	1	-	-
Interest (Note 19)	177,137	-	113,743	-
Foreign exchange gain, net (Note 2)	42,796	-	102,915	-
Gain on disposal of properties	19,912	-	5,331	-
Rental (Note 19)	11,227	-	10,148	-
Gain on sale of investments, net (Note 8)	9,726	-	3,033	-
Cash dividends	5,432	-	7,177	-
Reversal of loss on inventories (Notes 2 and 6)	-	-	144,736	-
Valuation gain on financial assets, net (Notes 2 and 5)	-	-	66,656	-
Others (Note 19)	<u>245,326</u>	<u>1</u>	<u>214,034</u>	<u>1</u>
Total nonoperating income and gains	<u>6,519,454</u>	<u>13</u>	<u>11,950,128</u>	<u>24</u>

(Continued)

# FAR EASTERN TEXTILE LTD.

## STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2008 AND 2007

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

	2008		2007	
	Amount	%	Amount	%
<b>NONOPERATING EXPENSES AND LOSSES</b>				
Interest (Notes 9 and 19)	\$ 1,217,020	2	\$ 964,040	2
Allowance for loss on inventories	273,094	1	-	-
Valuation loss on financial assets (Notes 2 and 5)	32,898	-	-	-
Impairment losses on nonoperating properties (Note 2)	29,713	-	65,452	-
Impairment loss on financial assets measured at holding cost (Notes 2 and 7)	-	-	2,957	-
Valuation loss on financial liabilities, net (Notes 2 and 5)	-	-	55,361	-
Others (Note 19)	<u>756,099</u>	<u>2</u>	<u>624,906</u>	<u>1</u>
Total nonoperating expenses and losses	<u>2,308,824</u>	<u>5</u>	<u>1,712,716</u>	<u>3</u>
INCOME BEFORE INCOME TAX	4,614,504	9	11,273,814	23
INCOME TAX BENEFIT (Notes 2 and 15)	<u>7,440</u>	<u>-</u>	<u>93,283</u>	<u>-</u>
NET INCOME	<u>\$ 4,621,944</u>	<u>9</u>	<u>\$ 11,367,097</u>	<u>23</u>
	<b>2008</b>		<b>2007</b>	
	<b>Income Before Income Tax</b>	<b>Net Income</b>	<b>Income Before Income Tax</b>	<b>Net Income</b>
EARNINGS PER SHARE (Note 17)				
Basic	<u>\$ 1.01</u>	<u>\$ 1.01</u>	<u>\$ 2.47</u>	<u>\$ 2.49</u>

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

(With Deloitte & Touche audit report dated March 4, 2009)

(Concluded)

**FAR EASTERN TEXTILE LTD.**

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
YEARS ENDED DECEMBER 31, 2008 AND 2007  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Capital Stock Issued and Outstanding (Note 14)		Capital Surplus (Notes 2 and 14)	Retained Earnings (Notes 2, 14 and 15)			Unrealized Valuation Gain (Loss) on Financial Instruments (Note 2)	Cumulative Translation Adjustments (Note 2)	Unrealized Revaluation Increment on Properties (Notes 2 and 9)	Net Loss not Recognized as Pension Cost (Note 2)	Total Stockholders' Equity	
	Shares in Thousand	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings						Total
BALANCE, JANUARY 1, 2007	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 - NTS0.3 per share	130,496	1,304,956	-	-	-	(1,304,956)	(1,304,956)	-	-	-	-	-
Cash dividends - NTS1.3 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 hedge	-	-	-	-	-	-	-	25,182	-	-	-	25,182
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	109,792	-	-	109,792
BALANCE, DECEMBER 31, 2007	4,480,347	44,803,469	9,327,997	7,061,162	3,034,766	13,247,308	23,343,236	4,268,337	1,706,254	8,566,640	(69,966)	91,945,967
Appropriation of the 2007 earnings:												
Legal reserve	-	-	-	1,135,123	-	(1,135,123)	-	-	-	-	-	-
Stock dividends - NTS0.2 per share	89,607	896,069	-	-	-	(896,069)	(896,069)	-	-	-	-	-
Cash dividends - NTS1.8 per share	-	-	-	-	-	(8,064,624)	(8,064,624)	-	-	-	-	(8,064,624)
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-	(674,461)	(674,461)	-	-	-	-	(674,461)
Balance after appropriations	4,569,954	45,699,538	9,327,997	8,196,285	3,034,766	2,477,031	13,708,082	4,268,337	1,706,254	8,566,640	(69,966)	83,206,882
Net income in 2008	-	-	-	-	-	4,621,944	4,621,944	-	-	-	-	4,621,944
Adjustments due to changes in investees' equity in long-term investments	-	-	696,871	-	-	(323,039)	(323,039)	(5,191,265)	1,761,305	276,491	(1,086)	(2,780,723)
Effect of change in ownership percentage due to investees' issuance of capital stock for cash	-	-	(9,971)	-	-	(240,880)	(240,880)	-	-	-	-	(250,851)
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	229,496	-	-	229,496
Reversal of net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	(585,239)	(585,239)
Unrealized loss on cash flow hedge	-	-	-	-	-	-	-	56,160	-	-	-	56,160
Adjustments on stockholders' equity due to the sale of long-term equity investments	-	-	45,761	-	-	220	220	748	(498)	(3)	30	46,258
BALANCE, DECEMBER 31, 2008	<u>4,569,954</u>	<u>\$45,699,538</u>	<u>\$10,060,658</u>	<u>\$ 8,196,285</u>	<u>\$ 3,034,766</u>	<u>\$ 6,535,276</u>	<u>\$17,766,327</u>	<u>\$ (866,020)</u>	<u>\$ 3,696,557</u>	<u>\$ 8,843,128</u>	<u>\$ (656,261)</u>	<u>\$84,543,927</u>

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

(With Deloitte & Touche audit report dated March 4, 2009)

# FAR EASTERN TEXTILE LTD.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 4,621,944	\$ 11,367,097
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,983,949	1,938,483
Amortization of deferred costs	33,569	48,261
Impairment loss on financial assets carried at cost	-	2,957
Provision (reversal of allowance) for losses on inventories	273,094	(144,736)
Amortization on discount of exchangeable bonds	58,332	17,337
Equity in net income of investees, net	(5,542,190)	(11,282,355)
Cash dividends received on equity-method investments	10,019,746	6,968,885
Provision for pension costs	14,301	113,047
Net gain on disposal of properties	(19,912)	(5,331)
Impairment losses on idle properties	29,713	65,452
Gain on sale of investments, net	(9,726)	(3,033)
Net changes in operating assets and liabilities		
Financial assets held for trading	64,014	(121,767)
Financial liabilities held for trading	(288,919)	378,750
Notes receivable	429,206	(219,859)
Accounts receivable	59,565	(1,260,880)
Inventories	559,899	(800,608)
Other financial assets - current	25,877	107,084
Prepaid expenses	294,152	(55,741)
Other current assets	75,467	(67,001)
Notes payable	(7,061)	(14,600)
Accounts payable	(1,491,882)	981,606
Accrued expenses	478,931	364,729
Receipts in advance	(62,715)	33,121
Other current liabilities	<u>19,496</u>	<u>10,567</u>
Net cash provided by operating activities	<u>11,618,850</u>	<u>8,421,465</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds of the disposal of long-term equity investments	287,739	-
Increase in long-term equity investments	(6,989,371)	(2,401,361)
Return of capital to the Company due to investees' capital reduction	-	23,978
Acquisition of properties	(1,600,471)	(1,458,201)
Proceeds of the disposal of properties	63,771	18,986
Increase in patents	(1,768)	-
Decrease (increase) in other assets	<u>10,759</u>	<u>(16,862)</u>
Net cash used in investing activities	<u>(8,229,341)</u>	<u>(3,833,460)</u>

(Continued)



# FAR EASTERN TEXTILE LTD.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term bank loans	\$ 3,753,326	\$ (1,953,476)
Repayments on commercial paper issued	-	(599,232)
Payments of cash dividends, remuneration to directors and supervisors and bonus to employees	(8,596,379)	(6,078,983)
(Decrease) increase in long-term liabilities	(1,161,310)	6,376,800
Issuance of bonds	800,000	3,008,343
Decrease in other liabilities	<u>-</u>	<u>(267,442)</u>
Net cash provided by (used in) financing activities	<u>(5,204,363)</u>	<u>486,010</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(1,814,854)</b>	<b>5,074,015</b>
<b>CASH, BEGINNING OF YEAR</b>	<u><b>7,090,598</b></u>	<u><b>2,016,583</b></u>
<b>CASH, END OF YEAR</b>	<u><b>\$ 5,275,744</b></u>	<u><b>\$ 7,090,598</b></u>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Interest paid	\$ 1,157,996	\$ 1,236,278
Less: Capitalized interest	<u>54,439</u>	<u>70,602</u>
Interest paid (excluding capitalized interest)	<u><b>\$ 1,103,557</b></u>	<u><b>\$ 1,165,676</b></u>
Income tax paid	<u><b>\$ 61,981</b></u>	<u><b>\$ 10,424</b></u>
<b>CASH PAID FOR ACQUISITION OF PROPERTIES</b>		
Increase in properties	\$ 1,993,770	\$ 1,746,002
Add: Payables for acquisition of properties, beginning of year	38,994	35,819
Advances to suppliers of machine and equipment, end of year	173,994	87,320
Constructions in progress, end of year	1,383,424	1,870,069
Less: Advances to suppliers of machine and equipment, beginning of year	(87,320)	(55,465)
Constructions in progress, beginning of year	(1,870,069)	(2,186,550)
Payables for acquisition of properties, end of year	<u>(32,322)</u>	<u>(38,994)</u>
Cash paid for acquisition of properties	<u><b>\$ 1,600,471</b></u>	<u><b>\$ 1,458,201</b></u>
<b>NONCASH FINANCING ACTIVITIES</b>		
Current portion of long-term liabilities	<u><b>\$ 1,877,320</b></u>	<u><b>\$ 4,000,000</b></u>

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

(With Deloitte & Touche audit report dated March 4, 2009)

(Concluded)

# **FAR EASTERN TEXTILE LTD.**

## **NOTES TO FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

---

### **1. ORGANIZATION AND OPERATIONS**

Far Eastern Textile Ltd. (FETL or the “Company”), established in 1954, manufactures and sells polyester materials, semifinished products and finished goods such as cotton, synthetic or blended fabrics, towels and bedsheets, and woven and knitted garments; PET (polyethylene terephthalate) bottles and PET sheets; and natural, synthetic or blended yarns and polyester textured yarns. It also does yarn, silk and cloth printing and dyeing as well as manufactures wide-view film, antiglare film, antireflection film and other optical films.

The Company’s stock is listed on the Taiwan Stock Exchange. On October 19, 1999, the Company issued global depositary receipts (GDRs), which became listed on the Luxembourg Stock Exchange.

Far Eastern Textile Ltd. had 4,912 and 5,188 employees as of December 31, 2008 and 2007, respectively.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Presentation**

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

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

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

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

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

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

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

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

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

The fair values of cotton futures contracts, currency option contracts and forward exchange contracts are determined at their market quotation on the balance sheet date. The fair values of financial instruments with no quoted market prices are determined at estimated prices.

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

Sales are recognized when titles to products and risks of ownership are transferred to customers, primarily upon shipment. Sales returns and allowances are subtracted from gross sales, and the related costs are then deducted from cost of goods sold as these costs are incurred.

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

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

## **Inventories**

Inventories are raw materials, supplies, finished goods and work in process, which are stated at the lower of cost (weighted average) or market (for raw materials, replacement cost; and for finished goods and work in process, net realizable value).

## **Financial Assets Carried at Cost**

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

## **Equity-method Investments**

Long-term investments in which the Company owns at least 20% of investees' common stock or exercises significant influence over their operating and financial policy decisions are accounted for by the equity method.

On the acquisition date or the adoption of the equity method for the first time, the difference between investment cost and underlying equity in net assets is amortized using the straight-line method over 5 years.

As required, however, by the revised ROC Statement of Financial Accounting Standards No. 5 - "Long-term Investments in Equity Securities," starting on January 1, 2006, the cost of acquisition is subjected to an initial analysis. The investment cost in excess of the fair value of identifiable net assets is recognized as goodwill. Goodwill is no longer amortized and is instead tested annually for impairment. An impairment test is also required when there is evidence indicating that goodwill might be impaired because of an event or a change in the economic environment. If the fair value of identifiable net assets acquired exceeds the cost of investments, the excess should be assigned to noncurrent assets in proportion to their respective fair values (except for financial assets under the equity method, assets for disposal, deferred income tax assets and prepaid pension costs or other retirement benefit costs). If these assets are all reduced to zero, the remaining excess should be recognized as extraordinary gain. Starting on January 1, 2006, the unamortized balance of the investment cost in excess of the equity in investee's net assets is no longer amortized and is instead subject to the same accounting treatment as that for goodwill; the negative goodwill previously acquired should be amortized over the remaining estimated economic lives.

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

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

## **Properties and Rental Assets**

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

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

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

Depreciation expenses are computed over service lives originally estimated as follows: buildings and equipment, 3 to 55 years; machinery and equipment, 5 to 15 years and furniture and miscellaneous equipment, 3 to 15 years. Depreciation on appreciation is computed over the remaining service lives of the assets on the revaluation date. When properties and rental assets reach their residual value and are still being used, they are further depreciated over their newly estimated service lives.

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

### **Intangible Assets**

Patent rights and computer software are measured at acquisition cost and amortized using the straight-line method over 3 to 5 years.

### **Idle Assets**

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

### **Deferred Charges**

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

### **Impairment Loss**

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

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

### **Deferred Income**

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

## **Exchangeable Bonds**

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

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

## **Pension Costs**

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

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

## **Income Tax**

The inter-period and intra-period allocation methods are used for income taxes. Deferred income tax assets are recognized for the tax effects of deductible temporary differences, unused operating loss carryforwards and unused investment tax credits, and deferred tax liabilities are recognized for the tax effects of taxable temporary differences. A valuation allowance is recognized for deferred income tax assets that are not certain to be realized. Deferred income tax assets and liabilities are classified as current or noncurrent on the basis of the classification of the related assets and liabilities for financial reporting. A deferred asset or liability that cannot be related to an asset or a liability in the financial statements is classified as current or noncurrent according to the expected realization date of the temporary difference.

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

Adjustments of prior years' tax liabilities are added to or deducted from the current period's income tax expenses.

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

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

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

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

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

The valuation base for foregoing prevailing exchange rates was the average rates of the correspondent bank.

### **Hedging Derivative Financial Instruments**

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

### **Hedge Accounting**

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

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

The Company uses interest rate swaps and forward exchange contracts to hedge cash flow risks from interest rate and exchange rate fluctuations of liabilities and firm commitments.

## **3. CHANGES IN ACCOUNTING PRINCIPLES**

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

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

### **Accounting for Intangible Assets**

On January 1, 2007, the Company adopted the newly released ROC Statements of Financial Standards ("Statements" or SFAS) No. 37 - "Accounting for Intangible Assets" and related revisions of previously released Statements. It thus reevaluated its use of the amortization method and useful lives of related assets. This accounting change had no effect on income before income tax, net income and earnings per share after tax in the year ended December 31, 2007.

## Reclassifications

Certain accounts in the consolidated financial statements as of and for the year ended December 31, 2007 have been reclassified to be consistent with the presentation of the consolidated financial statements as of and for the year ended December 31, 2008.

## 4. CASH

	<b>December 31</b>	
	<b>2008</b>	<b>2007</b>
Cash on hand	\$ 4,252	\$ 3,873
Checking accounts	25,488	27,092
Savings accounts	377,947	1,153,796
Time deposits - 0.25%-2.25% interest in 2008 and 1.97%-4.72% interest in 2007	<u>4,868,057</u>	<u>5,905,837</u>
	<u>\$ 5,275,744</u>	<u>\$ 7,090,598</u>

As of December 31, 2008 and 2007, the foreign demand deposits in U.S.A. (New York) were NT\$321 thousand (US\$10 thousand) and NT\$344 thousand (US\$10 thousand), respectively.

## 5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

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

	<b>December 31</b>	
	<b>2008</b>	<b>2007</b>
<u>Financial assets held for trading</u>		
Cotton futures contracts	\$ 27,887	\$ 31,456
Adjustment for valuation	<u>2,054</u>	<u>7,499</u>
	29,941	38,955
Exchangeable bonds collection rights	<u>49,500</u>	<u>104,500</u>
	<u>\$ 79,441</u>	<u>\$ 143,455</u>
<u>Financial liabilities held for trading</u>		
Exchangeable bonds exchange rights	\$ 30,500	\$ 347,750
Exchangeable bonds redemption rights	42,000	31,000
Forward exchange contracts	<u>30,362</u>	<u>13,031</u>
	<u>\$ 102,862</u>	<u>\$ 391,781</u>

The Company used cotton futures contracts and forward exchange contracts to hedge against adverse fluctuations of cotton prices and exchange rates on account receivables and payables in the years ended December 31, 2008 and 2007. The strategy is to hedge against the Company's market risk exposure. Since these contracts did not meet the criteria for hedge accounting, they were classified as held for trading.



The outstanding cotton futures contracts held by the Company as of December 31, 2008 and 2007 are summarized as follows:

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

  

Outstanding Derivative Contract	December 31, 2007		
	Maturity	Units	Contract Amount (Thousands)
Cotton futures contracts	March 2008	110	US\$3,593/NT\$116,521
	May 2008	40	US\$1,308/NT\$42,418

The Company profits from exercising call options on royalties.

The Company had no outstanding option contracts as of December 31, 2008 and 2007. The outstanding forward exchange contracts as of December 31, 2008 and 2007 were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>December, 2008</u>			
Sell	EUR/US\$	2009/1/23-2009/3/30	EUR7,000/US\$8,918
<u>December, 2007</u>			
Sell	EUR/US\$	2008/2/27	EUR2,000/US\$2,871
Sell	US\$/NT\$	2008/1/4-2008/3/12	US\$77,000/NT\$2,481,255

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

Net (losses) gains on derivative financial assets were NT\$(32,898) thousand and NT\$66,656 thousand in the years ended December 31, 2008 and 2007, respectively; net gains (losses) on derivative financial liabilities were NT\$465,708 thousand and NT\$(55,361) thousand in the years ended December 31, 2008 and 2007, respectively.

## 6. INVENTORIES

	December 31	
	2008	2007
Finished goods	\$ 2,455,933	\$ 2,376,804
Work in process	1,402,124	2,003,513
Raw materials	2,393,447	2,395,382
Supplies	354,148	389,852
	6,605,652	7,165,551
Less: Allowance for losses	903,358	630,264
	<u>\$ 5,702,294</u>	<u>\$ 6,535,287</u>

## 7. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	2008		2007	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Unlisted common stocks				
Hantech Venture Capital Corp.	\$ 53,667	3.73	\$ 53,667	3.73

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

On December 29, 2005, the board of directors of Tai Ya International Telecommunications Co., Ltd. (TYIT) resolved to merge Mobitai communications Ltd. ("Mobitai") and TYIT as the survivor company, in accordance with Article 19 of the Business Mergers and Acquisitions Act and set January 1, 2006 as the record date of the merger. Under the resolution of TYIT's board, the Company received NT\$167,863 thousand from Mobitai in exchange for Mobitai's 11,469 thousand common shares (NT\$14.68 per share) held by the Company. The Company wrote off the investment in Mobitai and recognized a disposal gain of NT\$31,814 thousand. However, the Company regarded Mobitai's purchase price as too low and raised an objection to Mobitai. Afterwards, the Company filed a lawsuit against TYIT. As of March 4, 2009, the date of the accompanying accountants' report, the lawsuit was pending at the Taipei district court.

In November 2007, Hantech Venture Capital Corp. ("Hantech") completed a capital deduction by canceling 250 shares per thousand share and returned NT\$16,462 thousand to the Company.

Far EasTone issued 100,637 thousand and 59,733 thousand common shares to exchange for 615,179 thousand and 365,137 thousand, respectively, of NCIC's common shares. (This share swap took place after NCIC's capital reduction, which resulted in the decrease in the equity of Infocom Holding Company Pte Ltd. and SingTel Taiwan Limited in NCIC.) The record date of the share swap was December 31, 2007, and the swap ratio was 1:6.11282174, with "1" pertaining to Far EasTone. The share swap was approved by the Financial Supervisory Commission under the Executive Yuan on December 26, 2007 and registered with the Ministry of Economic Affairs on January 14, 2008. After the share swap, Far EasTone acquired about 24.51% of NCIC's issued shares. In addition, the Company indirectly gained significant influence on NCIC and thus changed the accounting method for its investment in NCIC into the equity method on December 31, 2007.

The value of the financial assets carried at cost - noncurrent had been considered impaired and the chance of recovery is little. Thus, permanent investment losses of NT\$2,957 thousand in 2007 were recognized.

## 8. EQUITY-METHOD INVESTMENTS

	2008		2007	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
With quoted market prices:				
Asia Cement Corp. (ACC)	\$ 11,522,853	24.05	\$ 13,312,429	24.05
Far Eastern Department Stores Co.,Ltd. (FEDS)	3,271,840	16.80	3,874,707	16.80
Oriental Union Chemical Corp. (OUCC)	1,027,391	9.17	1,151,125	9.19
Far Eastern International Commercial Bank	563,221	3.12	708,164	3.88
Everest Textile Co., Ltd. (Everest Textile)	1,480	0.03	1,640	0.03
	<u>16,386,785</u>		<u>19,048,065</u>	

(Continued)

	2008		2007	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
With no quoted market prices:				
Yuan Ding Investment Co., Ltd.	\$ 35,123,505	99.70	\$ 38,225,370	100.00
Far Eastern Resources Development Co., Ltd.	15,443,154	100.00	15,261,547	100.00
Yuan Tong Investment Co., Ltd.	7,136,989	100.00	7,718,546	100.00
Far Eastern Investment (Holding) Ltd.	5,239,384	100.00	5,351,578	100.00
Far Eastern Polychem Industries Ltd.	4,142,822	57.65	1,989,856	37.79
Kai-Yuan International Investment Co., Ltd	3,580,727	100.00	3,493,944	100.00
Oriental Petrochemical (Taiwan) Co., Ltd. (INVISTA Far Eastern Petrochemicals Co., Ltd.)	3,405,070	75.56	959,543	21.00
Far Eastern Polytex (Holding) Ltd.	2,900,781	100.00	2,658,679	100.00
Yuang Ding Co., Ltd.	2,805,779	37.13	3,386,357	37.13
Far Eastern Construction Co., Ltd.	2,095,688	65.11	1,651,101	65.11
Ding-Yuan International Investment Co.	1,914,236	100.00	2,121,482	100.00
Oriental Securities Co., Ltd.	1,671,585	19.65	2,385,109	19.65
PET Far Eastern (Holding) Ltd.	1,437,469	49.42	-	-
An Ho Garment Co., Ltd.	1,266,932	100.00	959,375	100.00
Pacific Liu Tong Investment Corporation	1,113,868	16.83	1,186,438	16.83
Fu Kwork Garment Manufacturing Co., Ltd.	126,512	99.99	124,126	99.99
Ding Ding Hotel Corp.	53,029	19.00	58,939	19.00
New Century InfoComm Tech Co., Ltd. (NCIC)	25,933	0.10	28,753	0.10
Yuan Faun Ltd.	-	-	3,629	4.00
	<u>89,483,463</u>		<u>87,564,372</u>	
	<u>\$ 105,870,248</u>		<u>\$ 106,612,437</u>	

(Concluded)

The combined equity of the Company and subsidiaries in their investee companies such as OUCC, Everest Textile, Pacific Liu Tong Investment Corporation, Oriental Securities Co., Ltd. and NCIC in 2008 and OUCC, FEDS, Everest Textile, Pacific Liu Tong Investment Corporation, Oriental Securities Co., Ltd., Yuan Faun Ltd., and NCIC in 2007, exceeded 20% of the outstanding common stock of each. Thus, related investments were accounted for by the equity method.

In addition, investments in the investee companies such as Far Eastern International Commercial Bank, FEDS and Ding Ding Hotel Corp. in 2008 and Far Eastern International Commercial Bank, Oriental Union Chemical Corp., and Ding Ding Hotel Corp. in 2007 were accounted for by the equity method since the Company exercised significant influence over them although it owned less than 20% of these investees' voting stock.

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

On June 28, 2007, the board of directors of the Company's subsidiary, Yuan Tong Investment Co., Ltd. decided to invest US\$18,000 thousand in Sino Belgium (Suzhou) Limited in China through investing in Sino Belgium (Holding) Limited.

In 2007, the Company bought 600 thousand common shares that were newly issued by Far Eastern Investment (Holding) Ltd. (F.E.I.H.) for NT\$1,592,160 thousand at US\$80.00 per share.

In addition, in 2007, the Company bought 84,988 thousand common shares that were newly issued by Far Eastern Polychem Industries Co., Ltd. (F.E.P.I.) for NT\$809,201 thousand at US\$0.29 per share. In May 2008 and July 2008, the Company bought 51,124 thousand and 198,816 thousand common shares, respectively, newly issued by F.E.P.I. for NT\$444,888 thousand and NT\$1,703,800 thousand, respectively, at US\$0.28 per share. Thus, the Company's percentage of ownership increased from 37.79% to 57.65%.

In August 2007, New Century InfoComm Tech Co., Ltd. (NCIC) decreased its capital stock by canceling 157,895 shares for every one thousand shares. Thus, NCIC made a capital return of NT\$7,516 thousand to the Company.

In March 2008, the Company sold to Yue Ding Industry Co., Ltd. 14,235 thousand shares, part of its holding in Oriental Petrochemical (Taiwan) Co., Ltd. (OPTC, the former Invista Far Eastern Petrochemicals Co., Ltd.) for NT\$135,532 thousand. On October 21, 2008, OPTC'S stockholders resolved to reduce its capital to reverse its loss of NT\$4,208,367 thousand and raise cash capital by NT\$3,800,000 thousand. Although the Company's holdings in OPTC declined by 75,750 thousand shares, the Company's purchase of 318,000 shares of OPTC's newly issued common stock for NT\$3,180,000 thousand resulted in an increase in the Company's equity in OPTC from 18% to 75.56%. Thus, as of December 31, 2008, the investment in OPTC was accounted for by the equity method.

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

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

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

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

The market value of equity-method investment in listed companies were NT\$24,948,702 thousand and NT\$42,176,567 thousand in December 31, 2008 and 2007, respectively.

The difference between the cost of an investment and the amount of the underlying equity in net assets of an investee arisen from equity-method investees, belonged to good will, should no longer be amortized, since the Company adopted the newly revised related financial accounting standards. As of January 1, 2008 and 2007, the balances of the difference were all NT\$99,821 thousand, and it didn't change in the years ended December 31, 2008 and 2007.

On February 26, 2004, Far Eastern Electronic Toll Collection Co., Ltd. (FETC) was selected by the Taiwan Area National Freeway Bureau (TANFB) as the best qualified candidate for its "Private Participation in the Electronic Toll Collection BOT Project ("ETC project"). On April 27, 2004, FETC and the TANFB completed the related negotiations and signed the project contract.

On February 24, 2006, however, the Taipei High Administrative Court announced its decision to revoke the status of FETC as the best qualified candidate for the ETC project. Then, on August 3, 2006, the Supreme Administrative Court ruled that the original screening process conducted by TANFB was flawed and in violation of the principles of equality and promotion of public interest and stripped FETC of its "best qualified candidate" status. In response to the verdict, the TANFB announced a second bidding for the ETC project. On April 14, 2007, TANFB announced that FETC was again the best qualified candidate. FETC then completed the ETC project negotiations and on August 22, 2007, signed the project contract with a term of 18 years and 4 months with TANFB.

On February 14, 2007, the board of directors of Far EasTone approved a cooperation plan with Q-ware System Inc. (“Q-ware”) to operate WiFly and other businesses agreed upon by both Far EasTone and Q-ware. After obtaining the authorities’ approval of this agreement, Far EasTone, as a specific person, subscribed for 36,460 thousand newly issued shares (NT\$13.60 per share) of Q-ware. for NT\$495,855 thousand on July 2, 2007. On July 3, 2007, Q-ware spun off its WiFly business, with a net worth of NT\$349,301 thousand, to Q-ware and received 34,930 thousand new shares of Q-ware for this spin-off. After the completion of this spin-off, Far EasTone owned approximately 51% of Q-ware’s common stock and thus became its parent company.

To enhance the return of stockholders’ equities, Far EasTone’s board of directors proposed on April 30, 2007 to reduce capital by returning \$7,745,326 thousand in cash to stockholders and decreasing common stock by 774,533 thousand shares. The capital reduction was approved by the stockholders’ meeting on June 12, 2007. The capital reduction ratio was 19.204715% and the cash return per share was around NT\$1.9204715. Paid-in capital after the capital reduction was \$32,585,008 thousand. Far EasTone’s board of directors resolved January 15, 2008 as the record date of the capital reduction. On January 22, 2008, this capital reduction was registered with the MOEA. The authority also approved March 17, 2008 as the share exchange date of the capital reduction. The foregoing payable amounts due to the capital reduction were fully paid on March 28, 2008.

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

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

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

The above equity-method investments in which the Company directly or indirectly had more than 50% equity or could exercise control over the investees were included in the Company’s consolidated financial statements as of and for the years ended December 31, 2008 and 2007. The consolidated investees were as follows:

## **2008**

Yuan Ding Investment Co., Ltd., Far Eastern Resources Development Co., Ltd., Yuan Tong Investment Co., Ltd., Far Eastern Investment (Holding) Ltd. (F.E.I.H), F.E.P.I, Kai Yuan International Investment Co., Ltd., Oriental Petrochemical (Taiwan) Co., Ltd., Far Eastern Polytex (Holding) Ltd., Far Eastern Construction Co., Ltd., Ding Yuan International Investment Corp., PET Far Eastern (Holding) Ltd. (Pet F.E. (H)), An Ho Garment Co., Ltd. and Fu Kwok Garment Manufacturing Co., Ltd.

**2007**

Yuan Ding Investment Co., Ltd., Far Eastern Resources Development Co., Ltd., Yuan Tong Investment Co., Ltd., F.E.I.H, Kai Yuan International Investment Co., Ltd., Far Eastern Polytex (Holding) Ltd., Ding Yuan International Investment Co., Ltd., F.E.P.I, Far Eastern Construction Co., Ltd., An Ho Garment Co., Ltd., Fu Kwok Garment Manufacturing Co., Ltd., and Yuan Faun Ltd.

**9. PROPERTIES**

a.

	<b>December 31</b>	
	<b>2008</b>	<b>2007</b>
Cost	<u>\$ 49,518,840</u>	<u>\$ 49,715,925</u>
Appreciation		
Land	2,647,082	2,647,082
Buildings and equipment	200,448	250,778
Machinery and equipment	170,352	181,568
Miscellaneous equipment	<u>4,985</u>	<u>6,241</u>
	<u>3,022,867</u>	<u>3,085,669</u>
Total cost and appreciation	<u>52,541,707</u>	<u>52,801,594</u>
Accumulated depreciation		
Cost		
Buildings and equipment	3,368,976	3,352,141
Machinery and equipment	34,070,149	34,260,711
Miscellaneous equipment	<u>2,061,555</u>	<u>1,954,155</u>
	<u>39,500,680</u>	<u>39,567,007</u>
Appreciation		
Buildings and equipment	137,846	168,837
Machinery and equipment	170,175	181,378
Miscellaneous equipment	<u>4,985</u>	<u>6,241</u>
	<u>313,006</u>	<u>356,456</u>
Total accumulated depreciation	<u>39,813,686</u>	<u>39,923,463</u>
	12,728,021	12,878,131
Construction in progress	1,383,424	1,870,069
Prepayments for equipment	<u>173,994</u>	<u>87,320</u>
Net properties	<u>\$ 14,285,439</u>	<u>\$ 14,835,520</u>

Under government regulations, the Company revalued certain properties (excluding land) in 1983 and certain land (Note 10) in 1994. The resulting appreciation was accounted for as an increase in the carrying value of the properties and properties leased to others. A reserve for land value increment tax was also recognized, and the net appreciation was credited to unrealized appreciation under equity.

Depreciation expenses for properties were NT\$1,871,930 thousand and NT\$1,803,567 thousand in the years ended December 31, 2008 and 2007, respectively.

b. Capitalized interest on properties was as follows:

	<b>December 31</b>	
	<b>2008</b>	<b>2007</b>
Total interest expense	\$ 1,271,459	\$ 1,034,642
Less: Interest capitalized - 2.39%-3% in 2008 and 2.18%-2.98% in 2007	54,439	70,602

## 10. NONOPERATING PROPERTIES, NET

	<b>December 31, 2008</b>					
			<u>Accumulated Depreciation</u>		<u>Accumulated</u>	<u>Carrying</u>
	<u>Cost</u>	<u>Appreciation</u> (Note 9)	<u>Cost</u>	<u>Appreciation</u> (Note 9)	<u>Impairment</u> <u>Loss</u>	
<u>Properties leased to others</u>						
Land	\$ 5,335	\$ 26,736	\$ -	\$ -	\$ -	\$ 32,071
Building and equipment	61,527	1,201	4,375	152	-	58,201
Machinery and equipment	241	6	88	6	-	153
Furniture and miscellaneous equipment	730	-	334	-	-	396
	<u>67,833</u>	<u>27,943</u>	<u>4,797</u>	<u>158</u>	<u>-</u>	<u>90,821</u>
<u>Idle properties</u>						
Land	938	38,378	-	-	-	39,316
Building and equipment	356,345	23,214	78,874	2,059	22,709	275,917
Machinery and equipment	670,236	10	279,874	10	119,776	270,586
Furniture and miscellaneous equipment	4,120	-	3,956	-	164	-
	<u>1,031,639</u>	<u>61,602</u>	<u>362,704</u>	<u>2,069</u>	<u>142,649</u>	<u>585,819</u>
	<u>\$ 1,099,472</u>	<u>\$ 89,545</u>	<u>\$ 367,501</u>	<u>\$ 2,227</u>	<u>\$ 142,649</u>	<u>\$ 676,640</u>
<b>December 31, 2007</b>						
			<u>Accumulated Depreciation</u>		<u>Accumulated</u>	<u>Carrying</u>
	<u>Cost</u>	<u>Appreciation</u> (Note 9)	<u>Cost</u>	<u>Appreciation</u> (Note 9)	<u>Impairment</u> <u>Loss</u>	
<u>Properties leased to others</u>						
Land	\$ 5,335	\$ 26,736	\$ -	\$ -	\$ -	\$ 32,071
Building and equipment	9,025	1,201	1,800	104	-	8,322
Machinery and equipment	11	6	9	3	-	5
Furniture and miscellaneous equipment	504	-	196	-	-	308
	<u>14,875</u>	<u>27,943</u>	<u>2,005</u>	<u>107</u>	<u>-</u>	<u>40,706</u>
<u>Idle properties</u>						
Land	938	38,378	-	-	-	39,316
Building and equipment	279,640	8,419	64,273	965	22,709	200,112
Machinery and equipment	601,128	10	200,761	10	90,220	310,147
Furniture and miscellaneous equipment	3,962	-	3,955	-	7	-
	<u>885,668</u>	<u>46,807</u>	<u>268,989</u>	<u>975</u>	<u>112,936</u>	<u>549,575</u>
	<u>\$ 900,543</u>	<u>\$ 74,750</u>	<u>\$ 270,994</u>	<u>\$ 1,082</u>	<u>\$ 112,936</u>	<u>\$ 590,281</u>

Depreciation on properties leased to others amounted to NT\$2,843 thousand in 2008 and NT\$987 thousand in 2007.

## 11. FARMLAND

	<b>December 31</b>	
	<b>2008</b>	<b>2007</b>
Cost	\$ 232,121	\$ 232,121
Appreciation	<u>44,540</u>	<u>44,540</u>
Total cost and appreciation	<u>\$ 276,661</u>	<u>\$ 276,661</u>

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

## 12. SHORT-TERM BANK LOANS

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Unsecured loans: Interest - 1.00%-5.23% in 2008 and 4.865%-6.34% in 2007. The balance included US\$94,002 thousand and EUR1,355 thousand and US\$87,766 thousand on December 31, 2008 and 2007, respectively	\$ 5,926,012	\$ 2,855,477
Secured loans: Interest - 1.78%-3.8013% in 2008 and include US\$9,841 thousand on December 31, 2008	<u>682,791</u>	<u>-</u>
	<u>\$ 6,608,803</u>	<u>\$ 2,855,477</u>

## 13. LONG-TERM LIABILITIES

	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
<u>December 31, 2008</u>			
Long-term debts:			
Bank loans	\$ 377,320	\$ 27,720,000	\$ 28,097,320
Commercial paper	<u>-</u>	<u>2,098,170</u>	<u>2,098,170</u>
	<u>377,320</u>	<u>29,818,170</u>	<u>30,195,490</u>
Bonds:			
Nonconvertible	<u>1,500,000</u>	<u>7,600,000</u>	<u>9,100,000</u>
Exchangeable bond	-	2,500,000	2,500,000
Discounted exchangeable bond	<u>-</u>	<u>(215,988)</u>	<u>(215,988)</u>
	<u>1,500,000</u>	<u>9,884,012</u>	<u>11,384,012</u>
	<u>\$ 1,877,320</u>	<u>\$ 39,702,182</u>	<u>\$ 41,579,502</u>
<u>December 31, 2007</u>			
Long-term debts:			
Bank loans	\$ -	\$ 28,910,000	\$ 28,910,000
Commercial paper	<u>-</u>	<u>2,446,800</u>	<u>2,446,800</u>
	<u>-</u>	<u>31,356,800</u>	<u>31,356,800</u>
Bonds:			
Nonconvertible	<u>4,000,000</u>	<u>4,300,000</u>	<u>8,300,000</u>
Exchangeable bond	-	2,500,000	2,500,000
Discounted exchangeable bond	<u>-</u>	<u>(274,320)</u>	<u>(274,320)</u>
	<u>-</u>	<u>2,225,680</u>	<u>2,225,680</u>
	<u>4,000,000</u>	<u>6,525,680</u>	<u>10,525,680</u>
	<u>\$ 4,000,000</u>	<u>\$ 37,882,480</u>	<u>\$ 41,882,480</u>

### Bank Loans

Bank interest rates were 1.60% to 5.3819% in 2008 and 2.297% to 3.90% in 2007. Both the principal and interest are repayable monthly until September 2013.



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

### **Commercial Paper**

Commercial paper with one-year maturities had floating interest rates ranging from 1.473%-1.838%, as of December 31, 2008 and 2.480%-2.577%, as of December 31, 2007. Under a revolving credit agreement, a consortium of banks guaranteed the commercial paper to be reissued by the Company.

### **Bonds**

FETL issued five-year nonconvertible bonds as follows:

- a. 69th tranche on January 28, 2003. These bonds have an aggregate face value of NT\$1,000,000 thousand, with each unit having a face value of NT\$1,000 thousand. They are repayable in lump sum on maturity, with composite interest calculated semiannually and paid annually. The composite interest rate were 0% as of December 31, 2007 and December 31, 2006. The Company has already redeemed the full amount in January 2008.
- b. 70th tranche on August 4 to 6, 2003. These bonds have an aggregate face value of NT\$2,000,000 thousand, with each unit having a face value of NT\$10,000 thousand. They are repayable in lump sum on maturity, with composite interest calculated semiannually and paid annually. The composite interest rate were 0% as of December 31, 2007 and December 31, 2006. The Company has already redeemed the full amount in August 2008.
- c. 71st tranche on October 22, 2003. These bonds have an aggregate face value of NT\$1,000,000 thousand, with each unit having a face value of NT\$10,000 thousand. They are repayable in lump sum on maturity, with composite interest calculated semiannually and paid annually. The Company has already redeemed the full amount in October 2008.
- d. 72nd tranche on August 13, 2004. The total face value of the bond is NT\$1,500,000 thousand, with each unit having a face value of NT\$10,000 thousand. These bonds are repayable in lump sum on maturity, with the interest rate of 1.47% as of December 31, 2008 and 1.68% as of December 31, 2007, respectively. Interest is calculated quarterly and paid annually.

The Company made a two-part bond issuance, with the first issuance of three-year unsecured bonds on October 31, 2007. The bonds have an aggregate face value of NT\$800,000 thousand, with each unit having a face value of NT\$1,000 thousand. The bonds are repayable in lump sum on maturity, with 2.62% interest calculated and paid annually.

The Company made the second issuance on November 22, 2007. The bonds have an aggregate face value of NT\$2,000,000 thousand, with each unit having a face value of NT\$1,000 thousand. The bonds are repayable in lump sum on maturity, with 2.80% interest calculated and paid annually.

On May 28, 2008, the Company made a three-part bond issuance, with the first issuance consisting of three-year unsecured bonds. The bonds have an aggregate face value of NT\$2,600,000 thousand, with each unit having a face value of NT\$1,000 thousand. The bonds are repayable in lump sum on maturity, with 2.67% interest calculated and paid annually.

The Company made a second bond issuance on June 20, 2008. The bonds have an aggregate face value of NT\$1,000,000 thousand, with each unit having a face value of NT\$1,000 thousand. The bonds are repayable in 30%, 30% and 40% of aggregate face value, respectively, at the end of the third, fourth and fifth year after bond issuance, and with 2.83% interest calculated and paid annually.

The Company made a third bond issuance on July 18, 2008. The bonds have an aggregate face value of NT\$1,000,000 thousand, with each unit having a face value of NT\$1,000 thousand. The bonds are repayable in 30%, 30% and 40% of aggregate face value, respectively, at the end of the third, fourth and fifth year after bond issuance, and with 2.95% interest calculated and paid annually.

To hedge against the risk due to interest rate fluctuation of nonconvertible bonds in 72nd tranches, the Company entered into interest rate swap contracts.

On September 14, 2007 the Company issued five-year unsecured exchangeable bonds amounting to NT\$2,500,000 thousand, with 0% coupon rate and maturity on September 14, 2012. The bond is repayable in lump sum on maturity at a 2.512% interest rate. Under the Statement of Financial Accounting Standards No. 36 - ("Financial Instruments: Disclosure and Presentation," the Company recognized the exchangeable call and put options and the liability on these bonds as separate assets (Note 5) and liabilities.

Other bond issuance terms are as follows:

a. Exchangeable period:

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

b. Exchange price

- 1) The exchange price was NT\$57.88 per share on the issuance date.
- 2) The exchange price of the issued bonds will be adjusted in any one of these situations: (a) if the convertible securities issued by ACC are exchanged into common stock; (b) if the common shares issued by ACC increase because of new share issuance for cash, appropriation of stock dividends from retained earnings, transfer of stock dividends to common stock from additional paid-in capital, stock bonus of employees, new share issuance due to mergers, stock splits, issuance of overseas depositary receipts; etc.; (c) if securities with conversion rights or stock rights have a lower conversion or exercise price than the market price of ACC's stocks; (d) if the number of ACC's common shares decreases for reasons other than the write-off of treasury shares; or (e) if the ratio of cash dividends to the market value of the common stock is higher than 1.5%. The original exchange price of NT\$51.77 was unchanged as of December 31, 2008.

c. Call option:

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

d. Put option:

Bondholders can require the Company to redeem their holdings at 100% of the principal amount on September 14, 2010, three years after the issuance date. The Company should redeem the bonds within five trading days after the bondholders' notifying the Company of their request for bond redemption.

e. As of December 31, 2008, the amount of the outstanding exchangeable bonds, i.e., not yet exchanged into ACC's common shares, was still NT\$2,500,000 thousand.

As of December 31, 2008, the Company had unused credit lines aggregating NT\$28,209,212 thousand (including the share credit of NT\$2,372,000 thousand with Yuan Ding Investment Co., Ltd.)

#### 14. STOCKHOLDERS' EQUITY

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

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

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

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

Under the regulations of the Securities and Futures Bureau, the Company appropriates special reserve equivalent to the total of net debit balances of each stockholders' equity account - except treasury stock - as of the balance sheet date. The special reserve is adjusted to reflect changes in the total net debit balances of the appropriate accounts.

The bonuses to employees and the remuneration to directors and supervisors were estimated at 4% and 3%, respectively, of the unappropriated earnings of 2008. If the actual amounts subsequently resolved by the stockholders differ from the estimates, the differences are recorded as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the date preceding the stockholders' meeting.

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

The appropriation and distribution of the 2007 and 2006 earnings were approved by the stockholders on June 18, 2008 and June 21, 2007, respectively.

	<u>2007</u>		<u>2006</u>	
	Appropri- ation and Distribution	Dividend Per Share (Dollars)	Appropri- ation and Distribution	Dividend Per Share (Dollars)
Legal reserve	\$ 1,135,123		\$ 829,288	
Cash dividend	8,064,624	\$ 1.8	5,654,807	\$ 1.3
Stock dividend	896,069	0.2	1,304,956	0.3
Remuneration of directors and supervisors	289,055		224,508	
Bonus of employees	<u>385,406</u>		<u>299,345</u>	
	<u>\$ 10,770,277</u>		<u>\$ 8,312,904</u>	

As of December 31, 2007, capital increase from stock dividend of NT\$896,069 thousand had been approved by Financial Supervisory Commission Executive Yuan. The effective date of this distribution is August 29, 2008 and was approved by the Company's board of directors and registered on September 17, 2008.

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

## 15. INCOME TAX

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

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

### a. Income tax components:

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Income tax expense on income before income tax at statutory rate (25%)	\$ 1,153,616	\$ 2,818,443
Add (deduct) tax effects of:		
Tax-exempt income	(6,884)	(1,794)
Permanent differences	(1,535,342)	(2,608,901)
Temporary differences	388,610	261,300
10% tax on undistributed earnings generated since 1998	74,949	2,428
Investment tax credit	62,777	(42,159)
Additional tax effects on linked-tax system for filing with subsidiaries	<u>(131,209)</u>	<u>(93,283)</u>
Income tax	<u>\$ 6,517</u>	<u>\$ -</u>

(Continued)

	<b>December 31</b>	
	<b>2008</b>	<b>2007</b>
Income tax benefit components:		
Current income tax payable	\$ 6,517	\$ -
Effect of adoption of the linked tax system for filing	(62,777)	(93,283)
Income tax adjustment from previous year	<u>48,820</u>	<u>-</u>
	<u>\$ (7,440)</u>	<u>\$ (93,283)</u>
		(Concluded)

As of December 31, 2008 and 2007, prepaid income taxes of \$10,885 thousand were deducted from the balance of the Company's tax refund receivable.

b. Deferred income taxes:

	<b>December 31</b>	
	<b>2008</b>	<b>2007</b>
Current		
Deferred tax assets		
Allowance for losses on inventories	\$ 225,839	\$ 172,812
Unrealized loss on purchase contract	7,853	-
Investment tax credit	3,555	-
Unrealized exchange loss	<u>-</u>	<u>16,434</u>
	237,247	189,246
Deferred tax liabilities		
Unrealized exchange gain	<u>(43,617)</u>	<u>-</u>
Deferred income tax assets - current, net	<u>\$ 193,630</u>	<u>\$ 189,246</u>
Noncurrent		
Deferred tax assets		
Investment tax credits	\$ 203,027	\$ 310,798
Accrued pension cost	389,883	386,307
Equity in net loss of investees	264,123	84,919
Allowance for losses on properties	169,553	162,125
Realized losses on long-term investments	<u>49,746</u>	<u>49,746</u>
	1,076,332	993,895
Less: Valuation allowance	<u>707,091</u>	<u>620,270</u>
Deferred income tax assets	<u>\$ 369,241</u>	<u>\$ 373,625</u>

c. Unused investment tax credits and loss carryforwards as of December 31, 2008:

<b>Regulatory Basis of Investment Tax Credits</b>	<b>Investment Tax Credit Item</b>	<b>Deductible Amount</b>	<b>Remaining Deductible Amount</b>	<b>Expiry Year</b>
Statute for Upgrading Industries	Automatic equipment	\$ 91,403	\$ 91,403	2011
	Research development	105,083	105,083	2011
	Personnel training	6,493	6,493	2011
	Automatic technology	48	48	2010
	Others	<u>3,555</u>	<u>3,555</u>	2009
			<u>\$ 206,582</u>	<u>\$ 206,582</u>

The tax authorities had examined and cleared the income tax returns through 2005.

d. Information on the Integrated Income Tax System:

	<b>FETL</b>
Year-end balances of imputation credit account (ICA)	
December 31, 2008	\$ <u>525,520</u>
December 31, 2007	\$ <u>457,845</u>

The expected ratio of imputation tax credits to undistributed earnings as of December 31, 2008 and the actual ratio of imputation credits as of December 31, 2007 were 8.34% and 17.02%, respectively.

e. Information on unappropriated earnings:

	<b>December 31</b>	
	<b>2008</b>	<b>2007</b>
Unappropriated earnings before and of 1997	\$ 236,793	\$ 236,793
Unappropriated earnings after 1998	<u>6,298,483</u>	<u>13,010,515</u>
	<u>\$ 6,535,276</u>	<u>\$ 13,247,308</u>

The tax credits will be accumulated until the date of dividend distribution. Upon dividend distribution, the ratio of the imputed tax credits to unappropriated earnings based on the prevailing ICA balance will be used by the Company for allocating tax credits to the respective companies' stockholders. The expected creditable ratio for the 2008 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

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

	<b>2008</b>			<b>2007</b>		
	<b>Operating Cost</b>	<b>Operating Expense</b>	<b>Total</b>	<b>Operating Cost</b>	<b>Operating Expense</b>	<b>Total</b>
Personnel expense						
Salary	\$ 2,529,130	\$ 969,637	\$ 3,498,767	\$ 2,531,550	\$ 916,995	\$ 3,448,545
Labor and health insurance	184,782	50,920	235,702	185,433	47,721	233,154
Pension cost	140,336	53,019	193,355	213,019	73,016	286,035
Other	<u>106,865</u>	<u>234,097</u>	<u>340,962</u>	<u>106,418</u>	<u>90,564</u>	<u>196,982</u>
	<u>\$ 2,961,113</u>	<u>\$ 1,307,673</u>	<u>\$ 4,268,786</u>	<u>\$ 3,036,420</u>	<u>\$ 1,128,296</u>	<u>\$ 4,164,716</u>
Depreciation	<u>\$ 1,740,951</u>	<u>\$ 130,979</u>	<u>\$ 1,871,930</u>	<u>\$ 1,681,108</u>	<u>\$ 122,459</u>	<u>\$ 1,803,567</u>
Amortization	<u>\$ 286</u>	<u>\$ 33,283</u>	<u>\$ 33,569</u>	<u>\$ 4,078</u>	<u>\$ 44,183</u>	<u>\$ 48,261</u>

## 17. EARNINGS PER SHARE

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

	New Taiwan Dollars			Earnings Per Share	
	Amounts (Numerator)		Shares in Thousands (Denominator)	Income Before Income Tax	Net Income
<u>2008</u>					
Basic EPS	<u>\$ 4,614,504</u>	<u>\$ 4,621,944</u>	<u>4,569,954</u>	<u>\$ 1.01</u>	<u>\$ 1.01</u>
<u>2007</u>					
Basic EPS	<u>\$ 11,273,814</u>	<u>\$ 11,367,097</u>	<u>4,569,954</u>	<u>\$ 2.47</u>	<u>\$ 2.49</u>

The stock dividends distributed had been considered in calculating the 2007 basic EPS, which would result in the EPS before tax and after tax decrease from NT\$2.52 to NT\$2.47 and NT\$2.54 to NT\$2.49, respectively.

## 18. PENSION PLAN

- a. The Labor Pension Act (the "Act") took effect on July 1, 2005. This Act provides for a defined contribution plan featuring a portable pension. Employees subject to the Labor Standards Law before July 1, 2005 were allowed to choose to remain subject to the pension mechanism under the Labor Standards Law or to be subject instead to the pension mechanism under the Act, with their service years accumulated before the enforcement of this Act to be retained. Those hired on or after July 1, 2005 automatically become subject to the Act.
- b. Based on the Act, the rate of monthly contributions to the employees' individual pension fund accounts starting on July 1, 2005 is at 6% of monthly wages and salaries. The pension costs under the defined contribution plan amounted to NT\$48,759 thousand and NT\$24,791 thousand in the years ended December 31, 2008 and 2007, respectively.
- c. The Company has a defined benefit pension plan for all regular employees, as required under the Labor Standards Law. Under this pension plan, employees can accumulate two base points for every service year within the first 15 service years and one base point for every service year thereafter. Employees can accumulate up to 45 base points. These companies accrue pension costs on the basis of actuarial calculations and make monthly contributions, at 4% of salaries and wages, to their respective pension funds, which are administered by their respective pension plan committees and deposited in each committee's name in the Bank of Taiwan.

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

a. Net pension cost consists of:

	<b>December 31</b>	
	<b>2008</b>	<b>2007</b>
Service cost	\$ 108,335	\$ 126,173
Interest cost	133,247	123,866
Expected return on pension assets	(204,237)	(136,872)
Amortization	<u>108,151</u>	<u>132,185</u>
Net pension cost	<u>\$ 145,496</u>	<u>\$ 245,352</u>

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

	<b>December 31</b>	
	<b>2008</b>	<b>2007</b>
Benefit obligation:		
Vested benefit obligation	\$ 2,219,204	\$ 2,407,645
Non-vested benefit obligation	<u>1,921,612</u>	<u>1,957,444</u>
Accumulated benefit obligation	4,140,816	4,365,089
Additional benefits based on future salaries	<u>984,231</u>	<u>882,824</u>
Projected benefit obligation	5,125,047	5,247,913
Fair value of plan assets	<u>(2,206,901)</u>	<u>(3,476,515)</u>
Funded status	2,918,146	1,771,398
Unrecognized net transition obligation	(366,537)	(488,718)
	300,251	-
Unrecognized pension gains	(1,569,470)	(14,591)
Additional liability	<u>651,525</u>	<u>-</u>
Accrued pension cost	<u>\$ 1,933,915</u>	<u>\$ 1,268,089</u>
c. Vested benefit amounts	<u>\$ 2,946,852</u>	<u>\$ 3,015,224</u>

d. Actuarial assumptions were as follows:

Discount rate used in determining present value	2.25%	2.75%
Future salary increasing rate	2.00%	2.00%
Expected rate of return on plan assets	6.00%	6.00%

e. Changes in pension fund

Contributions	<u>\$ 131,195</u>	<u>\$ 132,305</u>
Payments	<u>\$ 167,033</u>	<u>\$ 130,953</u>

## 19. RELATED-PARTY TRANSACTIONS

The Company's related parties are shown in Schedule A (attached). The Company's related-party transactions in 2008 and 2007 and the related year-end balances, in addition to those mentioned above, are summarized in the accompanying Schedule A, B and C.



## 20. ASSETS PLEDGED OR MORTGAGED

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

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Notes receivable	\$ -	\$ 250,860
Mutual funds and investments	845,003	1,131,683
Properties, net	5,041,881	5,504,388
Nonoperating properties, net	<u>59,180</u>	<u>64,085</u>
	<u>\$ 5,946,064</u>	<u>\$ 6,951,016</u>

## 21. COMMITMENTS AS OF DECEMBER 31, 2008

- a. Unused letters of credit aggregated about NT\$1,401,066 thousand.
- b. Unpaid building construction and equipment installation contracts aggregated approximately NT\$88,826 thousand.
- c. Unsettled cotton futures contract amounted to about NT\$111,157 thousand.
- d. Endorsements of promissory notes issued by affiliates or guarantees for liabilities of other affiliates: Schedule E (attached)
- e. The tax authorities of Taipei County imposed a land tax from 1999 to 2003 on the land in Banciao and penalized the Company with a triple fine, totaling NT\$252,442 thousand, because the authorities believed that this land, which FETL registered as a property for manufacturing purposes, was being used for general purposes instead and that FETL did not register the change in purpose of the land. The Company disagreed with the tax authorities' decision and applied for reexamination on December 27, 2004. However, after the reexamination, the tax authorities did not reverse their decision. Thus, the Company filed a lawsuit against the authorities on June 1, 2005. Though the result of this case is uncertain, the Company already accrued expense for this case in 2005. On January 18, 2006, the Company filed an appeal with the Taipei High Administrative Court and still lost the lawsuit. The Company appealed to the Supreme Administrative Court on January 3, 2007. The Supreme Administrative Court rejected this appeal on May 31, 2007. The Company applied for reexamination on July 13, 2007. As of December 31, 2007, this case was still pending before the court. Nevertheless, the Company paid all its tax fines on August 30, 2007.

## 22. FINANCIAL INSTRUMENTS

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

	December 31			
	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative financial instruments</u>				
Financial assets				
Cash	\$ 5,275,744	\$ 5,275,744	\$ 7,090,598	\$ 7,090,598
Notes receivable	426,799	426,799	856,005	856,005
Accounts receivable, net	6,712,735	6,712,735	6,772,300	6,772,300
Other financial assets - current	472,777	472,777	275,904	275,904
Financial assets carried at cost - noncurrent	53,667	-	53,667	73,977
Equity-method investments	105,870,248	-	106,612,437	130,864,680
Refundable deposits (under "other assets - others")	60,357	60,357	55,248	55,248
Financial liabilities				
Short-term bank loans	6,608,803	6,608,803	2,855,447	2,855,447
Notes payable	1,767	1,767	8,828	8,828
Accounts payable	1,973,753	1,973,753	3,465,635	3,465,635
Accrued expense	2,176,594	2,176,594	1,711,055	1,711,055
Long-term loans (including current portion)	28,097,320	28,097,320	28,910,000	28,910,000
Commercial paper	2,098,170	2,098,170	2,446,800	2,446,800
Bonds payable (including current portion)	11,384,012	11,455,991	10,525,680	10,663,102
Guarantee deposits received (under "other liabilities - others")	615	615	615	615
<u>Derivative financial instruments</u>				
Foreign				
Cotton futures contracts	29,941	29,941	38,955	38,955
Forward contracts	49,500	49,500	(13,031)	(13,031)
Interest rate swap contracts	(30,362)	(30,362)	(63,816)	(63,816)
Exchangeable bonds exchange right	(7,656)	(7,656)	(347,750)	(347,750)
Exchangeable bonds redemption right	(30,500)	(30,500)	(31,000)	(31,000)
Exchangeable bonds collection right	(42,000)	(42,000)	104,500	104,500

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

- 1) Short-term instruments: The carrying values of short-term instruments reported in the balance sheet approximate the fair values of these instruments because of their short maturities.

- 2) If quoted market prices are available, these are used as fair values of derivative financial instruments. For those derivatives with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.
  - 3) If quoted market prices are available, these are values of equity-method investments. The fair values of financial assets carried at cost - noncurrent and equity-method investments in stocks with no quoted market prices cannot be reasonably measured since the quoted market prices are not available.
  - 4) Fair values of long-term bank loans (including current portion) are estimated using discounted cash flow analysis based on the Company's current incremental borrowing rates for borrowings with similar maturity dates. Fair values of bonds payable (including current portion) (traded over the counter) are based on market price.
  - 5) The values of refundable deposits and guarantee deposits are based on their carrying values.
- c. The fair values of financial assets and financial liabilities, which were determined at their quoted prices in an active market or at estimated prices, were as follows:

	<b>December 31</b>			
	<b>Quoted Price</b>		<b>Estimated Price</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss - current - cotton future contract				
- FETL	\$ 29,941	\$ 38,955	\$ -	\$ -
- FEIH	3,431	5,331	-	-
Exchangeable bonds collection right				
- FETL	-	-	49,500	104,500
Interest rate swap contracts	-	-	8,070	-
Liabilities				
Forward contract - FETL	(30,362)	(13,031)	-	-
- FEIH	(2,491)	(9,887)	-	-
Interest rate swap - FETL	-	-	(7,656)	(63,816)
- Yuan Ding Investment	-	-	-	(2,370)
- Far EasTone	-	-	-	(21,601)
Exchangeable bonds exchange right				
- FETL	-	-	(30,500)	(347,750)
Exchangeable bonds redemption right				
- FETL	-	-	(42,000)	(31,000)

- d. As of December 31, 2008 and 2007, financial assets with fair value risk from interest rate fluctuations amounted to NT\$4,928,414 thousand and NT\$5,961,085 thousand, respectively, while financial liabilities with fair value risk from interest rate fluctuations amounted to NT\$45,320,872 thousand and NT\$41,946,911 thousand, respectively. As of December 31, 2008 and 2007, financial assets with cash flow risk from interest rate fluctuations amounted to NT\$377,948 thousand and NT\$1,153,796 thousand, respectively, while financial liabilities with cash flow risk from interest rate fluctuations amounted to NT\$2,875,704 thousand and NT\$2,855,477 thousand, respectively.
- e. For the years ended December 31, 2008 and 2007, financial assets and liabilities not measured by fair value and at fair value with fair value changes in profit or loss, their interest revenues were NT\$177,137 thousand and NT\$113,743 thousand, respectively; interest expenses were NT\$1,217,020 thousand and NT\$964,040 thousand, respectively.

f. Financial risks

1) Market risk

Forward contracts and currency option contracts

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

The Company had no outstanding currency option contracts as of December 31, 2008 and 2007. As about the outstanding forward contracts of December 31, 2008 and 2007, please refer to Note 6.

In 2008 and 2007, Oriental Textile Industry Suzhou Ltd. (OTIZ), Far Eastern Industries (Shanghai) Ltd. (FEIS), Far Eastern Industries (Wuxi) Ltd. (FEIW), and Sino Belgium (Suzhou) Ltd. in China authorized FEIH to use certain derivative financial instruments to hedge against adverse fluctuations on exchange rates for foreign investments.

A subsidiary, Yuan Tong Investment Co., Ltd., used trading forward contracts to hedge against adverse fluctuations on exchange rates for foreign-currency assets and liabilities. As of December 31, 2008, Yuan Tong had no outstanding forward contracts.

The outstanding forward contracts held by FEIH as of December 31, 2008 and 2007 are summarized as follows:

Type of Derivative Instrument	December 31, 2007		
	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2008</u>			
Sell	USD/CAD	2009.1.23-2009.2.25	USD2,000/CAD2,339
<u>December 31, 2007</u>			
Sell	USD/CAD	2008.1.25-2008.3.25	USD10,000/CAD9,779
Sell	USD/JPY	2008.1.30	USD7,000/JPY752,737
Buy	EUR/USD	2008.1.30	EUR4,000/USD5,954

The subsidiary, Far Eastern Investment (Holding) Ltd. had net loss of NT\$54,054 thousand and gains of NT\$5,782 thousand resulted from derivative financial instruments, respectively in 2008 and 2007.

In 2008, the subsidiary, Yuan Tong Investment Co., Ltd. had net gain of NT\$12,988 thousand resulted from derivative instruments.

Interest rate swap contracts

The Company used interest rate swap contracts to hedge fluctuations of interest rates of corporate bonds (69th, 70th, 71st and 72nd tranches) in the years ended December 31, 2008 and 2007. The Company has already redeemed the full amount of corporate bonds 69th, 70th and 71st tranches.

Yuan Ding Investment entered into interest rate swap contracts to hedge interest rate fluctuations of corporate bonds - ninth issue. YDI used interest rate swap contracts to hedge the effect of interest rate fluctuations on its obligations with floating interest rates. The contracts are settled at net amounts. Thus, the market risk is not material.

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

#### Cotton futures contracts

FEIW authorized FEIH to use certain cotton futures contracts to hedge overall fluctuations on cotton prices. The strategy is to hedge FEIW's market risk exposure. Since these transactions do not meet the criteria for hedge accounting, they were classified as used for trading purpose. FEIH had no outstanding cotton futures contracts on December 31, 2008 and 2007.

#### Others

Fair values of mutual funds and domestic quoted stocks held by KG Telecom and ARCOA are determined at their quoted prices in an active market; thus, market price fluctuations would result in changes in the fair values of these investments. However, since KG Telecom and ARCOA periodically evaluates the performance of these investments, market risk is expected to be immaterial.

#### 2) Credit risk

The Company and its subsidiaries are exposed to credit risk, i.e., counter-parties' default on contracts. Factors affecting credit risks are the concentration of credit risk, components of derivative financial instruments, contract amounts and other receivables on financial instruments used by the Company. And these financial instruments are evaluated on the basis of fair value under the contract as of December 31, 2008.

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

#### 3) Liquidity risk

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

The subsidiaries of KG Telecom and ARCOA invested in mutual funds that have quoted prices in active markets and can be sold immediately at prices close to their fair values. However, KG Telecom also invested in domestic private fund and equity instruments with no quoted prices in an active market; thus, these investments could expose KG Telecom to material liquidity risks. Moreover, KG Telecom entered into cross-currency swap to hedge cash flow risk. However, because of the simultaneous cash inflow and outflow on these swaps, the aggregate net cash flow is expected to be insignificant.

The subsidiaries of Yuan Ding Investment Co., Ltd. and Kai-Yuan Investment Co., Ltd. participated in private capital equity which Far Eastern Department Stores Co., Ltd. provided. Under the Securities and Exchange Law, Article 43-8 specifies that the privately placed securities are subjected to the restrictions of holding period and trading volume. As a result, liquidity risk on these securities is anticipated.

4) Cash-flow risk from interest rate fluctuations

Far EasTone and its subsidiaries have short-term and long-term liabilities with floating interest rates. For bonds, the effective interest rates will change as the market interest rates change.

g. Cash flow hedge

There were cash flows on the Company's 69th to 72nd tranches of nonconvertible bonds. In addition, Young Ding Investment's 9th tranche of nonconvertible bonds and Far EasTone's liabilities had floating interest rates, which are affected by market interest changes. Because the Company evaluated that the cash flow risks on these bonds would be material, the Company used interest rate swaps to hedge against risks due to interest rate fluctuations.

Hedged Items	Designated Hedging Instruments		Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses	
	Designated Financial Instruments	Fair Value			
		December 31			
		2008	2007		
Bonds with floating interest rate	Interest rate swap				
	- FETL	\$ (7,656)	\$ (63,816)	2003-2009	
	- Yuan Ding Investment	8,070	(2,370)	2005-2009	
	- Far EasTone	-	(21,601)	2003-2008	

### 23. ADDITIONAL DISCLOSURES

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

- 1) Financing provided: Schedule D (attached)
- 2) Endorsement/guarantee provided: Schedule E (attached)
- 3) Short-term and long-term stock investments held: Schedule F (attached)
- 4) Securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the capital stock: Schedule G (attached)
- 5) Acquisition of individual real states at costs of at least NT\$100 million or 20% of the capital stock: Schedule H (attached)
- 6) Disposal of individual real states at prices of at least NT\$100 million or 20% of the capital stock: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the capital stock: Schedule I (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the capital stock: Schedule J (attached)
- 9) Names, locations, and related information of investees on which the Company exercises significant influence: Schedule K (attached)
- 10) Derivative financial transactions of investees: See Note 22.

b. Investments in Mainland China

- 1) Investee company name, the description of the primary business activity and products, issued capital, nature of the relationship, capital inflow or outflow, ownership interest, gain or loss on investment, amounts received on investment, and the limitation on investment: Schedules L and L-1 (attached)
- 2) Significant direct or indirect transactions with the investee company, prices, payment terms, and unrealized gain or loss: Schedules B and C (attached)
- 3) Endorsement/guarantee provided by the investee company: None.
- 4) Financing provided by the investee company: Schedule D.
- 5) Other transactions with significant impact on current year's profit or loss and financial status: None.

**24. SEGMENT INFORMATION**

- a. Industry segment information. Summarized segment information is shown in Schedule M.
- b. Geographic information. The Company had no revenue-generating unit outside Taiwan as of December 31, 2008.
- c. Export sales

<b>Territory</b>	<b>December 31</b>	
	<b>2008</b>	<b>2007</b>
Asia	\$ 15,672,363	\$ 15,700,919
America	13,922,748	12,775,774
Europe	5,473,177	4,438,741
Other	<u>1,692,252</u>	<u>1,363,824</u>
	<u>\$ 36,760,540</u>	<u>\$ 34,279,258</u>

- d. Major customers. No single customer accounted for at least 10% of the Company's revenues in 2008 and 2007.

**FAR EASTERN TEXTILE LTD.**

**RELATED-PARTIES  
DECEMBER 31, 2008**

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

(Continued)



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

(Continued)

No.	Related Party	Relationship with Far Eastern Textile Ltd. (the “Company”)
88	The Affiliated Golf Club of Employees Welfare Committee of Far Eastern Textile Co., Ltd.	g
89	Everest Textile (Shanghai) Ltd.	h
90	Everest Investment (Holding) Ltd.	h
91	Fu Dar Transportation Corporation	i

Note:

- a. Subsidiary.
- b. Investee accounted for by equity method; with shares held less than 50%.
- c. Same Chairman or general manager.
- d. Equity-method investee of Asia Cement Corporation.
- e. The subsidiaries of Pacific Liu Tong Investment Co., Ltd.
- f. Equity-method investee of equity-method investee.
- g. The chairman of the organization is FETL’s senior manager.
- h. Subsidiary of Everest Textile Co., Ltd.
- i. It’s chairman is a vice-chairman of the Company.

(Concluded)

**SCHEDULE B****FAR EASTERN TEXTILE LTD.**
**RELATED-PARTY TRANSACTIONS**  
**YEARS ENDED DECEMBER 31, 2008 AND 2007**  
**(In Thousands of New Taiwan Dollars)**

	Notes	2008		2007	
		Amount	%	Amount	%
<b>Sales</b>					
Freudenberg Fat Eastern Spunweb Co., Ltd.		\$ 360,989	1	\$ 396,557	1
Everest Textile Co., Ltd.		326,786	-	402,180	1
Others	b.	<u>391,372</u>	<u>1</u>	<u>342,224</u>	<u>-</u>
		<u>\$ 1,079,147</u>	<u>2</u>	<u>\$ 1,140,961</u>	<u>2</u>
<b>Sales costs and expenses</b>					
<b>Purchases</b>					
Oriental Petrochemical (Taiwan) Co., Ltd.		\$ 8,289,025	25	\$ 8,811,541	26
Oriental Union Chemical Corp.		2,199,195	6	3,342,205	10
Others	b.	<u>252,372</u>	<u>1</u>	<u>272,012</u>	<u>1</u>
		<u>\$ 10,740,592</u>	<u>32</u>	<u>\$ 12,425,758</u>	<u>37</u>
<b>Manufacturing overhead - processing</b>					
Far Eastern Apparel (Suzhou) Ltd.		\$ 596,316	32	\$ 402,763	24
Far Eastern Apparel (Vietnam) Ltd.		111,422	6	19,564	1
Others	b.	<u>7,680</u>	<u>-</u>	<u>65,324</u>	<u>4</u>
		<u>\$ 715,418</u>	<u>38</u>	<u>\$ 487,651</u>	<u>29</u>
<b>Computer processing expenses</b>					
Ding Ding Management Consulting Ltd.		\$ 43,580	39	\$ 41,352	36
Others	b.	<u>50</u>	<u>-</u>	<u>62</u>	<u>-</u>
		<u>\$ 43,630</u>	<u>39</u>	<u>\$ 41,414</u>	<u>36</u>
<b>Rent expense</b>					
Yuan Ding Co., Ltd.	f.	\$ 156,294	72	\$ 155,703	72
Far Eastern Resources Development Co., Ltd.	f.	31,407	14	31,065	14
Others	b.	<u>15,602</u>	<u>7</u>	<u>12,751</u>	<u>5</u>
		<u>\$ 203,303</u>	<u>93</u>	<u>\$ 199,519</u>	<u>91</u>
<b>Nonoperating revenue</b>					
<b>Rent revenue</b>					
Yuan Ze University	e.	\$ 4,653	41	\$ 4,617	45
Far EastTone Telecommunications Co., Ltd.	e.	3,250	29	3,428	34
Fu-Ming Transportation Co., Ltd.	e.	2,124	19	2,104	21
Oriental Resources Development Ltd.	e.	<u>1,200</u>	<u>11</u>	<u>-</u>	<u>-</u>
		<u>\$ 11,227</u>	<u>100</u>	<u>\$ 10,149</u>	<u>100</u>

(Continued)

	Notes	2008		2007	
		Amount	%	Amount	%
Other revenue - endorsement guarantee revenue					
Yuan Ding Investment Co., Ltd.		\$ 13,001	5	\$ 10,250	5
Pacific Liu Tong Investment Co., Ltd.		<u>1,123</u>	<u>-</u>	<u>1,123</u>	<u>-</u>
		<u>\$ 14,124</u>	<u>5</u>	<u>\$ 11,373</u>	<u>5</u>
Nonoperating expense					
Other expense					
Yuan Ze University	d.	\$ 2,004	-	\$ 1,733	-
Others	b.	<u>20,938</u>	<u>3</u>	<u>21,104</u>	<u>3</u>
		<u>22,942</u>	<u>3</u>	<u>22,837</u>	<u>3</u>
Endorsement/guarantee expense					
Far Eastern Resources Development Co., Ltd.		40,936	5	41,382	7
Yuan Ding Investment Co., Ltd.		<u>4,667</u>	<u>1</u>	<u>8,600</u>	<u>1</u>
		<u>45,603</u>	<u>6</u>	<u>49,982</u>	<u>8</u>
		<u>\$ 68,545</u>	<u>9</u>	<u>\$ 72,819</u>	<u>11</u>

Note:

- For the relationships between FETL and subsidiaries, please refer to schedule A.
- The transaction amount between related-parties was not over 5% of the total amount of the account.
- The terms of FETL's sales to and purchases from the related parties were the same as those for third parties.
- FETL donated NT\$1,736 thousand and NT\$1,733 thousand in 2008 and 2007, respectively.
- FETL leased the lands, factories and equipment in Sinpu, Neili and Hukou to Yuan Ze University, Fu-Ming Transportation Co., Ltd. and Far Eastern Resources Development Co., Ltd. and the rental revenues were collected monthly or quarterly. All details of the lease contracts were agreed by the renter and the tenants.
- FETL rented the office buildings and factories from Yuan Ding Co. and the rent expenses were paid monthly or quarterly. All details of the lease contracts were agreed by the renters and the tenant.
- The salaries information of director, supervisors and executives:

	2008	2007
Salary and bonus (employees' bonus were included)	\$ 98,711	\$ 100,064
Remunerations of directors	147,418	121,100
Incentives - directors and supervisor	<u>2,880</u>	<u>2,916</u>
	<u>\$ 249,009</u>	<u>\$ 224,080</u>

The salaries information of 2007 includes the bonus appropriated to directors, supervisor and executives which was decided in the stockholders' conference of 2008.

(Concluded)

**SCHEDULE C****FAR EASTERN TEXTILE LTD.****RELATED-PARTY TRANSACTIONS  
YEARS ENDED DECEMBER 31, 2008 AND 2007  
(In Thousands of New Taiwan Dollars)**

	Notes	2008		2007	
		Amount	%	Amount	%
Notes receivable					
Everest Textile Co., Ltd.		\$ 11,703	3	\$ 43,588	5
Pacific Liu Tong Investment Co., Ltd.	f.	-	-	155,250	18
Others	b.	<u>3,843</u>	<u>1</u>	<u>6,591</u>	<u>1</u>
		<u>\$ 15,546</u>	<u>4</u>	<u>\$ 205,429</u>	<u>24</u>
Accounts receivable					
Far Eastern Apparel (SuZhou) Ltd.		\$ 68,722	1	\$ 117,310	2
Freudenberg Far Eastern Spunweb Co., Ltd.		53,890	1	70,363	1
Others	b.	<u>50,482</u>	<u>1</u>	<u>58,965</u>	<u>1</u>
		<u>\$ 173,094</u>	<u>3</u>	<u>\$ 246,638</u>	<u>4</u>
Other financial assets - current					
Far Eastern Resources Development Co., Ltd.		\$ 68,029	14	\$ 65,452	24
Fu Kwork Garment Manufacturing Co., Ltd.		17,875	4	6,360	2
Others	b.	<u>58,792</u>	<u>13</u>	<u>62,851</u>	<u>23</u>
		<u>\$ 144,696</u>	<u>31</u>	<u>\$ 134,663</u>	<u>49</u>
Prepayments					
Far Eastern Apparel (SuZhou) Ltd.		<u>\$ 107,377</u>	<u>44</u>	<u>\$ 221,467</u>	<u>41</u>
Refundable deposits					
Yuan Ding Co., Ltd.		\$ 33,251	55	\$ 33,251	60
Da Ju Fiber Co., Ltd.		8,000	13	8,000	14
Far Eastern Apparel Co., Ltd.		4,269	7	2,231	5
The Affiliated Golf Club of Employees Welfare Committee of Far Eastern Textile Co., Ltd.		3,000	5	4,600	8
Others	b.	<u>368</u>	<u>1</u>	<u>218</u>	<u>-</u>
		<u>\$ 48,888</u>	<u>81</u>	<u>\$ 48,300</u>	<u>87</u>
Accounts payable					
Oriental Union Chemical Corp.		\$ 56,774	3	\$ 548,396	16
Oriental Resources Development Ltd.		28,880	2	23,937	1
Oriental Petrochemicals (Taiwan) Co., Ltd.		19,575	1	728,744	21
Others	b.	<u>5,638</u>	<u>-</u>	<u>7,449</u>	<u>-</u>
		<u>\$ 110,867</u>	<u>6</u>	<u>\$ 1,308,526</u>	<u>38</u>

(Continued)

	Notes	2008		2007	
		Amount	%	Amount	%
Accrued expense					
Far Eastern Apparel (Vietnam) Ltd.		\$ 29,540	1	\$ -	-
Far Eastern Resources Development Co., Ltd.		20,136	1	59,504	4
Others	b.	<u>31,255</u>	<u>2</u>	<u>68,933</u>	<u>3</u>
		<u>\$ 80,931</u>	<u>4</u>	<u>\$ 128,437</u>	<u>7</u>
Deferred income					
Sale of securities					
Yuan Ding Investment Co., Ltd.	c.	\$ 35,445	67	\$ 35,445	71
Yu Ding Ltd.	d.	2,579	5	-	-
Sale of land					
Far Eastern Construction Co., Ltd.	e.	<u>14,749</u>	<u>28</u>	<u>14,749</u>	<u>29</u>
		<u>\$ 52,773</u>	<u>100</u>	<u>\$ 50,194</u>	<u>100</u>

Financing to affiliates:

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

	Year Ended December 31, 2007			
	Highest Outstanding Balance	Balance on December 31, 2007	Interest Rate (%)	Interest Revenue
Far Eastern Polychem Industries Co., Ltd. (F.E.P.I.)	\$ 1,613,678	\$ -	2.65%-3.1%	\$ 30,659
Oriental Textile (Holding) Ltd. (OT(H))	328,204	-	2.65%-3.1%	4,967
		<u>\$ -</u>		<u>\$ 35,626</u>

Financing from affiliates:

	Year Ended December 31, 2008			
	Highest Outstanding Balance	Balance on December 31, 2008	Interest Rate (%)	Interest Expense
Far Eastern International Commercial Bank	\$ 796,356	\$ 796,356	1.768%-1.838% US\$3.801268	\$ 3,854

(Continued)

	<b>Year Ended December 31, 2007</b>			
	<b>Highest Outstanding Balance</b>	<b>Balance on December 31, 2007</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
Far Eastern International Commercial Bank	\$ <u>440,130</u>	\$ <u>          -</u>	1.8%-2.8% US\$6.2077-6.3340	\$ <u>6,605</u>

Note:

- a. For the relationships between FETL and subsidiaries, please refer to schedule A.
- b. The transaction amount between related-parties was not over 5% of the total amount of the account.
- c. In 1994, the Company sold the following shares to Yuan Ding Investment Co., Ltd. and recognized deferred incomes on these sales: Yu Yuan Investment Co., Ltd. shares for NT\$30,256 thousand; Nan Shan Life Insurance Co., Ltd. shares for NT\$216 thousand; and Hantech Venture Capital Co., Ltd., shares for NT\$4,973 thousand.
- d. The deferred income of NT\$2,579 thousand was made by selling the stocks of Oriental Petrochemical (Taiwan) Co., Ltd. to Yu Ding Ltd.
- e. The deferred income was from the sale of land in the Hsin-Ya Section of Banchiao to Far Eastern Construction Co., Ltd. in 1998.
- f. The balance of NT\$155,250 was dividend receivable from Pacific Liu Tong Investment Co. as of December 31, 2007.
- g. The machinery and equipment were sold to Oriental Resources Development Ltd. and Pet Far Eastern (M) Sdn. Bhd. at NT\$22,218 thousand and NT\$468 thousand, respectively in 2008.
- h. FETL bought the machinery and equipment from Ding & Ding Management Consultants Co., Ltd. at NT\$1,289 thousand in 2008.
- i. The terms of sales to and purchases from the related parties were the same as those for third parties.

(Concluded)

## FAR EASTERN TEXTILE LTD.

## FINANCING PROVIDED

YEAR ENDED DECEMBER 31, 2008

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

Financier	Counter-party	Financial Statement Account	Highest Balance for the Period	Ending Balance	Interest Rate (%)	Nature of Financing (Note A)	Transaction Amount	Reason for the Financing	Allowance for Doubtful Accounts	Collateral		Amount of Individual Company's Financial Limits	Amount of Financing Company's Financial Limits
										Item	Value		
Far Eastern Textile Ltd.	Far Eastern Polychem Industries Co., Ltd.	Other financial assets - current	\$ 1,429,780	\$ -	2.94-3.07%	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 4,227,196 (Note B)	\$ 42,271,964 (Note E)
	Oriental Textile (Holding) Ltd.	Other financial assets - current	486,630	-	2.94-3.07%	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note B)	42,271,964 (Note E)
Yuan Ding Investment Co., Ltd.	An Ho Garment Co., Ltd.	Receivables from related parties	320,000	16,000	2.55-2.83%	2	-	For revolving fund	-	Promissory note	-	1,779,068 (Note B)	17,790,677 (Note E)
	Da Ju Fiber Co., Ltd.	"	280,000	277,000	2.55-2.83%	2	-	For revolving fund	-	Promissory note	-	1,779,068 (Note B)	17,790,677 (Note E)
	Oriental Textile (Holding) Ltd.	"	868,571	868,571	2.55-2.83%	2	-	For revolving fund	-	Promissory note	-	1,779,068 (Note B)	17,790,677 (Note E)
	Far Eastern Apparel (Holding) Ltd.	"	295,142	-	2.55-2.83%	2	-	For revolving fund	-	Promissory note	-	1,779,068 (Note B)	17,790,677 (Note E)
	Pacific Petrochemical (Holding) Ltd. (P.P.L (H))	"	312,992	-	2.55-2.83%	2	-	For revolving fund	-	Promissory note	-	1,779,068 (Note B)	17,790,677 (Note E)
	Yuan Tong Investment Co., Ltd.	"	400,000	-	2.58-2.83%	2	-	For revolving fund	-	Promissory note	-	1,779,068 (Note B)	17,790,677 (Note E)
	Yue Ding Industry Co., Ltd.	"	152,000	120,000	2.55-2.83%	2	-	For revolving fund	-	Promissory note	-	1,779,068 (Note B)	17,790,677 (Note E)
	Far Eastern Investment (Holding) Ltd.	Flying Dutchman Ltd.	Receivables from affiliates	US\$ 1,936	US\$ 1,936	0-5.6248%	2	US\$ -	For revolving fund	-	Promissory note	-	4,227,196 (Note C)
F.E.T.G. Investment Antilles N.V.		"	US\$ 12,891	US\$ 11,397	4.10571-5.6248%	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
Oriental Textile (Holding) Ltd.		"	US\$ 25,550	US\$ 6,250	4.10571-5.6248%	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
Pet Far Eastern (Holding) Ltd.		"	US\$ 20,000	US\$ 20,000	4.10571-5.6248%	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
Malaysia Garment		"	US\$ 3,786	US\$ 3,786	0-5.6248%	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
PET Far Eastern (M) Sdn. Bhd.		"	US\$ 6,439	US\$ 5,739	4.10571-5.6248%	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
Pacific Petrochemical (Holding) Ltd. (P.P.L (H))		"	US\$ 17,635	-	4.10571-5.6248%	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
Far Eastern Polychem Industries Co., Ltd.		"	US\$ 50,000	US\$ 50,000	3%	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
Far Eastern Industries (Suzhou) Ltd.		"	US\$ 2,610	-	5.6248%	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
		"	EUR 8,779	-	5.70625%	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
	Sino Belgium (Suzhou) Limited	"	EUR 11,712	-	5.70625-6.12938%	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
Ding Yuan International Investment Co., Ltd.	An Ho Garment Co., Ltd.	Receivables from related parties	\$ 100,000	\$ 100,000	2.62-2.97%	2	-	For revolving fund	-	Promissory note	-	95,709 (Note B)	957,088 (Note E)
Oriental Petrochemical (Shanghai) Ltd.	Far Eastern Industries (Shanghai) Ltd.	Receivables from affiliates	RMB 150,000	RMB 100,000	4.86%	1	RMB 1,540,069	-	-	-	-	RMB 327,181 (Note F)	RMB 327,181 (Note F)

(Continued)



Financier	Counter-party	Financial Statement Account	Highest Balance for the Period	Ending Balance	Interest Rate (%)	Nature of Financing (Note A)	Transaction Amount	Reason for the Financing	Allowance for Doubtful Accounts	Collateral		Amount of Individual Company's Financial Limits	Amount of Financing Company's Financial Limits
										Item	Value		
Far Eastern Polychem Industries Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	Receivables from affiliates	US\$ 86,000	US\$ 69,000	-	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 4,227,196 (Note C)	\$ 12,681,589 (Note D)
	Far Eastern Industries (Suzhou) Ltd.	"	US\$ 10,000	US\$ 10,000	-	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
	Oriental Petrochemical (Shanghai) Ltd.	"	US\$ 4,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
Far Eastern Apparel (Holding) Ltd.	Far Eastern Spinning Waving and Dyeing (Suzhou) Ltd.	Receivables from affiliates	US\$ 10,000	US\$ 3,500	-	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
	Far Eastern Apparel (Suzhou) Ltd.	"	US\$ 4,100	-	-	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
	Far Eastern Investment (Holding) Ltd.	"	US\$ 16,000	US\$ 16,000	4.10571%	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
F.E.T.G Investment Antilles N.V.	Waldorf Services B.V.	"	US\$ 13,040	US\$ 11,519	4.10571-5.6248%	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
Waldorf Services B.V.	Malaysia Garment Manufacturers Pte. Ltd.	Receivables from affiliates	US\$ 4,600	US\$ 4,600	-	2	-	Set up PFEM funding	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
	Chuang Yuan Co. Ltd.	"	US\$ 5,580	US\$ 5,580	4.10571-5.6248%	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
Yuan Tong Investment Co., Ltd.	F.E.D.P. (Holding) Ltd.	"	340,977	-	2.88-3.10%	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd.	Receivables from affiliates	US\$ 36,000	US\$ 15,800	-	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
	Far Eastern Apparel (Holding) Ltd.	"	US\$ 5,200	-	4.10571-5.6248%	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
	Oriental Industries (Suzhou) Ltd.	"	US\$ 40,000	US\$ 20,000	-	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
	Far Eastern Polychem Industries Co., Ltd.	"	US\$ 25,000	US\$ 16,000	4.10571%	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Ltd.	Receivables from affiliates	US\$ 40,500	US\$ 28,700	-	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
F.E.D.P. (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	Receivables from affiliates	US\$ 28,800	US\$ 14,800	-	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
Far Eastern Resources Development Co., Ltd.	An Ho Garment Co., Ltd.	Receivables from related parties	500,000	440,000	2.92%-3.19%	2	-	For revolving fund	-	Promissory note	-	773,365 (Note B)	7,733,654 (Note E)
	Yuan Tong Investment Co., Ltd.	"	170,000	-	2.92-3.08%	2	-	For revolving fund	-	Promissory note	-	773,365 (Note B)	7,733,654 (Note E)
Sino Belgium (Holding) Limited	Sino Belgium (Suzhou) Limited	"	US\$ 29,000	US\$ 29,000	-	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)
Far Eastern Polytex (Holding) Limited	Wuhan Far Eastern New Material Ltd.	"	US\$ 12,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,227,196 (Note C)	12,681,589 (Note D)

Notes: A. Reasons for financing are as follows:

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

B. The upper limit is equivalent to 5% of the net value of the financier as of December 31, 2008.

C. The upper limit is equivalent to 5% of the net value of FETL as of December 31, 2008.

D. The upper limit is equivalent to 15% of the net value of FETL as of December 31, 2008.

E. The upper limit is equivalent to 50% of the net value of the financier as of December 31, 2008. If necessary for short-term financing, the upper limit is equivalent to 15%.

F. The maximum total financing providing amount should be the lower of 50% of the Company's net worth of most current audited financial statements or trading amount of both parties.

(Concluded)

## FAR EASTERN TEXTILE LTD.

ENDORSEMENT/GUARANTEE PROVIDED  
YEAR ENDED DECEMBER 31, 2008  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Endorsement/ Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statements (%) (Note O)	Maximum Collateral/Guarantee Amounts Allowable
	Name	Nature of Relationship						
Far Eastern Textile Ltd.	Yuan Ding Investment Co., Ltd.	(Note A)	\$ 42,271,964 (Note G)	\$ 8,241,025	\$ 7,564,000	\$ -	9	\$ 84,543,927 (Note H)
	Pacific SOGO Department Store Co., Ltd.	(Note C)	42,271,964 (Note G)	280,719	280,719	-	-	84,543,927 (Note H)
Yuan Ding Investment Co., Ltd.	Far Eastern Textile Ltd.	(Note D)	17,790,677 (Note G)	3,800,000	-	-	-	35,581,354 (Note H)
	Pacific SOGO Department Store Co., Ltd.	(Note C)	17,790,677 (Note G)	1,650,000	1,650,000	1,650,000 (Note N)	5	35,581,354 (Note H)
	Da Ju Fiber Co., Ltd.	(Note B)	17,790,677 (Note G)	92,000	92,000	-	-	35,581,354 (Note H)
	Oriental Resources Development Ltd.	(Note A)	17,790,677 (Note G)	139,000	139,000	-	-	35,581,354 (Note H)
	Far Eastern Apparel Co., Ltd.	(Note A)	17,790,677 (Note G)	135,000	135,000	-	-	35,581,354 (Note H)
	Oriental Textile (Holding) Ltd. (O.T (H)) Far Eastern Apparel (Holding) Ltd.	(Note A) (Note A)	17,790,677 (Note G) 17,790,677 (Note G)	984,000 984,000	984,000 984,000	- -	3 3	35,581,354 (Note H) 35,581,354 (Note H)
Ding Yuan International Investment Co., Ltd.	Pacific SOGO Department Store Co., Ltd.	(Note C)	42,271,964 (Note K)	37,629	37,629	-	-	84,543,927 (Note I)
Kai Yuan International Investment Co., Ltd.	Pacific SOGO Department Store Co., Ltd.	(Note C)	42,271,964 (Note K)	37,629	37,629	-	-	84,543,927 (Note I)
Far Eastern Polychem Industries Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	42,271,964 (Note P)	RMB 1,233,650	RMB 936,408	-	5	84,543,927 (Note M)
	Far Eastern Industries (Suzhou) Ltd.	(Note Q)	42,271,964 (Note P)	US\$ 4,173	US\$ 1,625	-	-	84,543,927 (Note M)
Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Co., Ltd.	(Note A)	9,912,444 (Note L)	2,350,600	2,350,600	-	71	9,912,444 (Note L)
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note B)	42,271,964 (Note P)	US\$ 4,500	-	-	-	84,543,927 (Note M)
	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note A)	42,271,964 (Note P)	US\$ 14,087	US\$ 6,080	-	-	84,543,927 (Note M)
Far Eastern General Contractor Ltd.	Far Eastern Construction Co., Ltd.	(Note D)	4,478,862 (Note L)	200,000	100,000	-	7	4,478,862 (Note L)
An Ho Garment Co., Ltd.	Pacific SOGO Department Store Co., Ltd.	(Note C)	42,271,964 (Note K)	20,313	20,313	-	-	84,543,927 (Note I)
Yuan Tong Investment Co., Ltd.	Pacific SOGO Department Store Co., Ltd.	(Note C)	42,271,964 (Note K)	37,629	37,629	-	-	84,543,927 (Note I)
	Sino Belgium (Holding) Limited	(Note A)	42,271,964 (Note K)	1,667,000	1,640,000	-	2	84,543,927 (Note I)
Far EasTone Telecommunications Co., Ltd.	KG Telecommunications Co., Ltd.	(Note A)	35,648,101 (Note G)	450,000	450,000	-	1	71,296,202 (Note H)
	KGEx.com	(Note A)	35,648,101 (Note G)	45,000	45,000	-	-	71,296,202 (Note H)
Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note Q)	42,271,964 (Note P)	RMB 90,400	RMB 90,400	-	1	84,543,927 (Note M)
Far Eastern Industries (Shanghai) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note Q)	RMB 1,475,238 (Note H)	RMB 330,000	RMB 280,000	-	24	RMB 2,950,476 (Note R)
	Wuhan Far Eastern New Material Ltd.	(Note Q)	RMB 1,475,238 (Note H)	RMB 75,000	RMB 75,000	-	6	RMB 2,950,476 (Note R)
	Everest Textile (Shanghai) Ltd.	(Note Q)	RMB 1,475,238 (Note H)	RMB 100,000	RMB 100,000	-	9	RMB 2,950,476 (Note R)
Oriental Textile (Holding) Ltd. (O.T (H))	Far Eastern Industries (Wuxi) Ltd.	(Note A)	42,271,964 (Note P)	US\$ 74,759	US\$ 74,759	-	3	84,543,927 (Note M)
	Oriental Industries (Suzhou) Ltd.	(Note A)	42,271,964 (Note P)	US\$ 144,825	US\$ 93,000	-	4	84,543,927 (Note M)
PET Far Eastern (Holding) Ltd. (Pet F.E. (H))	Oriental Petrochemical (Shanghai) Co., Ltd.	(Note F)	42,271,964 (Note P)	US\$ 107,090	US\$ 50,187	-	2	84,543,927 (Note M)

(Continued)

Endorsement/ Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statements (%) (Note O)	Maximum Collateral/Guarantee Amounts Allowable
	Name	Nature of Relationship						
Far Eastern Polytex (Holding) Limited	Far Eastern Apparel (Suzhou) Ltd.	(Note A)	\$ 42,271,964 (Note P)	RMB 30,400	RMB 30,400	\$ -	-	\$ 84,543,927 (Note M)
KG Telecommunications Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note D)	16,237,720 (Note G)	850,000	850,000	-	3	32,475,440 (Note H)
Far Eastern Industries (Wuxi) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note E)	42,271,964 (Note P)	RMB 30,000	-	-	-	84,543,927 (Note M)
Far Eastern Resources Development Co., Ltd.	Far Eastern Textile Ltd.	(Note D)	42,271,964 (Note K)	12,396,748	12,311,748	12,197,598	15	84,543,927 (Note I)
Wuhan Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note Q)	580,156 (Note J)	RMB 100,000	-	-	-	580,156 (Note J)

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

B. Equity-method investees.

C. Investee of an equity-method investee.

D. Parent company.

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

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

G. Collateral/guarantee is equivalent to 50% of the net value of the guarantor as of December 31, 2008.

H. Limit is computed using the net value of the guarantor as of December 31, 2008.

I. Limit is computed using the net value of FETL as of December 31, 2008.

J. Collateral/guarantee is equivalent to 20% of the audited net value of the parent company as of December 31, 2008.

K. Collateral/guarantee is equivalent to 50% of the net value of FETL as of December 31, 2008.

L. Collateral/guarantee is equivalent to 300% of the net value of the guarantor as of December 31, 2008.

M. Collateral/guarantee is equivalent to the net value of Far Eastern Textile Ltd. as of December 31, 2008

N. This is related to each stockholder of each company. The guarantee is based on each stockholder's percentage of ownership of the investee. Every stockholder promises to share in any losses on the guarantee based on the percentage of ownership of the investee. However, the marketable securities provided by Yuan Ding Investment Co., Ltd to Taipei District Court for Pacific Sogo Department Store Co., Ltd. were for a certain court case.

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

P. Collateral/guarantee is equivalent to 50% of the net value of Far Eastern as of December 31, 2008.

Q. Business relationship.

R. Collateral/guarantee is equivalent to 200% of the net value of the guarantor as of December 31, 2008.

(Concluded)

## FAR EASTERN TEXTILE LTD.

## MARKETABLE SECURITIES AND INVESTMENTS IN SHARES OF STOCK HELD

DECEMBER 31, 2008

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

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Far Eastern Textile Ltd.	Asia Cement Corporation	(Note A)	Equity method investments	697,216	\$ 11,522,853	24.05	\$ 19,835,802	22,288 thousand shares pledged or mortgaged as collaterals for loans
	Far Eastern Department Stores, Ltd.	(Note A)	Equity method investments	197,727	3,271,840	16.80	3,677,707	-
	Oriental Union Chemical Corporation	(Note A)	Equity method investments	73,833	1,027,391	9.17	1,018,890	-
	Far Eastern International Commercial Bank	(Note A)	Equity method investments	72,936	563,221	3.12	415,734	-
	Everest Textile Co., Ltd.	(Note A)	Equity method investments	129	1,480	0.03	569	-
	Yuan Ding Investment Co., Ltd.	(Note A)	Equity method investments	1,828,322	35,123,505	99.70	35,474,610	-
	Far Eastern Resources Development Co., Ltd.	(Note A)	Equity method investments	266,476	15,443,154	100.00	15,467,308	-
	Yuan Tong Investment Co., Ltd.	(Note A)	Equity method investments	705,147	7,136,989	100.00	7,136,968	-
	Far Eastern Investment (Holding) Ltd.	(Note A)	Equity method investments	1,700	5,239,384	100.00	5,239,384	-
	Far Eastern Polychem Industries Co., Ltd.	(Note A)	Equity method investments	451,476	4,142,822	57.65	4,142,822	-
	Kai Yuan International Investment Co., Ltd.	(Note A)	Equity method investments	246,776	3,580,727	100.00	3,580,697	-
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note A)	Equity method investments	327,657	3,405,070	75.56	3,387,996	-
	Far Eastern Polytex (Holding) Limited	(Note A)	Equity method investments	41	2,900,781	100.00	2,900,781	-
	Yuang Ding Co., Ltd.	(Note A)	Equity method investments	182,171	2,805,779	37.13	2,867,520	-
	Far Eastern Construction Co., Ltd.	(Note A)	Equity method investments	115,375	2,095,688	65.11	2,151,331	-
	Ding Yuan International Investment Co., Ltd.	(Note A)	Equity method investments	205,000	1,914,236	100.00	1,914,176	-
	Oriental Securities Co., Ltd.	(Note A)	Equity method investments	140,278	1,671,585	19.65	1,665,078	40,000 thousand shares pledged or mortgaged as collaterals for loans
	PET Far Eastern (Holding) Ltd.	(Note A)	Equity method investments	117	1,437,469	49.42	1,437,469	-
	An Ho Garment Co., Ltd.	(Note A)	Equity method investments	38,130	1,266,932	100.00	1,335,261	-
	Pacific Liu Tung Investment Co., Ltd.	(Note A)	Equity method investments	67,500	1,113,868	16.83	1,021,759	-
Fu Kwok Garment Manufacturing Co., Ltd.	(Note A)	Equity method investments	3,999	126,512	99.99	129,843	-	
Ding Ding Hotel Co., Ltd.	(Note A)	Equity method investments	5,386	53,029	19.00	53,029	-	
New Century InfoComm Tech Co., Ltd.	(Note A)	Equity method investments	4,008	25,933	0.10	25,686	-	
Hantech Venture Capital Corp.	-	Financial assets carried at cost	4,939	53,667	3.73	51,216	-	
Hua-An Corp. (USA)	-	Financial assets carried at cost	-	-	0.25	-	-	
Yuan Ding Investment Co., Ltd.	Oriental Union Chemical Corporation	(Note A)	Equity method investments	73,373	1,104,978	9.11	1,012,551	15,000 thousand shares pledged or mortgaged as collaterals for loans
	Everest Textile Co., Ltd.	(Note A)	Equity method investments	118,869	1,080,362	24.24	523,024	6,000 thousand shares pledged or mortgaged as collaterals for loans
	Far Eastern International Commercial Bank	(Note A)	Equity method investments	99,226	883,993	4.24	565,587	-
	Asia Cement Corporation	(Note A)	Equity method investments	14,782	284,046	0.51	420,537	-
	Far Eastern Department Stores, Ltd.	(Note A)	Equity method investments	2,317	34,018	0.20	43,097	-
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity method investments	1,066,658	23,291,504	32.73	39,786,329	133,312 thousand shares pledged or mortgaged as collaterals to court.
	Oriental Textile (Holding) Ltd.	(Note A)	Equity method investments	90	5,815,140	100.00	5,815,140	75,463 thousand shares pledged or mortgaged as collaterals for loans
	Far Eastern Polychem Industries Co., Ltd.	(Note A)	Equity method investments	331,717	3,043,340	42.35	3,043,340	-
	Oriental Securities Co., Ltd.	(Note A)	Equity method investments	184,907	2,308,609	25.91	2,195,530	82,850 thousand shares pledged or mortgaged as collaterals for short-term loans
	Far Eastern Apparel (Holding) Ltd.	(Note A)	Equity method investments	95	1,899,184	100.00	1,899,184	-
	Liquid Air Far East Glycol Co., Ltd.	(Note A)	Equity method investments	69,113	1,130,451	35.00	1,128,908	-
	New Century InfoComm Tech Co., Ltd.	(Note B)	Equity method investments	154,947	1,002,287	3.87	994,044	-
	Yuang Ding Co., Ltd.	(Note A)	Equity method investments	63,112	969,551	12.86	993,167	43,500 thousand shares pledged or mortgaged as collaterals for short-term loans

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Pacific Liu Tung Investment Co., Ltd. (Note J)	(Note A)	Equity method investments	59,827	\$ 900,745	14.92	\$ 905,801	-
	Far Eastern International Leasing Corp.	(Note A)	Equity method investments	65,629	882,152	16.59	889,238	-
	Far Eastern Fibertech Co., Ltd.	(Note A)	Equity method investments	66,164	720,077	100.00	710,113	-
	Pacific Petrochemical (Holding) Co., Ltd.	(Note A)	Equity method investments	20	506,998	24.63	506,998	-
	Yuan Ding Leasing Co.	(Note A)	Equity method investments	36,706	355,328	46.20	357,008	-
	Far Eastern Apparel Co., Ltd.	(Note A)	Equity method investments	18,000	304,678	100.00	304,567	-
	Da Ju Fiber Co., Ltd.	(Note A)	Equity method investments	11,880	263,490	41.86	273,705	-
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note A)	Equity method investments	13,023	245,218	29.80	244,933	-
	Oriental Resources Development Ltd.	(Note A)	Equity method investments	21,322	148,340	70.32	152,262	-
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note A)	Equity method investments	22,533	219,813	5.20	233,160	-
	Yuan Faun Ltd.	(Note A)	Equity method investments	5,000	91,090	100.00	89,067	-
	Yue Ming Co., Ltd.	(Note A)	Equity method investments	1,067	35,942	45.50	37,970	-
	Far Eastern General Constructor Inc.	(Note A)	Equity method investments	1,001	16,167	1.00	14,930	-
	Yue Yuan Investment Co., Ltd.	(Note D)	Financial assets carried at cost	88,808	677,240	19.05	1,091,369	-
	Chung Nan Textile Co., Ltd.	(Note A)	Financial assets carried at cost	2,985	81,405	5.27	115,536	-
	Hantech Venture Capital Corp.	(Note A)	Financial assets carried at cost	4,688	56,019	3.54	48,607	-
	Taiwan Stock Exchange Corp.	(Note A)	Financial assets carried at cost	866	22,493	0.16	44,546	-
	Universal Venture Capital Investment Corp.	(Note A)	Financial assets carried at cost	1,400	14,000	1.16	15,155	-
	Overseas Investment and Development Co., Ltd.	(Note A)	Financial assets carried at cost	1,000	10,000	1.11	9,357	-
	China Investment and Development Co., Ltd.	(Note A)	Financial assets carried at cost	1,287	8,250	0.80	13,043	-
	Nan Shan Insurance Co., Ltd.	(Note A)	Financial assets carried at cost	5	221	-	648	-
	Oriental Securities Investment Consultant Co., Ltd.	(Note A)	Financial assets carried at cost	1	10	-	11	-
	Gallery Management Ltd.	(Note A)	Financial assets carried at cost	914	6,597	9.81	3,303	-
	Shin Kong Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	10,000	89,000	0.18	89,000	-
	U-Ming Marine Transport Corporation	-	Available-for-sale financial assets - current	600	23,580	0.07	23,580	-
	<u>Under asset management contract (Note I)</u>							
	Formosa Plastics Co., Ltd.	-	Financial assets at fair value through profit or loss - current	275	11,990	-	11,990	-
	Cheng Long Co., Ltd.	-	Financial assets at fair value through profit or loss - current	800	5,440	0.08	5,440	-
	China Steel Corporation	-	Financial assets at fair value through profit or loss - current	750	17,325	0.01	17,325	-
	Taiwan Synthetic Rubber Co., Ltd.	-	Financial assets at fair value through profit or loss - current	150	3,675	0.02	3,675	-
	Delta Electronics, Inc.	-	Financial assets at fair value through profit or loss - current	200	12,700	0.01	12,700	-
	D-Link System, Inc.	-	Financial assets at fair value through profit or loss - current	350	8,032	0.06	8,032	-
	Cheng Uei Precision Industry Co., Ltd.	-	Financial assets at fair value through profit or loss - current	250	9,000	0.06	9,000	-
	Everlight Electronic Co., Ltd.	-	Financial assets at fair value through profit or loss - current	250	10,800	0.07	10,800	-
	Sincere Navigation Co., Ltd.	-	Financial assets at fair value through profit or loss - current	500	15,000	0.09	15,000	-
	TXC Co., Ltd.	-	Financial assets at fair value through profit or loss - current	621	12,978	0.23	12,978	-
	Enfield Medical Co., Ltd.	-	Financial assets at fair value through profit or loss - current	200	7,460	2.36	7,460	-
	Motech Industries, Inc.	-	Financial assets at fair value through profit or loss - current	300	23,220	0.12	23,220	-
	Nan Ya Printed Circuit Board Co., Ltd.	-	Financial assets at fair value through profit or loss - current	200	13,800	0.03	13,800	-
	DWS Taiwan Bond Fund	-	Financial assets at fair value through profit or loss - current	1,833	20,429	0.18	20,429	-

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Far Eastern Investment (Holding) Ltd.	F.E.T.G. Investment Autilles N.V.	(Note A)	Equity method investments	6	US\$ 3,310	100.00	US\$ 3,586	-
	Filsyn Co., Ltd.	(Note A)	Equity method investments	45,066	US\$ -	21.85	US\$ -	-
	PET F.E. (M) Sdn. Bhd.	(Note A)	Equity method investments	Common stock: 5,000	US\$ 3,734	50.00	US\$ 3,734	-
				Preferred stock: 3,000				
	Com2B	(Note A)	Equity method investments	9,000	US\$ 905	20.00	US\$ 895	-
Far Eastern Apparel (Vietnam) Ltd. (原 Fashionline Saigon Ltd.)		(Note A)	Equity method investments	(Note H)	US\$ 4,500	100.00	US\$ 4,154	-
	Kai Yung Fund	-	Financial assets carried at cost	-	US\$ 7,550	-	US\$ 7,550	-
Ding Yuan International Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Equity method investments	2,138	79,176	0.07	60,826	-
	Far Eastern International Commercial Bank	(Note A)	Equity method investments	73,732	630,720	3.15	420,272	7,000 thousand shares pledged or mortgaged as collaterals for loans
	Far Eastern Department Stores, Ltd.	(Note A)	Equity method investments	3,183	51,503	0.27	59,204	-
	Everest Textile Co., Ltd.	(Note A)	Equity method investments	8,506	69,182	1.72	37,426	-
	Orient Union Chemical Corp.	(Note A)	Equity method investments	8,587	190,365	1.07	118,501	-
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity method investments	595	27,899	0.02	22,156	-
	Pacific Liu Tung Investment Co., Ltd.(Note J)	(Note A)	Equity method investments	9,000	130,458	2.24	136,258	-
	PET Far Eastern (Holding) Ltd.	(Note A)	Equity method investments	42	521,525	17.93	517,124	-
	Yue Ding Industry Co., Ltd.	(Note A)	Equity method investments	563	3,734	1.30	4,435	-
	Ya Li Transportation Co., Ltd.	-	Financial assets carried at cost	1,000	16,240	10.00	40,149	-
Kai Yuan International Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Equity method investments	11,046	208,479	0.38	314,246	-
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity method investments	84,858	2,048,611	2.60	3,165,205	67,296 thousand shares pledged or mortgaged as collaterals for loans
	Far Eastern International Commercial Bank	(Note A)	Equity method investments	89,514	857,548	3.82	510,232	-
	Orient Union Chemical Co., Ltd.	(Note A)	Equity method investments	25,463	423,464	3.16	351,388	-
	Far Eastern Department Stores, Ltd.	(Note A)	Equity method investments	16,267	337,688	1.38	302,562	-
	Kowloon Cement Co., Ltd.	(Note A)	Equity method investments	1,127	382,975	49.00	320,980	-
	Far Eastern International Leasing Co., Ltd.	(Note A)	Equity method investments	65,369	878,273	16.53	885,906	-
	Pacific Liu Tung Investment Co., Ltd.(Note J)	(Note A)	Equity method investments	9,000	130,458	2.24	136,258	-
	DWS Taiwan Bond Fund	-	Available-for-sale financial assets - current	5,000	38,600	-	38,600	-
	Yi Jinn Industrial Co., Ltd.	-	Available-for-sale financial assets - noncurrent	16,430	56,682	6.42	56,682	-
Far Eastern Polychem Industries Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Equity method investments	(Note H)	HK\$ 1,452,219	87.03	RMB 1,283,900	-
	PET Far Eastern Holding Ltd.	(Note A)	Equity method investments	35	HK\$ 101,818	14.72	US\$ 13,054	-
	FEDP (Holding) Limited	(Note A)	Equity method investments	240	HK\$ 197,824	49.57	US\$ 25,362	-
	Nippon Parison Co., Ltd.	-	Financial assets carried at cost	36	-	10.00	-	-
Far Eastern Construction Co., Ltd.	Far Eastern General Constructor Inc.	(Note A)	Equity method investments	99,005	1,405,212	98.95	1,477,278	-
	Asia Cement Corporation	(Note A)	Equity method investments	15,286	340,507	0.53	434,894	-
	U-Ming Marine Transport Corporation	(Note F)	Available-for-sale financial assets - current	1,590	62,479	0.19	62,479	1,152 thousand shares pledged or mortgaged as collaterals for loans
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 13,106	38.46	RMB 89,451	-
	Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 23,541	100.00	RMB 160,618	-
Far Eastern Apparel Co., Ltd.	Ming Ding Co., Ltd.	(Note A)	Equity method investments	448	7,816	44.80	7,816	-
	Yue Ding Industry Co., Ltd.	(Note A)	Equity method investments	6	30	0.01	-	-
Far Eastern General Contractor Co., Ltd.	U-Ming Marine Transport Corporation	(Note F)	Available-for-sale financial assets - current	746	29,337	0.09	29,337	-
	Kaohsiung Rapid Transit Co., Ltd.	-	Financial assets carried at cost - noncurrent	20,000	194,929	2.00	140,947	-

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Ya Li Precast & Prestressed Concrete Industries Ltd.	-	Financial assets carried at cost - noncurrent	3,106	\$ 25,142	16.03	\$ 21,228	-
	Far Eastern Technical Consultants Co., Ltd.	-	Financial assets carried at cost - noncurrent	450	3,864	9.00	4,888	-
	Bond fund	-	Limited asset	0.004	3,500	-	3,500	Pledged to NTU as a contracting guarantee
F.E.T.G Investment Antilles N.V.	Waldorf Services B. V.	(Note A)	Equity method investments	0.04	US\$ 3,469	100.00	US\$ 3,469	-
Waldorf Services B.V.	Cemtex Apparel Inc.	(Note A)	Equity method investments	90	US\$ -	50.00	PHP (7,612)	-
	Malaysia Garment Manufactures Pte. Ltd.	(Note A)	Equity method investments	30	US\$ -	37.90	SGD (1,245)	-
	Far Eastern International Garments Co., Ltd.	(Note A)	Equity method investments	59	US\$ -	41.00	PHP (79,619)	-
	Albert & Orient Glycol Ltd.	(Note A)	Financial assets carried at cost	0.3	US\$ 5,165	25.00	-	-
	Filsyn Co., Ltd.	(Note A)	Financial assets carried at cost	20,501	US\$ -	9.94	US\$ -	-
An- Ho Garment Corp.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity method investments	80,172	1,937,388	2.46	2,990,416	45,592 thousand shares pledged or mortgaged as collaterals for loans
	Asia Cement Corporation	(Note A)	Equity method investments	2,680	99,020	0.09	76,246	-
	Far Eastern International Commercial Bank	(Note A)	Equity method investments	18,361	213,424	0.78	104,658	-
	Yue Ding Industry Co., Ltd.	(Note C)	Equity method investments	11,494	90,580	26.50	90,550	-
	Pacific Liu Tung Investment Co., Ltd. (Note J)	(Note A)	Equity method investments	4,841	75,075	1.21	73,292	-
	Oriental Securities Co., Ltd.	(Note A)	Equity method investments	5,000	65,000	0.70	9,363	-
	Yuan Ding Investment Co., Ltd.	(Note A)	Equity method investments	5,502	149,713	0.30	106,744	-
Yuan Faun Ltd.	Far Eastern International Commercial Bank	(Note A)	Equity method investments	3,891	24,603	0.17	22,177	-
	Yuan Cheng Human Resources Consultant Co., Ltd.	(Note A)	Equity method investments	111	4,222	55.56	4,221	-
	Yi Tong Fiber Co., Ltd.	-	Financial assets carried at cost	3,504	28,519	3.56	34,623	-
Yuan Tong Investment Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note G)	Equity method investments	480,442	3,107,478	12.01	3,084,438	-
	Pacific Liu Tung Investment Co., Ltd. (Note J)	(Note A)	Equity method investments	9,000	130,458	2.24	136,258	-
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity method investments	91,088	2,286,401	2.80	3,397,582	59,874 thousand shares pledged or mortgaged as collaterals for loans
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Equity method investments	35,048	83,344	9.15	88,321	-
	Far Eastern International Commercial Bank	(Note A)	Equity method investments	17,743	207,199	0.76	101,135	-
	Far Eastern Department Stores, Ltd.	(Note A)	Equity method investments	10,998	208,132	0.93	204,563	-
	Oriental Union Chemical Corporation	(Note A)	Equity method investments	439	8,954	0.05	6,058	-
	Asia Cement Corporation	(Note A)	Equity method investments	7,895	295,968	0.27	224,613	-
	FEDP (Holding) Limited	(Note A)	Equity method investments	196	676,812	40.33	678,497	-
	Sino Belgium (Holding) Limited	(Note A)	Equity method investments	17	1,045,089	100.00	1,051,273	-
	<u>Under asset management contract (Note I)</u>							
	Taiwan Cement Corporation	-	Financial assets at fair value through profit or loss - current	716	19,307	0.02	19,307	-
	Da Chan Great Wall Co., Ltd.	-	Financial assets at fair value through profit or loss - current	663	16,718	0.15	16,718	-
	Foxconn Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	99	7,643	0.01	7,643	-
	Everlight Electronic Co., Ltd.	-	Financial assets at fair value through profit or loss - current	474	20,496	0.13	20,496	-
	AUO Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,099	27,145	0.01	27,145	-
	Phoenix Precision Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,031	8,258	0.14	8,258	-
	HTC Co., Ltd.	-	Financial assets at fair value through profit or loss - current	112	36,624	0.02	36,624	-
	Sincere Navigation Co., Ltd.	-	Financial assets at fair value through profit or loss - current	189	5,670	0.03	5,670	-

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	First Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	593	\$ 10,222	0.01	\$ 10,222	-
	ITE Tech. Inc.	-	Financial assets at fair value through profit or loss - current	480	19,667	0.24	19,667	-
	ITEQ Co., Ltd.	-	Financial assets at fair value through profit or loss - current	27	1,374	0.04	1,374	-
	Innolux Disposal Co., Ltd.	-	Financial assets at fair value through profit or loss - current	873	21,170	0.03	21,170	-
	Paragon Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss - current	54	3,019	0.07	3,019	-
	Green Energy Technology Inc., Ltd.	-	Financial assets at fair value through profit or loss - current	198	19,008	0.18	19,008	-
	Enfield Medical Co., Ltd.	-	Financial assets at fair value through profit or loss - current	225	8,393	0.27	8,393	-
	Sino-American Silicon Product Inc.	-	Financial assets at fair value through profit or loss - current	180	12,114	0.08	12,114	-
	Lite-On IT Corp.	-	Financial assets at fair value through profit or loss - current	746	9,848	0.09	9,848	-
	Prime View International Co., Ltd.	-	Financial assets at fair value through profit or loss - current	324	4,730	0.04	4,730	-
	AV Tech Co., Ltd.	-	Financial assets at fair value through profit or loss - current	18	1,467	0.02	1,467	-
Far EasTone Telecommunications Co., Ltd.	<u>Stocks</u> KG Telecommunication Co., Ltd. New Century InfoComm Tech Co., Ltd. Arcoa Communication Co., Ltd. Far Eastern Electronic Toll Collection Co., Ltd. Q-Ware Communications Co., Ltd. Far Eastern Info Service (Holding) Ltd. E. World (Holdings) Ltd. Far EasTron Holding Ltd. Ding Ding Integrated Marketing Service Co., Ltd. ADCast Interactive Marketing Co., Ltd.	(Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A)	Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments	1,332,998 980,315 80,276 157,714 36,460 1 6,015 4,487 4,500 18	32,475,440 5,490,024 1,039,987 408,729 190,370 153,851 67,305 25,575 5,744 170	100.00 24.51 59.78 41.18 51.00 100.00 85.92 100.00 15.00 0.40	32,475,440 5,490,024 1,039,987 408,729 190,370 153,851 67,305 25,575 5,744 170	- - - - - - - - - - -
Far Eastern Apparel (Suzhou) Ltd.	Wu Han Far Eastern New Material Ltd. Shanghai Yuanzi Information Co., Ltd. An Ho Garment (Suzhou) Ltd.	(Note A) (Note A) (Note A)	Equity method investments Equity method investments Equity method investments	(Note H) (Note H) (Note H)	RMB 350 RMB 100 RMB 1,506	0.50 5.00 100.00	RMB 495 RMB 439 RMB 1,506	- - -
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd. Shanghai Yuanzi Information Co., Ltd. Shanghai YuanHua Logistic Ltd.	(Note A) (Note A) (Note A)	Equity method investments Equity method investments Equity method investments	(Note H) (Note H) (Note H)	RMB 3,700 RMB 1,743 RMB 5,343	6.50 95.00 100.00	RMB 6,431 RMB 1,743 RMB 5,343	- - -
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd. Oriental Industries (Suzhou) Ltd. Far Eastern Industries (JiuJiang) Ltd.	(Note A) (Note A) (Note A)	Equity method investments Equity method investments Equity method investments	(Note H) (Note H) (Note H)	US\$ 70,282 US\$ 98,688 US\$ 1,159	100.00 100.00 100.00	RMB 479,534 RMB 690,063 RMB 9,171	- - -
PET Far Eastern (Holding) Ltd.	Oriental Petrochemicals (Shanghai) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 88,651	53.24	RMB 604,867	-
FEDP (Holding) Limited	Far Eastern Industries (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 42,136	100.00	RMB 292,816	-
Far Eastern Polytex (Holding) Ltd.	Wu Han Far Eastern New Material Ltd. Far Eastern Apparel (Suzhou) Ltd. FEDP (Holding) Ltd. Far Eastern (China) Investment Ltd.	(Note A) (Note A) (Note A) (Note A)	Equity method investments Equity method investments Equity method investments Equity method investments	(Note H) (Note H) (Note H) (Note H)	US\$ 13,486 US\$ 20,971 US\$ 7,036 US\$ 46,203	93.00 61.54 10.10 100.00	RMB 92,017 RMB 143,130 US\$ 5,168 RMB 352,819	- - - -

(Continued)



Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008			Note	
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)		Market Value or Net Asset Value
KG Telecommunications Co., Ltd.	Stocks							
	KGEX.com Co., Ltd.	(Note A)	Equity method investments	198,136	\$ 890,885	79.25	\$ 890,885	-
	iScreen Co., Ltd.	(Note A)	Equity method investments	4,000	28,765	40.00	28,765	-
	ADCast Interactive Marketing Co., Ltd.	(Note A)	Equity method investments	369	3,414	8.16	3,414	-
	Da Chan Great Wall Co., Ltd.	-	Available-for-sale financial assets - current	270	6,813	-	6,813	-
	Tong Yang Co., Ltd.	-	Available-for-sale financial assets - current	350	3,955	-	3,955	-
	Everlight electronic Co., Ltd.	-	Available-for-sale financial assets - current	100	4,320	-	4,320	-
	AU Optronics Co., Ltd.	-	Available-for-sale financial assets - current	300	7,410	-	7,410	-
	HTC Co., Ltd.	-	Available-for-sale financial assets - current	18	5,886	-	5,886	-
	ACER Inc.	-	Available-for-sale financial assets - current	100	4,260	-	4,260	-
	Sonix Technology Co., Ltd.	-	Available-for-sale financial assets - current	200	6,880	-	6,880	-
	Chinesegamer International Co., Ltd.	-	Available-for-sale financial assets - current	50	4,725	-	4,725	-
	Shin Zu Shing Co., Ltd.	-	Available-for-sale financial assets - current	45	3,690	-	3,690	-
	Innolux Display Co., Ltd.	-	Available-for-sale financial assets - current	200	4,850	-	4,850	-
	Paragon Technologies Co., Ltd.	-	Available-for-sale financial assets - current	70	3,913	-	3,913	-
	Green Energy Technology Inc., Ltd.	-	Available-for-sale financial assets - current	75	7,200	-	7,200	-
	Shih Wei Navigation Co., Ltd.	-	Available-for-sale financial assets - current	100	3,480	-	3,480	-
	China Synthetic Rubber Co., Ltd.	-	Available-for-sale financial assets - current	130	4,199	-	4,199	-
	Nan Ya PCB Co., Ltd.	-	Available-for-sale financial assets - current	19	1,311	-	1,311	-
	Foxconn Technology Co., Ltd.	-	Available-for-sale financial assets - current	70	5,404	-	5,404	-
	Cheng Uei Precision Industry Co., Ltd.	-	Available-for-sale financial assets - current	120	4,320	-	4,320	-
	Taiwan Cement Corporation	-	Available-for-sale financial assets - current	200	5,390	-	5,390	-
	Formosa Plastic Co., Ltd.	-	Available-for-sale financial assets - current	100	4,360	-	4,360	-
	Chinese maritime Transport Ltd.	-	Available-for-sale financial assets - current	100	5,060	-	5,060	-
	China Steel Corporation	-	Available-for-sale financial assets - current	208	4,793	-	4,793	-
	Delta Electronics Inc.	-	Available-for-sale financial assets - current	100	6,350	-	6,350	-
	Yuan Ta Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	400	5,880	-	5,880	-
	Universal Microwave Technology, Inc.	-	Available-for-sale financial assets - current	50	4,025	-	4,025	-
	Chung Hwa Telecom Co., Ltd.	-	Available-for-sale financial assets - current	182	9,710	-	9,710	-
	Pacific Hospital Supply Co., Ltd.	-	Available-for-sale financial assets - current	180	5,778	-	5,778	-
	First Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	150	2,588	-	2,588	-

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008			Note	
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)		Market Value or Net Asset Value
	Unimicron Co., Ltd.	-	Available-for-sale financial assets - current	280	\$ 3,808	-	\$ 3,808	-
	Alpha Networks Inc.	-	Available-for-sale financial assets - current	100	1,895	-	1,895	-
	Cyberlink Corp.	-	Available-for-sale financial assets - current	25	2,913	-	2,913	-
	Motech Industrial Inc.	-	Available-for-sale financial assets - current	90	6,966	-	6,966	-
	Lite-On IT Corp.	-	Available-for-sale financial assets - current	601	7,930	-	7,930	-
	Giant Manufacturing Co., Ltd.	-	Available-for-sale financial assets - current	53	3,827	-	3,827	-
	U-Ming Marine Transport Corporation	-	Available-for-sale financial assets - current	1,047	41,147	-	41,147	-
	Asia Cement Corporation	-	Available-for-sale financial assets - current	3,449	98,124	-	98,124	-
	HwaCom System Inc.	-	Available-for-sale financial assets - current	60	1,233	-	1,233	-
	Taiwan Surface Mounting Technology Corp.	-	Available-for-sale financial assets - current	160	3,560	-	3,560	-
	Prime View International Co., Ltd.	-	Available-for-sale financial assets - current	130	1,898	-	1,898	-
	Oriental Union Chemical Corporation	-	Available-for-sale financial assets - current	500	6,900	-	6,900	-
	<u>Open-ended mutual funds</u>							
	DWS Far Eastern Alliance Taiwan Bond Security Investment Trust Fund	-	Available-for-sale financial assets - current	73,960	824,268	-	824,268	-
	JF Taiwan European Bond Fund	-	Available-for-sale financial assets - current	20,000	196,462	-	196,462	-
	Deutsche Far Eastern Alliance Taiwan Bond Fund	-	Available-for-sale financial assets - current	10,000	77,200	-	77,200	-
	<u>Private funds</u>							
	Fuh Hwa Value Added Strategy Fund	-	Financial assets carried at cost - noncurrent	14,866	150,000	-	150,000	-
Arcoa Communication Co., Ltd.	<u>Stocks</u>							
	THI Consultants, Inc.	-	Financial assets carried at cost - noncurrent	1,214	13,729	18.32	13,729	-
	Chunghwa Int'l Communication Network Co., Ltd.	-	Financial assets carried at cost - noncurrent	2,087	6,714	4.12	6,714	-
	VIBO Telecom Inc.	-	Financial assets carried at cost - noncurrent	840	8,400	0.04	8,400	-
	Web Point Co., Ltd.	-	Financial assets carried at cost - noncurrent	161	1,618	0.63	1,618	-
	<u>Open-end mutual funds</u>							
	Yuanta Wan Tai Bond Fund	-	Available-for-sale financial assets - current	2,096	30,246	-	30,246	-
	En Tie ING Bond Fund	-	Available-for-sale financial assets - current	1,946	30,293	-	30,293	-
	PCA Well Pool Fund	-	Available-for-sale financial assets - current	6,969	90,187	-	90,187	-
	Prudential Bond Fund	-	Available-for-sale financial assets - current	5,969	90,049	-	90,049	-
	UPAMC James Bond Fund	-	Available-for-sale financial assets - current	5,667	90,311	-	90,311	-

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	<u>Bonds</u> Ta Chong Bank Financial Bonds 93 Series-I	-	Bond carried at amortized cost - current	3,000	\$ 3,000	-	\$ 3,000	-
Far Eastern Info Service (Holding) Ltd.	<u>Share certificates</u> Far Eastern Tech-info Ltd. (Shanghai)	(Note A)	Equity method investments	-	US\$ 4,078	100.00	US\$ 4,078	-
Far EasTron Holding Ltd.	<u>Stocks</u> ADCast Interactive Marketing Co., Ltd.	(Note A)	Equity method investments	2,734	US\$ 772	60.52	US\$ 772	-
E. World (Holdings) Ltd.	<u>Stocks</u> Yuan Cing Co., Ltd.	(Note A)	Equity method investments	19,350	US\$ 2,112	99.99	US\$ 2,112	-
Far Eastern (China) Investment Ltd.	Far Eastern Industries (Shanghai) Ltd. Oriental Petrochemical (Shanghai) Ltd.	(Note A) (Note A)	Equity method investments Equity method investments	(Note H) (Note H)	RMB 219,138 RMB 115,232	8.11 12.97	RMB 572,845 RMB 200,632	- -
Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Limited	(Note A)	Equity method investments	-	US\$ 29,846	100.00	RMB 203,637	-
Far Eastern Industries (WuXi) Ltd.	Martens Beer (Shanghai) Ltd.	(Note A)	Equity method investments	-	RMB 4,716	30.00	RMB 6,894	-

Notes: A. Equity-method investee.

B. Investor company and investee have the same chairman.

C. Its chairman is related to the chairman of Far Eastern Textile Ltd.

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

E. Holding company's indirect equity-method investee.

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

G. Equity- method investee of FETL.

H. Private company.

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

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

(Concluded)

## FAR EASTERN TEXTILE LTD.

SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK  
 YEAR ENDED DECEMBER 31, 2008  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Investment Income under the Equity Method	Ending Balance	
					Shares (Thousands)/ Thousand Units	Amount	Shares (Thousands) (Note A)	Amount	Shares (Thousands)	Price	Book Value	Disposal Gain		Shares (Thousands)/ Thousand Units	Amount
Far Eastern Textile Ltd.	Oriental Petrochemicals (Taiwan) Co., Ltd.	Equity method investments	Yue Ding Industry Co., Ltd.	(Note D)	99,642	\$ 959,543	-	\$ -	89,985 (Note G)	\$ 135,532	\$ 126,260	\$ 9,272 (Note B)	\$ (608,213)	327,657	\$ 3,405,070
			Issuance of stock by cash	-	-	318,000	3,180,000	-	-	-	-	-	-	-	-
	Far Eastern Polychem Industries Co., Ltd.	Equity method investments	Issuance of stock by cash	-	201,536	1,989,856	249,940	2,148,688	-	-	-	-	4,278	451,476	4,142,822
	Far Eastern Polytex (Holding) Ltd.	Equity method investments	Issuance of stock by cash	-	38	2,658,679	3	151,675	-	-	-	-	90,427	41	2,900,781
	PET Far Eastern (Holding) Ltd.	Equity method investments	Issuance of stock by cash	-	-	-	117	1,509,008	-	-	-	-	(71,539)	117	1,437,469
Yuan Ding Investment Co., Ltd.	Equity method investments	An-Ho Garment Co., Ltd.	(Note D)	1,833,824	38,225,370	-	-	5,502	148,547	82,652	65,895 (Note F)	(3,019,213)	1,828,322	35,123,505	
Yuan Ding Investment Co., Ltd.	Asia Cement Corporation	Equity method investments	Open market	-	825	13,130	13,907	300,423	-	-	-	-	(29,507)	14,782	284,046
			Stock dividend	-	-	-	50	-	-	-	-	-	-	-	-
	Far Eastern International Commercial Bank	Equity method investments	Private Placement for cash	-	18,451	166,876	80,775	525,038	-	-	-	-	192,079	99,226	883,993
	Far Eastern Department Stores, Ltd.	Equity method investments	Open market	-	49,388	1,027,528	-	-	47,181	2,542,482	771,046	1,771,436	(222,464)	2,317	34,018
	Far Eastone Telecommunications Co., Ltd.	Equity method investments	Stock dividend	-	-	-	110	-	-	-	-	-	-	-	-
	Far Eastone Telecommunications Co., Ltd.	Equity method investments	Capital reduction	-	1,320,198	25,819,977	-	-	253,540 (Note C)	-	2,535,403 (Note C)	-	6,930	1,066,658	23,291,504
	Far Eastern Apparel (Holding) Ltd.	Equity method investments	Issuance of stock by cash	-	60	1,086,795	35	726,283	-	-	-	-	86,106	95	1,899,184
Oriental Textile (Holding) Ltd.	Equity method investments	Issuance of stock by cash	-	71	4,682,403	19	1,200,922	-	-	-	-	(68,185)	90	5,815,140	
Kai Yuan International Investment Co., Ltd.	Far Eastone Telecommunications Co., Ltd.	Equity method investments	Open market	-	112,658	2,413,672	-	-	6,164	288,395	139,913	148,482	(8,792)	84,858	2,048,611
			Capital reduction	-	-	-	-	-	21,636 (Note C)	-	216,356 (Note C)	-	-	-	-
	Far Eastern Department Stores, Ltd.	Equity method investments	Open market	-	-	-	16,128	372,724	-	-	-	-	(35,036)	16,267	377,688
	Far Eastern Department Stores, Ltd.	Equity method investments	Stock dividend	-	-	-	139	-	-	-	-	-	-	-	-
	Far Eastern International Commercial Bank	Equity method investments	Private placement for cash	-	21,195	296,645	46,826	304,369	-	-	-	-	134,337	89,514	857,548
Far Eastern Construction Co., Ltd.	DWS Bond Fund	Financial assets at fair value through profit or loss - current	Open market	-	-	-	21,493	122,197	-	-	-	-	-	-	-
			Open market	-	-	-	22,700	250,000	22,700	250,093	250,000	93	-	-	-
Far Eastern Construction Co., Ltd.	Hwa Nan Kirin Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	22,134	250,000	22,134	250,352	250,000	352	-	-	-
			-	-	-	-	-	-	-	-	-	-	-	-	-

(Continued)

Company Name	Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Investment Income under the Equity Method	Ending Balance		
					Shares (Thousands)/ Thousand Units	Amount	Shares (Thousands) (Note A)	Amount	Shares (Thousands)	Price	Book Value	Disposal Gain		Shares (Thousands)/ Thousand Units	Amount	
Far Eastern General Contractor Inc.	UPAMC James Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	18,406	\$ 290,000	18,406	\$ 290,359	\$ 290,000	\$ 359	\$ -	-	\$ -	
	ING Taiwan Income Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	8,604	140,000	8,604	140,304	140,000	304	-	-	-	
	Capital Income Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	16,458	250,000	16,458	250,162	250,000	162	-	-	-	
	Cathay Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	10,631	125,000	10,631	125,664	125,000	664	-	-	-	
	Asia Cement Corporation	Equity method investments	-	-	39,739	1,023,510	-	-	25,319	1,322,162	535,165	796,997	(147,839)	15,286	340,507	
				Stock dividend	-	-	-	-	866	-	-	-	-	-	-	-
	Asia Cement Corporation	Equity method investments	-	Open market	9,681	279,057	-	-	9,681	509,383	234,327	275,056	(44,731)	-	-	-
	UPAMC James Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	14,341	225,000	14,341	255,191	225,000	191	-	-	-	
	DWS Far Eastern Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	15,497	170,000	15,497	170,123	170,000	123	-	-	-	
	Invesco Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	6,627	100,000	6,627	100,058	100,000	58	-	-	-	
	ING Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	11,968	185,000	11,968	185,215	185,000	215	-	-	-	
	Capital Income Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	13,201	200,000	13,201	200,133	200,000	133	-	-	-	
	Shin Kong Chi-Shin Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	9,478	138,000	9,478	138,186	138,000	186	-	-	-	
	Hwa Nan Kirin Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	14,438	163,000	14,438	163,202	163,000	202	-	-	-	
Hwa Nan Phoenix Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	9,781	150,000	9,781	150,168	150,000	168	-	-	-		
NITC Taiwan Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	8,684	125,000	8,684	125,100	125,000	100	-	-	-		

(Continued)

Company Name	Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Investment Income under the Equity Method	Ending Balance	
					Shares (Thousands)/ Thousand Units	Amount	Shares (Thousands) (Note A)	Amount	Shares (Thousands)	Price	Book Value	Disposal Gain		Shares (Thousands)/ Thousand Units	Amount
An-Ho Garment Co., Ltd.	Taishin Lucky Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	13,559	\$ 142,000	13,559	\$ 142,381	\$ 142,000	\$ 381	\$ -	-	\$ -
	Cathay Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	15,740	185,000	15,740	185,563	185,000	563	-	-	-
	Far Eastone Telecommunications Co., Ltd.	Equity method investments	Open market	-	106,834	2,290,549	-	-	6,145	289,040	156,636	132,404	8,646	80,172	1,937,388
				Capital reduction	-	-	-	-	20,517 (Note C)	-	205,171 (Note C)	-	-	-	-
Yuan Tong Investment Co., Ltd.	Yuan Ding Investment Co., Ltd.	Equity method investments	Far Eastern Textile Ltd.	(Note E)	-	-	5,502	148,994	-	-	-	-	719	5,502	149,713
	Sino Belgium (Holding) Limited.	Equity method investments	Issuance of stock by cash	-	9	595,190	8	494,359	-	-	-	-	(44,460)	17	1,045,089
	Far Eastone Telecommunications Co., Ltd.	Equity method investments	Capital reduction	-	117,150	2,600,384	-	-	22,498 (Note C)	-	224,983 (Note C)	-	5,162	91,088	2,286,401
Arcoa Communications Co., Ltd.	Far Eastern Department Stores, Ltd.	Equity method investments	Open market	-	-	-	-	-	3,564	166,743	94,162	72,581	-	-	-
			Open market	-	139	2,370	10,859	228,349	-	-	-	-	(22,587)	10,998	208,132
	PCA Well Pool Fund	Available -for-sale financial assets - current	-	-	11,840	150,000	17,944	230,000	22,815	291,238	290,000	1,238	-	6,969	90,000
KG Telecommunication Co., Ltd.	Yuanta Wan Tai Bond Fund	Available -for-sale financial assets - current	-	-	8,487	120,000	10,511	150,000	16,902	242,197	240,000	2,197	-	2,096	30,000
	Formosa Plastics Co., Ltd.	Available-for-sale financial assets - current	-	-	100	9,158	1,350	108,749	1,350	110,570	112,462	(1,892)	-	100	5,445
	Deutsche Far Eastern Alliance Taiwan Bond Fund	Available-for-sale financial assets - current	-	-	-	-	10,000	100,000	-	-	-	-	-	10,000	100,000

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

B. NT\$2,579 thousand included in the disposal gain was the amount generated by the transaction between parent company and its subsidiary and was allowed to defer.

C. The refund from capital reduction.

D. The investee of the subsidiary in applying the equity method.

E. The parent company

F. Entered into capital surplus because of the organizational adjustment.

G. The reduction totaling to 75,750 thousand shares resulted from capital reduction done by investee had been included in the sold shares.

(Concluded)

**FAR EASTERN TEXTILE LTD.**

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

**YEAR ENDED DECEMBER 31, 2008**

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

Company Name	Real Estate	Trading Date	Trading Amount	Payment	Related Party	Nature of Relationship	Information of Previous Transfer Between Related Parties				Price Basis of the Transfer	Purpose or Existing Condition	Other Contract Items
							Owner	Nature of Relationship	Date of Previous Estate Transfer	Trading Amount			
Far Eastern Construction Co., Ltd.	Lot Number 1019 in the Hsin-Ya Section in Banciao City in Taipei County	2008.08.29	\$2,147,715	10% of the contract price	Far Eastern Resources Development Co., Ltd.	The Subsidiary and the Company have the same chairman.	Far Eastern Textile Ltd.	The Parent Company	2003.09.02	None	Refer to Appraisal Report provided by Great Eastern Real Estate Appraisers Firm and TeamCan Real Estate Appraisers Firm	Construction development	None

## FAR EASTERN TEXTILE LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK  
 YEAR ENDED DECEMBER 31, 2008  
 (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	% to Total	
Far Eastern Textile Ltd.	Everest Textile Co., Ltd.	(Note A)	Sale	\$ (326,786)	(1)	30 to 90 days	\$ -	-	\$ 11,703	3	\$ 15,533	-	
	Oriental Union Chemical Corporation	(Note A)	Purchase	2,199,195	6	Average 45 days	-	-	-	-	(56,774)	(3)	
	Oriental Resources Development Ltd.	(Note I)	Purchase	173,025	-	30 days	-	-	-	-	(28,880)	(2)	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note H)	Sale	(360,989)	(1)	45 days	-	-	-	-	53,890	1	
	Far Eastern Apparel (Suzhou) Ltd.	(Note H)	Sale	(241,320)	-	90 days	-	-	-	-	68,722	1	
	PET F.E.(M) Sdn. Bhd.	(Note H)	Sale	(104,448)	-	90 days	-	-	-	-	33,007	-	
	Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	(Note A)	Purchase	8,289,025	25	45 days	-	-	-	-	19,575	1	
Far Eastern Polychem Industries Co., Ltd.	Far Eastern Industrial (Shanghai) Ltd.	(Note F)	Purchase	7,037,070	68	60 days	-	-	-	-	(2,981,154)	(80)	
	Far Eastern Industrial (Shanghai) Ltd.	(Note F)	Sale	(2,356,165)	(24)	60 days	-	-	-	-	990,294	40	
	Oriental Petrochemicals (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	(Note G)	Purchase	2,314,281	22	60 days	-	-	-	-	(321,203)	(9)	
Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Co., Ltd.	(Note F)	Purchase	546,125	87	30 days	-	-	-	-	(9,635)	(75)	
Far Eastern General Contractor Co., Ltd.	Oriental Concrete Private Ltd.	(Note N)	Purchase	296,920	7	45 days	-	-	(1,568)	(1)	(101,315)	(21)	
	Far Eastern Construction Co., Ltd.	(Note E)	Construction income	(782,077)	(18)	30 days	-	-	37,808	11	1,047,143	7	
	Far Eastern Department Stores, Ltd.	(Note P)	Construction income	(143,959)	(3)	30 days	-	-	-	-	312,061	2	
	Hung Ton Development Co., Ltd.	(Note O)	Construction income	(128,319)	(3)	120 days	-	-	-	-	(Note K)	-	
Far Eastern Resource Development Co., Ltd.	Yuan Ding Corporation	(Note L)	Sale	(162,603)	(35)	30 to 60 days	-	-	-	-	27,225	5	
Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Textile Ltd.	(Note E)	Purchase	241,320	-	90 days	-	-	-	-	(68,722)	-	
	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note G)	Purchase	279,292	-	60 days	-	-	(13,885)	-	(76,799)	-	
PET F.E.(M) Sdn.Bhd.	Far Eastern Textile Ltd.	(Note E)	Purchase	104,448	-	90 days	-	-	-	-	(33,007)	-	
Far EasTone Telecommunications Co., Ltd.	KG Telecommunications Co., Ltd.	(Note F)	Operation revenue	(3,007,573)	(6)	For contract	-	-	-	-	398,046	6	
			Operation cost	1,658,786	8	For contract	-	-	-	-	(139,326)	(6)	
	ARCOA Communication Co., Ltd.	(Note F)	Sales revenue and operation revenue	(245,153)	-	For contract	-	-	-	-	174,080	3	
			Operation cost, marketing expenses and purchase	2,229,708	6	For contract	-	-	-	-	Accounts payable and Accrued expense (142,182)	(3)	
	KGEx.com Co., Ltd.	(Note I)	Operation revenue	(208,035)	-	For contract	-	-	-	-	40,953	1	
	New Century InfoComm Tech Co., Ltd.	(Note A)	Operation revenue	(773,982)	(2)	For contract	-	-	-	-	(Note C)	-	
			Operation cost	102,144	-	For contract	-	-	-	-	(134,600)	(6)	
	NTT DoCoMo Inc.	Board supervisor	Operation revenue	(114,572)	-	For contract	-	-	-	-	(Note C)	-	
	Ding Ding Integrated marketing Service Co., Ltd.	(Note A)	Marketing expense	128,396	1	For contract	-	-	-	-	25,810	-	
	Far Eastern Tech-info Ltd. (Shanghai)	(Note F)	Operating expense	146,383	57	For contract	-	-	-	-	Accrued Expense (58,309)	2	
										Accrued Expense (16,797)	(1)		

(Continued)



Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note	
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	% to Total		
Far Eastern Fibertech Co., Ltd.	Everest Textile Co., Ltd.	(Note L)	Sale	\$ (138,262)	(9)	30 days	\$ -	-	\$ -	-	\$ 16,201	14		
Far Eastern Apparel (Holding) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note F)	Purchase	100,021	100	60 days	-	-	-	-	12,102	95		
F.E.D.P. (H) Ltd.	Far Eastern Industries (Suzou) Ltd. Oriental Petrochemical (Taiwan) Co., Ltd. (the former INVISTA Far Eastern Petrochemicals Co., Ltd.)	(Note F)	Sale	(220,313)	(100)	60 days	-	-	-	-	-	-		
		(Note G)	Purchase	217,168	100	90 days	-	-	-	-	(22,275)	(100)		
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note G)	Sales	(878,246)	(4)	60 days	-	-	-	-	193,288	4		
		(Note G)	Purchase	160,497	1	60 days	-	-	-	-	(5,903)	-		
	Oriental Petrochemical (Shanghai) Ltd.	(Note G)	Purchase	1,122,997	5	60 days	-	-	-	-	(274,040)	(7)		
		(Note G)	Purchase	7,604,058	34	60 days	-	-	(1,148,381)	-	(465,387)	(17)		
	Far Eastern Polychem Industries Co., Ltd.	(Note F)	Sales revenue	(7,037,070)	(30)	60 days	-	-	-	-	2,981,154	66		
	Far Eastern Polychem Industries Co., Ltd.	(Note F)	Purchase	2,356,165	10	60 days	-	-	-	-	(990,294)	(36)		
	Oriental Petrochemical (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	(Note G)	Purchase	1,286,000	5	90 days	-	-	-	-	-	-	-	
		(Note G)	Sales revenue	(123,344)	(1)	60 days	-	-	-	-	19,015	-		
	Everest Textile (Shanghai) Ltd.	(Note J)	Sales	(168,848)	(1)	60 days	-	-	-	-	53,880	1		
	Everest Textile (Shanghai) Ltd.	(Note J)	Purchase	408,695	2	60 days	-	-	-	-	(86,791)	3		
KG Telecommunications Co., Ltd.	Far EasTone Telecommunications Co., Ltd. ARCOA Communication Co., Ltd.	(Note E)	Operation revenue	(1,658,786)	(13)	For contract	-	-	-	-	139,326	10		
		(Note D)	Operation cost Operation revenue ∖ marketing expense and purchase	3,007,573 533,013	33 5	For contract For contract	- -	- -	- -	- -	(398,046) (33,450)	(44) (2)	Accounts payable and expense	
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note E)	Operating commissions, revenue, and service revenue	(2,229,708)	(38)	For contract	-	-	-	-	142,182	67		
		(Note E)	Purchase and service cost	245,153	5	For contract	-	-	-	-	(174,080)	(41)		
	KG Telecommunications Co., Ltd.	(Note D)	Operating commissions ∖ revenue and sales revenue	(533,013)	(9)	For contract	-	-	-	-	33,450	16		
KGEx.com Co., Ltd.	Far EasTone Telecommunications Co., Ltd. New Century InfoComm Tech Co., Ltd.	(Note B)	Operation cost	208,035	18	For contract	-	-	-	-	(40,953)	(21)		
		(Note L)	Service revenue	(277,667)	(27)	For contract	-	-	-	-	37,317	18		
Far Eastern Tech-info Ltd. (Shanghai)	Far EasTone Telecommunications Co., Ltd.	(Note B)	Operation revenue	(146,383)	(84)	For contract	-	-	-	-	16,797	62		
Oriental Petrochemical (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	Far Eastern Textile Ltd. Far Eastern Polychem Industries Co., Ltd. Far Eastern Industrial (Shanghai) Ltd. Far Eastern Industries (Suzou) Ltd. F.E.D.P. (H) Ltd.	(Note B)	Sale	(8,289,025)	(41)	45 days	-	-	-	-	19,575	2		
		(Note G)	Sale	(2,314,281)	(3)	30 days	-	-	-	-	321,203	26		
		(Note G)	Sale	(1,286,000)	(6)	90 days	-	-	-	-	-	-		
		(Note G)	Sale	(257,772)	(1)	90 days	-	-	-	-	-	-	-	
		(Note G)	Sale	(217,168)	-	90 to 180 days	-	-	-	-	-	22,275	-	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	% to Total	
Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note G)	Purchase	\$ 3,840,950	80	90 days	\$ -	-	\$ -	-	\$ (255,106)	(77)	
	Oriental Textile (Holding) Ltd.	(Note E)	Sale	(1,158,763)	(3)	60 days	-	-	-	-	323,247	36	
	Far Eastern Industrial (Shanghai) Ltd.	(Note G)	Sale	(1,122,997)	(22)	90 days	-	-	-	-	274,040	34	
Oriental Textile (Holding) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note F)	Purchase	1,158,763	100	90 days	-	-	-	-	(323,247)	(100)	
Far Eastern Apparel Co., Ltd.	Far Eastern Department Stores, Ltd.	(Note L)	Sale	(181,754)	(15)	For contract	-	-	-	-	61,788	30	
	Pacific SOGO Department Stores Co., Ltd.	(Note M)	Sale	(132,133)	(11)	For contract	-	-	-	-	66,852	32	
Oriental Resources Development Co., Ltd.	Far Eastern Textile Ltd.	(Note B)	Sale	(173,025)	(56)	40 days	-	-	-	-	28,880	75	
Wu Han Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Purchase	878,246	96	60 days	-	-	-	-	(193,288)	(91)	
	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sale	(160,497)	(16)	90 days	-	-	-	-	5,903	24	
Oriental Petrochemical (Shanghai) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sales	(7,604,058)	(41)	90 to 180 days	-	-	1,148,381	42	465,387	73	
	Far Eastern Industries (Suzhou) Ltd.	(Note G)	Sales	(2,017,136)	(11)	90 to 180 days	-	-	208,851	8	175,187	27	
Far Eastern Industries (Suzhou) Ltd.	Oriental Petrochemical (Shanghai) Ltd.	(Note G)	Purchase	2,017,136	53	90 days	-	-	(208,851)	100	(175,187)	(56)	
	Oriental Industries (Suzhou) Ltd.	(Note G)	Sales	(3,840,950)	(95)	90 days	-	-	-	-	272,852	70	
	F.E.D.P. (H) Ltd.	(Note E)	Purchase	220,313	5	60 days	-	-	-	-	-	-	
	Oriental Petrochemical (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	(Note G)	Purchase	257,772	6	90 days	-	-	-	-	-	-	
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Purchase	123,344	13	60 days	-	-	-	-	(19,015)	(14)	
	Far Eastern Apparel (Suzhou) Ltd.	(Note G)	Sales	(279,292)	(25)	60 days	-	-	13,885	54	76,799	32	
	Far Eastern Apparel (Holding) Ltd.	(Note E)	Sales	(100,021)	(10)	60 days	-	-	-	-	12,102	5	

Notes:

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

(Concluded)

**FAR EASTERN TEXTILE LTD.**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK  
YEAR ENDED DECEMBER 31, 2008  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Ending Balance (Note F)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Far EasTone Telecommunications Co., Ltd.	KG Telecommunication Co., Ltd. ARCOA Communication Co., Ltd.	(Note E)	\$ 460,375	(Note B)	\$ -	-	\$ 270,734	\$ -
		(Note E)	178,036	9.60	-	-	130,063	-
KG Telecommunication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note F)	841,906	(Note C)	-	-	648,164	-
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note F)	142,182	10.91	-	-	98,290	-
Oriental Petrochemicals (Taiwan) Co., Ltd.	Far Eastern Polychem Industries Co., Ltd.	(Note D)	321,203	14.97	-	-	321,203	-
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd. Far Eastern Polychem Industries Co., Ltd.	(Note D)	193,288	3.60	-	-	-	-
		(Note F)	2,981,154	3.10	-	-	210,931	-
Oriental Petrochemicals (Shanghai) Ltd.	Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Suzhou) Ltd.	(Note D)	1,613,768	14.56	-	-	465,387	-
		(Note D)	384,038	14.02	-	-	175,187	-
Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd. Far Eastern Industries (Shanghai) Ltd.	(Note D)	272,852	16.84	-	-	272,852	-
		(Note D)	121,496	4.15	-	-	121,281	-
Oriental Industries (Suzhou) Ltd.	Oriental Textile (Holding) Ltd. Far Eastern Industries (Shanghai) Ltd.	(Note F)	323,247	3.97	-	-	310,245	-
		(Note D)	274,040	5.06	-	-	274,040	-
Far Eastern Polychem Industries Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note E)	990,294	3.22	-	-	314,491	-
Far Eastern Investment (Holding) Ltd.	Far Eastern Polychem Industries Co., Ltd.	(Note D)	170,405	(Note G)	-	-	-	-

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

Note B: The turnover rate is unavailable as the receivables from related parties were mainly due to the advances in operating expenses to KG Telecommunication Co., Ltd.

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

Note D: Same ultimate parent company.

Note E: The subsidiary.

Note F: The parent company.

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



Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				December 31, 2008	December 31, 2007	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Investment (Holding) Ltd.	New Century Information Communication Co., Ltd.	Taipei, Taiwan	Telecommunications	\$ 1,549,473	\$ 1,549,473	154,947	3.87	\$ 1,002,287	\$ (2,800,811)	\$ (108,391)	
	Yuang Ding Co.	Taipei, Taiwan	Real estate construction and selling	188,846	188,846	63,112	12.86	969,551	203,384	26,155	
	Pacific Liu Tung Investment Co., Ltd. (Note C)	Taipei, Taiwan	Investment	796,491	796,491	59,827	14.92	900,745	870,732	129,913	
	Far Eastern International Leasing Co., Ltd.	Taipei, Taiwan	Leasing of real estate and movable property, etc.	916,865	855,697	65,629	16.59	882,152	8,063	1,334	
	Far Eastern Fibertech Co., Ltd.	Taoyuan, Taiwan	Nylon production	585,000	585,000	66,164	100.00	720,077	5,731	3,582	
	Pacific Petrochemical (Holding) Ltd.	P.O. Box 3140 Tortola British Virgin Islands	Investment	681,000	681,000	20	24.63	506,998	(371,354)	(118,908)	
	Yuang Ding Leasing Co., Ltd.	Taipei, Taiwan	Leasing	319,380	319,380	36,706	46.20	355,328	2,163	999	
	Far Eastern Apparel Co., Ltd.	Taipei, Taiwan	Sale of textile, garments, and clothing	287,984	287,984	18,000	100.00	304,678	35,214	71,509	Including gain on reversal of impairment loss of \$36,295
	Da Ju Fiber Co., Ltd.	Taipei, Taiwan	Polyester production	136,532	136,532	11,880	41.86	263,490	(46,408)	(19,426)	
	Freudenberg Far Eastern Spunweb Co., Ltd.	Taoyuan, Taiwan	Production of nonwoven industrial fabrics	144,797	144,797	13,023	29.80	245,218	74,832	22,300	
	Oriental Resources Development Ltd.	Taipei, Taiwan	Waste recycling and processing	279,901	279,901	21,322	70.32	148,340	(72,078)	(50,685)	
	Oriental Petrochemicals (Taiwan) Co., Ltd.	Taoyuan, Taiwan	PTA production and sale	-	-	22,533	5.20	219,813	(3,817,402)	(144,525)	Gain or loss recognized proportionally by holding period including discount amortization of \$409
	Yuan Faun Ltd.	Taipei, Taiwan	PET bottle production and selling	51,671	48,000	5,000	100.00	91,090	(536)	(535)	
	Yue Ming Co., Ltd.	Taipei, Taiwan	Trading	36,482	36,482	1,067	45.50	35,942	7,965	3,624	
Far Eastern General Contractor Co., Ltd.	Taipei, Taiwan	Real estate construction	14,682	-	1,001	1.00	16,167	377,522	2,547	Including discount amortization of \$17	
Ding Yuan International Investment Co., Ltd.	F.E.T.G. Investment Antilles N.V.	EEG Boulevard 62 P.O. Box 342 Bonaire	Investment	US\$ 6	US\$ 6	6	100.00	US\$ 3,310	US\$ 909	-	
	Filsyn Co., Ltd.	Hong Kong	Polychemical products	PESO 225,324	PESO 225,324	45,066	21.85	US\$ -	US\$ -	-	
	PET F.E. (M) Sdn Bhd.	Malaysia	Bottle production	MYR 8,000	MYR 8,000	(Note A)	50.00	US\$ 3,734	US\$ 397	-	
	Com 2B	Cayman Islands	E-business	US\$ 3,375	US\$ 3,375	9,000	20.00	US\$ 905	US\$ (111)	-	
Kai Yuan International Investment Co., Ltd.	Far Eastern Apparel (Vietnam) Ltd. (the former "Fashionline Saigon Ltd.")	Vietnam	Clothing production	US\$ 3,000	US\$ 3,000	-	100.00	US\$ 4,500	US\$ 435	-	
	Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	839,359	839,359	73,732	3.15	630,720	(2,682,917)	-	
	Far Eastern Department Stores, Ltd.	Taipei, Taiwan	Department store operations	38,076	38,076	3,183	0.27	51,503	286,531	-	Including discount amortization of \$34
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	146,302	146,077	8,506	1.72	69,182	(523,546)	-	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	196,863	188,674	8,587	1.07	190,365	1,123,141	-	
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	26,509	27,922	595	0.02	27,899	10,160,747	-	
	Pacific Liu Tung Investment Co., Ltd. (Note C)	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	130,458	870,732	-	
	PET Far Eastern (Holding) Ltd.	Clarendon House, 2 Church St. Hamilton HM 11, Bermuda	Investment	795,762	795,762	42	17.93	521,525	(440,585)	-	
	Yue Ding Industry Co., Ltd.	Taipei, Taiwan	Department store operations	4,424	4,424	563	1.30	3,734	(105,543)	-	Including discount amortization of \$429
	Asia Cement Corporation	Taipei, Taiwan	Cement production	79,989	79,989	2,138	0.07	79,176	7,314,642	-	Gain or loss recognized under the treasury stock method
Far Eastern Polychem Industries Co., Ltd.	Asia Cement Corporation	Taipei, Taiwan	Cement production	151,277	151,277	11,046	0.38	208,479	7,314,642	-	Gain or loss recognized under the treasury stock method including discount amortization of \$2,981
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	1,559,293	1,888,882	84,858	2.60	2,048,611	10,160,747	-	
	Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	752,934	326,368	89,514	3.82	857,548	(2,682,917)	-	Including discount amortization of \$5,094
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	569,344	569,344	25,463	3.16	423,464	1,123,141	-	
	Far Eastern Department Stores, Ltd.	Taipei, Taiwan	Department store operations	372,724	-	16,267	1.38	337,688	286,531	-	Including discount amortization of \$421
	Kowloon Cement Co., Ltd.	Hong Kong	Cement production	226,896	226,896	1,127	49.00	382,975	21,845	-	
	Far Eastern International Leasing Co., Ltd.	Taipei, Taiwan	Leasing	931,673	870,747	65,369	16.53	878,273	8,063	-	
	Pacific Liu Tung Investment Co., Ltd. (Note C)	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	130,458	870,732	-	
FEDP (Holding) Limited	Far Eastern Industries (Shanghai) Ltd.	China	Chemical fiber production	HK\$ 604,500	HK\$ 604,500	(Note B)	87.03	HK\$ 1,452,219	RMB (111,607)	-	
	PET Far Eastern Holding Ltd.	Clarendon House, 2 Charch St. Hamilton HM 11, Bermuda	Investment	US\$ 17,622	US\$ 12,822	35	14.72	HK\$ 101,818	US\$ (13,974)	-	
	FEDP (Holding) Limited	Clarendon House, 2 Charch St. Hamilton HM 11, Bermuda	Investment	US\$ 29,240	US\$ 24,440	240	49.57	HK\$ 197,824	US\$ (4,081)	-	

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				December 31, 2008	December 31, 2007	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Co., Ltd. Asia Cement Corporation	Taipei, Taiwan	Construction	\$ 271,587	\$ 274,332	99,005	98.95	\$ 1,405,212	\$ 377,522	\$ -	
		Taipei, Taiwan	Cement production	216,959	597,872	15,286	0.53	340,507	7,314,642	-	
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd. Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	China	Garment production	US\$ 5,000	US\$ 5,000	(Note B)	38.46	US\$ 13,106	RMB 21,603	-	
		China	Dyeing and finishing	US\$ 20,000	US\$ 20,000	(Note B)	100.00	US\$ 23,541	RMB 3,441	-	
Far Eastern Apparel Co., Ltd.	Ming Ding Co.	Taipei, Taiwan	Underwear selling	2,174	2,174	448	44.80	7,816	233	-	
F.E.T.G. Investment Antilles N.V.	Waldorf Services B.V.	Leidesplein 9, 1017 PS Amsterdam, The Netherlands	Investment	US\$ 19	US\$ 19	0.04	100.00	US\$ 3,469	US\$ 918	-	
Waldorf Services B.V.	Cemtex Apparel Inc.  Malaysia Garment Manufactures Pte. Ltd. Far Eastern International Garments Co., Ltd. Filsyn Co., Ltd.	#100 Marc Alvarez Ave. Talon Las Pinas City Filipino	Clothing O.E.M.	PESO 6,000	PESO 6,000	90	50.00	US\$ -	PESO 2,866	-	
		No. 5-9, Little Rd, Singapore (536985)	Garment production	SGD 2,999	SGD 2,999	30	37.90	US\$ -	US\$ (212)	-	
		Bldg. #5 Cor. Sirloinand Bagsakan Ave, FTI Taguig, MM Filipino	Garment production	US\$ 290	US\$ 290	59	41.00	US\$ -	PESO (43,981)	-	
		Philippines	Chemical fiber production	PESO 102,504	PESO 102,504	20,501	9.94	US\$ -	US\$ -	-	
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd. Far Eastern International Commercial Bank Asia Cement Corporation Oriental Securities Co., Ltd. Yue Ding Industry Co., Ltd. Pacific Liu Tung Investment Co., Ltd. (Note C) Yuan Ding Investment Co., Ltd.	Taipei, Taiwan	Telecommunications	1,469,123	1,786,941	80,172	2.46	1,937,388	10,160,747	-	
		Taipei, Taiwan	Banking	297,898	297,898	18,361	0.78	213,424	(2,682,917)	-	
		Taipei, Taiwan	Cement production	99,925	99,925	2,680	0.09	99,020	7,314,642	-	Gain or loss recognized under the treasury stock method
		Taipei, Taiwan	Broker	86,200	-	5,000	0.70	65,000	(1,752,653)	-	Including discount amortization of \$187
		Taipei, Taiwan	Department store operations	111,997	111,997	11,494	26.50	90,580	(105,543)	-	Including discount amortization of \$1,088
		Taipei, Taiwan	Investment	67,285	67,285	4,841	1.21	75,075	870,732	-	
		Taipei, Taiwan	Investment	148,994	-	5,502	0.30	149,713	4,093,881	-	
Yuan Faun Ltd.	Far Eastern International Commercial Bank Yuan Cheng Human Resources Consultant Co., Ltd.	Taipei, Taiwan	Banking	31,298	32,145	3,891	0.17	24,603	(2,682,917)	-	
		Taipei, Taiwan	Personnel recruitment	3,498	3,498	111	55.56	4,222	3,235	-	
Yuan Tong Investment Co., Ltd.	Pacific Liu Tung Investment Co., Ltd. (Note C) New Century Information Communication Co., Ltd. Far EasTone Telecommunications Co., Ltd. Far Eastern Electronic Toll Collection Co., Ltd. Far Eastern International Commercial Bank Far Eastern Department Stores, Ltd. Oriental Union Chemical Corporation Asia Cement Corporation FEDP (Holding) Limited Sing Belgium (Holding) Limited	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	130,458	870,732	-	
		Taipei, Taiwan	Telecommunications	4,794,137	4,794,137	480,442	12.01	3,107,478	(2,800,811)	-	
		Taipei, Taiwan	Telecommunications	1,669,088	1,959,365	91,088	2.80	2,286,401	10,160,747	-	
		Taipei, Taiwan	Electronic toll collection service	350,476	350,476	35,048	9.15	83,344	(594,577)	-	
		Taipei, Taiwan	Banking	276,581	276,581	17,743	0.76	207,199	(2,682,917)	-	
		Taipei, Taiwan	Department store operations	230,302	1,954	10,998	0.93	208,132	286,531	-	Including discount amortization of \$57
		Taipei, Taiwan	Chemical materials production	9,543	9,543	439	0.05	8,954	1,123,141	-	
		Taipei, Taiwan	Cement production	297,092	297,092	7,895	0.27	295,968	7,314,642	-	Gain or loss recognized under the treasury stock method
		Clarendon House 2 Church Street, Hamilton HM11, Bermuda	Investment	810,739	810,739	196	40.33	676,812	(128,662)	-	
		Clarendon House 2 Church Street, Hamilton HM11, Bermuda	Investment	1,086,142	591,783	17	100.00	1,045,089	(122,624)	-	
Far EasTone Telecommunications Co., Ltd.	KG Telecommunications Co., Ltd. New Century Information Communication Co., Ltd. ARCOA Communication Co., Ltd.	Taiwan	Type I telecommunications services	29,629,139	29,629,139	1,332,998	100.00	32,475,440	1,013,276	-	
		Taiwan	Type I and II telecommunications services	6,062,000	6,062,000	980,315	24.51	5,490,024	(2,800,811)	-	
		Taiwan	Type II telecommunications services, sales of communications products and office equipment	1,283,560	1,278,944	80,276	59.78	1,039,987	61,190	-	

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				December 31, 2008	December 31, 2007	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Electronic Toll Collection Co., Ltd. Qware Inc.	Taiwan	Taiwan	Electronic toll collection service	\$ 1,577,140	\$ 1,577,140	157,714	41.18	\$ 408,729	\$ (594,577)	\$ -	
	Taiwan	Taiwan	Type II telecommunications services, sales of communications products and office equipment	495,855	495,855	36,460	51.00	190,370	(277,906)	-	
	Bermuda	Bermuda	Investment	92,616	92,616	1	100.00	153,851	4,730	-	
	Cayman Islands	Cayman Islands	Investment	82,883	82,883	6,015	85.92	67,305	6,626	-	
	Cayman Islands	Cayman Islands	Investment	150,000	150,000	4,487	100.00	25,575	(13,862)	-	
	Taiwan	Taiwan	Marketing	45,000	45,000	4,500	15.00	5,744	(91,562)	-	
	Taiwan	Taiwan	Internet service	1,000	-	18	0.40	170	(3,320)	-	
	Taiwan	Taiwan	Internet service	-	1,000	-	-	-	(10,846)	-	
Far Eastern Apparel (Suzhou) Ltd.	China	China	Garment production and sales	RMB 350	RMB 350	(Note B)	0.50	RMB 350	RMB 177	-	
	China	China	Software development, equipment maintenance and consulting	RMB 100	RMB 100	(Note B)	5.00	RMB 100	RMB 71	-	
	China	China	Garment production	RMB 1,000	RMB 1,000	(Note B)	100.00	RMB 1,506	RMB 506	-	
Far Eastern Industries (Shanghai) Ltd.	China	China	Garment production and sales	RMB 6,650	RMB 6,650	(Note B)	6.50	RMB 3,700	RMB 177	-	
	China	China	Software development, equipment maintenance and consulting	RMB 1,900	RMB 1,900	(Note B)	95.00	RMB 1,743	RMB 71	-	
	China	China	Transportation	RMB 5,000	RMB 5,000	(Note B)	100.00	RMB 5,343	RMB (38)	-	
Oriental Textile (Holding) Ltd.	China	China	Fiber and textile production	US\$ 59,960	US\$ 59,960	(Note B)	100.00	US\$ 70,282	RMB (24,932)	-	
	China	China	Textile production	US\$ 138,000	US\$ 50,000	(Note B)	100.00	US\$ 98,688	RMB (47,548)	-	
	China	China	Textile production	US\$ 1,200	US\$ 1,200	(Note B)	100.00	US\$ 1,159	RMB (760)	-	
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Ltd.	China	PTA production and sale	US\$ 105,055	US\$ 50,755	(Note B)	53.24	US\$ 88,651	RMB (179,916)	-	
FEDP (Holding) Limited	Far Eastern Industries (Suzhou) Ltd.	China	Garment production	US\$ 49,800	US\$ 45,000	(Note B)	100.00	US\$ 42,136	RMB (23,073)	-	
Far Eastern Polytex (Holding) Ltd.	China	China	Garment production and sales	US\$ 12,000	US\$ 12,000	(Note B)	93.00	US\$ 13,486	RMB 177	-	
	China	China	Garment production	US\$ 16,000	US\$ 11,000	(Note B)	61.54	US\$ 20,971	RMB 21,603	-	
	Bermuda	Bermuda	Investment	US\$ 6,408	US\$ 6,408	(Note B)	10.10	US\$ 7,036	US\$ (4,081)	-	
	China	China	Investment	US\$ 48,000	US\$ 48,000	(Note B)	100.00	US\$ 46,203	RMB (11,721)	-	
KG Telecommunications Co., Ltd.	Taiwan	Taiwan	Type II telecommunications services	2,355,649	2,197,794	198,136	79.25	890,885	(135,428)	-	
	British Virgin Islands	British Virgin Islands	Investment	-	93,976	-	-	-	(4,596)	-	
	Taiwan	Taiwan	Information and software services	100,000	100,000	4,000	40.00	28,765	5,362	-	
	Taiwan	Taiwan	Internet service	3,652	-	369	8.16	3,414	(3,320)	-	
Far Eastern Info Service (Holding) Ltd.	Far Eastern Tech-info Ltd. (Shanghai)	China	Information services, software, and internet	US\$ 2,500	US\$ 2,500	-	100.00	US\$ 4,078	282	-	
Far EasTron Holding Ltd.	Taiwan	Taiwan	Internet services	US\$ 4,532	-	2,734	60.52	US\$ 772	(3,320)	-	
	Taiwan	Taiwan	Internet services	-	US\$ 4,532	-	-	-	(10,846)	-	
E. World (Holdings) Ltd.	Yuan Cing Co., Ltd.	Taiwan	Call center services	193,500	193,500	19,350	99.99	US\$ 2,112	7,252	-	
KGT International Holding Co., Ltd. (Note F)	KGEx.com Co., Ltd.	Taiwan	Type II telecommunications services	-	US\$ 4,822	-	-	-	(135,428)	-	
Far Eastern (China) Investment Ltd.	China	China	Fiber and silk production	RMB 219,138	RMB 219,138	(Note B)	8.11	RMB 219,138	RMB (111,607)	-	
	China	China	PTA production and sale	RMB 115,232	RMB 103,736	(Note B)	12.97	RMB 115,232	RMB (179,916)	-	
Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Ltd.	China	Brewer production	US\$ 30,000	US\$ 18,000	-	100.00	US\$ 29,846	RMB (14,453)	-	
Far Eastern Industries (WuXi) Ltd.	Martens Beer (Shanghai) Co., Ltd.	China	Brewer sale	RMB 7,500	RMB 1,500	-	30.00	RMB 4,716	RMB (9,279)	-	

(Continued)

Notes:

- A. This included 5,000 thousand common shares and 3,000 thousand preferred shares.
- B. This is a private company.
- C. The investor company opened a trust account in Shanghai Bank in Taipei on September 26, 2002 to acquire equity in Pacific Liu Tung Investment Co., Ltd.
- D. On September 3, 2008, Far EasTone and Far EasTron Holding Ltd. swapped their holdings of Far EasTron's common shares for ADCast Interactive Marketing Co., Ltd.'s ("ADCast") common shares. Therefore, Far EasTone Telecommunications Co., Ltd. and Far EasTron Holding Ltd. became the stockholders of ADCast Interactive Marketing Co., Ltd.
- E. The company was shut down on May 27th, 2008 and was liquidated on August 21, 2008 and the stock shares of KGEX.com Co., Ltd. it held was transferred to KG Telecommunications Co., Ltd.

(Concluded)



**FAR EASTERN TEXTILE LTD.**

**INVESTMENT IN MAINLAND CHINA  
YEAR ENDED DECEMBER 31, 2008**

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Accumulated Outflow of Investment from Taiwan as of January 1, 2008	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2008	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of December 31, 2008 (Note B)	Accumulated Inward Remittance of Earnings as of December 31, 2008
				Outflow	Inflow					
Far Eastern Industries (Shanghai) Ltd. (FEIS)	Manufacture and distribution of PET staple, PET filament, Polyester top, PET performs, draw textured yarn, spinning yarn, knit fabric, woven fabric, knit garments and woven garments.	\$ 8,627,438 (RMB 1,801,888)	\$ 874,020 793,920 (Note D)	\$ 1,852,096	\$ -	\$ 2,726,116 793,920	100.00	\$ (506,399)	\$ 7,063,439	\$ 853,493 (Note C)
Far Eastern Apparel (Suzhou) Ltd. (FEAS)	Manufacture and distribution of knit garments, woven garments, non-knit garments, non-woven garments and accessories.	979,515 (RMB 204,577)	358,050 501,176 (Note D)	151,675	-	509,725 501,176	100.00	98,020	1,113,598	-
Far Eastern Industries (Wuxi) Ltd. (FEIW)	Manufacture and distribution of combed cotton yarn, 60/40 poly/cotton blended yarn, 65/35 poly/cotton blended yarn, spun yarn, woven fabric, greige woven fabric, print woven fabric, piece dyed woven fabric, bleached woven fabric.	2,305,281 (RMB 481,471)	2,018,430 (Note D)	-	-	2,018,430 (Note D)	100.00	(113,126)	2,296,011	-
Oriental Petrochemical (Shanghai) Ltd. (OPC)	Manufacture and distribution of PTA and it's by-product.	7,190,951 (RMB 1,501,870)	1,375,680 (Note E)	1,657,304	-	3,032,984 (Note E)	61.32	(458,620)	3,335,630	-
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Manufacture and distribution of weaving, dyeing & finishing of novelty fabrics, high-value engineered textiles industrial woven fabrics and scraps.	792,620 (RMB 165,543)	681,505 (Note D)	661,349	-	1,342,854 (Note D)	100.00	15,611	769,040	-
Far Eastern Industries (Suzhou) Ltd.	Manufacture and distribution of polyester chips, partially oriented yarn, fully oriented yarn, and polyester yarn	1,888,242 (RMB 394,370)	940,708	148,296 (Note J)	-	1,089,004	100.00	(80,957)	1,402,004	-
Wu Han Far Eastern New Material Ltd.	Manufacture and distribution of PET chips, FET sheets, PET performs and garments and it's by-product.	491,845 (RMB 102,725)	393,960	-	-	393,960	100.00	804	473,737	-
Oriental Industries (Suzhou) Ltd.	Manufacture and distribution of PET performs and high-value engineered textiles industrial woven fabrics and scraps	3,768,540 (RMB 787,080)	2,383,021 (Note D)	1,038,538 (Note D)	-	3,421,559 (Note D)	100.00	(215,739)	3,304,019	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Accumulated Outflow of Investment from Taiwan as of January 1, 2008	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2008	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of December 31, 2008 (Note B)	Accumulated Inward Remittance of Earnings as of December 31, 2008
				Outflow	Inflow					
Far Eastern Industries (Jiujiang) Ltd.	Manufacture of cotton yarns, natural fibers and chemical fibers and it's by-product.	\$ 43,912 (RMB 9,171)	\$ 258,880 (Note D)	\$ -	\$ -	\$ 258,880 (Note D)	100.00	\$ -	\$ 43,912	\$ -
Far Eastern (China) Investment Ltd.	Investment	1,750,206 (RMB 365,540)	1,577,040	-	-	1,577,040	100.00	(53,184)	1,689,296	-
Sino Belgium (Suzhou) Limited	Brewer	1,046,080 (RMB 218,480)	591,783	370,794 (Note J)	-	962,577	100.00	(67,347)	975,012	-
Far Eastern Tech-info Ltd. (Shanghai) (Note F)	Service of software, data processing, information provider and information integration system service.	82,000 (US\$ 2,500)	92,616 (Note G)	-	-	92,616 (Note G)	100.00	282	133,758 (US\$ 4,078)	-

Accumulated Investment in Mainland China as of December 31, 2008	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$231,849 (Note H)	US\$254,132 (Note I)	\$ - (Note K)

Notes:

- A. Recognition of gains/loss was based on the investee's audited financial statements.
- B. Recognition of the investment amount was based on the investee's audited financial statements.
- C. This was the amount of cash dividends received by the Company and Yuang Ding Investment over the years from FEPI.
- D. The amount was remitted by the Company's subsidiary, Yuan Ding Investments.
- E. The amount was remitted by the Company's subsidiaries, Yuan Ding Investments and Ding Yuang.
- F. Far EasTone's subsidiary.
- G. The amount was remitted by the Company's subsidiary, Far EasTone Telecommunications Co., Ltd.
- H. It was the actual amount remitted to Mainland China by FETL.
- I. Investment amounts authorized by the Investment Commission under the Ministry of Economic Affairs.
- J. The amount was remitted by the Company's subsidiary, Yuang Tong Investment Corporation.
- K. The Company was allowed to invest in Mainland China without the restriction of maximum amount according to MOEA Approval Letter No. 09701098660.

(Concluded)

**FAR EASTERN TEXTILE LTD.**

**INVESTMENT IN MAINLAND CHINA - INVESTMENT TYPE**  
**YEAR ENDED DECEMBER 31, 2008**  
**(In Thousands of U.S. Dollars)**

Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Far Eastern Industries (Shanghai) Ltd. (FEIS)	Far Eastern Textile Ltd.	1996.07.09	No. 84015136	Far Eastern Polychem Industries Co., Ltd.	\$ 6,000	\$ 6,000			
	Yuan Ding Investment Co., Ltd.			Far Eastern Polychem Industries Co., Ltd.	24,000	24,000			
	Far Eastern Textile Ltd.	2004.12.29	No. 093032400	Far Eastern Polychem Industries Co., Ltd.	1,712		\$ 1,712		
	Far Eastern Textile Ltd.	2004.12.30	No. 093032090	Far Eastern Polychem Industries Co., Ltd.	1,540			\$ 1,540	
	Far Eastern Textile Ltd.	2004.11.03	No. 093032240	Far Eastern Polychem Industries Co., Ltd.	3,879		3,879		
	Yuan Ding Investment Co., Ltd.	2004.12.29	No. 093032402	Far Eastern Polychem Industries Co., Ltd.	7,014		7,014		
	Yuan Ding Investment Co., Ltd.	2004.11.02	No. 093032239	Far Eastern Polychem Industries Co., Ltd.	15,898		15,898		
	Yuan Ding Investment Co., Ltd.	2004.12.29	No. 093032089	Far Eastern Polychem Industries Co., Ltd.	6,313			6,313	
	Far Eastern Textile Ltd.	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Co., Ltd.	31,779	31,779			
	Far Eastern Textile Ltd.	2008.06.27	No. 09700163440	Far Eastern Polychem Industries Co., Ltd.	56,000	56,000			
	Far Eastern Textile Ltd.	2008.04.18	No. 09700045490	Far Eastern Polychem Industries Co., Ltd.	4,800	4,800			
Far Eastern Apparel (Suzhou) Ltd. (FEAS)	Yuan Ding Investment Co., Ltd.	1996.10.16	No. 85016219	Far Eastern Apparel (Holding) Ltd.	10,000	10,000			
	Yuan Ding Investment Co., Ltd.	2003.10.30	No. 092033299	Far Eastern Apparel (Holding) Ltd.	5,000	5,000			
	Far Eastern Textile Ltd.	2006.05.23	No. 09500112650	Far Eastern Polytex (Holding) Limited	11,000	11,000			
	Far Eastern Textile Ltd.	2008.03.31	No. 09700038490	Far Eastern Polytex (Holding) Limited	5,000	5,000			
Far Eastern Industries (Wuxi) Ltd. (FEIW)	Yuan Ding Investment Co., Ltd.	2002.06.21	No. 091011903	Oriental Textile (Holding) Ltd.	19,960	19,960			
	Yuan Ding Investment Co., Ltd.	2005.11.03	No. 094024169	Oriental Textile (Holding) Ltd.	40,000	40,000			
Oriental Petrochemical (Shanghai) Ltd. (OPC)	Yuan Ding Investment Co., Ltd.	2003.11.04	No. 092028575	Pacific Petrochemical (Holding) Ltd.	20,000	20,000			
	Ding Yuan International Investment Co., Ltd.	2003.02.26	No. 091039560	PET Far Eastern (Holding) Ltd.	20,000	20,000			
	Far Eastern Textile Ltd.	2004.01.14	No. 092035971	Far Eastern Polychem Industries Co., Ltd.	1,228				\$ 1,228
	Yuan Ding Investment Co., Ltd.	2004.01.14	No. 092035970	PET Far Eastern (Holding) Ltd.	5,031				5,031
	Far Eastern Textile Ltd.	2008.06.27	No. 09700163430	Far Eastern Polychem Industries Co., Ltd.	49,500	49,500			
	Far Eastern Textile Ltd.	2008.04.18	No. 09700045500	PET Far Eastern (Holding) Ltd.	4,800	4,800			
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Yuan Ding Investment Co., Ltd.	2003.10.31	No. 092033525	Far Eastern Apparel (Holding) Ltd.	20,000	20,000			
	Yuan Ding Investment Co., Ltd.	2008.10.13	No. 09700348610	Far Eastern Apparel (Holding) Ltd.	30,000	30,000			

(Continued)

Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Far Eastern Industries (Suzhou) Ltd.	Yuan Ding Investment Co., Ltd.	2002.11.26	No. 091035216	Far Eastern Polychem Industries Co., Ltd. F.E.D.P. (Holding) Ltd.	\$ 9,352				\$ 9,352
	Far Eastern Textile Ltd.	2004.10.11	No. 093025506	Far Eastern Polychem Industries Co., Ltd. F.E.D.P. (Holding) Ltd.	1,569			\$ 1,569	
	Far Eastern Textile Ltd.	2004.10.14	No. 093030298	Far Eastern Polychem Industries Co., Ltd. F.E.D.P. (Holding) Ltd.	713				713
	Far Eastern Textile Ltd.	2007.3.13	No. 09600059830	Far Eastern Polytex (Holding) Limited F.E.D.P. (Holding) Ltd.	5,288	\$ 5,288			
	Far Eastern Textile Ltd.	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Co., Ltd. F.E.D.P. (Holding) Ltd.	4,524	4,524			
	Yuang Tong Investment Co., Ltd.	2007.07.11	No. 09600243260	F.E.D.P. (Holding) Ltd.	20,000	20,000			
	Far Eastern Textile Ltd.	2008.04.18	No. 09700045510	Far Eastern Polychem Industries Co., Ltd. F.E.D.P. (Holding) Ltd.	4,800	4,800			
Oriental Industries (Suzhou) Ltd.	Yuan Ding Investment Co., Ltd.	2005.08.01	No. 094015006	Oriental Textile (Holding) Ltd.	19,800	19,800			
	Yuan Ding Investment Co., Ltd.	2006.02.09	No. 094037416	Oriental Textile (Holding) Ltd.	30,200	30,200			
	Yuan Ding Investment Co., Ltd.	2007.10.02	No. 09600280400	Oriental Textile (Holding) Ltd.	23,000	23,000			
	Yuan Ding Investment Co., Ltd.	2008.09.01	No. 09700172130	Oriental Textile (Holding) Ltd.	32,500	32,500			
Far Eastern Industries (Jiujiang) Ltd.	Yuan Ding Investment Co., Ltd.	2006.03.03	No. 09500033740	Oriental Textile (Holding) Ltd.	8,000	8,000			
Wu Han Far Eastern New Material Ltd.	Far Eastern Textile Ltd.	2006.05.19	No. 09500090070	Far Eastern Polytex (Holding) Limited	12,000	12,000			
Far Eastern (China) Investment Ltd. (Note A)	Far Eastern Textile Ltd.	2006.08.01	No. 09500124430	Far Eastern Polytex (Holding) Limited	48,000	48,000			
Sino Belgium (Suzhou) Ltd.	Yuang Tong Investment Co., Ltd.	2007.08.02	No. 09600248620	Sino Belgium (Holding) Limited	18,000	18,000			
	Yuang Tong Investment Co., Ltd.	2008.02.21	No. 09600451060	Sino Belgium (Holding) Limited	12,000	12,000			
Martens Beer (Shanghai) Ltd. (Note B)	Yuang Tong Investment Co., Ltd.	2008.12.10	No. 09700456110	Sino Belgium (Holding) Limited	3,800	3,800			
Far Eastern Tech-info Ltd. (Shanghai)	Far EastTone Telecommunications Co., Ltd.	2004.08.26	No. 093018811	Far Eastern Info Service (Holding) Limited	2,700	2,700			

Notes:

A. Far Eastern (China) Investment Ltd. invested US\$30,000,000 in Far Eastern Industries (Shanghai) Ltd. and US\$16,000,000 in Oriental Petrochemical (Shanghai) Ltd.

B. The subsidiary of FETL, Yuen Tong Investment Co., Ltd. was allowed to invest Sino Belgium (Holding) Ltd. through the third country and then indirectly invested 30% of Martens Beer (Shanghai) Ltd.: Sino Belgium (Holding) Ltd. started its investment on February 2009.

(Concluded)

**FAR EASTERN TEXTILE LTD. AND INVESTEEES**

**INDUSTRY SEGMENT INFORMATION  
YEARS ENDED DECEMBER 31, 2008 AND 2007  
(In Thousands of New Taiwan Dollars)**

Industry information

	2008				2007			
	Polyester	Spinning, Weaving and Dyeing	Adjustments and Eliminations	Total (Note A)	Polyester	Spinning, Weaving and Dyeing	Adjustments and Eliminations	Total (Note A)
Sales to customers	\$ 40,126,342	\$ 10,491,591	\$ -	\$ 50,617,933	\$ 39,134,262	\$ 10,019,728	\$ -	\$ 49,153,990
Intracompany sales (Note B)	<u>886,247</u>	-	<u>(886,247)</u>	-	<u>1,252,380</u>	-	<u>(1,252,380)</u>	-
Total revenue	<u>\$ 41,012,589</u>	<u>\$ 10,491,591</u>	<u>\$ (886,247)</u>	<u>\$ 50,617,933</u>	<u>\$ 40,386,642</u>	<u>\$ 10,019,728</u>	<u>\$ (1,252,380)</u>	<u>\$ 49,153,990</u>
Segment operating income (Note C)	<u>\$ 1,772,609</u>	<u>\$ 169,427</u>	<u>\$ -</u>	\$ 1,942,036	<u>\$ 1,889,159</u>	<u>\$ 447,073</u>	<u>\$ -</u>	\$ 2,336,232
Investment income under the equity method				5,542,190				11,282,355
General income (loss), net				18,654				(80,903)
Interest expense				(1,217,020)				(964,040)
General expenses (Note D)				<u>(1,671,356)</u>				<u>(1,299,830)</u>
Income before income tax				<u>\$ 4,614,504</u>				<u>\$ 11,273,814</u>
Identifiable assets (Note E)	<u>\$ 21,530,562</u>	<u>\$ 6,184,555</u>	<u>\$ -</u>	\$ 27,715,117	<u>\$ 23,001,404</u>	<u>\$ 7,118,895</u>	<u>\$ -</u>	\$ 30,120,299
Long-term stock investments				105,870,248				106,612,427
General assets				<u>7,452,947</u>				<u>8,861,139</u>
Total assets				<u>\$ 141,038,312</u>				<u>\$ 145,593,875</u>
Depreciation expense	<u>\$ 1,606,761</u>	<u>\$ 207,458</u>			<u>\$ 1,536,523</u>	<u>\$ 221,106</u>		
Capital expenditures	<u>\$ 1,261,942</u>	<u>\$ 150,356</u>			<u>\$ 1,184,255</u>	<u>\$ 76,279</u>		

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

B. Inter-division revenue from goods and services.

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

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

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

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