



2012 ANNUAL REPORT FAR EASTERN NEW CENTURY

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Adapting to New Models
突破與創新

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I. Letter to Shareholders

Dear Shareholders,

Year 2012 could be considered a challenging year for many businesses. In a rapidly changing and challenging environment, business operations were affected by political, economic and other risks inherent in the market. For year 2012, the global economy experienced volatility in commodity and food prices, and market uncertainty emphasized by concerns over the Eurozone debt crisis, the US fiscal cliff, China's growth slowdown, extreme weather events or other natural disasters, etc. Despite all the economic uncertainties and challenges, Far Eastern New Century (FENC, the Company) is well positioned to seize opportunities presented by the competitive landscape and prevail against challenges emerging from the fast-evolving business climate. Heading into 2013, although signs of recovery have emerged above the horizon, we opt to remain cautious on the sustainability of global real demand improvement given the existing uncertainty of the global economy.

From a political perspective, international affairs and government and cabinet turnovers have created significant impacts on the global economy. In Asia, after power transitions in China, Japan, and Korea, there had been uncertainties regarding market reactions to the monetary and fiscal policies implemented by the new administrations. Territorial disputes over the Diaoyutai Islands and North Korea's nuclear testing also caused disturbance in the region. In the US, the fiscal cliff remains a concern even as Barack Obama was re-elected for his second term as President. In the Euro area, after elections in several countries in the region, Euro debt crisis still posts a challenge to the recovery path of the Eurozone economy. Furthermore, in the Middle East, the upcoming Iranian presidential election adds to the uncertainty in the region.

From a global economic perspective, the US and China remain the leading engines for the growth of the global economy. At the end of year 2012, there were nascent signs of temporary relief on concerns over the US fiscal cliff, attributing to the recovery of the housing market and the implementation of quantitative easing (QE2 & QE3). However, the market is still cautious about the future growth momentum of the US economy. In terms of China, the concerns over spare capacity and an economic slowdown have added uncertainties to the market. In response to the quantitative easing monetary policy adopted by the US and Eurozone countries to stimulate the economy, Japan, as Asia's largest economy, has also adopted a quantitative easing program for its monetary policy after the new Prime Minister Shinzo Abe took over the administration. Therefore, quantitative easing has left global economies under the great pressures of a currency war. For emerging Asian markets, while there are economic improvements, inflation continues to be a threat. Furthermore, the ongoing negotiations among Free-Trade Agreement (FTA) members have also attracted great attention from the international community. In Europe, the financial conditions in Greece, Spain, and Italy are still causing market tensions and concerns for the European Union (EU). As international speculative short-term capital (hot money) surged into the market, prices of oil, gold, and food have fluctuated; as a result, increased manufacturing costs have made business operations even more challenging.

In terms of the impact of natural disasters on the overall economy, the rapidly changing climate also cause uncertainties for global economic development. In the past year, economic activities in certain regions of China had been burdened by floods, and Beijing has been under a troublesome level of air pollution. Moreover, various production activities were also negatively affected by Hurricane Sandy that swept across the eastern US.

As a result, FENC has been facing a challenging environment impacted by the volatile global economies and political conditions, soaring oil and electricity prices, rising commodity prices, and increased manufacturing costs. To create further business opportunities, we have set our strategic layout to seize the lucrative opportunities deriving from the population of 1.3 billion in China, as Taiwan is closely linked to China in both economic and political respects. China is at a critical moment of political transition and it will be a challenging task for successors, Xi Jin-Ping, Li Ke-Qiang (Xi-Li), to set strategic directions for

Letter to Shareholders

the country, in order to preserve the economic growth created by prior leaders, Hu Jin-Tao and Wen Jia-Bao (Hu-Wen) and lead China to a new era of economic transformation. Although economic and political conditions seem unpredictable, the Chinese government is making its best efforts to drive economic recovery by expanding domestic demand, and to transform itself from the “world’s factory” to the “world’s market”.

Even as economic, political, and natural impacts create challenges in the business environment, FENC is determined to pursue continuous innovation and excellence, in order to achieve sustainable growth. Guided by the Company mission statement, “Having innovative thinking, superior technology, and excellent managerial skills, we aim to lead the polyester and textile industries and maximize the value of our holdings in real estate and equities, and all that shall lead the development of society and bring prosperity to the community”, FENC has managed to create continuous successes. As a great recognition of FENC’s continued efforts to re-invent and rise above a rapidly changing environment, FENC has won the “Most Admired Company” award from “CommonWealth Magazine” for consecutive years.

Operating Results

In the fast-moving business environment, FENC sustains growth via strategic business diversification. As a conglomerate with diversified investments in various businesses, the Company was re-named from Far Eastern Textile Limited (FETL) to Far Eastern New Century Corporation (FENC) in 2009. With a strong core business, diversification allows FENC to extend its range of products or services and gain entry into new markets. While FENC sustains its leading position in the polyester industry, it enjoys a stable contribution of income from its diversified investments. The Company also continued land development by monetizing the existing land assets. Consolidated revenue for 2012 totaled NT\$240.4 billion, an increase of 2 percent over 2011. On a parent-alone basis, revenue arrived at NT\$60.7 billion, Net income was NT\$8.713 billion and earnings per share was NT\$1.73. In the 21st session of the fourth meeting, our Board of Directors has proposed to pay a dividend of NT\$1.5 per share, comprising of a cash dividend NT\$1.3 per share and a stock dividend NT\$0.2 per share. Operating results by business segments are outlined below:

A leading polyester producer

FENC successfully completed vertical integration at its core business production lines both in Taiwan and China, from upstream PTA plants to downstream polyester and textile products. In terms of consolidated revenue, polyester, petrochemical, and textile represents 50%, 30%, and 20% respectively. FENC has maintained its leading position in the industry by utilizing economies of scale, implementing breakthrough technologies and developing green products.

Upstream - Petrochemical Business

FENC has achieved a high level of vertical integration with an emphasis on the production of PTA. Due to the current shortage of PX, PTA industry is experiencing an imbalance between supply and demand, and going under a period of industry structure change. However, FENC retains its competitive advantage from inter-group vertical integration both in Taiwan and China. PTA production line located at Guanyin site, Taiwan (Oriental Petrochemical Taiwan Co. Ltd., OPTC) has an annual capacity of 950,000 tons while in Shanghai, China (Oriental Petrochemical Shanghai Corporation, OPSC), PTA production line has an annual capacity of 750,000 tons.

Far Eastern Yihua Petrochemical(Yangzhou) Corporation, a joint-venture formed between OPSC and Sinopec Yizheng Chemical Fibre Company Limited, has a designed annual capacity of two million tons and new lines are slated for commercial operation in the fourth quarter of 2014. To reinforce market

competitiveness and reduce manufacturing costs, FENC implemented various tactics such as innovative production techniques and cross-strait sales strategies, long-term contracts with PX suppliers to ensure stable supply of raw materials, production line upgrades, and reduction in production costs via the use of coal water mixture.

Mid-Stream – Polyester Business

FENC is a global leading polyester producer with vertically-integrated production processes. The Company has production lines in Taiwan, China, and South East Asia with an annual capacity of two million tons. For Solid State Polyester (SSP) products, FENC is the largest supplier of PET in Asia and remains globally competitive by ranking 3rd worldwide in terms of capacity. The Company received the “Global Sustainable Procurement Supplier of the Year” award in 2013 from Coca-Cola. Aiming to be the world’s largest Bio-PET manufacturing site, FENC is planning to build a new plant in Yangzhou, China, with a designed capacity of 850,000 tons. By closely monitoring the market, the Company continually increases the capacity of PET bottles and PET films to strengthen its market position in China while increasing its market share in Japan. Recycled PET (r-PET) resin is a product that the Company is adding capacity aggressively in order to become a worldwide leading producer. Strategic global layout for the recycled food-grade bottle flakes business is in progress, and the plant in Japan is slated for commercial operation in the near future. FENC is the largest worldwide supplier of staple fibers used for non-apparel purposes. To maintain its leading position, FENC has expanded capacity gradually and increased its product differentiation rate over 70% of its product portfolio. With regard to the filament yarn products, FENC has been making efforts to differentiate its products by developing TopHeat™ fibers, TopCool™ fibers, and TopGreen™ fibers (recycled yarn). Meanwhile, the Company has enhanced its value chain by building a long-term partnership with international brands such as P&G, Johnson & Johnson, and Kimberly Clark. Furthermore, by working with renowned downstream customers, the Company continues to sustain its growth.

Downstream – Textile Business

The Textile Business is devoted to product innovation and breakthroughs in technology and process re-engineering and it is fully equipped with a vertically integrated production line from product development, yarn spinning, fabric and apparel manufacturing to marketing. Being one of the most prestigious material suppliers, FENC has long-term partnerships with world-renowned fashion brands in fabric and apparel to develop innovative fabrics and other trendy and functional high-value products. As a result, fabrics made by the Company for recycled sportswear were selected by Nike for the FIFA World Cup™ for two consecutive years, and by many sports teams for the 2014 Brazil World Cup. In order to obtain the zero tariff of TPP, the Company increased its investment in Vietnam. For industrial fabrics, our conveyor belts are lightweight and meet the requirements for food-grade and electronic products. The group defines its core competence as the ability to develop functional products, such as Nylon6-6 tire cord fabrics, PET tire cord fabric, industrial yarn and polyester airbag yarn that can replace nylon for air bag manufacturing.

Investment – Diversify and Pursue New Business Opportunities

FENC enjoys profits from its affiliated companies which are led by well-established management teams and supported by innovative strategy. The affiliated companies are in diversified business areas, such as petrochemical, cement, transportation, polyester, retail, telecommunication, financial services, construction, and hotels & resorts. All the affiliates are in leading positions in their respective industries. To seize business opportunities, our investment portfolio targets the Chinese market and its population of 1.3 billion. The investment portfolio includes Far Eastone Telecommunications (38%), Asia Cement Corporation (25%) and others, to name a few, such as Oriental Union Chemical Corporations, Far Eastern Department Stores Ltd. and Far Eastern International Bank. Far Eastone, being the most important contributor to the investment income of the Company, generated a record-high revenue in 2012. The number of its retail stores reached 900 from the 3 major distribution channels of Far Eastone,

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Arcoa and Data Express. Meanwhile, for further developing in the enterprise cloud services, Far EasTone released “FET Super Cloud” enterprise data storage services by forming an alliance with ASUSTeK Computer Inc. It also plans to build a new cloud internet center (IDC) at the Taipei Far Eastern Telecom Park (T park). The first submarine optic fiber cable directly linking Taiwan and Chinese mainland, “Taiwan Strait Express 1”, has been completed and become the faster and most stable cable cross the strait which will bring a win-win situation for operators and end users. By expanding the applications of non-voice services and creative marketing strategies, Far EasTone will continually grow in a systematic way. In retail business, with the openings of Taichung Top City, Banciao Mega City and Hsinchu Big City, we have established a new benchmark for the retail business in Taiwan and the revenue from the three new shopping malls is much better than the original expectation. In cement business, Asia Cement Corporation with its capacity cross the strait has planned for strategic expansion in China and could be ranked in the top ten cement companies in China shortly. In addition, Oriental Union Chemical Corporation has been collaborating with FENC in the development of a MEG project located at the Yangzhou Chemical Industrial Park, in order to maximize inter-group synergy. Far Eastern International Bank is seeking business opportunities in the Greater China region (China, Hong Kong, and Taiwan) through offering OBU and a variety of cross-strait business models. With its vision and the business outlook for its affiliates, this diversified investment portfolio will continue to generate consistent profits for FENC.

Land Development –Monetize Land Assets

FENC has a significant amount of land holdings totaling 560,000 pings. Land with high-potential development value includes Taipei Metro Tower located in Taipei City, and holdings in Banciao, Taishan in New Taipei City. Currently, the amount of land under planning and development is approximately 200,000 pings. To utilize and monetize the land assets, Far Eastern Resources Development Co., Ltd. (FERD) was established. Taipei Far Eastern Telecom Park (T park), being located at a transit hub accessing three major transport systems, Taipei MRT, Taiwan Railways and Taiwan High Speed Railways, is the top priority of the land development business. The first phase of T park was recently completed and it comprises an industrial zone, a commercial zone, a residential zone, a medical center and public infrastructure. By providing a convenient and comfortable environment, several international telecommunication companies, such as the research headquarters of Ericsson, have set up in the park. Some local well-known companies, such as E. Sun Bank, DBS Bank, and the Wang Steak Group moved in as well. After completing phase I, the Company has been actively planning the sequential development of T park by constructing a new headquarters of Far EasTone and the second R&D building. FENC’s retail store, Banciao A-Mart, will be re-located to the north of T park and the land of A-Mart’s former site will be developed as a residential skyscraper project by Far Eastern Construction Company. T park, with 62,000 pings slated for development, is located next door to the Far Eastern Memorial Hospital MRT Station. T Park’s public infrastructure consists of an ecological park connecting the north and south parks and a hydrophilic shaft project; both of which are currently under planning. Additionally, the New Taipei City government has announced to develop a Cloud Valley Industrial Park close to T park and has selected T park as the recruiting center for cloud-related investment services as well. T park is the first smart green campus in Taiwan’s metropolitan area, with the purpose to combine telecommunications, cloud computing, digital content and green energy industries. In addition, the SPA Resort project at Ilan has received the development permit and the potential profit from land development can be truly rewarding.

Business Goals and Prospects

FENC strives to enhance its competitive advantages and create new business opportunities in a challenging environment. Guided by the Company’s global vision, future insights, distinctive organization structure, and the long-cultivated corporate culture, FENC is progressing steadily to the following strategic goals:

Green Product – New Business Opportunities

In light of the increasing awareness of environmental conservation, FENC is committed to the innovation and development of green products. The green-technology R&D department has a focus on environmental-friendly packaging materials, recycled PET, and bio-based materials, with the goal of replacing petroleum materials with bio-based materials and developing green products, such as recyclable polyester, recycled-polyester fiber, polyester beer bottles. Food-grade recycled PET and bio-based PET resins are consumed by international brands such as Coca-Cola and Pepsi. TopGreen™ recycled fibers (recycle yarn; environmental-friendly recycling polyester fiber) were selected by Nike to produce sportswear in the FIFA World Cup™. Promotion and development of green products is vertically-integrated, in the upstream petrochemical business, the mid-stream polyester business, and the downstream textile business. New production lines have been aggressively added to industry-leading products, such as Bio-PET and R-PET, via a global lay out and ongoing expansion of the manufacturing sites. The new plant construction at Tokyo, Japan has commenced and is expected to be completed in the first-half of 2014. In China, new lines in Yangzhou are slated for commercial operation by the end of 2014.

Market Scale - Expand Business Territory

In order to maintain the leading position, FENC manages to efficiently optimize capital allocation and continuously expands the businesses via diversified investments. Our capacity expansion targets are green and specialty products. To become the largest Bio-PET manufacturing site, our polyester business unit built production lines in Yangzhou. Based on the trend of the polyester market, capacity has been added to green products, such as recycled-PET (R-PET), amorphous-PET (A-PET), and heat-shrinkage PET film (PET-FILM). For the petrochemical business, once the PTA plant is established, it will supply the polyester business via much more efficient logistics.

Human Resource – Cultivate an Elite Team

To respond to the rapid growth of FENC, we aggressively recruit and retain top notch talent. In order to promote the leadership development plan, we set up a Human Resource Recruiting Committee to select those with high potential for business units and the administration department. Several measures have been taken to enhance the quality of human resources, including proper training program, job rotation and important project assignment. To cope with overseas expansion, we strengthened communication and knowledge sharing among employees from domestic and all offshore subsidiaries. We designed a competitive compensation & benefit policy to fortify the retaining program, and an initiated development plan for the new generation of leaders. Furthermore, we have undertaken collaboration program with academia, to identify and jointly cultivate new talents.

Research and Development – Demonstrate Innovation Advantages

The company has established an R&D department, with the best scale and the highest quality in the related fields in Asia. Moreover, our R&D focus has a good coverage and balance among the requirements of short-term, mid-term and long-term range. The R&D department incorporates talents from both Taiwan and China and comprises five teams – polyester, high-molecule polymers, green products, optoelectronics, and bio-medical products. To align with the company's development plan, our R&D accelerates the development of high value-added products with core technologies and aggressively focuses and allocates resources to the green-product and bio-material industries with the greatest market potential.

Management – Build a Smart-Mobility Management Team

With our outstanding management experience and capabilities, we established a strong executive team with integrated functions including investment, financial, accounting, administration, information system, legal, human resources and public affairs. We are able to create the best synergy and value from smart

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management. To enhance the application of information technology, we developed a new management platform, called Far East New Generation Smart Management APP. The platform enables the collection of market and operations information and also supports the management system for various functions including financial & accounting, human resources, purchasing, record retention and inventory management. The platform provides executives a real-time and mobile management tool to achieve the goal of smart and mobile management. Furthermore, it helps strengthen flexible financial management, cost control and planning on high-performance energy management strategies. With the additional feature of effective risk control mechanism, the management system delivers world-class administration advantages.

Corporate Social Responsibilities

With the belief of returning prosperity to society, FENC has always made tremendous effort in community activities and charity events. To carry out our social responsibilities, we established several sponsored programs in different areas, such as emergency assistance, medical assistance, education promotion, scientific activities and cultural activities, etc. Our active involvement in the community activities has won us global recognition by receiving both the “Eco Advocate Award” and the “Philanthropy Award” from the “Asia Pacific Enterprise Corporation (AP-EC)”.

The “Eco Advocate Award” was conferred on the “EcoArk Exhibition Hall” constructed with bricks made from recycled PET bottles. Being the exclusive sponsor of the New Fashion Pavilion at the 2010 Taipei International Flora Exposition, FENC built this green construction to promote the awareness of environmental conservation and to enhance the visibility of Taiwan worldwide by successfully exercising both innovation and creativity.

The “Philanthropy Award” was granted to us for a medical-related and a cultural-related project. To serve the community, Far Eastern Memorial Hospital (the Hospital) will open a new wing. With the completion of the main structure of the Hospital’s Phase II expansion, a new emergency room is expected to be put in operation in June 2014, while the new wing is expected to be in full service in December 2014. To bring the arts & humanities and public architectural aesthetics to the next level, the world-renowned architect, Santiago Calatrava Valls, was invited to design an art zone on the campus of Yuan Zi University. Moreover, Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation has been sponsoring the “Y. Z. Hsu Scientific Award”, encouraging research activities of technology talents in Taiwan. Moving forward, FENC will devote even further efforts in the public welfare and make greater contribution to the society.

In a challenging and rapidly changing environment, FENC operates with innovation and competitiveness. The management team is determined to preserve the Company’s founding spirit and core values of “Sincerity, Diligence, Thrift, Prudence, and Innovation”. Meanwhile, the management actively pursues business transformation to assure continuous success by embracing key factors “Innovation, Efficiency, Cost, Adaptability and Scale.” We apply our best energies and competence to make FENC operate with a global vision, tactical business strategies, and solid business capabilities. In doing so, we have never been more confident in our ability to achieve our business goals and better reward our shareholders with long-term value.

Chairman
Douglas Tong Hsu

徐旭東



II. Company Profile

1. Date of Incorporation

13 January 1954

2. Company History

- 1942** • Yu-Ziang Hsu founded Far Eastern Knitting Factory Co., Ltd. in Shanghai to produce "Skyscraper"-brand underwear for sale throughout China.
- 1949** • The company was relocated to Taiwan, and installed its knitting factory in Banciao, the outskirts of the Taipei City, where it continued producing and marketing knitted fabrics.
- 1953** • The name of the Company was changed to Far Eastern Knitting Co., Ltd.; meanwhile, the Taiwan Far Eastern Textile Co., Ltd. was founded in Banciao for the purpose of establishing a weaving mill.
- 1954** • Far Eastern Knitting and Taiwan Far Eastern Textile were merged to form Far Eastern Textile Ltd. (FETL), which was located on Yungshui Rd. in Taipei.
- 1955** • Shirt production equipment was added, and the Company was the first one in the Republic of China to receive an order for the cotton yarn export.
- 1960** • An advanced apparel plant was established.
- 1963** • Cotton and chemical fiber facilities were installed for the rising demand of the Taiwan society and the synthetic fiber industry.
- 1965** • The third synthetic fiber textile plant was established, completing the vertical integration of FETL's processes from spinning to weaving, dyeing and finishing, and apparel production.
- 1966** • The head office was moved to Paoching Rd. in Taipei in July.
- 1967** • Permission for FETL shares listed on the Taiwan Stock Exchange was received in April.
- 1969** • A new garment factory was constructed at Hsinpu.
- 1970** • A new spinning plant was built at Hsinpu to produce yarns from polyester and acrylic fibers.
- 1972** • The Banciao textile factory of Taiwan Textile and the Neili textile plant of Yungshing Industries were procured and converted to FETL's Banciao and Neili textile plants.
- 1974** • The Yilan apparel plant was built.
- 1978** • The Chungchou Textile Plant at Kuanyin in Taoyuan County was purchased and renamed as Kuanyin Textile Factory.
 - Permission was received to acquire and merge Orient Chemical Fiber and establish a chemical fiber plant.
- 1982** • Permission was received to merge Eastern Manmade Fiber into FETL and established the Eastman Division, which in July of the next year was merged into the Textile Division.
- 1987** • The Hukou production site was established, and later yarn and fabric plants were constructed there.
 - Ground-breaking took place in August for the Taipei Metro Tower; a multiple-purpose twin towers with 41 stories above ground and five below, containing offices, a shopping center, and a tourist hotel.
- 1988** • To create new applications for polyester filament, a joint investment of NT\$1 billion was made together with Hong Ho Precision Textile Co. in the establishment of Everest Textile Co. to produce fine woven fabrics as a means of adding value to FETL products.
- 1993** • The Hsinpu Synthetic Fiber Plant of the Fiber Division received ISO-9001 certification from the D.N.V. company, being the first chemical fiber plant in Taiwan to be accredited with such certification.
 - Construction of the Taipei Metro Tower completed in October and the head offices of FETL as well as of Asia Cement and other affiliated companies moved into the complex on Oct. 16 and 17, making this the headquarters of the Far Eastern Group.
- 1994** • The Yilan and Banciao plants of the Apparel Division, and the Neili and Hukou plants of the Textile Division, were accredited with ISO-9002 certification.
- 1995** • DuPont-Far Eastern Co., Ltd. (renamed as Far Eastern Fibertech Co., Ltd.) was established in cooperation with DuPont of the United States, with an investment of US\$100 million, for the production of high-tech nylon 66.
 - A contract was signed with ICI for the establishment of ICI Far Eastern Ltd. (renamed as Oriental Petrochemical Corporation now) to construct a PTA plant at Kuanyin in Taoyuan County.
- 1996** • Permission was received in July from the Investment Commission, Ministry of Economic Affairs for a joint investment of US\$30 million by FETL and its wholly-owned subsidiary Yuan Ding Investment Corp. in the establishment of a holding company in a third area to establish Far Eastern Industries (Shanghai) Ltd. for the production and sale of polyester staple, polyester filament, and other products.

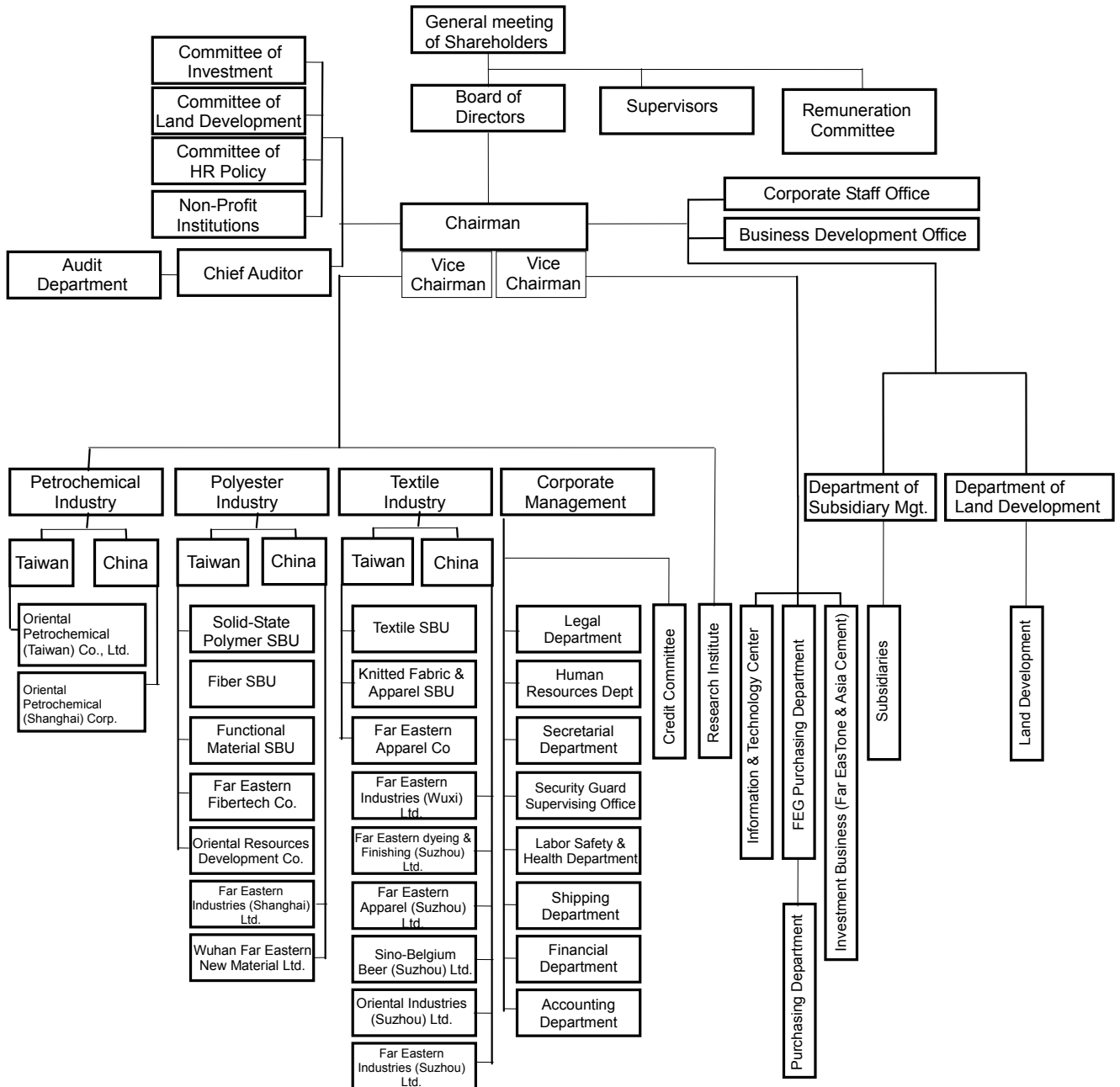
Company Profile

- 1997** • In January, Far EastOne Telecommunications Ltd (Far EastOne), which is 62.4% owned by FETL's subsidiary Yuan Ding Investment Corp., obtained island-wide DCS and northern-region GSM mobile phone licenses from the Directorate General of Telecommunications. This new high-tech enterprise was a powerful stimulative force in FETL's transition into a new business territory, and it provided a new model for growth as well.
- 1998** • The FETL-invested Far Eastern Textile Industrial (Shanghai) Co., Ltd. began trial production in September.
- 2000** • Mr. Y. Z. Hsu, Far Eastern Group founder, passed away at the age of 90 in December and left behind the most valuable and cherished founding spirit of "Sincerity, Diligence, Thrift, and Diligence" as the Company's motto.
- 2001** • In March, FETL-invested NCIC launched its voice and data services with "Sparq" as the brand name. Best quality services of NCIC help customers surf in an era of keen competition and rapid changes.
- 2002** • In May, FETL started the installation of SAP R/3 as the ERP system with PricewaterhouseCoopers. This project helped promoting internal processing re-engineering, cost reduction and management of financial information.
 - In October, a joint investment by FETL's subsidiaries and Far Eastern Department Stores ("FEDS") was formed to acquire the controlling interests of the SOGO Department Stores.
- 2003** • In September, FETL spun off its holdings of land and transferred such holdings as paid-in capital of the 100%-owned Far Eastern Resources Development Co., Ltd. ("FERD"), which became a vehicle specializing in developing and monetizing the existing land resources.
- 2004** • In April, FETL-invested company "Far Eastern Electronic Toll Collection Co., Ltd." has signed BOT contract with National Freeway Bureau.
- 2005** • In February, a development project " Taipei Far Eastern Telecom Park" (T-park) conducted by FERD was approved by Ministry of Economic Affairs as "national major investment and major public constructions".
 - In April, Far EastOne was approved by Taiwan Stock Exchange Corporation to become as a publicly listed company.
- 2006** • In February, the public highway electronic toll collection system was officially activated. This system was built by FETL-invested company "Far Eastern Electronic Toll Collection Co., Ltd."
 - In March, Oriental Petrochemical (Shanghai) Corporation invested by FETL commenced production, with a PTA production capacity of 650,000 tons/year to support the synthetic fiber business under Far Eastern group and other producers.
- 2007** • In January, FERD, fully owned by FETL, proposed to the government a change on the urban development plan, converting its Banciao factory from production factory into a telecommunication-related specialized zone combined with a medical service center. The government had already approved such proposal after a three-year evaluation. This land re-zoning plan was officially announced on 23 January 2007.
- 2008** • In March, Sino-Belgium Beer (Suzhou) Ltd. was established and invested by FETL. The factory was completed in April. In October, a beer "Martens 1758", manufactured for Belgium Martens beer company, was launched in the Shanghai market.
 - In October, FETL obtained all shares of "Invista Far Eastern Petrochemicals Ltd." & "Far Eastern Invista Ltd." and renamed them " Oriental Petrochemical (Taiwan) Co. Ltd." & "Far Eastern Fibertech Co., Ltd.", respectively.
- 2009** • In October, in the Company's Extraordinary Shareholders' Meeting held on 13 October 2009, shareholders presented had resolved and approved the renaming of the Company, from Far Eastern Textile Limited (FETL) to Far Eastern New Century Corporation (FENC), effective on the same date.
- 2010** • In January, new shares of FENC were listed on the Taiwan Stock Exchange.
- 2011** • In March, FENC constructed, operated and sponsored "FE EcoARK", a pavilion made of 100% recycled PET bottles, at the Taipei International Flora Expo. This architecture was the first of its kind in the world and the National Geographic Channel (NGC) produced a documentary "Megastructures EcoARK" on EcoARK as well. The show was broadcast throughout 168 countries in 34 languages.
 - In December, a wholly owned subsidiary of FENC has entered a joint venture with Sinopec Yizheng Chemical Fibre Company Limited to establish Far Eastern Yihua Petrochemical (Yanzhou) Corporation to conduct purified terephthalic acid (PTA) production.
- 2012** • In May, FENC founded Far Eastern Industries (Yangzhou) Ltd. and Far Eastern Union Petrochemical (Yangzhou) Ltd., via indirect investments and plans to build a new production site for polyester and ethylene glycol.
- 2013** • In April, FENC, through its subsidiary "Far Eastern Polychem Industries Ltd.", has entered into a joint venture with Ishizuka Glass Co., Ltd. ("IGC"), to establish Far Eastern Ishizuka Green PET Corporation in Japan to conduct R-PET production and distribution business
 - In May, 1st Global Sustainable Procurement (GSP) supplier awards was launched by Coca-Cola and FENC was awarded "2013 Supplier of the Year" out of 900 suppliers.
 - In May, Far Eastern New Century (China) Investment Co., Ltd., the subsidiary of Far Eastern New Century, obtained the right to the use of land through public auction for RMB 978 million (equivalent to NT\$ 4.67 billion). The land is located at plot A09B – 02, World Expo Zone, Pudong New Area, Shanghai.

III. Corporate Governance Report

1. Organization

1.1 Organization Chart



Corporate Governance Report

1.2 Affairs in Charge for Each Major Department

Department	Affairs in charge
Audit Department	Internal auditing
Petrochemical Industry	Production and sale of PTA
Polyester Industry	Production and sales of polyester chips, polyester staple fibers, polyester filament, polyester films and functional materials.
Textile Industry	Printing, dyeing and finishing of yarns, silks, fabrics and cloths; production and sales of miscellaneous natural, man-made, synthetic fiber yarns and fabrics, blended yarns and fabrics, and woven finished clothing and knitted finished clothing.
Corporate Management	Legal, human resources, general administration, shipping, security, labor safety and health, finance and accounting related matters.
Research Institute	Research and development.

2. Directors, Supervisors and Management Team

2.1 Directors and Supervisors

Book closure date: 26 April 2013

Title	Name	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse & minor children		Curriculum vitae Δ Other positions in FENC and/or other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
					Share	%	Share	%	Share	%		Title	Name	Relation
Chairman	Douglas Tong Hsu	28 Jun 2012	3	23 Dec 1967	55,618,621	1.14	58,187,179	1.15	-	-	National Chiao Tung University, Taiwan, Honor Ph.D in Management University of Columbia, USA, Master in Economics Δ Chairman of Asia Cement Corp.(ACC), Oriental Union Chemical Corp.(OUCC), U-Ming Marine Transport Corp.(U-Ming), Far Eastern Department Stores Ltd. (FEDS), Far EastTone, and Vice Chairman of Far Eastern International Bank (FEIB)	Vice Chairman Vice Chairman Director Supervisor	Johnny Shih Peter Hsu Raymond Hsu Tonia Katherine Hsu Alice Hsu	Brother-in-law Brother Brother Daughter Sister
Vice Chairman	Johnny Shih Representative of Yue Ding Industry Co., Ltd.	28 Jun 2012	3	9 Feb 1979	3,072,965 #2,134,597	0.06 0.04	6,008,093 #2,198,634	0.12 0.04	-	0.42	University of Columbia, USA, Master in Computer Science Δ Chairman of Everest Textile, Vice Chairman of OUCC, Director of ACC & Far EastTone	Chairman Vice Chairman Director Supervisor	Douglas Tong Hsu Peter Hsu Raymond Hsu Alice Hsu	Brother-in-law Brother-in-law Brother-in-law Brother-in-law
Chairman	Peter Hsu Representative of Asia Cement Corporation	28 Jun 2012	3	14 Apr 1976	1,092,535,039 #24,221,610	22.31 0.49	1,198,895,114 #24,948,258	23.77 0.49	-	0.03	Stanford University, USA, Master in Operation Research Δ Director of ACC & Far EastTone, Supervisor of U-Ming	Chairman Vice Chairman Director Supervisor	Douglas Tong Hsu Johnny Shih Raymond Hsu Alice Hsu	Brother Brother-in-law Brother Sister
Director	Raymond Hsu Representative of Asia Cement Corporation	28 Jun 2012	3	14 Apr 1976	1,092,535,039 #21,744,738	22.31 0.44	1,198,895,114 #22,397,080	23.77 0.44	-	0.43	Australian Mining and Metallurgy College, Australia Δ Chief auditor of FENC, Chairman of Fu Kwok Knitting & Garment Co. Ltd.	Chairman Vice Chairman Supervisor	Douglas Tong Hsu Johnny Shih Peter Hsu Alice Hsu	Brother Brother-in-law Brother Sister
Director	Shaw Y. Wang Representative of Asia Cement Corporation	28 Jun 2012	3	10 May 1985	1,092,535,039 #361,712	22.31 0.01	1,198,895,114 #372,563	23.77 0.01	-	-	National Chung Hsing University, Taiwan, Business Administration Department Δ Chief Executive Officer of Non-profit Institutions, Supervisor of ACC, Director of FEIB	-	-	-
Director	Richard Yang Representative of Asia Cement Corporation	28 Jun 2012	3	13 Jun 2006	1,092,535,039 #338,464	22.31 0.02	1,198,895,114 #1,080,617	23.77 0.02	-	-	American Graduate School of International Management Δ Managing Director of Surfview Capital Ltd.	-	-	-
Director	Kuan-Tao Li Representative of Far Eastern Department Stores Ltd.	28 Jun 2012	3	13 Jun 2006	18,264,926 #-	0.37 -	18,812,873 #-	0.37 -	-	-	MBA, Kellogg-HKUST Δ Chief Counselor, Lee and Li, Attorney-at-law, Director of Tai Yuen Textile Co., Ltd., and Supervisor of ACC & Yulon Nissan Motor Co., Ltd.	-	-	-
Director	Tonia Katherine Hsu Representative of Far Eastern Department Stores Ltd.	28 Jun 2012	3	13 Jun 2006	18,264,926 #-	0.37 -	18,812,873 #-	0.37 -	-	-	Sarah Lawrence College, New York, USA, Literature Department Δ Art Counselor, KooNewYork	Chairman	Douglas Tong Hsu	Father

Corporate Governance Report

Title	Name	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse & minor children		Curriculum vitae Δ Other positions in FENC and/or other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
					Share	%	Share	%	Share	%		Title	Name	Relation
Independent Director	Shen Bing	28 Jun 2012	3	28 Jun 2012	-	-	-	-	-	-	MBA, Business School, Harvard University, USA Δ Independent Director of FEIB, Supervisor of CTCL Corporation	-	-	-
	Bao-Shuh Paul Lin	28 Jun 2012	3	28 Jun 2012	-	-	-	-	-	-	Ph.D. in Computer Science, University of Illinois at Chicago, USA Δ Chief Director of Microelectronics and Information Systems Research Center, National Chiao Tung University, Taiwan	-	-	-
	Johnsee Lee	28 Jun 2012	3	28 Jun 2012	-	-	-	-	-	-	Ph.D., Illinois Institute of Technology, USA Δ Director of Taiwan Semiconductor Manufacturing Corp. & Ti-Shiue Biotech, Inc. Independent Director of LCY Technology Corporation & Zhen Ding Technology Holding Limited	-	-	-
Supervisor	T. H. Chang Representative of U-Ming Marine Transport Corp.	28 Jun 2012	3	26 Jun 2009	28,527,182 *83,044	0.58	29,382,997 *85,535	0.58	-	87,022	President of ACC. Δ Director of ACC & U-Ming, Vice Chairman of Asia Cement (China) Holding Corp.	-	-	-
	Alice Hsu Representative of U-Ming Marine Transport Corp.	28 Jun 2012	3	20 Apr 1988	28,527,182 *24,552,323	0.58 0.50	29,382,997 *25,153,892	0.58 0.50	-	-	Chairman Vice Chairman Vice Chairman Director	Douglas Tong Hsu Johnny Shih Peter Hsu Raymond Hsu	Brother Brother-in-Law Brother Brother	
	Champion Lee Representative of Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation	28 Jun 2012	3	20 Apr 1988	7,770,261 *365,450	0.16 0.01	8,003,368 *382,413	0.16 0.01	-	-	Texas A&I University, USA, Master in Business Administration Δ Supervisor of ACC, Director of Far East Tone & U-Ming	-	-	-

* represents the number of company shares owned by the individual representative.

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

2.1.1 Major Shareholders of FENC's Directors are Institutional Shareholders

Book closure date: 26 April 2013

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders (%)
Asia Cement Corporation	Far Eastern New Century Corp. (22.33); Far Eastern Medical Foundation (5.40); Fubon Life Insurance Co., Ltd. (3.28); Yu Yuan Investment Co., Ltd. (3.10); Cathay Life Insurance Co., Ltd. (2.33); Far Eastern Department Stores Ltd. (1.81); Labor Pension Fund (1.43); Yuan Ze University (1.41); Vanguard Emerging Markets Stock Index Fund account in the custody of Standard Chartered Bank (1.41); Shinkong Life Insurance Co., Ltd. (1.35);
Far Eastern Department Stores Ltd.	Far Eastern New Century Corp. (16.80); Asia Cement Corp. (5.56); Yuan Ze University (4.68); Nan-Shen Life Insurance Co., Ltd. (2.79); Yuan Tong Investment Co., Ltd. (2.46); Labor Pension Fund Committee of Far Eastern Department Stores Ltd. (2.19); Yu Yuan Investment Co., Ltd. (2.02); Fubon Life Insurance Co., Ltd. (1.73); Kai Yuan International Investment (1.44); Labor Pension Fund Committee of Far Eastern New Century Corp. (1.28)
Yue Ding Industry Co., Ltd.	Fu Da Transport Corp. (26.95); Yue Tung Investment Corp. (25.36); An Ho Garment Co., Ltd. (15.66); Ding Yuan International Investment Co., Ltd. (13.20); Ton Fu Investment Corp. (4.61); Ya Li Precast Prestressed Concrete Industries Corp. (3.89); Da Ju Fiber Co., Ltd. (3.89); Yuan-Ding Co., Ltd. (2.59); Bai Ding Investment Co., Ltd. (2.31); Yue Ming Co., Ltd. (1.53)
U-Ming Marine Transport Corp.	Asia Cement Corp. (38.66); Labor Pension Fund (2.63); Management Board of the Public Service Pension Fund (1.95); Nan Shan Life Insurance Co., Ltd. (1.45); Vanguard Emerging Markets Stock Index Fund account in the custody of Standard Chartered Bank (1.04); Yu Yuan Investment Co., Ltd. (0.93); Asia Investment Corp. (0.91); Ya Li Precast Prestressed Concrete Industries Corp. (0.74); Cathay Life Insurance Co., Ltd. (0.66); Yuan Ding Investment Co., Ltd. (0.62)

Corporate Governance Report

2.1.2 Major Shareholders of the Major Shareholders that are Juridical Persons Book closure date: 26 April 2013

Name of Juridical Persons	Major Shareholders of the Juridical Persons (%)
Far Eastern New Century Corp.	Please refer to page 38.
Yue Yuan Investment Co., Ltd.	Asia Cement Corp.(29.92); Yuan-Ding Co., Ltd.(25.02); Yuan Ding Investment Co., Ltd.(18.96); U-Ming Marine Transport Corp. (17.66); Ding Shen Investment Co., Ltd.(6.50); Yue Tung Investment Co., Ltd.(1.84); Yue Ding Investment Co., Ltd.(0.10)
Bai Ding Investment Co., Ltd.	Far Eastern Department Stores Ltd.(66.66); Bai Yang Investment Co., Ltd.(33.34)
Fubon Life Insurance Co. Ltd.	Fubon Financial Holding Co., Ltd.(100.00)
Fu Da Transport Corp.	Fu Ming Transport Corp.(99.90); Johnny Shih(0.03); K.Y. Lee(0.03); F.C. Wang(0.03)
Yue Tung Investment Co., Ltd.	U-Ming Marine Transport Corp.(73.54); U-Ming Marine Transport (Singapore) Pte. Ltd.(26.46)
An Ho Garment Co., Ltd.	Far Eastern New Century Corp.(100.00)
Ding Yuan International Investment Co., Ltd.	Far Eastern New Century Corp.(100.00)
Kai Yuan International Investment Co., Ltd.	Far Eastern New Century Corp.(100.00)
Ton Fu Investment Co., Ltd.	Oriental Union Chemical Corp.(100.00)
Ya Li Precast Prestressed Concrete Industries Corp.	Asia Cement Corp.(83.81); Far Eastern General Contractor Inc.(16.03); T. H. Chang(0.03); K.Y. Lee (0.03); R.H. Shao(0.03); Richard Yang(0.02); C.F. Zheng(0.01); H.M. Yang(0.01); Douglas Tong Hsu(0.01); S.S. Hsu(0.01)
Da Ju Fiber Co., Ltd.	Yuan Ding Investment Co., Ltd.(41.86); Yue Ding Industry Co., Ltd.(38.76); Yue Lee Investment Co., Ltd.(19.38)
Yue Ming Co., Ltd.	Bai Ding Investment Co., Ltd.(47.00); Yuan Ding Investment Co., Ltd.(45.50); Yue Ding Industry Co., Ltd.(5.00); Ding Ding Management Consultants Co., Ltd.(1.00); Yuan-Ding Co., Ltd.(1.00); Yuan Ding Leasing Corp.(0.50)
Asia Investment Co., Ltd.	Asia Cement Corp.(100.00)
Ya Li Transport Co., Ltd.	Asia Cement Corp.(49.39); Yue Yuan Investment Co. Ltd.(40.00); Ding Yuan International Investment Co., Ltd.(10.00); T. H. Chang(0.14); Y. F. Chang(0.14); C. K. Chang(0.14); Z. P. Chang(0.10); K.Y. Lee(0.09)
Nan Shan Life Insurance Co., Ltd.	Ruenchen Investment Holding Company account in the custody of First Financial Bank(83.11); Ruenchen Investment Holding Co., Ltd.(7.55); Yin-zong Tu(3.25); Nan Shan life insurance stock investment account in the custody of TaiShin Financial Bank(2.07); Ruenhwa Dyeing and Fabricating Co., Ltd.(0.28); Ruentex Industries Ltd. (0.15); Wen-der Kuo(0.11); Gping Investment Co., Ltd.(0.11); Pouchi Investment Co., Ltd.(0.05); Pouyi Investment Co., Ltd.(0.05); Pouhwan Investment Co., Ltd.(0.05); Pouhwei Investment Co., Ltd.(0.05)
Shinkong Life Insurance Co., Ltd.	Shinkong Financial Holding Co., Ltd.(100.00)
Cathay Life Insurance Co., Ltd.	Cathay Financial Holding Co., Ltd.(100.00)
Yuan Ding Investment Co. Ltd.	Far Eastern New Century Corp.(99.40); An Ho Garment Co., Ltd.(0.30); Da Ju Fiber Co., Ltd.(0.30)
Yuan Tong Investment Co., Ltd.	Far Eastern New Century Corp.(100.00)
Yuan-Ding Co., Ltd.	Far Eastern New Century Corp.(37.13); Asia Cement Corp.(35.50); Der Ching Investment Co., Ltd.(14.50); Yuan Ding Investment Co. Ltd.(12.86); Yue Ming Co., Ltd.(0.01)

2.1.3 Professional Qualifications and Independence Analysis for Directors and Supervisors

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

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

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

Note 2 : The Company established the independent director system and re-elected its directors and supervisors on 28 June, 2012

Corporate Governance Report

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

Book closure date: 26 April 2013

Title	Name	Date effective	Shareholding		Shareholding of spouse & minor children		Curriculum vitae Δ Positions in other companies	Managers who are spouses or within two degrees of kinship	
			Shares	%	Shares	%		Title	Name
President Petrochemical Industry	K. S. Wu	1 Jul 11	1,301	0.00	10	0.00	Chinese Culture University, Taiwan, Chemical Department Δ Director of Everest Textile, OUCC & Oriental Petrochemical (Taiwan) Co., Ltd. (OPTC)	-	-
President Polyester Industry	Y. H. Tseng	1 Jul 11	168,929	0.00	0	0.00	Tung Hai University, Taiwan, Chemical Engineering Department Δ Director of OUCC, and Yuan Faun Co., Ltd.	-	-
President Textile Industry	Eric Hu	1 Jul 11	262	0.00	0	0.00	Tung Hai University, Taiwan, Industrial Engineering Department Δ Director of Everest Textile & Far Eastern Apparel	-	-
President Corporate Management	Humphrey Cheng	1 Jul 11	0	0.00	0	0.00	National Chung Hsing University, Taiwan, Law Department Δ Director of OUCC, Supervisor of FEIB	-	-
Chief Operating Officer Polyester Industry	Donald Fan	1 Jul 12	85,555	0.00	3,532	0.00	Feng Chia University, Taiwan, Textile Department Δ Director of Far Eastern Industries (Shanghai) and PET Far Eastern (M) SDN BHD	-	-
Chief Operating Officer Textile Industry	C.Y. Dai	1 Jul 12	175,328	0.00	0	0.00	Tamkang University, Taiwan, International Business Δ Director of Far Eastern Industries (Yangzhou), Shanghai Yuan Hua Logistic Corp.	-	-
Chief Auditor	Raymond Hsu	1 Mar 96	22,397,080	0.44	21,763,416	0.43	Australian Mining and Metallurgy College, Australia Δ Please refer to page 11.	-	-
Chief Auditor Chairman Office	Chun Min Ho	1 Aug 12	0	0.00	10,134	0.00	National Cheng Kung University, Taiwan, Accounting and Statistics Δ -	-	-
Chief Financial Officer President Office	David Wang	1 Jul 12	6,704	0.00	64	0.00	Mississippi State University, USA, MBA Δ Chairman of Yuan Tong Investment, and Director of Kai Yuan International Investment	-	-
Executive Vice President President Office	Alan Tsai	1 Jul 12	0	0.00	0	0.00	National Cheng Chi University, Taiwan, Master in Operation Management Δ Chairman of Ding Yuan International Investment Co., Ltd. and Director of Yuan Ding Investment Co., Ltd.	-	-
Executive Vice President President Office	Emily Wu	1 Jul 12	0	0.00	0	0.00	University of Texas at Arlington, USA, Master in Accounting Δ Director of Yuan Cheng Human Resource Consultant and Supervisor of Oriental Industries (Suzhou)	-	-
Executive Vice President Research Institute	Ru-yu Wu	1 Jan 05	6,936	0.00	0	0.00	University of Monash, Australia, Ph.D. Development Co., Ltd.	-	-
Senior Executive Vice President Polyester Industry	T.H. Liu	1 Jul 12	44,793	0.00	402	0.00	Ta Tung University, Taiwan, Mechanical Engineering Department Δ Director of Oriental Resources Development Co., Ltd. & Yuan Faun Co., Ltd.	-	-
Executive Vice President Polyester Industry	B.C. Chang	1 Jul 12	429	0.00	0	0.00	Yuan Ze University, Taiwan, Master in Industry Engineering Δ Director of Wuhan Far Eastern New Material Ltd.	-	-

Title	Name	Date effective	Shareholding		Shareholding of spouse & minor children		Curriculum vitae ΔPositions in other companies	Managers who are spouses or within two degrees of kinship	
			Shares	%	Shares	%		Title	Name
Executive Vice President Polyester Industry	B. T. Cheng	1 Oct 07	382	0.00	0	0.00	Feng Chia University, Taiwan, Textile Department Δ Director of Yuan Cheng Human Resources Consultant	-	-
Executive Vice President Textile Industry	Austin Lee	1 Jun 06	0	0.00	0	0.00	Soochow University, Taiwan, Business Administration Department Δ Director of Far Eastern Apparel & Fu Kwok Knitting & Garment Co., Ltd.	-	-
Executive Vice President Textile Industry	Kwen Lin Ho	1 Oct 07	0	0.00	0	0.00	Feng Chia University, Taiwan, Textile Department Δ Director of Far Eastern Dyeing & Finishing (Suzhou)	-	-
Senior Vice President Corporate Staff Office	Jackson Wu	1 Oct 07	47,631	0.00	0	0.00	Chung Yuan Christian University, Taiwan, Master in Mechanical Engineering Δ Supervisor of Far Eastern General Contractor	-	-
Senior Vice President Corporate Staff Office	Frank Kuo	1 Feb 10	633	0.00	0	0.00	Yuan Ze University, Taiwan, Master in Management Δ Supervisor of Oriental Securities Corp.	-	-
Senior Vice President President Office	David Shih	1 Nov 06	331	0.00	0	0.00	National Taiwan University of Science and Technology, Taiwan, Industrial Management Department Δ Director of OPTC	-	-
Vice Chief Auditor Audit Department	Mark Lu	11 Jan 91	40,677	0.00	7,972	0.00	University of Georgia, USA, Master in Accounting Δ Supervisor of Yuan Ding Investment	-	-
Vice Chief Auditor Chairman Office	Rebecca Huang	1 Aug 12	5,796	0.00	0	0.00	National Cheng Chi University, Taiwan, EMBA in Accounting Δ -	-	-
Senior Vice President Finance Department	Mike Wu	1 Sep 06	1,168	0.00	0	0.00	University of Oklahoma, USA, MBA Δ Director of Far Eastern Apparel (Suzhou) & Shanghai Far Eastern IT	-	-
Senior Vice President Legal Department	Li-Chi Chen	1 Oct 07	0	0.00	0	0.00	National Taiwan University, Taiwan, College of Law Δ Director of Far Eastern Apparel; Supervisor of Arcoa Communication	-	-
Senior Vice President Secretarial Department	Hans Kuo	1 Jul 12	0	0.00	0	0.00	Chinese Culture University, Taiwan, Law Δ Director of Far Eastern Apparel (Vietnam) Ltd.	-	-
Senior Vice President Human Resource Department	William Hsu	12 Apr 10	0	0.00	0	0.00	University of Leicester, UK, MBA Δ -	-	-
Senior Vice President Human Resource Department	C. Y. Lin	1 Jun 09	0	0.00	0	0.00	National Chengchi University, Taiwan, Master in Labor Research Δ Director of Yuan Cheng Human Resource Consultant	-	-
Senior Vice President Research Institute	C. W. Chu	1 Jul 07	1,639	0.00	0	0.00	National Taiwan University, Taiwan, Chemical Engineering Department Δ -	-	-
Senior Vice President Research Institute	Ken Chang	1 Aug 12	0	0.00	0	0.00	National Tsing Hua University, Taiwan, PhD in Chemical Engineering Δ -	-	-
Senior Vice President Shipping Department	Steve Liu	1 Oct 07	16,886	0.00	0	0.00	Yuan Ze University, Taiwan, Postgraduate Diploma in Management Administration Δ Director of Oriental Industries (Suzhou) & Far Eastern Industries (Suzhou)	-	-
Senior Vice President Polyester Industry	C. C. Fan	13 Jun 06	0	0.00	0	0.00	Feng Chia University, Taiwan, Electronics Engineering Department Δ -	-	-
Senior Vice President Polyester Industry	Arthur Lee	15 Feb 07	5,622	0.00	0	0.00	Oklahoma City University, USA, Master Δ -	-	-

Corporate Governance Report

Title	Name	Date effective	Shareholding		Shareholding of spouse & minor children		Curriculum vitae ΔPositions in other companies	Managers who are spouses or within two degrees of kinship	
			Shares	%	Shares	%		Title	Name
Senior Vice President Polyester Industry	C. T. Peng	1 Oct 10	0	0.00	0	0.00	National Tsing Hua University, Taiwan, Master in Chemical Engineering Δ-	-	-
Senior Vice President Polyester Industry	C. T. Chen	1 Nov 10	0	0.00	0	0.00	Yuan Ze University, Taiwan, Masters in Industrial Engineering Δ-	-	-
Senior Vice President Polyester Industry	W. C. Hu	1 Nov 10	0	0.00	0	0.00	University of Connecticut, USA, PhD in Chemical Engineering Δ-	-	-
Senior Vice President Polyester Industry	C. T. Chang	1 Jan 11	739	0.00	134	0.00	Yuan Ze University, Taiwan, Master in Chemical Engineering Δ-	-	-
Senior Vice President Polyester Industry	H. C. Ho	1 Jan 11	39,636	0.00	0	0.00	Chung Yuan Christian University, Taiwan, Chemical Engineering Department. Δ-	-	-
Senior Vice President Polyester Industry	Y. J. Lo	1 Mar 11	33,026	0.00	25,809	0.00	Tatung University, Taiwan, Chemical Engineering Department Δ Director of Worldwide Polychem (HK) Ltd.	-	-
Senior Vice President Polyester Industry	C.Y. Huang	1 Jul 12	0	0.00	0	0.00	National Taiwan University of Science and Technology, Taiwan, PhD in Chemical Engineering Δ Director of Far Eastern Fibertech Co., Ltd.	-	-
Senior Vice President Polyester Industry	David Sen	1 Mar 12	0	0.00	20	0.00	Tamkang University, Taiwan, International Business Δ-	-	-
Senior Vice President Polyester Industry	R.Q. Tsai	1 Jul 12	35,044	0.00	10,609	0.00	National Open University, Taiwan, Sociology Δ-	-	-
Senior Vice President Textile Industry	T. J. Lo	1 Jun 06	1,168	0.00	0	0.00	Feng Chia University, Taiwan, Textile Engineering Department Δ-	-	-
Senior Vice President Textile Industry	Mingo A. Chen	1 Oct 07	992	0.00	654	0.00	Feng Chia University, Taiwan, Textile Engineering Department Δ Director of Far Eastern Industries (Wuxi)	-	-
Senior Vice President Textile Industry	Monsun Yang	1 Oct 07	14,734	0.00	0	0.00	Tatung University, Taiwan, Mechanical Engineering Department Δ-	-	-
Senior Vice President Textile Industry	Tony Liang	1 Jan 09	31	0.00	127	0.00	Fu Jen Catholic University, Taiwan, Department of English Language & Literature Δ Director of Far Eastern Apparel (Suzhou)	-	-
Senior Vice President Textile Industry	Huang Biao Liang	1 Apr 11	20,600	0.00	0	0.00	Oriental Technology Institute, Taiwan, Department of Industry Management Δ Director of Far Eastern Apparel (Suzhou)	-	-
Senior Vice President Purchasing Department	C. C. Hong	1 May 11	0	0.00	0	0.00	Feng Chia University, Taiwan, Mechanical Engineering Department Δ-	-	-
Senior Vice President Purchasing Department	Allen Lu	1 May 11	0	0.00	1,027	0.00	Fu Jen Catholic University, Taiwan, Department of Business Administration Δ-	-	-
Senior Vice President Purchasing Department	Ryan Wu	1 May 11	0	0.00	0	0.00	Da-Yeh University, Taiwan, Master in Food Industry Δ-	-	-

Note 1: Managers mentioned in table above do not hold the Company shares via accounts in others' names.

Note 2: There is no share warrant and share option issued by the Company to employees for purchasing shares.

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

2.3.1 Remuneration Paid to Directors

Unit: NT\$ thousands

Title	Name	Remuneration						Relevant remuneration received by directors who are also employees						Ratio of total remuneration (H+I+III+IV+V+VI+VII) to net income (%)	Remuneration paid to Directors from an invested company other than the Company's subsidiary (X)									
		Base Remuneration (I)		Severance Pay and Pension (II)	Bonus to Directors from distribution of earnings (III)		Operating Allowances (IV)	Ratio of total remuneration (H+I+III+IV) over net income (%)	Salary, Bonuses and Allowances (V)	Severance Pay and Pension (VI)	Bonus to Employees from distribution of earnings (VII)		Exercisable Employee Stock Options (VIII)			Exercisable Employee Restricted Stock (IX)								
		A	B		A	B					A	B					A	B	A	B				
Chairman	Douglas Tong Hsu																							
	Yue Ding Industry Co., Ltd.																							
	Asia Cement Corporation																							
Director	Far Eastern Department Stores Ltd.	0	17,725	0	0	198,953	273,279	756	5,591	2.29%	21,485	28,262	0	2,810	0	3,607	0	0	0	2.57%	2.19%	102,230		
	Shen Bing																							
Independent Director	Bao-Shuh Paul Lin																							
	Johnsee Lee																							

Note:

- Column A represents the Company; Column B represents all companies in the consolidated financial statement.
- Operating allowances mentioned in the table above were the actual amount distributed in 2012. Bonuses to Directors and Employees are the proposed figures to be resolved by the upcoming 2013 Annual General Shareholders' Meeting.
- A company car is assigned to Chairman Douglas Tong Hsu for business purpose. The acquisition cost of the said car is NT\$6,508 million.
- There is neither share bonus being issued nor share warrant and share option being issued by the Company or companies in the consolidated financial report to employees for purchasing shares.
- Representative of Yue Ding Investment Co., Ltd.: Johnny Shih; Representative of Asia Cement Corporation: Raymond Hsu, Peter Hsu, Shaw Y.-Wang, Richard Yang; Representative of Far Eastern Department Stores Ltd.: Tonia Katherine Hsu, Kuan Tao Lee.

Bracket	Total of (H+I+III+IV)		Name of Directors		Total of (H+I+III+IV+V+VI+VII+X)	
	The Company	Companies in the consolidated financial statement	The Company	Companies in the consolidated financial statement	The Company	Companies in the consolidated financial statement
Under NT\$2,000,000	Shen Bing, Bao-Shuh Paul Lin, Johnsee Lee	Shen Bing, Bao-Shuh Paul Lin, Johnsee Lee	Shen Bing, Bao-Shuh Paul Lin, Johnsee Lee	Shen Bing, Bao-Shuh Paul Lin, Johnsee Lee	Bao-Shuh Paul Lin, Johnsee Lee	Shen Bing, Bao-Shuh Paul Lin, Johnsee Lee
NT\$2,000,000 ~ NT\$4,999,999	0	0	0	0	0	Shen Bing
NT\$5,000,000 ~ NT\$9,999,999	0	0	0	0	0	0
NT\$10,000,000 ~ NT\$14,999,999	0	0	0	0	0	0
NT\$15,000,000 ~ NT\$29,999,999	Representative of Asia Cement Corporation: Peter Hsu, Shaw Y. Wang, Richard Yang, Raymond Hsu Representative of Far Eastern Department Stores Ltd.: Kuan-Tao Lee, Tonia Katherine Hsu	Representative of Far Eastern Department Stores Ltd.: Kuan-Tao Lee, Tonia Katherine Hsu	Representative of Asia Cement Corporation: Peter Hsu, Shaw Y. Wang, Richard Yang, Raymond Hsu Representative of Far Eastern Department Stores Ltd.: Kuan-Tao Lee, Tonia Katherine Hsu	Representative of Asia Cement Corporation: Peter Hsu, Shaw Y. Wang, Richard Yang, Raymond Hsu Representative of Far Eastern Department Stores Ltd.: Kuan-Tao Lee, Tonia Katherine Hsu	Representative of Far Eastern Department Stores Ltd.: Kuan-Tao Lee, Tonia Katherine Hsu	Representative of Far Eastern Department Stores Ltd.: Kuan-Tao Lee, Tonia Katherine Hsu
NT\$30,000,000 ~ NT\$49,999,999	Representative of Yue Ding Industry Co. Ltd.: Johnny Shih and Douglas Tong Hsu	Representative of Yue Ding Industry Co. Ltd.: Johnny Shih and Douglas Tong Hsu	Representative of Yue Ding Industry Co. Ltd.: Peter Hsu, Shaw Y. Wang, Richard Yang, Johnny Shih and Douglas Tong Hsu	Representative of Yue Ding Industry Co. Ltd.: Peter Hsu, Shaw Y. Wang, Richard Yang, Johnny Shih and Douglas Tong Hsu	Representative of Asia Cement Corporation: Peter Hsu, Shaw Y. Wang, Richard Yang, Raymond Hsu	Representative of Asia Cement Corporation: Peter Hsu, Shaw Y. Wang, Richard Yang, Raymond Hsu
NT\$50,000,000 ~ NT\$99,999,999	0	0	0	0	0	Representative of Yue Ding Industry Co. Ltd.: Johnny Shih
NT\$100,000,000 and over	0	0	0	0	0	Douglas Tong Hsu
Total	11	11	11	11	11	11

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2.3.2 Remuneration Paid to Supervisors

Title	Name	Remuneration				Ratio of total remuneration (I+II+III) to net income (%)		Remuneration paid to Supervisors from an invested company other than the Company's subsidiary (IV)		
		Base Remuneration(I)		Bonus to Supervisor from distribution of earnings (II)		Operating Allowances (III)				
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements			
Supervisor	U-Ming Marine Transport Corp. Far Eastern Y.Z. Hsu Science & Technology Memorial Foundation	0	0	45,118	58,924	216	1,176	0.52%	0.40%	12,438

Unit: NT\$ thousands

Note

- Operating allowances mentioned in the table above were the actual amount distributed in 2012; Bonus to Supervisors is the proposed figures to be resolved in the upcoming 2013 Annual General Shareholders' Meeting.
- Representative of U-Ming Marine Transport Corp.: T. H. Chang, Alice Hsu; Representative of Far Eastern Y.Z. Hsu Science & Technology Memorial Foundation: Champion Lee.

Bracket	Name of Supervisors	
	The Company	Companies in the consolidated financial statement
Under NT\$2,000,000	0	0
NT\$2,000,000~NT\$4,999,999	0	0
NT\$5,000,000~NT\$9,999,999	0	0
NT\$10,000,000~NT\$14,999,999	0	0
NT\$15,000,000~NT\$29,999,999	Representative of U-Ming Marine Transport Corp.: T. H. Chang and Alice Hsu Representative of Far Eastern Y.Z. Hsu Science & Technology Memorial Foundation: Champion Lee	Representative of U-Ming Marine Transport Corp.: T. H. Chang and Alice Hsu Representative of Far Eastern Y.Z. Hsu Science & Technology Memorial Foundation: Champion Lee
NT\$30,000,000~NT\$49,999,999	0	0
NT\$50,000,000~NT\$99,999,999	0	0
NT\$100,000,000 and over	0	0
Total	3	3

2.3.3. Remuneration Paid to Presidents and Executive Vice Presidents

Unit: NT\$, thousands

Title	Name	Salary (I)		Severance Pay and Pension (II)		Bonuses and Allowances (III)		Bonus to Employee from distribution of earnings (IV)			Ratio of total remuneration (I+II+III+IV) to net income (%)		Exercisable Employee Stock Option		Exercisable Employee Restricted Stock		Remuneration paid to the President and Executive Vice President from an invested company other than the Company's subsidiary
		A	B	A	B	A	B	A	Cash	Stock	Stock	A	B	A	B		
President	K. S. Wu																
	Y. H. Tseng																
	Eric Hu																
Chief Auditor	Humphrey Cheng																
	Raymond Hsu																
	Chun Min Ho																
	Donald Fan																
	C.Y. Dai																
	David Wang	44,228	44,372	0	0	79,908	79,908	5,849	0	5,849	0	0.87%	0	0	0	0	9,254
	Alan Tsai																
	Emily Wu																
	B. C. Chang																
	T. H. Liu																
Executive Vice President	B. T. Cheng																
	Kwen Lin Ho																
	Austin Lee																
	Ru-yu Wu																

Note:

1. Column A represents the Company, Column B represents all companies in the consolidated financial statement.
2. The Company and all companies in the consolidated financial statement neither issue shares nor issue warrants and options for purchasing common shares to employees as bonus.
3. A company car is assigned to all Presidents and Executive Vice Presidents for business purposes. The total rental for the said car is NT\$372,000 per year.

Bracket	Name of Presidents and Executive Vice Presidents	
	The Company	Companies in the consolidated financial statement
Under NT\$2,000,000	0	0
NT\$2,000,000~NT\$4,999,999	0	0
NT\$5,000,000~NT\$9,999,999	Raymond Hsu, Y. H. Tseng, Humphrey Cheng, K. S. Wu, Eric Hu, David Wang, Donald Fan, C.Y. Dai, Chun Min Ho, B. T. Cheng, Alan Tsai, Austin Lee, Kwen Lin Ho, Ru-yu Wu, Emily Wu, T. H. Liu, B.C. Chang	Raymond Hsu, Y. H. Tseng, Humphrey Cheng, K. S. Wu, Eric Hu, David Wang, Donald Fan, C.Y. Dai, Chun Min Ho, B. T. Cheng, Alan Tsai, Austin Lee, Kwen Lin Ho, Ru-yu Wu, Emily Wu, T. H. Liu, B.C. Chang
NT\$10,000,000~NT\$14,999,999	0	0
NT\$15,000,000~NT\$29,999,999	0	0
NT\$30,000,000~NT\$49,999,999	0	0
NT\$50,000,000~NT\$99,999,999	0	0
NT\$100,000,000 and over	0	0
Total	17	17

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2.3.4 Bonuses Paid to Managers

Unit:NT\$ thousands

Title	Name	Employee Bonus- in Cash	Ratio of Total Amount to Net Income(%)
President, Polyester Industry	Y. H. Tseng		
President, Textile Industry	Eric Hu		
President, Petrochemical Industry	K. S. Wu		
President, Corporate Management	Humphrey Cheng		
Chief Auditor	Raymond Hsu		
Chief Auditor	Chun Min Ho		
Chief Operating Officer, Polyester Industry	Donald Fan		
Chief Operating Officer, Textile Industry	C.Y. Dai		
Chief Financial Officer, President Office	David Wang		
Executive Vice President, Corporate Management	Alan Tsai		
Executive Vice President , Corporate Management	Emily Wu		
Executive Vice President, Polyester Industry	B.C. Chang		
Executive Vice President, Polyester Industry	B.T. Cherng		
Senior Executive Vice President, Polyester Industry	T.H. Liu		
Executive Vice President , Textile Industry	Austin Lee		
Executive Vice President , Textile Industry	Kwen Lin Ho		
Executive Vice President, Research Institute	Ru-yu Wu		
Senior Vice President, Corporate Staff Office	Jackson Wu		
Senior Vice President, Corporate Staff Office	Frank Kuo		
Senior Vice President, President Office	David Shih		
Vice Chief Auditor, Audit Department	Mark Lu		
Vice Chief Auditor, Chairman Office	Rebecca Huang		
Senior Vice President, Shipping Department	Steve Liu		
Senior Vice President, Secretarial Department	Hans Kuo		
Senior Vice President, Finance Department	Mike Wu	33,396	0.30%
Senior Vice President, Human Resource Department	C.Y. Lin		
Senior Vice President, Human Resource Department	William Hsu		
Senior Vice President, Legal Department	Li-Chi Chen		
Senior Vice President, Research Institute	Ken Chang		
Senior Vice President, Research Institute	C.W. Chu		
Senior Vice President, Polyester Industry	C.C. Fan		
Senior Vice President, Polyester Industry	W.C. Hu		
Senior Vice President, Polyester Industry	C.Y. Huang		
Senior Vice President, Polyester Industry	C.T. Chen		
Senior Vice President, Polyester Industry	David Sen		
Senior Vice President, Polyester Industry	C.T. Peng		
Senior Vice President, Polyester Industry	Arthur Lee		
Senior Vice President, Polyester Industry	C.T. Chang		
Senior Vice President, Polyester Industry	H.C. Ho		
Senior Vice President, Polyester Industry	Y.J. Lo		
Senior Vice President, Polyester Industry	R.Q. Tsai		
Senior Vice President, Textile Industry	T.J. Lo		
Senior Vice President, Textile Industry	Mingo A. Chen		
Senior Vice President, Textile Industry	Monsun Yang		
Senior Vice President, Textile Industry	Tony Liang		
Senior Vice President, Textile Industry	Huang Biao Liang		
Senior Vice President, Purchasing Department	Ryan Wu		
Senior Vice President, Purchasing Department	C.C. Hong		
Senior Vice President, Purchasing Department	Allen Lu		

Note : There are no shares being issued by the Company to pay for employee bonuses.

2.4 Remuneration Paid to Directors, Supervisors, Presidents and Executive Vice Presidents

2.4.1 The Ratio of Total Remuneration Paid by the Company and by All Companies Included in the Consolidated Financial Statements for the Two Most Recent Fiscal Years to Directors, Supervisors, Presidents and Vice Presidents of the Company over Net Income:

Year	The Ratio of Total Paid Remuneration over Net Income	
	The Company	Companies in the consolidated financial statement
2012	4.54%	3.44%
2011	4.01%	3.12%

2.4.2 The Policies, Standards, Structures for the Payments of Remuneration, the Procedures for Determining Remuneration, and the Correlations with Business Performance:

Remuneration paid to Directors and Supervisors and Bonus to Employees from distribution of earning are appropriated based on the business results of the Company in the year and complying with the Article 27 of Articles of Incorporation, and are distributed upon methods determined by the Board of Directors and Remuneration Committee. The remaining remuneration is determined based on the business results of the whole company and each department; meanwhile, refers to the results of market survey on the general salary level of TWSE-listed companies and reports by professional consulting companies.

3. Implementation of Corporate Governance

3.1 Board of Directors

Total five meetings were convened by the Board of Directors in 2012. Attendance of each Director and Supervisor is as follows:

Title	Name		Attendance in Person	By Proxy	Attendance Rate (%)	Remarks	
Chairman	Douglas Tong Hsu		5	0	100	Re-elected	
Director	Yue Ding Industry Co., Ltd.	Johnny Shih	4	0	80	Re-elected	
		Peter Hsu	5	0	100	Re-elected	
	Asia Cement Corp.	Raymond Hsu	5	0	100	Re-elected	
		Shaw Y. Wang	5	0	100	Re-elected	
		Richard Yang	4	0	80	Re-elected	
	Far Eastern Department Stores Ltd.	Kuan Tao Lee	5	0	100	Re-elected	
		Tonia Katherine Hsu	3	0	60	Re-elected	
	Independent Directors	Shen Bing		3	0	100	Newly-Elected
		Bao-Shuh Paul Lin		2	0	66.67	Newly-Elected
Johnsee Lee		3	0	100	Newly-Elected		
Supervisor	U-Ming Marine Transport Corp.	Alice Hsu	3	0	60	Re-elected	
		T. H. Chang	5	0	100	Re-elected	
	Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation	Champion Lee	3	0	100	Newly-Elected	

The Company re-elected its directors and supervisors on June 28, 2012.

Other required disclosure:

- (1) Should any circumstance described in Article 14-3 of the Securities and Exchange Act and any resolution on which an independent director had a dissenting or qualified opinion occur in board meetings, the dates and sessions of the said board meetings, the contents of the said resolutions, opinions of all independent directors, and measures the Company had in responding to such opinions shall be specified: Not applicable
- (2) Should there be any director neither joining discussion nor exercising the voting rights in board meetings for the resolution which he/she has personal interests, the name of such director, the contents of the said resolution, the reasons such director has personal interests, and the voting results shall be specified: Not applicable
- (3) Targets and measures of this and previous years established to improve the functionality of the Board of Directors and their execution results (for instance, the establishment of the audit committee, the improvement of information disclosure, and so forth): The Company has elected independent directors on 2012 annual general shareholders' meeting. The independent directors have provided their opinions based on their objectivism and professionalism to improve the Company's operations and protect the shareholders' rights.
- (4) Constitution and responsibilities of Supervisors:
 1. Communications between Supervisors and employees and shareholders of the Company:
 - a. Supervisors may directly communicate with employees and shareholders of the Company.
 - b. Employees and shareholders may access Supervisors via the Company's website, as needed.

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<p>2. Communications between Supervisors and the chief internal auditor and CPA of the Company (for instance, the ways and topics that the aforesaid parties discuss on the financial and business situations of the Company, and the conclusions of their discussions):</p> <p>a. Internal audit department shall submit monthly reports to Supervisors for review and examination. Should urgent matters occur during the auditing process, the chief internal auditor shall report to Supervisors immediately. In addition, quarterly reports of the auditing results shall be submitted to Supervisors. The Supervisors maintain thorough and sufficient communications with the chief internal auditor.</p> <p>b. The Supervisors periodically communicate with CPA regarding the financial status of the Company in person or in writing.</p> <p>(5) Should Supervisors express opinions in board meetings, the dates and sessions of the said meetings, contents of the relevant proposals, resolutions made by the Board, and measures the Company had in response to Supervisors' opinions shall be specified: None</p>
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3.2 Audit Committee: Not applicable

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

Item	Implementation Status	Deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
<p>(1) Shareholding Structure & Shareholders' Rights</p> <p>a. Method of serving shareholders to respond to their suggestions or complaints</p> <p>b. The Company's possession of a list of major shareholders and a list of ultimate owners of these major shareholders</p> <p>c. Risk management mechanism and "firewall" between the Company and its affiliates</p>	<p>The Company has designated appropriate departments and persons, such as Corporate Staff Office, Investor Relations, Spokesperson, Deputy Spokesperson to serve shareholders and to respond to their suggestions and complaints. In addition, Oriental Securities Corp., the Company's common share transfer agent and registrar, is appointed to assist shareholders.</p> <p>The Company, at any time, is keeping updated information of major shareholders and the ultimate owners of these major shareholders. As long as change in ownership occurs, the Company follows the relevant regulations to disclose related information.</p> <p>The Company has assigned the Credit Committee to be responsible for risk control of accounts receivable. Meanwhile, to manage the likely risk, and establish a "firewall", between the Company and its affiliates, the Company and its affiliates have already established and implemented "Procedures for Acquisition and Disposal of Assets", "Procedures for Lending of Capital to Others", and "Procedures for Endorsements and Guarantees".</p>	None
<p>(2) Composition and Responsibilities of the Board of Directors</p> <p>a. Independent Directors</p> <p>b. Regular evaluation of the independence of CPAs</p>	<p>The Board consists of 3 independent directors: Shen Bing, Bao-Shuh Paul Lin & Johnsee Lee.</p> <p>The Board of Directors has passed the independence evaluation result of the CPAs of Deloitte & Touche, Cho Ming Hsing and Huang Shu Chieh, on March 27, 2013, according to the "Code of Ethics of Professional Accountants".</p>	None
<p>(3) Communication Channels with Stakeholders and Other Interested Parties</p>	<p>The Company has designated appropriate departments to communicate with stakeholders and other interested parties on a case by case basis, as needed.</p>	None
<p>(4) Information Disclosure</p> <p>a. Construction of a corporate website to disclose information of financial, business and corporate governance status of the Company</p> <p>b. Other information disclosure channels</p>	<p>The Company has set up a multiple-language (traditional Chinese/simplified Chinese/English) website (www.fenc.com). The Company also designated appropriate persons to collect and update the Company's information on the Company's website and the M.O.P.S. website operated by the Taiwan Stock Exchange, as needed.</p> <p>The Company has established a spokesperson system, including a spokesperson and a deputy spokesperson. Both managers undertake their deeds precisely based on the Company's requirements. Investor conference is held as needed, and the relevant information is disclosed on the Company's website and the M.O.P.S. website operated by the Taiwan Stock Exchange.</p>	None

Item	Implementation Status	Deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
(5) Operations of the Company's Nomination Committee, or Other Committees of Varieties of Functions	The Company has established the Committee of HR Policy and the Remuneration Committee.	None

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

Though the Company has not yet set up its governance principles in writing based on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies", as stated in the table above, the deviation from the "Corporate Governance Best-Practice Principles for TWSE /GTSM Listed Companies" is non-existent. In reality, the Company has substantially implemented the relevant corporate governance practices required by the principles.

(7) The Composition of the Remuneration Committee

a. Information of the Remuneration Committee Members

Role	Name	Condition	With work experience for more than 5 years and the following professional qualification requirements	Conform to Independent (Note1)								Number of Other Public Companies in Which the Individual is Concurrently Serving as Remuneration Committee Member	Remarks			
				1	2	3	4	5	6	7	8					
Independent Director	Shen Bing		An instructor or higher up in a department of commerce, law, finance, accounting, or other academic department related to company business in a public or private junior college, college, university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a professional capacity that is necessary for company business	Having work experience in the area of commerce, law, finance, or accounting, or otherwise necessary company business	✓	✓	✓	✓	✓	✓	✓	✓	1	-	
Others	Min-The Yu	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	1	-
Director	Kuan Tao Lee	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	0	Note 2	

Note 1: ✓ indicates qualified members during the two years before being elected or during the term of the appointment.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any its affiliates. (Unless the person is an independent director of the Company, or any subsidiary in which the Company holds, directly or indirectly, more than 50 percent of the voting shares.)

(3) Not an individual shareholder who holds shares, together with those held by the person's spouse, minor children, or held under others' names, in an aggregate amount of one percent or more of the total outstanding shares of the Company or ranks among the top ten shareholders who are natural persons in terms of the share volume held.

(4) Not a spouse, or relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any the persons in the preceding three subparagraphs.

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total outstanding shares of the Company or ranks among the top five corporate shareholders in term of share volume held.

(6) Not a director, supervisor, executive officer, or shareholder holding five percent or more shares of a specific company or institution and who also has financial or business dealings with the Company.

(7) Not a professional, or owner, partner, director, supervisor, or executive officer and the spouse thereof of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting or consulting services to the Company or to any affiliates of the Company.

(8) Not has any of the circumstance in the subparagraphs of Article 30 of the Company Act.

Note 2: Complied with the 5th paragraph of Article 6 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter".

b. Executive Status of the Remuneration Committee:

The Company has established the Remuneration Committee on August 19, 2011 and the number of the committee members is three. The tenure of current 2nd Remuneration Committee is from June 28, 2012 to June 27, 2015. The Remuneration Committee held 2 times (A) and the attendance status of members in the Recent Year is disclosed as follows:

Title	Name	Times of Attendance (B)	Times of Attendance by Proxy	Percentage of Attendance (%) (B/A)	Remark
Convener	Shen Bing	2	0	100%	The 2 nd Remuneration Committee
Committee member	Min-Teh Yu	2	0	100%	
Committee member	Kuan Tao Lee	1	0	50%	

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(8) Measures the Company Takes to Fulfill Corporate Social Responsibilities and Their Execution Results:

Item	Implementation Status	Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies” and Reasons
a. Implementation and Promotion of Corporate Governance		
<p>(a) A written policy or a system to carry out corporate social responsibilities, and the performance review of the said policy or system.</p> <p>(b) Establishment of a department, dedicated or non-dedicated, to promote corporate social responsibilities; and the operating status of the said department.</p> <p>(c) To provide periodical training and dissemination on corporate ethics to directors, supervisors and employees; meanwhile, incorporate ethical conducts into the performance evaluation system of employees to encourage the carry-out of ethics by a clear and effective reward/discipline system.</p>	<ol style="list-style-type: none"> 1. The Company has designated Corporate Staff Office as the dedicated unit to carry out and promote the corporate social responsibilities. Each department, according to the nature of its duties, is also required to cooperate with the Corporate Staff Office to promote and carry out corporate social responsibilities. 2. The Human Resources Development Center is responsible for providing training courses related to corporate governance to directors, supervisors, and managers. 3. The Human Resources Department has clear and precise written policies addressing performance evaluation, training, and reward/discipline system for employees, and complying with ethic conducts is one of criteria in evaluating performance of employees. 4. The Company has set up the Remuneration Committee to establish a performance evaluation system and a remuneration system for directors, supervisors, and managers, and the Committee reviews the results and proposes suggestions to the Board meetings on a regular basis. 	None
b. Sustainability Managements		
<p>(a) Efforts that the Company makes to efficiently utilize all natural resources, and to consume the recycled/recyclable materials as feedstock to minimize the adverse impact on the environment.</p> <p>(b) The system or mechanism that the Company establishes to conserve the environment, based on the particular industry and business characteristics of the Company.</p> <p>(c) The designation of a dedicated department or personnel to carry out the duty of environmental conservation.</p> <p>(d) The Company must be aware of the impact from climate changes on its business operations; thus, methods and policies must be adopted by the Company to save energy and to reduce the emission of carbon and green-house gas.</p>	<ol style="list-style-type: none"> 1. Specific efforts that the Company makes to conserve the environment mainly include, but not limited to, the followings: 1) consume recycled/recyclable materials as feedstock, e.g. recycled PET bottles; 2) re-utilize the residuals from the production process as raw materials; 3) collect the residual fuel and the emission of heat and steam for heating purpose in order to reduce the consumption of energy. 2. The Company has already promoted the awareness and reinforces policies to encourage the recycle of natural resources to decrease energy consumption and to reduce the emission of green-house gas. 3. Through each department, the specific actions that the Company takes to protect the environment are, but not limited to, the following: 1) the collection and evaluation of data about the impact that business operations cause on the environment; 2) establish a set of evaluation criteria; 3) continual review and improvement of business operations to achieve the purpose of environmental conservation. 4. The polyester, textile plants and offices owned by the Company have been evaluated and accredited by ISO-14064-1 for their emissions of green-house gas. A special budget is set aside and dedicated for the purpose of reducing energy consumption. 	None
c. Promote Common Goods and Public Welfare		
<p>(a) Compliance with relevant labor regulations and to respect internationally recognized labor principles of human rights; to safeguard employees' privileges with non-discriminating employment policies by instituting appropriate management and procedures.</p>	<ol style="list-style-type: none"> 1. The Company has complied with all pertinent labor regulations with regards to all measures and policies that relate to employees, and continually follows up the changes in related regulations and adjusts the internal management system accordingly. The Company also communicates the regulation changes to employees on a regular basis. 	None

Item	Implementation Status	Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and Reasons
<p>(b) Provision of a safe and healthy working environment for employees by implementing routine health and safety education.</p> <p>(c) The Company establishes regular communication mechanism of the employees, also with reasonable notice if any changes caused significant impact on the staff.</p> <p>(d) Establishment and public disclosure of the Company's policy to protect the rights of consumers; a clear and effective procedure to satisfy product and/or service claims from consumers.</p> <p>(e) Collaboration with suppliers to promote corporate social responsibility.</p> <p>(f) Participation in community development and charity events through commercial activities, donation of materials, volunteer services, or other complimentary services.</p>	<p>2. The Company provides employee training courses about work safety and personal health.</p> <p>3. The company has convened labor management meetings for two-way communication regarding the Company's policies. Employees can also write their suggestions to the Company's email box; appropriate persons are designated to respond to their emails. In order to strengthen the efficacy and efficiency of inter-departmental communications, the Company has launched e-official-document systems; an important matter can be announced to employees via the Company's intranet.</p> <p>4. The Company has established "Procedures for receiving and satisfying clients' claims", and according to the said procedures, the dedicated personnel in the sales team respond to clients' claims via electronic or postal mails. Business scopes, news flash, and "contact us" sections are installed on the website of the Company, ensuring that consumers receive the updated material information in time, and allowing consumers to provide the Company with their opinions and feedback.</p> <p>5. The Company has been cooperating with international sportswear companies and international beverage companies to promote the usage of green products in order to reduce the consumption of energy and natural resources. Efforts the Company has already made are, but not limited to, 1) using bio-based polyester chips and recycled chips to produce PET bottles; and 2) using recycled fibers and corn-made PLA fibers to produce functional textile products.</p> <p>6. In order to promote the awareness of environmental protection, the Company has worked with the Taipei City Government in the event of the 2010 Taipei International Flora Expo and built the pavilion, Far Eastern EcoARK, for the Expo. The pavilion walls were made of PET crystal bricks recycled from PET bottles, the first architecture of its kind in the world. This pavilion was the only building donated by a private enterprise in this event.</p>	<p>None</p>
<p>d. Improvement in Information Disclosure</p> <p>(a) Method of disclosing relevant and reliable corporate social responsibility information.</p> <p>(b) Compilation of corporate social responsibility statement and disclosure of promotion of corporate social responsibility.</p>	<p>The latest information regarding the Company's corporate social responsibilities will be disclosed on the Company's website. (www.fenc.com). In addition, relevant information is conveyed to interested parties via investors' conferences, shareholders' meetings, and services provided by investor relationship personnel.</p>	<p>None</p>
<p>e. If the company has set up the principles based on "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies", please illustrate the implementation progress and any difference:</p> <p>Though the Company has not yet set up its governance principles in writing based on the "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies", as stated in this table, the Company has proactively and enthusiastically promoted corporate social responsibilities and contributed to the common goods of the society, such as implementing corporate governance best practices, conserving the global environment, and participating in public charity events, through the Company's R&D ability, donation of materials and valuables, and environmental conservation evaluation verified by independent, publicly well-known organizations.</p>		
<p>f. Please state any other important information that would facilitate better understanding of the Company's status in fulfilling corporate social responsibilities (i.e. systems, mechanism, policies that the Company adopts and their execution results about corporate social responsibilities, such as environmental conservation, community welfare improvement, contributions to common goods, social service activities, charity and donations, consumer rights, safety, health, and others):</p>		

Corporate Governance Report

Item	Implementation Status	Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies” and Reasons
<p>(a) The Company is dedicated in conserving the global environment through the following ways:</p> <ul style="list-style-type: none"> - <u>Reduce</u>: Reduce the consumption of energy in the production process through continual R&D efforts. Launch and promote light-weighted PET bottles to reduce the consumption of natural resources. - <u>Recycle</u>: Develop up-to-date recycling technology, increase the scale and scope of recyclable products, and create more applications for recycled materials. - <u>Replace</u>: Replace fossil fuels with alternative energies. Utilize the waste of crops and indigestible crops as materials to replace petrochemical-based plastics. <p>(b) T Park, a land development project under construction, utilizes a rain-collection system and a water recycling system to build an eco-environment. A massive space of green area is also planned in this project. T Park would be a perfect demonstration of advanced technology and environmental conservation.</p> <p>(c) In order to save energy and reduce carbon emission, the Company is replacing traditional light bulbs with LED lights in every factory and office building. All employees are encouraged to conserve natural resources in any way possible.</p> <p>(d) In order to promote public welfare in the neighborhood, the Company donated an automated CPR device to the fire station of Caota, Guanyin Township, Taoyuan County.</p>		
<p>g. If products of the Company or reports of corporate social responsibility have/has been accredited by relevant accreditation institutions, please elaborate:</p> <p>(a) Knitted fabrics made of the recycled fibers developed by the Company have been accredited by GRS (Global Recycle Standard), an international institute to verify sportswear made of recycled materials.</p> <p>(b) Yarns made of organic cotton and yarns made of recycled fiber yarns have been accredited by C.U. (CONTROL UNION).</p> <p>(c) Evaluation of green-house gas emission has been implemented based on the criteria of ISO 14064-1, and have been accredited by D.N.V.</p> <p>(d) Quality of products has been accredited by D.N.V. based on the criteria of ISO-9001, ISO-14001, ISO-18001, and OHSAS.</p> <p>(e) Food-grade PET resins produced by the Company all have received quality endorsements from international prestigious beverage companies. All sorts of PET resins have received quality approvals from the US FDA.</p> <p>(f) Polyester fibers made of 100% recycled materials have been accredited by the Taiwanese government authority.</p> <p>(g) Bio-degradable materials developed by the Company have received quality approval from OWS in Europe, and have been accredited as BPI by Taiwan authority.</p> <p>(h) Green food-grade PET resins have completed the carbon footprint assessment by PAS 2050:2008, and have been accredited by D.N.V.</p>		

(9) Implementation of Business Conduct Policy

Item	Implementation Status	Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and Reasons
<p>a. Establishment of Business Conduct Policy and Plans</p> <p>(a) Regulations and external documents expressly business conduct policy, as well as the board of directors and management is committed to actively implement the circumstances.</p> <p>(b) Establishment of unethical conduct prevention plan and its standard operating procedure (SOP), business conduct guide, and education/training.</p> <p>(c) Measures to prevent corruption and acceptance of illegal political donations for business activities with higher risk of unethical conduct in the unethical conduct prevention plan.</p>		
<p>1. The “Code of Ethics” and “Principles of Ethical Corporate Management” have been approved by Board Meeting on August 19, 2011 and have been reported at Annual Shareholders’ Meeting on June 28, 2012. In order to certainly fulfill the “Code of Ethics” and “Principles of Ethical Corporate Management”, the Company has posted the guidance of the “Code of Ethics” and “Principles of Ethical Corporate Management” on intranet for employees and promoted the concept of business conduct for daily operation to all employees.</p> <p>2. To establish an ethical corporate culture and to prevent unethical conduct, the Company hosts at least one education/training seminars per annum for its employees and to remind the stakeholder groups of the Company to follow and respect the moral and ethical standards of the Company. Related SOPs and standards are disclosed on the Company’s website (http://www.fenc.com).</p> <p>3. The procedures and guidelines should at least contain the following matters:</p> <p>(1) Standards for determining if improper benefits have been offered or accepted.</p> <p>(2) Procedures for offering legitimate political donations.</p> <p>(3) Procedures and the standard amounts for offering charitable donations or sponsorship.</p>		<p>None</p>

Item	Implementation Status	Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and Reasons
	<p>(4) Rules for avoiding work-related conflicts of interests, and how such conflicts be reported and handled.</p> <p>(5) Rules for preserving confidentiality of trade secrets and business sensitive information obtained in the ordinary course of business.</p> <p>(6) Regulations and procedures for dealing with vendors, clients, and business transaction counterparties suspected of Misconducts.</p> <p>(7) Operational procedures for violations of the Principles.</p> <p>(8) Disciplinary measures on offenders.</p>	None
<p>b. Implementation of the Code of Business Conduct</p> <p>(a) Avoidance of business activities with businesses having unethical conduct records and defining ethical conduct clauses in business contracts.</p> <p>(b) Establishment of dedicated/responsible unit for the promotion of business conduct and its status of operation.</p> <p>(c) Promulgation of Policies for preventing conflicts of interests and offer channels for reporting conflicts of benefits.</p> <p>(d) Effective operation of the accounting and internal audit systems established to enforce the code of business conduct and internal audits by internal auditors.</p>	<p>1. Prior to engaging in a commercial transaction, the Company shall take into consideration the legitimacy and legality of the counterparty such as agents, vendors, customers, and other entities, and their misconduct record, if any. The Company requires all counterparty to follow the “Principles of Ethical Corporate Management” of the Company.</p> <p>2. Trustworthy is one of the Company’s five core values. Directors of the Company will exercise a high degree of self-discipline. A director may present his/her opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company.</p> <p>3. The Company’s reporting channel is located on the Company’s website, along with opinions for supervisor email: supervisor@fenc.com</p> <p>4. The Company has set up rigorous accounting systems and dedicated department. Financial statements are audited (or reviewed) by CPA and announced in compliance with legal requirement to ensure the accuracy and transparency of the financial information. At the Company, apart from establishing the Internal Audit Division and related internal audit systems, we review and revise these systems periodically to ensure their effectiveness, so as to enforce the “Regulations Governing Establishment of Internal Control Systems by Public Companies” and the “Code of Business Conduct”. Internal auditors of the Company shall also periodically examine the results of compliance with the foregoing, and prepare audit reports submitted to the Board of Directors.</p>	None
<p>c. Establishment of Reporting Channels and Disciplinary and Petition Mechanisms for Violations of the Code Of Business Conduct.</p>	<p>1. For any violation of the Principles being found, the company professionals shall proactively report to supervisors, the management, head of internal auditor, human resources department, and other appropriate authorized managers. The Company shall strictly preserve the identity of the whistle-blower and the content of the report.</p> <p>2. The Company tolerates no violation. Any of the company professionals obtains, or intends to obtain, improper benefits for oneself or others at the cost of the Company by using one’s position and authority shall be dismissed, and unconditionally indemnify the Company for all losses, if occurred.</p>	None

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Item	Implementation Status	Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and Reasons
	<p>Any of the company professionals found to be in violation of the principles shall be disciplined in accordance with the reward and disciplinary rules of the Company. Those who as a result of violation are dismissed by the Company will no longer be employed again by the Company or its affiliates.</p> <p>3. An appeal system is established in the Company. Any of the company professionals being accused to violate the principles may appeal for remedy via the system.</p>	None
d. Improvements in Information Disclosure		
<p>(a) The status for the Company’s website to disclose business conduct related information.</p> <p>(b) Other disclosure channels (i.e. English website; designated personnel in charge of company information collection and disclosure on company web site)</p>	<p>1. Ethical corporate management information shall be disclosed on the Company’s website.</p> <p>2. The Principles and the enforcement shall be disclosed on the website, annual reports, and prospectuses of the Company; personnel will be appointed to be responsible for collecting and disclosing relevant information.</p>	None
e. If the Company has established its own guidelines for the “Code of Business Conduct” according to Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please state the discrepancies (if any) between actual operation and policy: None		
f. Other important information revealing the Company’s ethical operations (e.g., the determination and policy to convince business partners to implement ethical operations; inviting them to participate in related education and training; and review and revision of the company’s code of business conduct): The code of procurement is added to the Company’s procurement system to ensure compliance from suppliers and to provide suppliers with doubts about any harm to their rights and interests in the process of a procurement project a clear petition channel. Both the Company’s employees and the Company’s suppliers are observed in high-standard code of ethics. Suppliers bribing the Company’s employees or the Company’s employees asking bribes from suppliers shall be referred to a court of law.		

(10) Other Information on Improving Understanding of Corporate Governance :

a. Company’s risk management organization: (Please refer to page 9)

- (a) Established the “Credit Committee”: the committee is in charge of the review of the credit situation of domestic and foreign customers, and decides the credit ratings and credit allowances for such customers based on the review results. The committee is also in charge of the continual monitor and control of each credit account and account receivables, in order to achieve the target of “zero bad debt”.
- (b) Established the “Information monitor and safeguard committee”: the committee is in charge of preventing business information from being misappropriated or being released to irrelevant parties.

b. The Company has obtained the approval of the “Internal Material Information Disclosure Procedure” in the fifth Board Meeting of the twentieth term on Dec. 21, 2009 and proceeded to promote as follows:

- (a) Provide “Internal Material Information Disclosure Procedure” to new managers upon signing the security agreement.
- (b) The Company promotes the “Internal Material Information Disclosure Procedure”, and the “Insider Trading” related information posted on TWSE website to remind managers upon the declaration of shareholding variation.
- (c) The Company’s employees and managers have to sign a security agreement upon coming on board and be aware of the Company’s “Internal Material Information Disclosure Procedure”.

c. Execution of policies to protect consumers or customers: The Company has abided by all relevant policies.

d. The Company’s purchase of liability insurance for directors and supervisors: the Company resolved to purchase liability insurance for the Company’s directors and supervisors, in the second Board Meeting of the twenty-first term on August 21, 2012, in order to reduce their risk of legal and financial liabilities that may arise during day to day operations.

e. Training for Board of Directors, Supervisors, Presidents, and Executive Vice President s:

Title	Name	Study Date		Sponsoring Organization	Name of the Course	Study hours
		From	To			
Chairman	Douglas Tong Hsu	20 Dec 12	22 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3

Title	Name	Study Date		Sponsoring Organization	Name of the Course	Study hours
		From	To			
Directors	Johnny Shih	20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Shaw Y. Wang	20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Raymond Hsu	20 Dec 12	22 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Peter Hsu	20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Tonia Katherine Hsu	20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Kuan Tao Lee	20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Richard Yang	20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
Independent Directors	Shen Bing	18 May 12	18 May 12	Securities & Futures Institute	Conference for Independent Directors of Listed Companies	3
		16 Jun 11	16 Jun 11	Accounting Research & Development Foundation	IFRS1 (IAS1) – Presentation of Financial Statements	3
	Johnsee Lee	23 May 12	23 May 12	Securities & Futures Institute	Directors and Supervisors Practice Advanced Seminar	3
		23 Feb 11	23 Feb 11	Securities & Futures Institute	Directors and Supervisors Practice Advanced Seminar	3
Bao-Shuh Paul Lin	20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3	
Supervisor	Alice Hsu	27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	T. H. Chang	27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Champion Lee	20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
27 Dec 11		27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3	
President	Eric Hu	20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Y. H. Tseng	20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	K. S. Wu	20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Humphrey Cheng	20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
27 Dec 11		27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3	
Executive Vice President	Ru-yu Wu	27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 Dec 10	23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	C. Y. Dai	20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Kwen Lin Ho	20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Alan Tsai	17 Jan 13	17 Jan 13	Accounting Research & Development Foundation	Accounting Supervisor Professional Certificate Program	30
	T. H. Liu	27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
23 Dec 10		23 Dec 10	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3	

Corporate Governance Report

3.4 Methods for Searching the Rules and Relevant Regulations of Corporate Governance

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

3.5 Others

- 3.5.1 Directors of the Company shall exercise a high degree of self-discipline. A director may present his/her opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company. The Company's appointed personnel will review and revise accounting and internal audit systems periodically to ensure their effectiveness and prepare audit reports to be submitted to the Board of Directors. "Sincerity, Diligence, Thrift, Prudence" and "Innovation" is the motto of the Company, and also the code of conducts for each employee of the Company.
- 3.5.2 Professional licenses granted to those who are responsible for the financial information transparency of the Company by regulatory authorities:

Licenses	Department	Accounting Department	Finance Department	Audit Department
CPA ROC		4	-	3
CPA China		1	-	-
CFA		-	1	-
CIA		2	1	4
CMA		-	-	1
CFM		-	-	1
CPB		16	1	-
Land Administration Agent		2	-	-
Realtor		2	-	-
Non-Life Insurance Broker		1	-	-
Non-Life Insurance Salesman		2	-	-
Enterprise Internal Control Basic Ability		19	7	18
Senior Securities Broker		2	9	1
Securities Investment Analyst		1	1	-
Broker of Future Contract Trading		2	-	1
Financial Planning		-	4	1
Licensed Trust Sales		1	8	1
Foreign Exchange Trading		-	2	-
CISA		-	-	1
ISMS Lead Auditor		-	-	1

3.6 Internal Control System Execution Status

3.6.1 Internal Control Report

Far Eastern New Century Corporation The Declaration of internal Control System

Date: 27 March 2013

Based on the self-examination results of the internal control system for the year of 2012, Far Eastern New Century Corporation (the Company) therefore declares the following:

1. Board of Directors and the management of the Company understand that it is their responsibility to establish, implement, and maintain an internal control system, and such a system has been established. The purpose to establish the aforesaid system is to reasonably assure 1) the operating results and operating efficiencies (including profit, performance, and the safeguard of assets; 2) the reliability of the financial reports, and 3) the compliance of the relevant laws and regulations.
2. An internal control system, regardless how perfectly the system is being designed, can have its defects. A system that can reasonably assure the achievements of the three purposes mentioned in the preceding paragraph is considered as effective and useful. In addition, changes in the business environment and situation may, as a result, hinder the effectiveness of an adequate system. However, the internal control system of the Company has included a self-examination mechanism; the Company will make immediate corrections considering the materiality when material errors are detected.
3. The evaluation of effectiveness of the internal control system design and implementation is made in accordance with "Guidelines for the Establishment of Internal Control Systems by Public Companies" (the Guidelines). The Guidelines are made to exam the following items during the internal control process: 1) Control Environment, 2) Risk Evaluation and Management, 3) Control Activities, 4) Information and Communication, and 5) Monitoring. Details of each area being examined can be found in the Guidelines.
4. Based on the items mentioned in the preceding paragraph, the Company has examined the design of the internal control system and the effectiveness of the implementation of the aforesaid system.
5. The exam result indicated that the internal control system of the Company (including the governance of its subsidiaries) has effectively assured the following events have been reasonably achieved during the assessed period:
 - (1) The degree that effectiveness and efficiency of business operation and financial objectives achieved
 - (2) The reliability of the financial and related reports
 - (3) The compliance of the relevant laws/regulations and company policies
 - (4) Safeguard of company assets and information
6. This Declaration is a significant content in the annual report and prospectus of the Company, and it is available to the general public. If it contains false information or conceals any material contents, the Company is in violation of Article 20, Article 32, Article 171 and Article 174 set forth in the ROC Securities and Exchange Law.
7. The Board of Directors has approved the Declaration of Internal Control System in the board meeting held on 27 March 2013. All of ten Directors present consented to the Declaration, and no dissenting opinion was expressed.

Far Eastern New Century Corporation

Chairman: Douglas Tong Hsu

Corporate Management President: Humphrey Cheng



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

Corporate Governance Report

3.7 In Recent Years until the Annual Report Being Published, Violation of Internal Control Policies by Employees: None

3.8 In Recent Years until the Annual Report Being Published, Major Resolutions of Shareholders' Meetings and Board Meetings:

3.8.1 Shareholders' Meeting

	Date	Resolutions of Shareholders' Meeting	Execution
2012 Annual General Shareholders' Meeting	June 28, 2012	Matters to be reported: 2011 business operations 2011 financial statements Supervisor's review report of 2011 business operations and financial statements	Not applicable
		Approval of the "Code of Ethics" and "Principles of Ethical Corporate Management" of the Company Information of the corporate bonds issued in 2011	
		Matters to be approved: To accept 2011 business report and financial statements To approve the proposal for distribution of 2011 profits	28 August 2012 was fixed to be the date of ex-dividend, and cash dividend was distributed on 28 September 2012.
		Matters to be discussed: To approve the capitalization of 2011 stock dividends.	Stock dividends were issued on 30 September 2012
		To approve amendments to "Procedures for Acquisition and Disposal of Assets of Far Eastern New Century Corporation"	Operating pursuant to the amended procedures
		To approve amendments to "Meeting Rules of Stockholders of Far Eastern New Century Corporation"	Operating pursuant to the amended procedures
		Re-election of Directors, Independent Directors, and Supervisors	Chairman and Vice Chairman were elected in a Board Meeting on June 28 2012.
		To approve to the release of the relevant Directors from the non-competition restriction under the Article 209 of the Company Law	To implement according to the annual general shareholders' meeting resolution.

3.8.2 Board of Directors

Term	Date	Important Resolutions
14 th Board Meeting of the 20 th term	March 21, 2012	<ol style="list-style-type: none"> 1. Approved 2011 financial statements (including consolidated reports). 2. Approved the proposal for profit distribution of 2011. 3. Approved the capitalization of 2011 stock dividends. 4. Approved the amendments of the Company bylaw "Procedures for Acquisition and Disposition of Assets of Far Eastern New Century Corporation". 5. Approved the proposal of re-election of directors, independent directors, and supervisors. 6. Approved the proposal of convening 2012 Annual General Shareholders' Meeting. 7. Approved the issuance of unsecured corporate bonds in year 2012.
15 th Board Meeting of the 20 th term	May 16, 2012	<ol style="list-style-type: none"> 1. Approved the candidate list of the Company's independent director nominees. 2. Approved the amendments of "Meeting Rules of Stockholders of Far Eastern New Century Corporation". 3. Approved to the release of the relevant Directors from the non-competition restriction under the Article 209 of the Company Law.
1 st Board Meeting of the 21 st term	June 28, 2012	<ol style="list-style-type: none"> 1. Approved the details about cash dividend, stock dividend and ex-dividend date of the Company. 2. Approved the appointment of members for the second term of the Company's Remuneration Committee. 3. Approved the reassignment of Chief Operating Officer and other managerial positions within the Company's Polyester Industry division. 4. Approved amendments to the managerial positions within the Company's Corporate Management division. 5. Elected the Company's Chairman and Vice Chairman.
2 nd Board Meeting of the 21 st term	August 21, 2012	<ol style="list-style-type: none"> 1. Approved financial statements (including consolidated reports) for the first half of year 2012. 2. Approved the purchase of liability insurance for the Company's directors and other essential personnel. 3. Approved the employment of new managers. 4. Approved the release of the relevant managers from the non-competition restriction. 5. Approved the Company's new accountant in charge. 6. Approved the change of auditing CPA (Certified Public Accountant) from Deloitte & Touche. 7. Approved the amendments of "Procedures for Endorsements and Guarantees of Far Eastern New Century Corporation" and "Procedures for Lending of Capital to Others of Far Eastern New Century Corporation". 8. Approved the amendments of "Procedures for Acquisition and Disposal of Assets of Far Eastern New Century Corporation".
3 rd Board Meeting of the 21 st term	December 20, 2012	<ol style="list-style-type: none"> 1. Approved the proposal for 2013 operating budget and the budget for capital expenditure. 2. Approved amendments of the Company's "Accounting systems".

Term	Date	Important Resolutions
4 th Board Meeting of the 21 st term	March 27, 2013	3. Approved amendments to "Meeting Rules of Board of Directors of Far Eastern New Century Corporation". 4. Approved the cancelation of indirect investment via Far Eastern Polychem Industries Ltd. 5. Approved the amendments of the Company's internal audit system (including internal audit implementation rules). 1. Approved financial statements (including consolidated reports) for the year 2012. 2. Approved the proposal for profit distribution of 2012. 3. Approved the capitalization of 2012 stock dividends. 4. Approved amending the "Articles of Incorporation of Far Eastern New Century Corporation". 5. Approved the amendments of the Company bylaw "Election procedures of Directors and Supervisors of Far Eastern New Century Corporation". 6. Approved the proposal of convening 2013 Annual General Shareholders' Meeting. 7. Approved the issuance of unsecured corporate bonds in year 2013.
5 th Board Meeting of the 21 st term	May 14, 2013	1. Approved the amendments of "Meeting Rules of Stockholders of Far Eastern New Century Corporation". 2. Approved the Company's 2012 Business report. 3. Approved to participate in the acquisition of new common shares of Oriental Petrochemical (Taiwan) Co., Ltd.

3.9 In recent years until the annual report being published, Dissenting Comments on Major BOD Resolutions from Directors and Supervisors: None

3.10 Resignation or Dismissal of Personnel Involved in Preparation of Financial Reports:

Title	Name	Date Started	Date Ended	Reason
Accountant in charge	Bill Yang	23 March 2005	1 July 2012	Retired

4. Audit fees

4.1 Information of Audit Fees

4.1.1 Information of CPAs

Accounting Firm	Name of CPA		Audit Period	Note
Deloitte & Touche	Benjamin Shih	Huang Shu Chieh	1 Jan 2012 – 31 Mar 2012	Due to the internal transfer and arrangement taking place in Deloitte & Touche.
	Cho Ming Hsing	Huang Shu Chieh	1 Apr 2012 – 31 Dec 2012	

4.1.2 Audit Fees

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

Unit: NT\$ thousands

Accounting Firm	Name of CPA		Audit Fee	Non-audit Fee					Audit period
				System Design	Registration	Human Resource	Other	Total	
Deloitte & Touche	Benjamin Shih	Huang Shu Chieh	7,440	-	90	-	1,030	1,120	1 Jan 2012 – 31 Mar 2012
	Cho Ming Hsing	Huang Shu Chieh							1 Apr 2012 – 31 Dec 2012

Note: Non-audit fee mainly includes fees of 1) NT\$280,000 related to convert R.O.C GAAP into IFRS; and 2) NT\$750,000 service fees for tax reporting, legal consulting, and corporate bonds issuance.

Corporate Governance Report

4.2 In the Event that the CPA Firm is Changed and the Audit Fees Paid in the Year When the CPA Firm is Less than that Paid in the Preceding Year, Reduction of the Audit Fees, Percentage and Causes: None

4.3 In the Event that the CPA Firm is Changed: None

4.4 In the Event that the Audit Fees Reduced by 15% Compared with that was Charged in the Preceding Year, Reduction of Audit Fees, Percentage and Causes: None

5. Information for Change of CPA

5.1 Regarding the Former CPA:

Date of Change	2012 August		
Cause and explanation	The original CPA, Benjamin Shih and Huang Shu Chieh, was changed to CPA, Cho Ming Hsing and Huang Shu Chieh because of the internal transfer and arrangement taking place in Deloitte & Touche.		
Specify whether appointer or CPA terminates or rejects the appointment	Concerned party Circumstance	CPA	Appointer
	Reject (refuse to accept) the appointment		
	Terminate the appointment voluntarily	✓	
The comments and causes for issue of the audit report other than unqualified opinions within the latest two years	None		
Disagreement with the publisher	Yes		Accounting principles or practices
			Disclosure of financial statement
			Scope or steps of audit
			Others
	No	✓	
Note			
Other information to be disclosed (to be disclosed according to Item 4 of paragraph 1 of Article 22 of the "Regulations Governing the Preparation of Financial Reports by Securities Issuers")	None		

5.2 Regarding the Succeeding CPA:

Name of Office	Deloitte & Touche
Name of CPA	CPA Cho Ming Hsing, CPA Huang Shu Chieh
Date of appointment	2012 August
Accounting measures or principles with respect to certain transactions prior to the appointment and inquiries and result as to the comments likely to be issued with respect to the financial statements	—
Succeeding CPA's written opinion towards the disagreement with the former CPA	—

5.3 The Former CPA's Response to the Issues Referred to Item 3 of Paragraph 2 and Paragraph 1 of the Article 22 of the "Regulations Governing the Preparation of Financial Reports by Securities Issuers"

None

6. The Company's Chairman, Presidents and Managers Responsible for Finance or Accounting Who Have Held A Position in the CPA Office or its Affiliates Within the Latest One Year

None

7. Shareholding Transferred or Pledged by Directors, Supervisors, Management, and Major Shareholders Who Holds 10% of the Company Shares or More

7.1 Shareholding Variation

Unit: Shares

Title	Name	2012		From Jan 1 2013 to Apr 26 2013	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Chairman	Douglas Tong Hsu	32,568,558	-	(30,000,000)	-
Vice Chairman	Johnny Shih	64,037	-	-	-
Vice Chairman	Peter Hsu	726,648	-	-	-
Director	Yue Ding Industry Co., Ltd.	3,509,128	-	250,000	-
	Asia Cement Corporation	32,776,051	-	73,584,024	-
	Shaw Y. Wang	10,851	-	-	-
	Raymond Hsu	652,342	-	-	-
	Richard Yang	142,153	-	-	-
	Far Eastern Department Stores Ltd.	547,947	-	-	-
	Kuan Tao Lee	-	-	-	-
	Tonia Katherin Hsu	-	-	-	-
	Bing Shen	-	-	-	-
	Bao-Shuh Paul Lin	-	-	-	-
	Johnsee Lee	-	-	-	-
Supervisor	U-Ming Marine Transport Corporation	855,815	-	-	-
	T. H. Chang	2,491	-	-	-
	Alice Hsu	(898,431)	-	-	-
	Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	233,107	-	-	-
	Champion Lee	16,963	-	-	-
Manager	Y. H. Tseng	4,920	-	-	-
	Eric Hu	7	-	-	-
	K.S. Wu	37	-	-	-
	Humphrey Cheng	-	-	-	-
	Raymond Hsu	652,342	-	-	-
	Chum Min Ho	-	-	-	-
	Donald Fan	2,491	-	-	-
	C.Y. Dai	5,106	-	-	-
	David Wang	195	-	-	-
	Alan Tsai	-	-	-	-
	Emily Wu	-	-	-	-
	B.C. Chang	12	-	-	-
	B. T. Cherng	11	-	-	-
	T.H. Liu	1,304	-	-	-
	Austin Lee	-	-	-	-
	Kuen Lin Ho	-	-	-	-
	Ru-yu Wu	202	-	-	-
	Jackson Wu	1,387	-	-	-
	Frank Kuo	18	-	-	-
	David Shih	9	-	-	-
Mark Lu	1,184	-	-	-	
Rebecca Huang	-	-	-	-	
Steve Liu	491	-	-	-	
Hans Kuo	-	-	-	-	

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Title	Name	2012		From Jan 1 2013 to Apr 26 2013	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Manager	Mike Wu	34	-	-	-
	C. Y. Lin	-	-	-	-
	William Hsu	-	-	-	-
	Li Chi Chen	-	-	-	-
	Ken Chang	-	-	-	-
	C.W. Chu	47	-	-	-
	C. C. Fan	-	-	-	-
	W. C. Hu	-	-	-	-
	C.Y. Huang	-	-	-	-
	C. T. Chen	-	-	-	-
	David Sen	-	-	-	-
	C.T. Peng	-	-	-	-
	Arthur Lee	163	-	-	-
	C.T. Chang	21	-	-	-
	H. C. Ho	1,154	-	-	-
	Y. J. Lo	961	-	-	-
	R.Q. Tsai	1,020	-	-	-
	T.J. Lo	34	-	-	-
	Mingo A. Chen	(2,972)	-	-	-
	Monsun Yang	429	-	-	-
	Tony Liang	-	-	-	-
	Huang Biao Liang	600	-	-	-
Ryan Wu	-	-	-	-	
C. C. Hong	-	-	-	-	
Allen Lu	-	-	-	-	

7.2 Shareholding Transferred (While the Counterparty is a Related Party): Not applicable

7.3 Shareholding Pledged : Not applicable

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

Book closure date: 26 April 2013

Name	Current shareholding		Spouse & minor children's shareholding		Shareholding in name of others		Name, relationship of top ten shareholders being the related party as defined in statement of financial accounting standards No.6		Major institutional shareholders
	shares	%	shares	%	shares	%	Name	Relationship	
Asia Cement Corporation Representative: Douglas Tong Hsu	1,198,895,114	23.77%	0	0.00	0	0.00	Oriental Institute of Technology	The same Chairman	See page 13 for details.
							Far Eastern Medical Foundation		
							Yuan Ze University		
							Far Eastern Memorial Foundation	Chairman is a Director of the Foundation	
							Der Ching Investment Co., Ltd	ACC's subsidiary	
Oriental Institute of Technology Representative: Douglas Tong Hsu	242,790,861	4.81%	0	0.00	0	0.00	Asia Cement Corp.	The same Chairman	N/A
							Far Eastern Medical Foundation		
							Yuan Ze University		
							Far Eastern Memorial Foundation	Chairman is a Director of the Foundation	

Name	Current shareholding		Spouse & minor children's shareholding		Shareholding in name of others		Name, relationship of top ten shareholders being the related party as defined in statement of financial accounting standards No.6		Major institutional shareholders
	shares	%	shares	%	shares	%	Name	Relationship	
Far Eastern Medical Foundation Representative: Douglas Tong Hsu	181,727,283	3.60%	0	0.00	0	0.00	Asia Cement Corp.	The same Chairman	N/A
							Oriental Institute of Technology		
							Yuan Ze University		
							Far Eastern Memorial Foundation	Chairman is a Director of the Foundation	
Far Eastern Memorial Foundation Representative: Chen Sun	150,624,726	2.99%	0	0.00	0	0.00	Asia Cement Corp.	Director of the Foundation is the Chairman of the aforesaid organizations.	N/A
							Oriental Institute of Technology		
							Yuan Ze University		
							Far Eastern Medical Foundation		
Yuan Ze University Representative: Douglas Tong Hsu	138,116,387	2.74%	0	0.00	0	0.00	Asia Cement Corp.	The same Chairman	N/A
							Oriental Institute of Technology		
							Far Eastern Medical Foundation		
							Far Eastern Memorial Foundation	Chairman is a Director of the Foundation	
Chunghwa Post Co. Ltd. Representative: Jih-Chu Lee	112,165,363	2.22%	0	0.00	0	0.00	None	None	The Ministry of Transportation & Communications of the R.O.C.
Funds of Saudi Arabia at the discretionary account of Morgan Stanley Asset Management and in custody of JP Morgan Chase Bank	104,809,569	2.08%	0	0.00	0	0.00	None	None	N/A
Shinkong Life Insurance Corporation Representative: Tung-Chin Wu	89,525,540	1.77%	0	0.00	0	0.00	None	None	See page 14 for details.
Vanguard Emerging Markets Stock Index Fund account in the custody of Standard Chartered Bank	77,399,969	1.53%	0	0.00	0	0.00	None	None	N/A
Der Ching investment Co., Ltd. Representative: K. Y. Lee	72,828,480	1.44%	0	0.00	0	0.00	Asia Cement Corp.	ACC's subsidiary	Asia Cement Corp. (99.99%)

Corporate Governance Report

9. Shareholding Proportion of FENC to Investees

Book closure date: 26 April 2013

Investees by equity method	The Company's Holdings		Direct and Indirect Holdings of Directors, Supervisors, and Managers of FENC		Total Holdings	
	Shares (Thousand)	%	Shares (Thousand)	%	Shares (Thousand)	%
Asia Cement Corp.	721,368	22.33	222,233	6.88	943,601	29.21
Far Eastern Department Stores Ltd.	230,125	16.80	142,104	10.37	372,229	27.17
Oriental Union Chemical Corp.	81,216	9.17	225,766	25.49	306,982	34.66
Far Eastern International Bank	69,054	3.08	457,311	20.40	526,365	23.48
Everest Textile Co., Ltd.	129	0.03	129,388	27.46	129,517	27.49
Yuan Ding Investment Co., Ltd.	1,822,821	99.40	5,502	0.30	1,828,323	99.70
Far Eastern Resources Development Co., Ltd.	557,354	100.00	-	-	557,354	100.00
Yuan Tong Investment Co., Ltd.	705,147	100.00	-	-	705,147	100.00
Far Eastern Investment (H) Ltd.	1,700	100.00	-	-	1,700	100.00
Far Eastern Polychem Industries Ltd.	830,815	73.04	306,644	26.96	1,137,459	100.00
Kai Yuan International Investment Co., Ltd.	302,844	100.00	-	-	302,844	100.00
Oriental Petrochemical (Taiwan) Co., Ltd.	578,846	75.56	49,284	6.43	628,130	81.99
Far Eastern Polytex (H) Ltd	115	100.00	-	-	115	100.00
Yuan-Ding Co., Ltd.	186,926	37.13	243,470	48.36	430,396	85.49
Far Eastern Construction Co., Ltd.	188,875	65.11	2,631	0.91	191,506	66.02
Ding Yuan International Investment Co., Ltd.	205,000	100.00	-	-	205,000	100.00
Oriental Securities Co., Ltd.	140,278	19.65	467,791	65.54	608,069	85.19
PET Far Eastern (H) Ltd.	227	86.73	35	13.37	262	100.00
An Ho Garment Co., Ltd.	66,346	100.00	-	-	66,346	100.00
Pacific Liu Tung Investment Co., Ltd.	67,500	16.83	232,535	57.99	300,035	74.82
Fu Kwok Knitting & Garment Co., Ltd.	3,999	99.99	-	-	3,999	99.99
FEDP (H) Ltd.	245	50.43	240	49.57	485	100.00
Far Eastern Textile Limited	100	100.00	-	-	100	100.00
Ding Ding Hotel Co., Ltd.	5,386	19.00	21,464	75.71	26,850	94.71
Hantech Venture Capital Corp.	4,939	3.73	4,832	3.65	9,771	7.38

IV. Capital Overview

1. Capital and Shares

1.1 Issued Shares

Unit: NT\$ thousands, thousand shares

Month/ Year	Par value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of capital	Capital increased by assets other than cash	Other
Sep 08	10	4,950,000	49,500,000	4,569,954	45,699,538	Capitalization of share dividends	-	-
Sep 09	10	4,950,000	49,500,000	4,661,353	46,613,529	Capitalization of share dividends	-	-
Sep 10	10	4,950,000	49,500,000	4,754,580	47,545,799	Capitalization of share dividends	-	-
Sep 11	10	6,000,000	60,000,000	4,897,217	48,972,174	Capitalization of share dividends	-	-
Sep 12	10	6,000,000	60,000,000	5,044,134	50,441,339	Capitalization of share dividends	-	-

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

16 July 2008 Financial Supervisory Commission Ruling Ref. No.0970035940
 21 July 2009 Financial Supervisory Commission Ruling Ref. No.0980036534
 14 July 2010 Financial Supervisory Commission Ruling Ref. No.0990036491
 25 July 2011 Financial Supervisory Commission Ruling Ref. No.1000033221
 23 July 2012 Financial Supervisory Commission Ruling Ref. No.1010032696

Unit: thousand shares

Type of Stock	Authorized Share Capital							Note
	Outstanding issued shares			Unissued Shares	Shares convertible from corporate bonds	Shares convertible from stock warrants	Total	
	Listed	Non-Listed	Total					
Common Stock	5,044,134	-	5,044,134	795,866	150,000	10,000	6,000,000	-

1.2 Shelf Registration: None

1.3 Composition of Shareholders

Book closure date: 26 April 2013

Types Amounts	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Citizens	Security Trust Funds	Foreign Institutions & Foreign Persons	Total
Number	20	82	263	102,008	41	538	102,952
Number of shares owned	238,372,554	639,678,097	2,369,359,290	737,264,975	51,964,824	1,007,494,139	5,044,133,879
% holdings	4.73%	12.68%	46.97%	14.62%	1.03%	19.97%	100.00%

Capital Overview

1.4 Distribution Profile of Share Ownership

Book closure date: 26 April 2013

Shareholder Ownership	Number of shareholders	Number of shares owned	%
1 ~999	53,714	12,329,176	0.24%
1,000 ~5,000	32,784	71,655,224	1.43%
5,001 ~10,000	7,566	52,953,968	1.05%
10,001 ~15,000	3,150	37,101,031	0.74%
15,001 ~20,000	1,392	24,404,359	0.48%
20,001 ~30,000	1,475	35,373,724	0.70%
30,001 ~40,000	682	23,547,975	0.47%
40,001 ~50,000	406	18,195,717	0.36%
50,001 ~100,000	777	54,485,756	1.08%
100,001 ~200,000	396	55,633,207	1.10%
200,001 ~400,000	206	56,917,376	1.13%
400,001 ~600,000	84	41,427,541	0.82%
600,001 ~800,000	48	33,404,551	0.66%
800,001 ~1,000,000	29	25,597,461	0.51%
Over 1,000,001	243	4,501,106,813	89.23%
Total	102,952	5,044,133,879	100.00%

1.5 Preferred Share: None

1.6 Major Shareholders

Book closure date: 26 April 2013

Shareholders	Total shares owned	Ownership%
Asia Cement Corporation	1,198,895,114	23.77%
Oriental Institute of Technology	242,790,861	4.81%
Far Eastern Medical Foundation	181,727,283	3.60%
Far Eastern Memorial Foundation	150,624,726	2.99%
Yuan Ze University	138,116,387	2.74%
Chunghwa Post Co., Ltd.	112,165,363	2.22%
Funds of Saudi Arabia Central Bank at the discretionary account of Morgan Stanley Asset Management, in custody of JP Morgan Chase Bank	104,809,569	2.08%
Shinkong Life Insurance Corporation	89,525,540	1.77%
Vanguard Emerging Market Index Fund, in custody of Standard Chartered Bank	77,399,969	1.53%
Der Ching Investment Corp.	72,828,480	1.44%

1.7 Net Worth, Earnings, Dividends, and Market Price Per Common Share

Year		2012	2011	From Jan 1 2013 to Mar 31 2013	
Market price per share	Highest	35.30	51.50	34.75	
	Lowest	26.43	28.60	30.40	
	Average	31.48	41.06	32.91	
Net worth per share	Before distribution	21.88	22.78	22.41	
	After distribution	(Note 1)	20.46	(Note 1)	
Earnings per share	Weighted average shares (thousand shares)	5,044,134	4,897,217	5,044,134	
	Adjusted diluted earnings per share (Note 1)	1.73	2.20	0.37	
Dividends per share (Note 2)	Cash dividend		1.7	2.0	Not applicable
	Stock dividend	From retained earnings	0.3	0.3	
		From capital surplus	-	-	
	Accumulated undistributed dividend		-	-	
Return on Investment	Price / Earnings ratio (Note 3)	18.19	18.17	22.24	
	Price / Dividend ratio (Note 4)	18.52	20.53	Not applicable	
	Cash Dividend yield (Note 5)	5.40	4.87		

Note 1 : The adjusted diluted EPS is calculated based on the number of shares after stock dividends being distributed.

Note 2 : Distribution of profit generated from the preceding year

Note 3 : Price/Earning ratio = Average closing share price of the period/Earnings per share

Note 4 : Price/Dividend ratio = Average closing share price of the period / Cash dividend per share

Note 5 : Cash dividend yield = Cash dividend per share / average closing share price of that year

1.8 Dividend Policy and its Execution Results

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

1.8.2 Proposed distribution of 2012 profits to be approved at the Shareholders' Meeting: Cash dividend NT\$1.30 per share and stock dividend NT\$0.2 per share (dividend 20 shares for each thousand shares owned). Totally NT\$1.5 per share proposed to be distributed.

Capital Overview

1.9 Effects on Business Performance and EPS Resulting from Stock Dividend Distribution Proposed by 2013 Annual General Shareholders' Meeting

NT\$ thousands

Items		Year	2013 (pro forma basis)
Paid-in Capital (Beginning of the year)			50,441,338
Stock & cash dividend to be distributed	Cash Dividend		NT\$1.3/share
	Stock dividend from retained earnings		20 shares for each thousand shares owned
	Stock dividend from capital surplus		-
Variance in business performance	Operating income		Not applicable (Note)
	% change in operating income		
	Net income		
	% change in net income		
	EPS		
	% change in EPS		
	Average return on investment (%)		
Pro forma EPS & P/E ratio	When retained earnings were all distributed as cash dividend instead of being capitalized	Pro forma EPS	Not applicable (Note)
		Pro forma average annual return on investment	
	When capital surplus were not capitalized	Pro forma EPS	
		Pro forma average annual return on investment	
	When retained earnings and capital surplus were all distributed as cash dividend instead of being capitalized	Pro forma EPS	
		Pro forma average annual return on investment	

Note: As FENC neither prepare nor disclose financial forecast of 2013, pursuant to the letter issued by the Securities and Futures Bureau on 1 February 2000 (Letter number: Tai-Tsai-Zen-1-00371), the Company is not required to disclose this information.

1.10 Bonuses for Employees, Directors and Supervisors

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

- a. 60% as dividends to shareholders, to be distributed based on shareholdings. However in the case of increase in the Company's share capital, unless otherwise stipulated by law, the dividends to be distributed to the shareholders of increased shares for the year shall be decided by the shareholders' meeting.
- b. 33% as shareholders' bonuses to be distributed based on shareholdings. However in the case of increase in the Company's share capital, the shareholders' bonus to be distributed to the shareholders of increased shares for the year shall be decided by the shareholders' meeting.

- c. 4% as employees' bonuses
 - d. 3% as remuneration for Directors and Supervisors, the manner in which it is to be distributed shall be decided by the Board of Directors.
 - e. In the case of employees' bonuses in the form of stock dividends, the manner in which it is to be distributed shall be decided by the Board of Directors
- 1.10.2 The discrepancy, if there is any, between the total amount of estimated employee bonus, remuneration for Directors and Supervisors, and stock dividends and total amount actually being paid: Treated as the changes at the accounting estimate, and such changes are adjusted in the year that annual general shareholders' meeting resolved.
- 1.10.3 Proposed bonuses for employees, directors and supervisors:
- The Company Board of Directors resolved on 27 March 2013, the amount of bonuses being paid to employees, Directors, and Supervisors, respectively, are listed below:
- a. (1) Employee cash bonus: NT\$325,427,992, employee stock bonus: NT\$0, remuneration for Directors and Supervisors: NT\$244,070,994.
 - (2) The discrepancy, if there is any, between the estimated amount and the amount being actually paid, and the reason for such discrepancy: None
 - b. Proposed percentage of employee stock bonus over retained earnings transferred to common stock: Not applicable
- 1.10.4 Bonuses to employees, Directors and Supervisors for 2011 as approved at June 28, 2012 annual general shareholders' meeting are as follows:
- a. (1) Employee cash bonus: NT\$421,266,009, employee stock bonus: NT\$0, remuneration for Directors and Supervisors: NT\$315,949,507.
 - (2) The discrepancy, if there is any, between the estimated amount and the amount being actually paid, and the reason for such discrepancy: None.
 - b. Proposed percentage of employee stock bonuses over retained earnings transferred to common stock: Not applicable
- 1.10.5 The discrepancy, if there is any, between the total amount being actually paid as bonuses to employees, Directors and Supervisors for 2011 (including number of shares, dollar amount, and share price) and the amount of such bonuses being recognized should be stated, and the reason for such discrepancy:
- a. Remuneration to Directors and Supervisors: Resolved amount is NT\$315,949,507. The dollar amount actually being paid is NT\$148,750,000.
 - b. Employee bonus: Resolved amount is NT\$421,266,009. The dollar amount actually being paid is NT\$421,266,009.
- The difference between the resolved amount and the amount actually being paid will be paid in the following years.

1.11 Share Buyback by the Company:

The Company did not buy back share in year 2012 and in year 2013 till the date of 30 April.

Capital Overview

2. Corporate Bonds

Book closure date: 30 April 2013

Corporate Bond Type	2 nd Unsecured Bond 2008	3 rd Unsecured Bond 2008	1 st Unsecured Bond 2009	1 st Unsecured Bond 2010
Issue Date	20 Jun 2008	18 Jul 2008	29 Oct 2009	27 May 2010
Face value	NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000
Issuance and listing	OTC	OTC	OTC	OTC
Offering rate	Par	Par	Par	Par
Total amount	NT\$ 1,000,000,000	NT\$ 1,200,000,000	NT\$ 3,000,000,000	NT\$ 5,500,000,000
Coupon rate	2.83%	2.95%	1.85%	1.68%
Maturity	5 years Maturity date: 20 Jun 2013	5 years Maturity date: 18 Jul 2013	5 years Maturity date: 29 Oct 2014	5 years Maturity date: 27 May 2015
Guarantor	-	-	-	-
Trustee	Bank SinoPac	Bank SinoPac	Bank SinoPac	Bank SinoPac
Underwriter	-	-	-	-
Legal counsel	N. C. Liao	N. C. Liao	N. C. Liao	N. C. Liao
CPA	Benjamin Shih En Ming Wu	Benjamin Shih En Ming Wu	Benjamin Shih En Ming Wu	Benjamin Shih Shu Chieh Huang
Repayment	The bonds are repayable in 30%, 30%, and 40% of the face value at the end of the 3 rd , 4 th and 5 th year respectively. The interest is calculated and paid annually based on the outstanding amount of the bond.	The bonds are repayable in 30%, 30%, and 40% of the face value at the end of the 3 rd , 4 th and 5 th year respectively. The interest is calculated and paid annually based on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.
Outstanding amount	NT\$400,000,000	NT\$480,000,000	NT\$ 3,000,000,000	NT\$ 5,500,000,000
Redemption or early repayment clause	None	None	None	None
Covenant applicable	None	None	None	None
Credit rating	Received a rating of "twA+" from Taiwan Ratings Corp. on 21 May 2008	Received a rating of "twA+" from Taiwan Ratings Corp. on 20 Jun 2008	Received a rating of "twA+" from Taiwan Ratings Corp. on 30 Sep 2009	Received a rating of "twA+" from Taiwan Ratings Corp. on 27 Apr 2010
Other rights of bond holders	Amount converted in, exchanged, or subscribed to common shares, ADRs or other securities	None	None	None
	Conversion rights	None	None	None
Dilution and other effects on existing shareholders	None	None	None	None
Custodian	None	None	None	None

Far Eastern New Century

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Book closure date: 30 April 2013

Corporate Bond Type		2 nd Unsecured Bond 2010	1 st Unsecured Bond 2011	2 nd Unsecured Bond 2011
Issue Date		16 Sep 2010	27 May 2011	29 Sep 2011
Face value		NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000
Issuance and listing		OTC	OTC	OTC
Offering rate		Par	Par	Par
Total amount		NT\$ 6,000,000,000	NT\$3,800,000,000	NT\$2,200,000,000
Coupon rate		1.59%	1.50%	1.55%
Maturity		5 years Maturity date: 16 Sep 2015	5 years Maturity date: 27 May 2016	5 years Maturity date: 29 Sep 2016
Guarantor		-	-	-
Trustee		Bank SinoPac	Bank SinoPac	Bank SinoPac
Underwriter		-	-	-
Legal counsel		N. C. Liao	N. C. Liao	N. C. Liao
CPA		Benjamin Shih Shu Chieh Huang	Benjamin Shih Shu Chieh Huang	Benjamin Shih Shu Chieh Huang
Repayment		50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.
Outstanding amount		NT\$ 6,000,000,000	NT\$3,800,000,000	NT\$2,200,000,000
Redemption or early repayment clause		None	None	None
Covenant applicable		None	None	None
Credit rating		Received a rating of "twA+" from Taiwan Ratings Corp. on 10 Aug 2010	Received a rating of "twA+" from Taiwan Ratings Corp. on 20 Apr 2011	Received a rating of "twA+" from Taiwan Ratings Corp. on 26 Aug 2011
Other rights of bond holders	Amount converted in, exchanged, or subscribed to common shares, ADRs or other securities	None	None	None
	Conversion rights	None	None	None
Dilution and other effects on existing shareholders		None	None	None
Custodian		None	None	None

Capital Overview

Book closure date: 30 April 2013

Corporate Bond Type	3 rd Unsecured Bond 2011	1 st Unsecured Bond 2012	2 nd Unsecured Bond 2012
Issue Date	15 Feb 2012	07 Jun 2012	26 Nov 2012
Face value	NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000
Issuance and listing	OTC	OTC	OTC
Offering rate	Par	Par	Par
Total amount	NT\$6,000,000,000	NT\$3,200,000,000	NT\$4,200,000,000
Coupon rate	1.36%	1.35%	1.30%
Maturity	5 years Maturity date: 15 Feb 2017	5 years Maturity date: 07 Jun 2017	5 years Maturity date: 26 Nov 2017
Guarantor	-	-	-
Trustee	Bank SinoPac	Bank SinoPac	Bank SinoPac
Underwriter	-	-	-
Legal counsel	N. C. Liao	N. C. Liao	N. C. Liao
CPA	Benjamin Shih Shu Chieh Huang	Benjamin Shih Shu Chieh Huang	Ming Hsing Cho Shu Chieh Huang
Repayment	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.
Outstanding amount	NT\$6,000,000,000	NT\$3,200,000,000	NT\$4,200,000,000
Redemption or early repayment clause	None	None	None
Covenant applicable	None	None	None
Credit rating	Received a rating of "twA+" from Taiwan Ratings Corp. on 21 Dec 2011	Received a rating of "twA+" from Taiwan Ratings Corp. on 04 May 2012	Received a rating of "twA+" from Taiwan Ratings Corp. on 29 Oct 2012
Other rights of bond holders	Amount converted in, exchanged, or subscribed to common shares, ADRs or other securities	None	None
	Conversion rights	None	None
Dilution and other effects on existing shareholders	None	None	None
Custodian	None	None	None

3. Preferred Shares

None

4. Issuance of Overseas Depository Receipts

Item		Content	
Date of issuance		25 Oct 1999 & 19 Nov 1999	
Place of issuance		Traded in Asia, Europe, and US. Listed in Luxembourg Stock Exchange	
Total amount of issuance		US\$ 202,631,674	
Unit price of issuance		US\$ 14	
Total number of units issued		14,473,691 units	
Source of underlying securities		New shares of capital increase, and original shares owned by Asia Cement Corp. and Far Eastern Department Stores Ltd.	
Amount of securities		Common Stock 144,736,910 shares	
Rights and obligations of subscribers		Same as common stock shareholders	
Trustee		None	
Depository bank		The Bank of New York Mellon	
Custodian bank		Far Eastern International Bank	
Number of outstanding shares		145,048.30 Units (on 30 April 2013)	
Bearers of related charges incurred during issuance and holding period		Charges of GDR issuance shall be borne by sellers on a pro rata basis.	
Major terms of Depository Agreement and Custodian Agreement		Voting rights can be exercised only if the owners hold at least 51% of the Depository receipts outstanding vote at the same manner in respect of one or more resolutions to be proposed at the Shareholders' Meeting.	
Unit market price	High	Low	Average
2012	US\$15.71	US\$14.69	US\$15.07
30 April 2013	US\$15.71	US\$15.71	US\$15.71

5. Employee Stock Options

None

6. Employee Restricted Stock Options

None

7. Share Issued for Merger or Acquisition

None

8. Fund Utilization Plans and Status

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

Operational Highlights

V. Operational Highlights

1. Business Activities

1.1 Business Scope

1.1.1 Main Products and Percentage of Sales for Each Product

Polyester Industry		Textile Industry	
Products	% of sales	Products	% of sales
Solid-state polymer	39.00%	Cotton yarn	8.65%
Polyester staple fiber	20.91%	Apparel	7.19%
Polyester filament	6.03%	Knitted finished fabrics	2.70%
High denier industrial yarn	3.94%	Industrial fabrics	0.95%
Drawn textured yarn	2.43%	Fabrics (Including yarn-dyed fabrics)	0.12%
Polyester chip	2.12%		
PET bottle	2.11%		
PET sheet	1.77%		
PET film	0.78%		
Anti-glare film	0.53%		

1.1.2 Current Products and Services Provided by the Company

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

1.1.3 Products and Services Planned to Develop and Launch by the Company

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

1.2 Business Environment

1.2.1 Current Industry Situation and Prospects

1.2.1.1 Petrochemical business - Pure Teraphthalate Acid (PTA)

In 2012, the total PTA production volume in the world was 49.35 million tons (Source on PTA: PCI), up by 4% or 1.82 million tons compared to 2011. In 2012, the total PTA demand volume in the world was 49.73 million tons, up by 5% or 2.32 million tons compared to 2011. In 2012, the PTA industry was affected by the limited growth of upstream raw material supply, depressed global economy, and the expansion of capacity across the industry, and as a result, capacity utilization ratio and gross profit margin both declined.

Globally, most of the major PTA-producing countries are located in Asia. The top three producing countries, in their ranking, are China, South Korea, and Taiwan, and all of which together comprise of 64% of the global production volume. In 2012, China's PTA production capacity increased by 5.33 million tons, reaching 21.15 million tons of annual output. The massive capacity growth was almost 20%, and now China commands 43% of global output. Taiwan's PTA production was affected by the slide in utilization ratio and shrank 24%, a significant amount. The annual output was only 4.18 million tons.

1.2.1.2 Polyester business

In 2012, the polyester industry was first weighed down by soft demand in the worldwide market, and then buffeted by the newly added capacity, resulting in increasing operational risks. In 2012, worldwide polyester production capacity was 58.36 million tons (Source on Polyester: PCI) and grew by 5%. The rate of increase in production capacity was one percentage point lower than that in 2011. China added new capacity by 2.8 million tons in 2012, making it the only nation that added more than one million ton of capacity.

Polyester is used to produce PET resins and polyester fibers (polyester filament and polyester staple fibers). According to the production data in 2012, polyester fibers make up 70% of the usage of polyester, while 30% of it was used for PET resins.

- PET resins

PET resins can be classified into food grade and industrial grade resins by usage. Over the years, food grade PET resins have been used for the production of PET bottles that hold water, carbonated drinks, juice, and tea. They can be used in fresh food, frozen food, and microwavable containers.

Industrial grade PET resins are widely used in automotive, manufacturing, electronics, healthcare, and transportation industries. Major applications include seatbelts, airbags, tire cords, conveyer belts, packaging material for electronic products, geotextiles, etc.

- Polyester fibers

Based on Japan Chemical Fibers Association's statistics, chemical fibers comprise of 65% of global fiber output, while the rest is comprised of natural fiber (cotton, wool, silk, etc). Of chemical fibers, polyester fibers make up the bulk of the production, with 41.58 million tons of output worldwide in 2012. Polyester fibers are further divided into two main categories: polyester filament and polyester staple fibers.

In 2012, the global production volume for polyester filaments was 26.80 million tons, increasing by 6% year over year. Production volume from Asia countries represents 95% of the global output. China alone produced nearly 80% of the global volume in 2012, reaching 20.75 million and representing an annual growth rate of 8%. The production volume from China is unrivalled by any other single country or region. The production volume of polyester filaments in Taiwan was 0.93 million tons in 2012, with a decline of 9% year on year and comprising of 3% of the global production.

The global production volume of polyester staple fibers in 2012 was 14.78 million tons, rising by 6% year on year. Again, Asia countries dominate the global market and produced 85% of the total global volume, and China as the leader, had a total output of 9.56 million tons, up by 8% year on year and representing 65% of the global production volume. In 2012, the production volume of polyester staple fibers in Taiwan remained at 0.56 million tons, the same level as that in 2011, and represented 4% of the global output.

1.2.1.3 Textile business

- Cotton yarn and spinning business

Global cotton production and stock volume reached a low point in recent years in the 2009/2010 harvest season. Afterwards, cotton prices spiked, motivating cotton planting worldwide. Production in two subsequent seasons grew significantly. However, the European debt crises caused the worldwide economy to slow down and dampened demand for cotton. In 2012, demand for cotton reduced by almost 10% compared to the previous year, driving down international cotton prices, which did not rebound until the fourth quarter.

On the demand side of cotton, in 2012 global cotton spindles output was 245 million spindles, a slight increase of 2%. The majority producer – China – produced 128 million spindles, representing over 50% of the world production, up by 2% compared to the previous year. Taiwan produced about 1.2 million spindles, a slight decrease of 20,000 spindles compared to the previous year.

- Knitted fabrics and apparels

Operational Highlights

The production center of global fabrics and apparel is China. In 2012, China's fabrics production was 84.1 billion meters, representing a 3% growth; its apparel production was 26.7 billion pieces, representing a 6% growth (Source: National Bureau of Statistics of China). After analyzing the results from 2012, the growth in either fabrics or apparel production has slowed compared to the previous year. The main reasons for the slowdown were negative factors such as the poor export situation in China, decelerating growth of domestic demand, uninterrupted surge of production elements, and the build-up of inventory. These factors pushed the Chinese textile industry into another round of adjustment.

In 2012, China's fabric and apparel export was US\$ 254.9 billion, a slight increase of 3% (Source: Chinese Customs). Such performance was the weakest export growth in the past decade except the negative growth recorded in 2009. Fabrics and apparel export figures were US\$ 95.8 billion and US\$ 159.1 billion, respectively, representing growth of 1% and 4%. The market trend of fabrics in 2012 was marked by the drop in unit price and increase in sales volume, while the market trend for apparel was marked by the drop in sales volume and the rise in unit price.

China's major fabrics and apparel export markets in 2012 were the EU, US, and Japan, with combined export volume of 44%. However, due to the European debt crisis and the spending cuts that ensued, the figure of exports to the EU was a -12% growth. Export to the US showed a slight growth of 3%, while export to Japan stayed even. Among the faster growing emerging markets, the ASEAN nations stand out. Export to this region grew 10%, with 34%, 66%, and 34% growth in exports to Vietnam, Malaysia, and Indonesia, respectively.

1.2.2 The Supply Chain Analysis

Originally, the textile industry serves the purpose of providing the necessities for daily life. Nowadays, this industry has already incorporated fashion trends, technologies, and arts, meeting the demands beyond the basic clothing needs. Polyester polymers are in the upstream part of the supply chain, consuming chemicals derived from crude oil as basic materials. In the mid-stream, there are spinning, weaving, fabricating, dyeing and finishing production processes. Apparels, garments, and home furnishings are the downstream end products. See pages 56-57 for a summary of the upstream, mid-stream, and downstream linkages of our company's industry.

1.2.3 Industry Trends and Competition

1.2.3.1 Petrochemical business – PTA

Worldwide PTA output is expected to grow by 9%, to 53.93 million tons in 2013 and showing an additional increase of 4.57 million tons compared to the previous year. Worldwide PTA demand is expected to grow by 8% to 53.65 million tons. Demand from China would grow 7%, to 28.39 million tons. Due to the production of newly added capacity, China's import volume is expected to decline to roughly 3 million tons in 2013 from 4.19 million tons in 2012.

The expansion of global PTA capacity will reach a peak of 6.63 million tons in 2013. When the capacity that is completed in 2012 and placed into service in 2013 is added to the expansion in 2013, total new capacity will reach almost 12 million tons, creating further pressure on the PTA industry.

1.2.3.2 Polyester business

- PET resins

The downstream applications of PET resin evolve rapidly, and the demand from emerging markets keeps growing. In the future, either food or industrial grade PET will continue to grow. In 2013, global PET resin production is expected to be 18.91 million tons, an 8% increase over 2012.

Our company is the pioneer in Asia that first entered the PET industry. Currently, we are also the major PET supplier of food and industrial grade PET. In the area of food grade PET, we have long maintained our concern for the environment. Aside from launching waste reduction and energy-saving products, we have also completed our product carbon footprint certification process. We are ahead of the industry in launching Recycle-PET and Bio-PET. In the area of industrial grade PET, we commit all our resources to develop transportation use fabrics, such as tire cords and seat belts, geotextiles, and conveyor belts for food and manufacturing industries. Our company is aggressively expanding our capacity in Taiwan and China.

– Polyester fibers

In 2013 the production capacity of global polyester fiber was 44.40 million tons, an estimated increase of 3.09 million tons or 7% compared to 2012. Among the growth, the increase of new production capacity from China is 2.11 million tons, making up 68% of the increase in total output.

Our company is among the top five polyester staple fibers producers in the world, producing mainly non-textile products. Currently, we are a top-ranking producer of non-textile polyester staple fibers, whose major applications are the raw materials for high value-added products in healthcare, medical supplies, automotive, and construction industries. Our customers are mostly internationally well-known brands. To preserve our competitiveness in the industry, we will continue to expand our capacity to produce products with high added value.

FENC is the second largest producer of polyester filament yarns in Taiwan. In both Taiwan and China, the Company owns several sites for production, marketing, and sales. The production process is vertically integrated, and the product family is wide and comprehensive, including but not limited to, POY, DTY, HDI, and nylon 66. In recent years, we committed ourselves to the research and development of materials such as TopCool+®, TopHeat+®, and polyester temperature control fibers, with a hope of providing a wider range of choices in functional material to our clients. In addition, the Company has achieved a leading position in the industry regarding environmentally friendly fibers. The Company has launched PLA fibers made of corn, PTT fibers, and Top Green® recycled fibers made of post-consumed PET bottles.

1.2.3.3 Textile spinning business

– Cotton yarn and spinning business

As the depressed international cotton price affects the interest of planting, we expect that global cotton production in 2013/14 will drop to 23.47 million tons, a decline of 2.54 million tons compared to the previous harvest season. The demand for cotton is expected to be 23.71 million tons. The season-end stock volume declined slightly to 16.44 million tons due to the decline in production and a small increase in demand (Source: ICAC). Overall, cotton stocks still exceed six months worth of consumption volume. The government of China has been pushing for a new round of cotton harvesting and storage plan in order to guarantee the profit of cotton farmers. However, this condition will keep international cotton prices lower than China's domestic cotton price. Our company will adjust the source of our cotton purchase and product structure as a response to the market condition to create the greatest profit.

– Knitted fabrics and apparels

Since China's two major themes of economic development are increasing domestic demand and urbanization, we expect that such policies can effectively boost the consumption of textiles and apparel. On top of that, the gradual recovery of international economy will also assist with the revival of growth momentum in textiles and apparel exports, as the consensus shows that the economic growth in major developed nations this year will be slightly better than that in 2012. Our company's knitted fabrics and apparels department has cooperated with renowned international brands. With the integration of internal supply chain, advantage in fabrics design, and our capability in lean production, we can ensure that we can seize the opportunity of growth as the economy recovers.

1.3 Technology Innovation and R&D Overview

1.3.1 R&D Expense in the Recent Years

R&D expenses were NT\$623.64 million and NT\$653.90 million in 2012 and 2011, respectively.

1.3.2 Successful Technology or Products from the Development

Development of optical clear hard coating material; research of polyester resin of dye receiving layer for thermally sublimation printing; development of high resolution liquid photopolymer for flexography printing; development of organosilicone hard coating material; recycling of E/T (polyethylene/PET) fiber waste; development of adhesive for APET sheets; the comfortable and dry-touch fabric proceeded from coating process; quarter-wave plate for the glasses of 3D display project; amorphous ITO transparent conductive film without barrier layer (SiO₂); kilmicron antimicrobial agent; teeth whitening gel.

Operational Highlights

1.4 Long-term and Near-term Business Plans

1.4.1 Near-term Business Plan

1.4.1.1 Immerse Ourselves Deeper in the Major Markets

In light of the imbalance in industries and the unfair competition after our competitor nations signed free trade agreements with other major markets, our company actively immerses deeper in the major markets. Aside from consolidating original customers, we broaden the reach of our sales, widening our scope of sales and intensifying our marketing efforts in terms of customers and products.

1.4.1.2 Adjust the Product Structure with Flexibility

Because our company has vertically integrated the production and sales supply chain from petrochemical raw material in the upstream, polyester material in the mid-stream, to spinning, weaving, dyeing, and apparel manufacturing in the downstream in both Taiwan and China, our company can adjust accordingly whenever there is an imbalance between supply and demand in a certain product. We will increase the ratio of self-consumed production and deep processing transit. We will alter product structure with flexibility and ensure good operating results.

1.4.1.3 Broaden the Base of good Customers

Our company has been cooperating with renowned companies at home and abroad for a long time and established excellent and stable relationship as business partners. Such partnership not only creates higher profit than the industry average under normal conditions, but also ensures a steady supply of orders and maintain stable utilization ratio. Therefore, our company will continue to intensify our cooperation with outstanding customers to increase our profit margin.

1.4.2 Long-term Business Plan

1.4.2.1 Promote Green Products

As we face the threats of global warming and climate change, we are preoccupied with the concerns of lowering the demand for petrochemical raw material and offering more green products to our customers – issues that have become the mainstream consideration worldwide and the trend that our company is actively taking advantage of. Our company is focusing on two main categories of green products, Recycle-PET and Bio-PET. Currently we have obtained certifications and sold these products to many well-known brands internationally. In the future we will add the number of applications to existing products and increase sales of relevant products.

1.4.2.2 Actively Promote R&D

Far Eastern Group R&D Center currently has five R&D teams dedicated to the R&D on cutting-edge applications in fields ranging from polyester fiber, macromolecular material, green material, photo-electronics, to biology-medicine. R&D expenses have been increasing over the years. Since its founding in 2001, more than 270 patent applications have been filed. R&D successes from previous years have entered production lines and formally marketed to customers.

1.4.2.3 Expand the Scope of Operation

As of now, our company has ratified and is promoting full-scale expansions plan from the petrochemical operation in the upstream, polyester operation in the mid-stream, and textiles operation in the downstream. We expect that major expansion plans can all be implemented gradually in the next three years. The purpose of our company's capacity expansion is not only the enhancement of production volume, but also the optimization of quality, with a goal of providing our customers with the products that have the greatest competitive advantage.

2 Overview of Market, Production, and SalesMarket Analysis

2.1.1 Sales (Renders) Regions of the Company's Main Products (Services)

In 2012, 78% of the Company's revenue derived from export, and 22% from the domestic market. The major export regions and the percentage sales of each region are: Asia (49%), America (32%), Europe (12%), and others (7%).

2.1.2 Domestic Market Share of Major Products (KPI value)

Products Items	Polyester Chip		Polyester Staple Fiber		Polyester Filament	
	Production	Sales	Production	Sales	Production	Sales
Far Eastern New Century (tons)	901,849	529,687	236,085	228,655	91,366	68,338
Taiwan (tons)	2,814,264	1,086,932	555,121	562,468	921,693	922,822
Market Share(%)	32.0%	48.7%	42.5%	40.7%	9.9%	7.4%

Source: Department of Statistics, Ministry of Economic Affairs; Taiwan Man-Made Fiber Industries Association; Customs Administration, Ministry of Finance

2.1.3 Current Supply/Demand Situation and the Prospects of the Market

The core of our company's operational structure is the polyester industry. We have completed the integration of our supply chain from the raw material in the upstream to the application in the downstream. Therefore, future supply, demand, and growth in the polyester industry are crucial to our company's long-term development.

Looking at the next three years, as the global economy gradually recovers; the polyester industry is expected to return to the path of growth. Global GDP growth from 2013 to 2015 is expected to be around 3%, but the annual average rate of production growth in the polyester industry is expected to reach 7-8%, meaning that the growth rate of this industry is twice that of the global economy.

Aside from this, the applications of polyester products continue to expand from clothing to household use. Currently they are widely used in industries, such as automotive, electronics, logistics, farming, fishing, and construction. All these industries have gradually adopted products related to polyester. When we add the emerging countries with sizeable population and rapid growth in their domestic consumption, we can see that the demand for the output from the polyester supply chain will continue to heat up.

2.1.4 Competitive Advantages, Disadvantages, and the Company's Measures to Counteract Negative Factors

A. Competitive advantages

- (1) Industry know-how accumulated over a long period of time
- (2) Our status as a leading supplier that has vertically integrated the supply chain from the petrochemical raw material to end product applications
- (3) Our ability to innovate and engage in R&D of applications in multiple fields

B. Positive factors

- (1) Population and economic growth pulls along demand
- (2) R&D and sales of varied functional products
- (3) Increased willingness of using environmentally friendly material among consumers

C. Negative factors

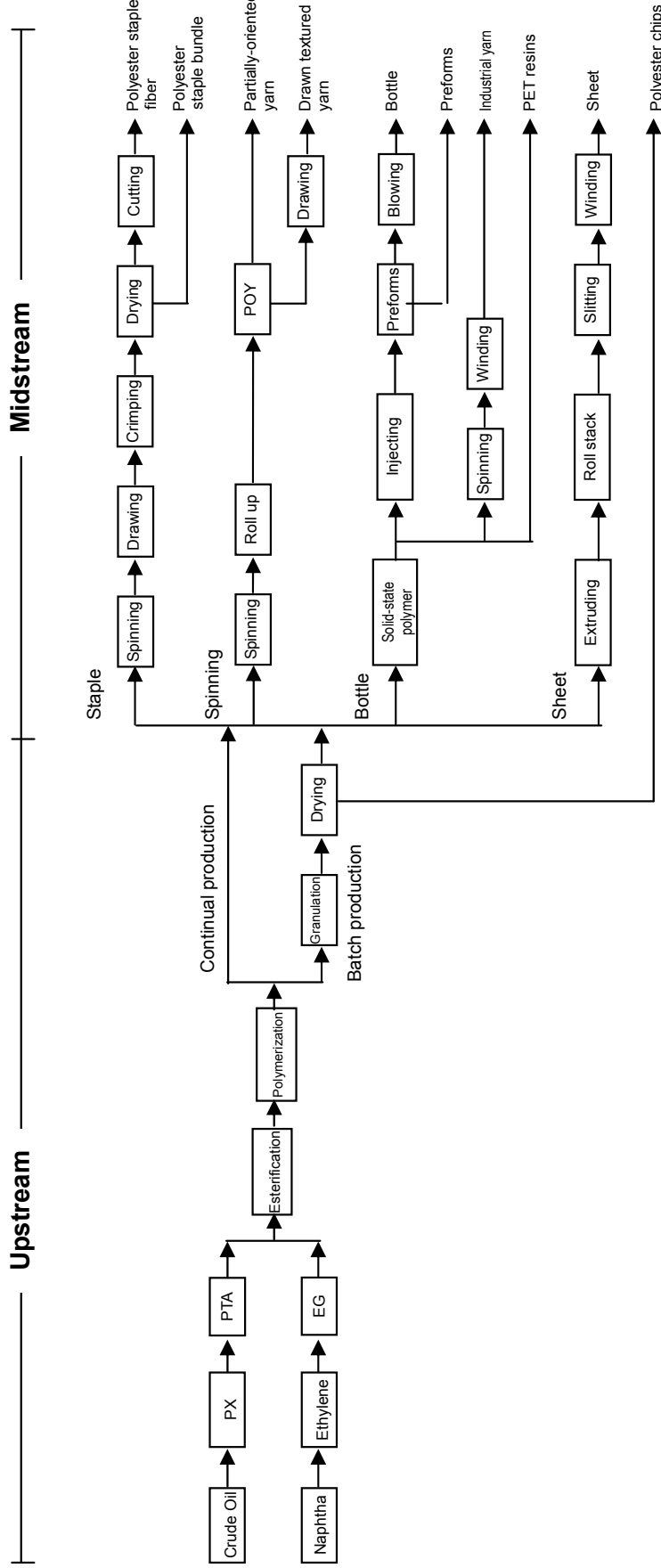
- (1) Disorderly expansion among peers in this industry
- (2) Rising production costs in Taiwan and China
- (3) Barriers to free trade in all forms, such as free trade area or anti-dumping policies

D. Company's measures to counteract negative factors

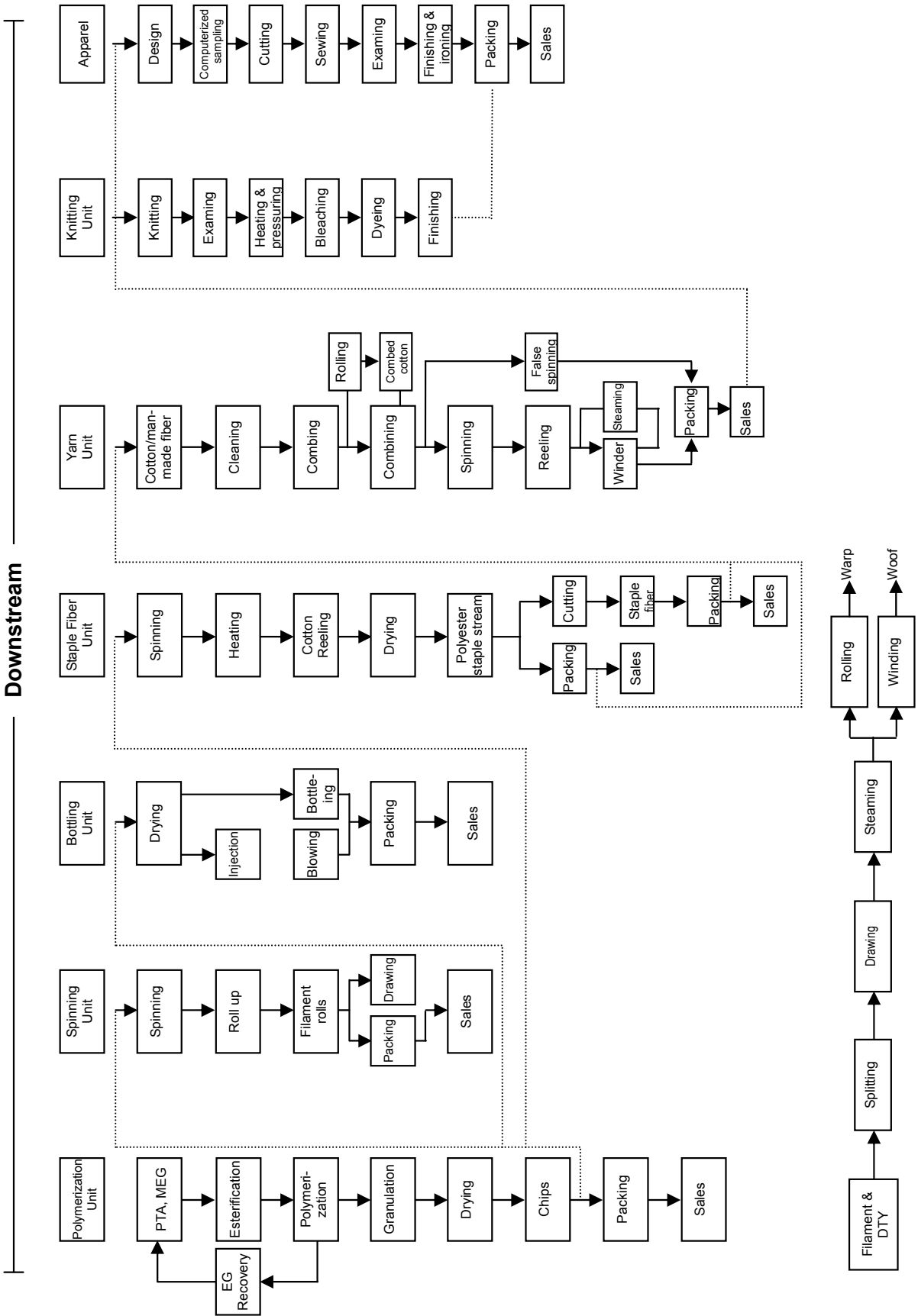
- (1) Adjust our product structures. Avoid competition in mass market products
- (2) Inspect the production process. Raise production efficiency and conserve energy
- (3) Accelerate R&D. Increase the percentage of non-textile product sales
- (4) Diversify our production bases and sales areas

Operational Highlights

2.2 Applications and Production Process of Major Products



1. PTA, EG: To produce polyester staple fiber & filament, and PET resins
2. Polyester staple fiber: staple fiber yarn, blended yarn, conjugate yarn, non-woven yarn
3. Polyester filament: apparel, garment, upholstery and home furnishing textiles
4. Industrial yarn: seat belt, conveyor belt, water-proof coated fabrics
5. Elastic Fiber: stretch apparel and tight
6. PET resins: PET bottle, PET sheet
7. PET bottle: packaging materials or containers of beverages and food
8. Polyester chip: polyester filament, polyester staple fiber
9. Yarn: fabrics for clothing, industrial usage, or home furnishing purpose through weaving or knitting process
10. Fabrics : Finished fabrics for clothing, industrial usage, or home furnishing purpose after dyeing and finishing process
11. Knitted fabrics: apparels, garments, upholstery and home furnishing products
12. Apparels : Underwear, clothing, shirts, fashions, etc..



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

Operational Highlights

2.3 Sources of Major Raw Materials

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

2.4 Any Single Supplier from Whom the Company Sourced More Than 10% of the Raw Materials Within Any One of the Preceding Two Years

1.1.1 List of Aforesaid Suppliers

Unit: NT\$ thousands; %

Items	Suppliers	Relationship with the Company	2012		2011		From Jan 1, 2013 to Mar 31	
			Amount	%	Amount	%	Amount	%
1	Oriental Petrochemical (Taiwan) Co., Ltd.	Subsidiary	10,010,918	24	10,110,908	22	3,550,043	32
2	CAPCO Co., Ltd.	External suppliers	7,766,562	19	9,061,007	20	2,689,154	24
3	SABIC		8,463,145	20	7,106,019	15	1,821,443	16
4	Formosa Chemicals & Fiber Corp.		5,884,353	14	5,563,723	12	1,297,561	11
5	Others		9,731,753	23	14,130,638	31	1,895,247	17
Total net amount of procurement			41,856,731	100	45,972,295	100	11,253,448	100

1.1.2 Any Single Customer to Whom the Company sold more than 10% of the Total Revenues Within Any One Of The Preceding Two Years: None

2.5 Quantity and Value of the Production in Preceding Two Years

Unit: NT\$ thousands

Main products	Year	2012			2011		
		Production capacity	Production quantity	Production value	Production capacity	Production quantity	Production value
Polyester chip	MT	993,560	901,849	37,460,265	967,660	833,891	38,680,824
Solid-state polymer	MT	615,221	577,294	24,604,240	552,531	516,248	23,898,412
PET bottle preform	Thousand piece	637,000	634,454	1,070,207	650,098	566,092	1,136,503
PET bottle	MT	85,660	76,386	265,492	100,430	81,583	305,442
PET sheet	MT	21,000	19,680	1,082,536	20,400	17,150	1,015,686
Polyester staple fiber	MT	288,000	236,085	11,674,163	295,000	223,812	12,006,336
Pre-oriented yarn	MT	103,380	91,366	4,803,897	116,010	97,402	5,596,765
Drawn textured yarn	MT	25,800	24,680	1,706,182	23,720	23,676	1,761,549
High denier industrial yarn	MT	43,400	39,194	2,528,373	45,500	45,076	3,099,613
Yarn	Bale	315,412	314,823	5,866,169	263,815	235,111	4,812,956
Knitting fabrics	MT	4,456	5,178	1,683,180	4,830	4,739	1,618,279
Industrial fabrics	MT	4,300	3,762	399,891	3,960	3,906	447,638
Apparel	Dozen	120,000	103,918	245,491	188,273	137,638	385,013

2.6 Sales Quantity and Revenue in Preceding Two Years

Unit: NT\$ thousands

Main products		Year	2012				2011			
			Domestic sales		Export sales		Domestic sales		Export sales	
			Quantity	Revenue	Quantity	Revenue	Quantity	Revenue	Quantity	Revenue
Polyester chip	MT	10,846	544,387	16,273	739,658	12,524	719,122	15,880	813,061	
Solid-state polymer	MT	37,158	1,600,177	465,410	22,063,559	29,636	1,426,998	402,793	21,393,903	
PET bottle preform	Thousand pieces	274,856	438,999	277,662	588,799	268,969	465,676	178,370	484,097	
PET bottle	MT	76,394	253,681	0	0	79,218	262,078	0	0	
PET sheet	MT	11,778	627,683	8,128	448,579	11,075	656,376	5,963	351,055	
Polyester staple fiber	MT	38,913	1,992,373	189,742	10,695,513	45,002	2,603,331	166,122	9,945,216	
Polyester filament	MT	52,522	2,765,324	15,816	896,132	46,721	2,830,348	26,266	1,560,821	
Drawn textured yarn	MT	13,072	918,039	7,076	557,376	12,586	987,653	7,139	614,095	
High denier industrial yarn	MT	4,601	277,125	30,843	2,113,471	5,573	394,963	36,236	2,781,938	
Yarn	Bale	146,627	2,711,956	159,506	2,537,088	139,833	3,216,094	89,588	1,965,006	
Knitting fabrics	MT	1,019	179,766	4,707	1,457,895	1,298	229,193	4,227	1,277,552	
Industrial fabrics	MT	1,376	163,802	3,243	413,928	1,277	155,083	3,625	489,652	
Knitting apparel	Dozen	4,090	10,775	1,791,461	4,349,658	6,957	21,015	1,893,062	4,615,925	

3. Information about Employees

Year		2012	2011	30 Apr 2013
Number of employees	Office staff	3,162	3,116	3,146
	Factory workers	912	915	900
	Foreign labors	832	816	841
	Total	4,906	4,847	4,887
Average age		42.8	42.1	42.9
Average years of service		16.2	15.9	16.3
Breakdown of educational level (Note)	Ph.D	0.6%	0.6%	0.6%
	Master	11.4%	9.8%	11.6%
	College	41.1%	37.5%	41.3%
	High School and below	46.9%	52.1%	46.5%

Note: Foreign Labors are not included in this statistics.

4. Expenses on Environmental Protection

4.1 Loss or Penalty Due to Pollution in the preceding Two Years

Loss/penalty	Year	2012	From Jan 1, 2013 to Apr 30, 2013
Pollution event		Air and water pollution	Air pollution
Penalty or regulatory authority		Environmental Protection Administration	Taoyuan County Environmental Protection Bureau
Damage claim or other claims		NT\$ 316,000	NT\$ 100,000
Other losses		None	None

4.2 Specific Measures to Conserve the Environment

4.2.1 Planned Specific Measures

- A. The Company has planned to invest NT\$152.64 million to improve the waste water treatment equipments and to procure furnace for industrial dirt burning at its polyester plants.
- B. Expected improvement
 - (1) The Company will be in compliance with the relevant regulations and reduce the emission of polluted waste, in order to achieve a goal of environmental conservation.
 - (2) Complying with the ISO requirements, the Company will continuously make efforts to protect the environment and ensure the safety at the working environment.
 - (3) Improve the efficiency of the equipments to reduce air pollution.

Operational Highlights

- (4) Upgrade equipments to lower the cost of waste water treatment.
- C. Expected impact after the improvement
 - (1) Depreciation is expected to increase by NT\$15.26 million in 2013.
 - (2) Enhance the reputation and image of the Company.

4.2.2 Any Measures the Company is Able to Take but Unwilling to Take: None

5. Employee Welfare

5.1 Current Agreements with Employee and Employee Welfare

5.1.1 Employee Welfare Procedures

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

5.1.2 Advanced Training:

Training program	Number of programs	Number of trainees	Total training hours	Total cost (NT\$ thousands)
Training program for new employees	10	281	2,307	391
Training program for managers	21	591	3,741	943
Training program for general working knowledge	71	1,006	7,254	3,106
Training program for specific case/training program offered by outside experts	7	175	675	254

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

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

In order to lead business forward in the rapid change environment and reinforce the overall competitiveness of the Far Eastern Group, the Company planned courses with Yuan Ze University for the management team of the Far Eastern Group. In 2013, the Center offered the "EMBA School of Far Eastern Business College". In addition, it also offers training programs for specific cases, in hopes that the managerial theories can be applied to the daily operation practices. In the meantime, the Center begins to offer training courses about key performance indicators (KPIs) and the setup and evaluation of business targets, in order to improve the performance evaluation system and reconcile personal performance of each employee with the overall business target of the Company.

To integrate personal career plan with the development strategy of the Company, the management function modules for top director and manager level in the first phase was completed. Based on this module, internal talent requirement, job description for each position, and performance evaluation can be monitored in a fair and precise way. The Center will insist on its original intention to continue playing the role of accumulating intellectual assets for the Company, and further enhancing the competitive advantages of the Company.

5.1.3 Pension and Retirement Plan:

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

5.1.4 The Agreement Between Labor and Management and Various Procedures Regarding Protection of Employees' Rights:

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

5.1.5 Working environment and employee safety protection procedures:

The Company implemented the following protocols to ensure a safe working environment:

- A. Work environment sustainability: The Company upholds the highest standards of safety protocols starting from the purchase of machineries and raw material; the same standards apply when installing said machineries. Work environment safety inspections shall take place periodically and changes will occur immediately if standards are not met. In addition, safety equipment will be provided to reduce risk of injury.
- B. Employee health sustainability: Aside from cooperation with the government in providing occupational safety and health inspection, the Company periodically schedules employee health checks at Far Eastern Group's medical center for health management purposes. All of the Company's factories prepare standard medical supplies and basic medical equipments, while some have licensed doctors and nurses available for routine check-ups.
- C. Emergency courses and drills: The Company provides emergency evacuation training courses for all employees, required right away for new employees and periodic thereafter; evaluation and assessment provided after courses to ensure comprehension. Emergency evacuation response plans will change per season (Staff grouping, response procedures, evacuation route, etc) and emergency evacuation drills will be held to ensure cooperation in handling accidents and to effectively minimize any damage caused by disasters.
- D. Safety management: Labor health and safety provisions will be discussed during monthly meetings where safety and health supervisors will assess current problems for continual improvement to ensure an effective safety security system. In addition, the Company purchases group insurance on behalf of its employees.

5.2 Loss Occurs Due to Labor Issues in Most Recent Years Till the Publishing Of this Annual Report: None

6. Important Contracts and Agreements

Type of contract/agreement	Counter party	Duration period	Major contents	Covenants
Technology cooperation	National Chiayi University	Apr 12 – July 13	Process development for lignocellulosic ethanol technology (A1) Biomass handling and supply chain development	None
		Apr 12 – July 13	(C2) Development of high ethanol and inhibitor tolerance strain	
	Yuan Ze University	Apr 12 – July 13	(C3) Development of SSCF	
	Food Industry Research and Development Institute(FIRDI)	Apr 12 – July 13	(C4) Combination of saccharification and fermentation in 200L	
		Feb 12 – July 13	(C6) Development of CBP strain	
	National Tsing Hua University	Feb 12 – July 13	(A4) Development of novel pretreatment process for Cellulosic Ethanol Production (C5) Development of CO2 capture technique	

Operational Highlights

Type of contract/agreement	Counter party	Duration period	Major contents	Covenants
	Institute of Nuclear Energy Research	Apr 12 – July 13	Set up of saccharification and fermentation system for cellulosic ethanol	None
	Oriental Institute of Technology	Dec 12 – Dec 17	A novel angiogenic composite as injectable and degradable bone cement for osteonecrosis of femoral head	
		Dec 12 – Dec 17	Bone cement with osteoinduction	
		Dec 12 – Dec 17	Composite bone cement	
Long-term supply contract	CAPCO Co., Ltd.	Jan 11 – Dec 13	PTA supplying contract	None
	SABIC Far East Limited	Jan 11 – Dec 13	EG supplying contract	Automatically extended by one year when expiration
Long-term borrowing contract	Mega Commerical Bank, Foreign Department	Aug 12 – Aug 14 Mar 11 – Mar 14	Bank loan agreement Collateralized loan – machinery	None
	Bank of Taiwan, Min-Shen Branch	Mar 12 – Mar 15 Mar 13 – Mar 16	Collateralized loan - machinery Bank loan agreement	
	Chinatrust Commerical Bank	Dec 13 – Mar 15	Bank loan agreement	
	First Commercial Bank	Dec 12 – Dec 15 Dec 12 – Dec 15	Bank loan agreement Bank loan agreement	
		Apr 13 – Oct 14	Bank loan agreement	
	Taiwan Cooperative Bank, Ximen Branch	Sep 12 – Sep 15	Bank loan agreement	
	Taiwan Cooperative Bank, Chunshang Branch	Sep 12 – Sep 14	Bank loan agreement	
	Hwa Nan Commercial Bank	Jun 12 – Jun 14	Bank loan agreement	
	Taipei Fubon Commercial Bank	Oct 12 – Oct 14	Bank loan agreement	
	Far Eastern International Bank	Apr 13 – Apr 15	Bank loan agreement	
	Industrial Bank of Taiwan	Sep 12 – Sep 14	Bank loan agreement	
	China Development Industrial Bank	Sep 12 – Dec 15	Bank loan agreement	
	E Sun Bank	Oct 12 – Oct 14	Bank loan agreement	
	SinoPac Commercial Bank	Apr 13 – Apr 15	Bank loan agreement	
	HSBC	Sep 12 – Sep 14	Bank loan agreement	
	BNP Paribas	Oct 12 – Oct 14	Bank loan agreement	
	Mizuho Corporate Bank	Jul 12 – Jul 14	Bank loan agreement	
	Crédit Agricole Corporate & Investment Bank	Jul 12 – Jul 14	Bank loan agreement	
	Sumitomo Mitsui Banking Corporation	May 13 – May 15	Bank loan agreement	
	Bank of East Asia	Jun 12 – Jun 14	Bank loan agreement	
Bangkok Bank	Feb 13 – Feb 15	Bank loan agreement		
Taishin Commercial Bank	Apr 12 – Apr 14	Bank loan agreement		
Citibank	Jul 12 – Jul 13	Bank loan agreement		
Standard Chartered Bank	Oct 12 – Oct 14	Bank loan agreement		

VI. Financial Information

1. Five-Year Financial Summary

1.1 Condensed Balance Sheet & Statements of Income - R.O.C. GAAP (Stand-alone)

1.1.1 Condensed Balance Sheet

Unit: NT\$ thousands

Item	Year	Condensed five-year balance sheet				
		2012	2011	2010	2009	2008
Current assets		21,334,414	21,770,291	22,941,610	18,578,752	19,186,350
Funds & long-term investments		143,193,480	139,609,011	122,861,543	113,066,432	105,923,915
Fixed assets		19,833,482	19,024,998	14,422,982	13,361,364	14,285,439
Intangible assets		20,332	21,965	23,439	8,976	94,708
Other assets		1,531,983	791,809	1,202,454	1,527,708	1,547,900
Total assets		185,913,691	181,218,074	161,452,028	146,543,232	141,038,312
Current liabilities	Before distribution	17,631,021	16,845,019	16,878,906	15,739,025	13,786,001
	After distribution	(Note)	25,170,289	26,388,066	21,798,784	17,441,964
Long-term liabilities		55,204,042	49,794,014	43,910,634	36,170,340	39,702,182
Reserve for land value appreciation tax		1,519,896	1,519,896	1,018,899	1,018,899	1,018,899
Other liabilities		1,207,854	1,508,482	1,094,978	1,103,780	1,987,303
Total liabilities	Before distribution	75,562,813	69,667,411	62,903,417	54,032,044	56,494,385
	After distribution	(Note)	77,992,681	72,412,577	60,091,803	60,150,348
Capital stock		50,441,338	48,972,173	47,545,799	46,613,529	45,699,538
Capital surplus		10,079,867	10,361,728	10,228,131	10,181,403	10,060,658
Retained earnings	Before distribution	26,445,968	27,572,678	27,290,233	21,308,981	17,766,327
	After distribution	(Note)	19,247,408	17,781,073	15,249,222	14,110,364
Other shareholders' equity		23,383,705	24,644,084	13,484,448	14,407,275	11,017,404
Total shareholders' equity	Before distribution	110,350,878	111,550,663	98,548,611	92,511,188	84,543,927
	After distribution	(Note)	103,225,393	89,039,451	86,451,429	80,887,964

Note: The distribution of 2012 earnings is subject to the approval at the upcoming 2013 Annual General Shareholders' Meeting.

1.1.2 Condensed Statements of Income

Unit: NT\$ thousands, except earnings per share

Item	Year	Condensed five-year statement of income				
		2012	2011	2010	2009	2008
Operating revenue		60,682,495	61,556,945	53,758,879	41,940,078	50,674,895
Gross profit		4,950,198	5,174,066	5,999,195	3,449,668	5,030,934
Operating income (loss)		16,608	447,256	774,853	(832,784)	187,742
Non-operating income		10,203,097	12,549,582	13,775,287	10,396,075	6,508,095
Non-operating expenses		1,588,098	1,135,236	1,540,940	1,427,584	2,081,333
Income before tax		8,631,607	11,861,602	13,009,200	8,135,707	4,614,504
Net income		8,713,177	11,087,496	12,850,170	8,088,696	4,621,944
EPS (NT\$/share, Note)		1.73	2.20	2.55	1.60	0.92

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

Financial Information

1.2 Condensed Balance Sheet & Statements of Comprehensive Income – IFRS (Consolidated)

1.2.1 Condensed Consolidated Balance Sheet

Unit: NT\$ thousands

Item	Year	Financial status as at 31 Mar 2013 (Note)
Current assets		108,744,884
Property, plant and equipment		118,309,631
Intangible assets		21,174,756
Other assets		105,655,473
Total assets		353,884,744
Current liabilities	Before distribution	84,437,631
	After distribution	-
Non-current liabilities		93,025,925
Total liabilities	Before distribution	177,463,556
	After distribution	-
Total shareholders' equity of parent company		113,046,312
Capital stock of parent company		50,441,338
Capital surplus		4,682,465
Retained earnings	Before distribution	54,265,517
	After distribution	-
Other shareholders' equity		3,682,055
Treasury stock		(25,063)
Minority interests		63,374,876
Total shareholders' equity	Before distribution	176,421,188
	After distribution	-

1.2.2 Condensed Consolidated Statements of Comprehensive Income

Unit: NT\$ thousands, except earnings per share

Item	Year	Financial status as at 31 Mar 2013 (Note)
Revenues		57,620,493
Gross profit		10,936,835
Operating gain (loss)		3,156,275
Nonoperating income (expenses)		964,605
Consolidated income before income tax		4,120,880
Net profit(loss) from continuing operations		3,567,095
Net loss from discontinued operations		-
Net profit for the period		3,567,095
Other comprehensive income for the period (net of income tax)		1,425,551
Total comprehensive income for the period		4,992,646
Net profit attributable to owner of the Company		1,872,376
Net profit attributable to minority interests		1,694,719
Total comprehensive income attributable to owner of the Company		3,124,056
Total comprehensive income attributable to minority interests		1,868,590
EPS (NT\$/share)		0.37

Note: The data of 31 March 2013 has only been reviewed by the independent auditor.

1.3 Names and Opinions of Independent Auditors in the Preceding Five Years

Year	Name of CPA	Auditing Opinion
2012	Cho Ming Hsing & Huang Shu Chieh	Modified Unqualified opinion
2011	Benjamin Shih & Huang Shu Chieh	Modified Unqualified opinion
2010	Benjamin Shih & Huang Shu Chieh	Modified Unqualified opinion
2009	Benjamin Shih & Huang Shu Chieh	Modified Unqualified opinion
2008	Benjamin Shih & Wu En Ming	Modified Unqualified opinion

2. Financial Ratio Analysis for the Preceding Five Years

2.1 Financial Ratio Analysis- R.O.C. GAAP (Stand-alone)

Item	Year	Financial ratios in the preceding five years					
		2012	2011	2010	2009	2008	
Financial structure	Ratio of liabilities to assets (%)	40.6	38.4	39.0	36.9	40.1	
	Ratio of long-term capital to fixed assets (%)	834.7	848.1	987.7	963.1	869.7	
Liquidity analysis	Current ratio (%)	121.0	129.4	135.9	118.0	139.2	
	Quick ratio (%)	83.4	82.1	100.9	85.8	96.6	
	Interest coverage ratio (times)	11.8	19.4	23.1	14.6	4.8	
Operating ability	Accounts receivable turnover (times)	6.5	6.9	7.3	6.1	6.9	
	Average collection period (days)	56.5	52.9	49.9	59.8	52.9	
	Inventory turnover (times)	8.0	8.5	9.5	7.7	7.5	
	Average sales days (days)	45.7	42.9	38.5	47.7	48.7	
	Accounts payable turnover (times)	15.0	14.6	15.1	14.7	16.8	
	Fixed assets turnover (times)	3.1	3.2	3.7	3.1	3.5	
	Total assets turnover (times)	0.3	0.3	0.3	0.3	0.4	
Profitability analysis	Return on total assets (%)	5.2	6.9	8.7	6.0	4.1	
	Return on shareholders' equity (%)	7.9	10.6	13.5	9.1	5.2	
	Ratio to paid-in capital (%)	Operating profit	0.0	0.9	1.6	(1.8)	0.4
		Pre-tax income	17.1	24.2	27.4	17.5	10.1
	Ratio of net income to sales (%)	14.4	18.0	23.9	19.3	9.1	
EPS (NT\$/share, Note)	1.73	2.20	2.55	1.60	0.92		
Cash flow	Cash flow ratio (%)	54.2	32.9	49.7	49.3	84.5	
	Cash flow adequacy ratio (%)	83.0	86.7	117.5	120.9	107.9	
	Cash reinvestment ratio (%)	0.6	—	1.2	2.4	2.1	
Leverage	Operating leverage	303.0	12.0	7.6	—	28.2	
	Financial leverage	—	—	4.2	—	—	

Analysis of variations exceeding 20% of the numbers in previous year for 2011 and 2012:

- (1) Decrease at interest coverage ratio and the ratio of pre-tax income to paid-in capital: the 2012 pre-tax income declined.
- (2) Decrease at the return on total assets, return on shareholders' equity, ratio of net income to sales and EPS: the 2012 net income declined.
- (3) Decrease at the ratio of operating profit to paid-in capital: The paid-in capital increased in 2012; meanwhile, the operating profit declined.
- (4) Increase at the cash flow ratio, and the cash reinvestment ratio: The cash flows generated from operating activities in 2012 increased.
- (5) Increase at the operating leverage: The operating profit in 2012 declined.

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

Financial Information

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

1. Financial structure

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

2. Liquidity analysis

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

3. Operating ability

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

4. Profitability analysis

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

5. Cash flow

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

6. Leverage

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

2.2 Financial Ratio Analysis- IFRS (Consolidated)

Item		Year	Financial data as at 31 Mar 2013	
Financial structure	Ratio of liabilities to assets (%)		50.15	
	Ratio of long-term capital to property, plant and equipment (%)		227.75	
Liquidity analysis	Current ratio (%)		128.79	
	Quick ratio (%)		93.60	
	Interest coverage ratio (times)		13.83	
Operating ability	Receivables turnover(times)		8.12	
	Average collection period (days)		45	
	Inventory turnover (times)		8.07	
	Average sales days (days)		45	
	Payables turnover (times)		9.6	
	Property, plant and equipment turnover (times)		1.95	
	Total assets turnover (times)		0.65	
Profitability analysis	Return on total assets (%)		4.48	
	Return on shareholders' equity (%)		8.21	
	Ratio to paid-in capital (%)	Operating profit		25.03
		Pre-tax income		32.68
	Ratio of net income to sales (%)		6.19	
EPS (NT\$/share)		0.37		
Cash flow	Cash flow ratio (%)		9.44	
	Cash flow adequacy ratio (%)		87.11	
	Cash reinvestment ratio (%)		1.58	
Leverage	Operating leverage		4.1	
	Financial leverage		1.1	

Financial Information

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

1. Financial structure

- (1) Liabilities to assets ratio = Total liabilities / Total assets
- (2) Long-term capital to property, plant and equipment ratio = (Total shareholders' equity + Long-term liabilities) / Net value of property, plant and equipment

2. Liquidity analysis

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

3. Operating ability

- (1) Receivables turnover(including accounts and notes receivable) = Net sales / Average receivables (including accounts and notes receivable)
- (2) Average collection days = 365/ Receivables turnover
- (3) Inventory turnover = Costs of goods sold / Average inventory
- (4) Average sales days = 365 / Inventory turnover
- (5) Payables turnover(including accounts and notes payable) = Costs of goods sold / Average payables (including accounts and notes payable)
- (6) Property, plant and equipment turnover ratio = Net sales / Net value of property, plant and equipment
- (7) Total assets turnover ratio = Net sales / Total assets

4. Profitability analysis

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

5. Cash flow

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

6. Leverage

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

3. Supervisors' Report

To the 2013 General Shareholders' Meeting of Far Eastern New Century Corporation,

In accordance with Article 219 of the Company Law, we have examined the Business Report, the Resolution for Allocation of Surplus Profit, and Financial Statements submitted by the Board of Directors for the year ending 2012 which had been audited by Deloitte & Touche, and found them in order.

T. H. Chang



Alice Hsu



Champion Lee



15 May 2013

4. Impact of the Financial Distress Occurred to the Company and Affiliates in the Recent Years until the Annual Report Being Published

None

Financial Information

5. Financial Report in Recent Year

(The full copy can be downloaded at <http://mops.twse.com.tw/>.)

Independent auditors' report of Far Eastern New Century Corporation

The Board of Directors and the Stockholders

Far Eastern New Century Corporation

We have audited the accompanying balance sheets of Far Eastern New Century Corporation (the "Company") as of December 31, 2012 and 2011 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, 2012 and 2011. 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 4.16% (NT\$7,737,955 thousand) and 1.30% (NT\$2,363,491 thousand) of the Company's total assets as of December 31, 2012 and 2011, respectively. As shown in the accompanying statements of income, the Company's equity in net gain of NT\$242,656 thousand and gain of NT\$244,939 thousand of the foregoing investees were 2.81% and 2.06%, respectively, of the Company's income before income tax in 2012 and 2011, respectively. The financial statements of these investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts pertaining to the above investments, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the Company's financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Far Eastern New Century Corporation as of December 31, 2012 and 2011 and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As disclosed in Note 3 to the financial statements, starting on January 1, 2011, the Company changed its method of calculating depreciation expenses from the fixed-percentage-of- declining-balance method to straight-line method and service lives from 7 to 15 years to 15 years. This accounting change resulted in increases of NT\$215,835 thousand in net income and NT\$0.044in after income tax basic earnings per share in 2011.

As disclosed in Note 23(7) of the financial statement, concerning the nullification by the Department of Commerce of Ministry of Economic Affairs (“DOC”) of capital increase registrations in Pacific Liu Tung Investment Corporation (“PLT”) by Far Eastern New Century Corporation and its subsidiaries, the Taipei High Administrative Court, on 2012 November 29, (Court Reference Number: Year 99 Letter Su No. 1258 verdict) revoked DOC’s decision to nullify the aforesaid capital registrations and held DOC erred in denying contesting parties’ application for administrative review. However, DOC did not agree with the decision of Taipei High Administrative Court and filed an appeal against the aforesaid court decision at the Highest Administrative Court on 2012 December 25. Therefore, final impact of this case on the Company’s controlling interest and several capital injections by the Company and its subsidiaries in PLT is pending court decision.

As disclosed in Note 23 (8) of the financial statement, on 2012 May 11, pursuant to referencing Letter Kan No. 92 verdict, Taipei District Court assigned Min-Qiu Jian, Kung Wang, Chen-Chuan Chiu, Chin-Yu Wu and Cheng-Xiong Chen as the interim administrators of PLT. Taipei High Court has ruled to abolish the aforesaid decision on 2013 December 27.

We have also audited the consolidated financial statements of Far Eastern New Century Corporation and subsidiaries for the years ended December 31, 2012 and 2011 (not presented herewith) and have expressed a modified unqualified opinion thereon in our report dated March 27, 2013 on the basis of our audits and the reports of the other auditors.

March 27, 2013

Notice to Readers

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

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

Financial Information

FAR EASTERN NEW CENTURY CORPORATION

BALANCE SHEETS

DECEMBER 31, 2012 AND 2011

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

ASSETS	2012		2011	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 4)	\$ 4,381,262	2	\$ 2,444,308	2
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	25,345	-	48,308	-
Notes receivable (Notes 2 and 3)	395,553	-	302,778	-
Accounts receivable - less allowance for bad debts of \$55,619 thousand In 2012 and \$55,619 thousand in 2011 (Notes 2 and 3)	8,320,555	5	9,776,610	6
Notes and accounts receivable from affiliates (Note 21)	789,766	1	470,140	-
Other receivables	255,918	-	216,389	-
Other receivables from affiliates (Note 21)	338,194	-	282,919	-
Inventories, net (Notes 2 and 6)	6,363,829	3	7,597,423	4
Prepayments	275,259	-	226,754	-
Other current assets	188,733	-	404,662	-
Total current assets	<u>21,334,414</u>	<u>11</u>	<u>21,770,291</u>	<u>12</u>
FUNDS AND INVESTMENTS (Notes 2, 7, 8, 9, 21 and 22)				
Available-for-sale financial assets - noncurrent	804,484	-	737,481	-
Financial assets carried at cost - noncurrent	53,667	-	53,667	-
Investment accounted for by the equity method	<u>142,335,329</u>	<u>77</u>	<u>138,817,863</u>	<u>77</u>
Total funds and investments	<u>143,193,480</u>	<u>77</u>	<u>139,609,011</u>	<u>77</u>
PROPERTIES (Notes 2,3, 10, 21 and 22)				
Cost				
Land	1,450,261	1	1,428,688	1
Buildings and equipment	6,677,784	3	6,174,103	3
Machinery and equipment	42,807,329	23	42,621,822	23
Furniture and miscellaneous equipment	<u>2,974,340</u>	<u>2</u>	<u>2,756,634</u>	<u>2</u>
Total cost	53,909,714	29	52,981,247	29
Revaluation increment	<u>5,070,727</u>	<u>3</u>	<u>5,074,773</u>	<u>3</u>
Total cost and revaluation increment	58,980,441	32	58,056,020	32
Less: Accumulated depreciation	41,806,373	23	43,243,644	24
Accumulated impairment losses	<u>213,602</u>	<u>-</u>	<u>159,253</u>	<u>-</u>
	16,960,466	9	14,653,123	8
Constructions in progress	2,574,881	2	3,866,778	2
Prepayments for equipment	<u>298,135</u>	<u>-</u>	<u>505,097</u>	<u>1</u>
Net properties	<u>19,833,482</u>	<u>11</u>	<u>19,024,998</u>	<u>11</u>
INTANGIBLE ASSETS				
Other intangible assets (Note 2)	<u>20,332</u>	<u>-</u>	<u>21,965</u>	<u>-</u>
OTHER ASSETS				
Nonoperating properties, net (Notes 2, 10, 11 and 22)	906,338	1	230,300	-
Restricted assets - noncurrent (Note 22)	34,381	-	34,381	-
Farmland (Note 12)	276,661	-	276,661	-
Miscellaneous (Notes 2, and 21)	<u>314,603</u>	<u>-</u>	<u>250,467</u>	<u>-</u>
Total other assets	<u>1,531,983</u>	<u>1</u>	<u>791,809</u>	<u>-</u>
TOTAL	<u>\$ 185,913,691</u>	<u>100</u>	<u>\$ 181,218,074</u>	<u>100</u>

LIABILITIES AND STOCKHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term bank loans (Notes 13 and 22)	\$ 6,116,442	3	\$ 5,472,199	3
Financial liabilities at fair value through profit or loss - current (Notes 2, 5 and 14)	619	-	4,708	-
Notes payable	1,900	-	2,338	-
Accounts payable	3,447,897	2	3,967,737	2
Accounts payable to affiliates (Note 21)	933,977	1	1,108,388	1
Accrued expenses (Note 21)	3,688,991	2	3,344,427	2
Receipts in advance	374,931	-	364,251	-
Current portion of long-term liabilities (Notes 2, 14 and 22)	2,380,000	1	1,878,631	1
Other current liabilities (Note 21)	686,264	-	702,340	-
Total current liabilities	17,631,021	9	16,845,019	9
LONG-TERM LIABILITIES, NET OF CURRENT PORTION				
Bonds payable (Notes 2, 14 and 22)	32,343,579	18	21,344,014	12
Long-term debts (Notes 14 and 22)	22,860,463	12	28,450,000	15
Total long-term liabilities, net of current portion	55,204,042	30	49,794,014	27
RESERVE FOR LAND VALUE INCREMENT TAX (Note 10)	1,519,896	1	1,519,896	1
OTHER LIABILITIES				
Accrued pension liabilities (Notes 2 and 20)	764,899	1	994,021	1
Deferred income tax liability - noncurrent (Notes 2 and 17)	322,820	-	457,960	-
Deferred income (Notes 2, 9 and 21)	117,876	-	55,886	-
Guarantee deposits received	2,259	-	615	-
Total other liabilities	1,207,854	1	1,508,482	1
Total liabilities	75,562,813	41	69,667,411	38
STOCKHOLDERS' EQUITY				
Capital stock - NT\$10.00 par value				
Authorized - 6,000,000 thousand shares; issued and outstanding - 5,044,134 thousand shares in 2012 and 4,897,217 thousand shares in 2011	50,441,338	27	48,972,173	27
Capital surplus				
Premium on capital stock	932,814	-	932,814	1
From long-term investment	9,138,169	5	9,421,242	5
Others	8,884	-	7,672	-
Total capital surplus	10,079,867	5	10,361,728	6
Retained earnings				
Legal reserve	11,820,720	6	10,710,699	6
Special reserve	3,152,365	2	3,152,529	2
Unappropriated earnings	11,472,883	6	13,709,450	7
Total retained earnings	26,445,968	14	27,572,678	15
Other stockholders' equity				
Unrealized gain on financial instruments	4,221,652	2	2,716,548	1
Cumulative translation adjustments	186,739	-	2,915,415	2
Unrealized revaluation increment	19,166,737	11	19,167,218	11
Net loss not recognized as pension cost	(166,360)	-	(130,034)	-
Treasury stock - 734 thousand shares in 2012 and 713 thousand shares 2011	(25,063)	-	(25,063)	-
Total other stockholders' equity	23,383,705	13	24,644,084	14
Net stockholders' equity	110,350,878	59	111,550,663	62
TOTAL	\$185,913,691	100	\$181,218,074	100

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated March 27, 2013)

Financial Information

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
REVENUES				
Sales (Notes 2 and 21)	\$ 61,240,995	101	\$ 62,251,658	101
Less: Sales returns and allowances	<u>571,148</u>	<u>1</u>	<u>710,427</u>	<u>1</u>
Net sales	60,669,847	100	61,541,231	100
Processing service income	<u>12,648</u>	<u>-</u>	<u>15,714</u>	<u>-</u>
Total revenues	<u>60,682,495</u>	<u>100</u>	<u>61,556,945</u>	<u>100</u>
OPERATING COSTS				
Cost of sales (Notes 3, 6, 18 and 21)	55,721,985	92	56,368,998	91
Cost of processing services	<u>10,312</u>	<u>-</u>	<u>13,881</u>	<u>-</u>
Total operating costs	<u>55,732,297</u>	<u>92</u>	<u>56,382,879</u>	<u>91</u>
GROSS PROFIT	<u>4,950,198</u>	<u>8</u>	<u>5,174,066</u>	<u>9</u>
OPERATING EXPENSES (Notes 3, 18 and 21)				
Selling expenses	3,050,506	5	2,749,466	5
General and administrative expenses	1,259,449	2	1,323,447	2
Research and development expenses	<u>623,635</u>	<u>1</u>	<u>653,897</u>	<u>1</u>
Total operating expenses	<u>4,933,590</u>	<u>8</u>	<u>4,726,810</u>	<u>8</u>
OPERATING INCOME	<u>16,608</u>	<u>-</u>	<u>447,256</u>	<u>1</u>
NONOPERATING INCOME AND GAINS				
Interest income	8,828	-	12,345	-
Investment income recognized under equity method (Note 2)	9,733,484	16	12,239,808	20
Dividend income	19,549	-	19,142	-
Gain on disposal of properties, net (Note 21)	31,680	-	3,963	-
Gain on disposal of investments, net (Notes 9 and 21)	86,185	-	-	-
Rental income (Note 21)	11,820	-	11,380	-
Valuation gain on financial assets, net (Notes 2 and 5)	7,418	-	32,516	-
Valuation gain on financial liabilities, net (Notes 2 and 5)	71,310	-	35,081	-
Other gain (Note 21)	<u>232,823</u>	<u>1</u>	<u>195,347</u>	<u>-</u>
Total nonoperating income and gains	<u>10,203,097</u>	<u>17</u>	<u>12,549,582</u>	<u>20</u>

(Continued)

	2012		2011	
	Amount	%	Amount	%
NONOPERATING EXPENSES AND LOSSES				
Interest expense (Note 10)	801,151	1	645,270	1
Loss on disposal of investment, net (Note 21)	-	-	383	-
Exchange loss, net (Note 2)	281,737	1	34,523	-
Impairment loss on assets (Note 2)	164,960	-	269,133	1
Other expenses (Notes 11 and 21)	<u>340,250</u>	<u>1</u>	<u>185,927</u>	<u>-</u>
Total nonoperating expenses and losses	<u>1,588,098</u>	<u>3</u>	<u>1,135,236</u>	<u>2</u>
INCOME BEFORE INCOME TAX	8,631,607	14	11,861,602	19
INCOME TAX BENEFIT (EXPENSE) (Notes 2 and 17)	<u>81,570</u>	<u>-</u>	<u>(774,106)</u>	<u>(1)</u>
NET INCOME	<u>\$ 8,713,177</u>	<u>14</u>	<u>\$ 11,087,496</u>	<u>18</u>
	2012		2011	
	Before	After	Before	After
	Income Tax	Income Tax	Income Tax	Income Tax
EARNINGS PER SHARE (Notes 3 and 19)				
Basic	<u>\$ 1.71</u>	<u>\$ 1.73</u>	<u>\$ 2.35</u>	<u>\$ 2.20</u>
Diluted	<u>\$ 1.71</u>	<u>\$ 1.72</u>	<u>\$ 2.34</u>	<u>\$ 2.19</u>

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

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

(Concluded)

Financial Information

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

	Capital Stock Issued and Outstanding (Note 15)		Capital Surplus (Notes 2 and 15)	Retained Earnings	
	Shares in Thousands	Amount		Legal Reserve	Special Reserve
BALANCE, JANUARY 1, 2010	4,754,580	\$ 47,545,799	\$ 10,228,131	\$ 9,413,371	\$ 3,034,766
Appropriation of the 2010 earnings					
Legal reserve	-	-	-	1,297,328	-
Cash dividends - NT\$2.0 per share	-	-	-	-	-
Stock dividends - NT\$0.3 per share	<u>142,637</u>	<u>1,426,374</u>	<u>-</u>	<u>-</u>	<u>-</u>
	4,897,217	48,972,173	10,228,131	10,710,699	3,034,766
Net income in 2011	-	-	-	-	-
Adjustments due to changes in investees' equity in long-term investments	-	-	133,607	-	117,763
Translation adjustments on foreign-currency equity - method investments	-	-	-	-	-
Change in unrealized loss on available-for-sale financial assets	-	-	-	-	-
Adjustment on stockholder's due to exchangeable bond	-	-	(10)	-	-
Company's share held by subsidiaries - treasury stock (713 thousand shares)	-	-	-	-	-
Revaluation incremental value of land	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE, DECEMBER 31, 2011	4,897,217	48,972,173	10,361,728	10,710,699	3,152,529
Appropriation of the 2011 earnings					
Legal reserve	-	-	-	1,110,021	-
Cash dividends - NT\$1.7 per share	-	-	-	-	-
Stock dividends - NT\$0.3 per share	<u>146,917</u>	<u>1,469,165</u>	<u>-</u>	<u>-</u>	<u>-</u>
	5,044,134	50,441,338	10,361,728	11,820,720	3,152,529
Net income in 2012	-	-	-	-	-
Adjustments due to changes in investees' equity in long-term investments	-	-	(262,703)	-	(1)
Translation adjustments on foreign-currency equity-method investments	-	-	-	-	-
Change in unrealized gain on available-for-sale financial assets	-	-	-	-	-
Adjustments on stockholders' equity due to the sale of long-term equity investments	-	-	(20,370)	-	(163)
Subsidiaries' cash dividend distributed by the Company	<u>-</u>	<u>-</u>	<u>1,212</u>	<u>-</u>	<u>-</u>
BALANCE, DECEMBER 31, 2012	<u>5,044,134</u>	<u>\$ 50,441,338</u>	<u>\$ 10,079,867</u>	<u>\$ 11,820,720</u>	<u>\$ 3,152,365</u>

(Notes 2, 15 and 17)		Other Equity					
		Unrealized Valuation Gain (Loss) On Financial Instruments (Note 2)	Cumulative Translation Adjustments (Note 2)	Unrealized Revaluation Increment on Properties (Notes 2 and 10)	Net Loss not Recognized as Pension Cost	Treasury Stock (Notes 2 and 16)	Net Stockholders' Equity
Unappropriated Earnings	Total						
\$ 14,842,096	\$27,290,233	\$5,370,206	\$ (492,626)	\$ 8,705,127	\$ (98,259)	\$ -	\$ 98,548,611
(1,297,328)	-	-	-	-	-	-	-
(9,509,160)	(9,509,160)	-	-	-	-	-	(9,509,160)
<u>(1,426,374)</u>	<u>(1,426,374)</u>	-	-	-	-	-	-
2,609,234	16,354,699	5,370,206	(492,626)	8,705,127	(98,259)	-	89,039,451
11,087,496	11,087,496	-	-	-	-	-	11,087,496
12,720	130,483	(2,471,548)	2,697,436	8,905,010	(31,775)	-	9,363,213
-	-	-	710,603	-	-	-	710,603
-	-	(182,082)	-	-	-	-	(182,082)
-	-	(28)	2	-	-	-	(36)
-	-	-	-	-	-	(25,063)	(25,063)
-	-	-	-	<u>1,557,081</u>	-	-	<u>1,557,081</u>
13,709,450	27,572,678	2,716,548	2,915,415	19,167,218	(130,034)	(25,063)	111,550,663
(1,110,021)	-	-	-	-	-	-	-
(8,325,270)	(8,325,270)	-	-	-	-	-	(8,325,270)
<u>(1,469,165)</u>	<u>(1,469,165)</u>	-	-	-	-	-	-
2,804,994	17,778,243	2,716,548	2,915,415	19,167,218	(130,034)	(25,063)	103,225,393
8,713,177	8,713,177	-	-	-	-	-	8,713,177
(45,639)	(45,640)	1,438,925	(1,589,068)	704	(36,418)	-	(494,200)
-	-	-	(1,135,115)	-	-	-	(1,135,115)
-	-	67,003	-	-	-	-	67,003
351	188	(824)	(4,493)	(1,185)	92	-	(26,592)
-	-	-	-	-	-	-	<u>1,212</u>
<u>\$ 11,472,883</u>	<u>\$26,445,968</u>	<u>\$4,221,652</u>	<u>\$ 186,739</u>	<u>\$ 19,166,737</u>	<u>\$ (166,360)</u>	<u>\$ (25,063)</u>	<u>\$110,350,878</u>

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated March 27, 2013)

Financial Information

FAR EASTERN NEW CENTURY CORPORATION

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

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 8,713,177	\$ 11,087,496
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,368,615	1,271,767
Amortization	56,965	61,386
Provision (reversal of provision) for losses on inventories	(195,166)	239,781
Amortization on discount of exchangeable bonds	33,434	36,586
Gain on exchange of exchangeable bond	-	(219)
Investment income recognized under equity method	(9,733,484)	(12,239,808)
Cash dividends received from equity-method investments	7,360,865	8,607,428
Reversal of allowance for bad debts	-	(44,480)
Accrued pension liabilities	(229,122)	(44,839)
Gain on disposal of properties, net	(31,680)	(3,963)
Impairment loss on assets	164,960	269,133
Casualty loss	9,350	-
Loss (gain) on disposal of investments, net	(86,185)	383
Deferred income tax	(135,140)	724,408
Net changes in operating assets and liabilities		
Financial assets held for trading	22,963	(30,892)
Financial liabilities held for trading	(4,089)	263
Notes receivable	(92,775)	399,763
Accounts receivable	1,456,055	(2,759,334)
Notes receivable and accounts receivable from affiliates	(319,626)	(148,315)
Other receivables	5,238	50,829
Other receivables from affiliates	(55,275)	155,810
Inventories	1,428,760	(2,197,036)
Prepayments	(48,505)	(102,014)
Other current assets	215,929	(120,639)
Notes payable	(438)	(667)
Accounts payable	(519,840)	190,714
Accounts payable to affiliates	(174,411)	(181,626)
Accrued expenses	344,564	181,590
Receipts in advance	10,680	64,572
Other current liabilities	(11,927)	67,404
Net cash provided by operating activities	<u>9,553,892</u>	<u>5,535,481</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of disposal of investments accounted for by equity method	235,491	-
Capital return of investment accounted for by equity method	616,092	-
Acquisition of investments accounted for by equity method	(3,547,717)	(3,314,964)
Acquisition of properties	(3,036,686)	(3,797,894)
Proceeds of the disposal of properties	48,335	5,301
Increase in other intangible assets	(7,277)	(5,082)
Increase in restricted assets	-	(34,381)

(Continued)

	2012	2011
(Increase) decrease in refundable deposits	(13,998)	4,789
Increase in other assets	<u>(109,794)</u>	<u>(118,603)</u>
Net cash used in investing activities	<u>(5,815,554)</u>	<u>(7,260,834)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	644,243	1,020,357
Payments of cash dividends	(8,325,234)	(9,509,160)
(Decrease) increase in long-term debts	(5,589,537)	1,740,717
Increase of bonds payable	11,467,500	2,725,000
Increase in guaranteed deposits	<u>1,644</u>	<u>-</u>
Net cash used in financing activities	<u>(1,801,384)</u>	<u>(4,023,086)</u>
NET INCREASE (DECREASE) IN CASH	1,936,954	(5,748,439)
CASH, BEGINNING OF YEAR	<u>2,444,308</u>	<u>8,192,747</u>
CASH, END OF YEAR	<u>\$ 4,381,262</u>	<u>\$ 2,444,308</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid	\$ 714,134	\$ 653,500
Deduct: Capitalized interest	<u>40,118</u>	<u>43,921</u>
Interest paid (excluding capitalized interest)	<u><u>\$ 674,016</u></u>	<u><u>\$ 609,579</u></u>
Income tax paid	<u><u>\$ 25,092</u></u>	<u><u>\$ 34,494</u></u>
CASH PAID FOR ACQUISITION OF PROPERTIES		
Increase in properties	\$ 4,531,360	\$ 2,210,381
Add:		
Payables for acquisition of properties, beginning of year	4,975	84
Advances to suppliers of machine and equipment, end of year	298,135	505,097
Constructions in progress, end of year	2,574,881	3,866,778
Deduct:		
Prepayment to suppliers of machine and equipment, beginning of year	(505,097)	(218,769)
Constructions in progress, beginning of year	(3,866,778)	(2,560,702)
Payables for acquisition of properties, end of year	<u>(790)</u>	<u>(4,975)</u>
Cash paid for acquisition of properties	<u><u>\$ 3,036,686</u></u>	<u><u>\$ 3,797,894</u></u>
NONCASH FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 2,380,000</u>	<u>\$ 1,878,631</u>
Total incremental value of land revaluation	\$ -	\$ 2,058,078
Deduct: Reserve for land value increment tax	<u>-</u>	<u>(500,997)</u>
Unrealized revaluation increment	<u><u>\$ -</u></u>	<u><u>\$ 1,557,081</u></u>

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated March 27, 2013)

Financial Information

6. Consolidated Financial Reports in Recent Year

(The full copy can be downloaded at <http://mops.twse.com.tw/>)

Independent auditors' report of Far Eastern New Century Corporation

The Board of Directors and Stockholders

Far Eastern New Century Corporation

We have audited the accompanying consolidated balance sheets of Far Eastern New Century Corporation (the "Company") and subsidiaries as of December 31, 2012 and 2011 and the related consolidated income statements, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. However, we did not audit the financial statements of certain consolidated subsidiaries. These subsidiaries' total assets, as shown in their financial statements, were 3.87% (NT\$13,116,918 thousand) and 1.20% (NT\$3,941,434 thousand) of the consolidated total assets as of December 31, 2012 and 2011, respectively. Their total net operating revenues were 1.58% (NT\$3,807,268 thousand) and 1.31% (NT\$3,082,749 thousand) of the consolidated net operating revenues in 2012 and 2011, respectively. We also did not audit the financial statements of certain equity-method investees, as shown in the accompanying consolidated financial statements. The carrying values of these investments were 0.54% (NT\$1,822,306 thousand) and 0.55% (NT\$1,803,409 thousand) of the consolidated total assets as of December 31, 2012 and 2011, respectively. The Company's equity in their net income was 1.57% (NT\$277,540 thousand) and 1.40% (NT\$297,660 thousand) of the consolidated income before income tax in 2012 and 2011, respectively. The financial statements of the foregoing consolidated subsidiaries and equity-method investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the consolidated subsidiaries and other equity-method investees, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Far Eastern New Century Corporation and subsidiaries as of December 31, 2012 and 2011 and the results of their operations and their cash flows for the years then ended, in conformity with Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

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

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

at the Highest Administrative Court on December 25, 2012. Therefore, final impact of this case on the Company's controlling interest and several capital injections by the Company and its subsidiaries in PLT is pending court decision.

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

Notice to Readers

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

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

Financial Information

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2012 AND 2011

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

ASSETS	2012		2011	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 5)	\$ 33,790,201	10	\$ 28,330,882	9
Financial assets at fair value through profit or loss - current (Notes 2 and 6)	1,058,519	-	954,871	-
Hedging derivative financial assets - current (Note 2)	21,962	-	1,500	-
Held-to-maturity financial assets - current (Notes 2 and 15)	100,000	-	-	-
Available-for-sale financial assets - current (Notes 2, 7 and 33)	2,272,149	1	3,496,456	1
Notes and accounts receivable, net (Notes 2, 4 and 25)	27,376,551	8	31,794,052	10
Notes and accounts receivable from affiliates (Notes 2, 25 and 32)	2,183,730	1	1,853,529	1
Inventories, net (Notes 2 and 9)	19,394,865	6	21,179,616	6
Available-for-sale - buildings and land, net (Notes 2, 10 and 25)	1,035,526	-	1,690,502	-
Available for construction - land (Notes 2, 11, 25 and 33)	620,361	-	620,001	-
Construction-in-progress (net of billings on construction-in-progress) (Notes 2, 12, 25, 32 and 33)	2,054,054	1	1,964,181	1
Other receivables	1,254,287	-	1,065,662	-
Deferred income tax assets - current, net (Notes 2 and 28)	345,103	-	316,339	-
Restricted assets (Notes 25 and 33)	2,874,067	1	3,187,326	1
Prepayments and other current assets (Notes 2, 12, and 25)	4,810,657	1	5,040,858	2
Total current assets	99,192,032	29	101,495,775	31
FUNDS AND INVESTMENTS (Notes 2, 7, 8, 13, 14, 15 and 33)				
Investments accounted for by the equity method	46,274,631	14	44,144,234	14
Available-for-sale financial assets - noncurrent	4,489,491	1	4,032,047	1
Held-to-maturity financial assets - noncurrent	99,871	-	199,768	-
Financial assets carried at cost - noncurrent	1,121,779	-	1,027,679	-
Bond investments with no active market - noncurrent	256,508	-	261,384	-
Total funds and investments	52,242,280	15	49,665,112	15
PROPERTIES (Notes 2, 16 and 33)				
Cost				
Land	11,953,295	4	11,258,491	3
Buildings	31,902,836	9	29,850,917	9
Machinery and equipment	105,728,340	31	103,683,905	32
Telecommunications equipment	140,162,711	41	138,886,643	42
Computer equipment	26,550,817	8	23,057,973	7
Leasehold improvements	3,823,361	1	3,152,607	1
Operating and miscellaneous equipment	16,952,777	5	15,573,377	5
Total cost	337,074,137	99	325,463,913	99
Revaluation increment	32,238,723	10	32,242,769	10
Total cost and revaluation increment	369,312,860	109	357,706,682	109
Less: Accumulated depreciation	224,971,278	66	215,445,231	66
Accumulated impairment	5,902,497	2	5,894,686	2
Construction in progress and prepayments for equipment	138,439,085	41	136,366,765	41
Repayment on land	14,118,422	4	14,688,373	5
	-	-	391,216	-
Net properties	152,557,507	45	151,446,354	46
INTANGIBLE ASSETS				
Deferred pension cost (Note 2)	20,488	-	44,968	-
Goodwill (Notes 2 and 17)	11,648,351	4	11,971,406	4
3G license fee (Notes 1, 2 and 18)	4,403,689	1	5,114,945	1
Land use rights, net (Notes 2 and 33)	2,304,931	1	1,862,024	1
Other intangible assets (Notes 2 and 17)	834,936	-	859,236	-
Total intangible assets	19,212,395	6	19,852,579	6
OTHER ASSETS				
Nonoperating properties, net (Notes 2, 16 and 33)	5,257,840	2	4,330,871	2
Deferred income tax assets- noncurrent, net (Notes 2 and 28)	649,294	-	381,707	-
Refundable deposits (Note 25)	582,788	-	499,731	-
Deferred charges, net (Note 2)	1,333,979	1	726,234	-
Restricted assets (Notes 25 and 33)	7,543,319	2	115,805	-
Farmland (Note 19)	276,661	-	276,661	-
Other (Notes 2 and 32)	299,471	-	214,358	-
Total other assets	15,943,352	5	6,545,367	2
TOTAL	\$ 339,147,566	100	\$ 329,005,187	100

Far Eastern New Century

Annual Report 2012

LIABILITIES AND STOCKHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term bank loans (Notes 20 and 33)	\$ 25,209,168	7	\$ 27,371,719	8
Hedging derivative financial liabilities - current (Note 2)	-	-	2,667	-
Commercial paper payables (Notes 21 and 33)	6,286,740	2	10,765,090	3
Financial liabilities at fair value through profit or loss - current (Notes 2 and 6)	619	-	4,708	-
Notes and accounts payable (Note 25)	19,257,918	6	21,855,631	7
Notes and accounts payable to affiliates (Notes 25 and 32)	982,600	-	1,147,752	-
Income tax payable (Note 2)	2,688,208	1	1,700,572	1
Accrued expenses (Note 25)	11,143,508	3	9,573,072	3
Guarantee deposits received - current (Note 32)	401,798	-	504,806	-
Payables to suppliers of machinery and equipment	4,012,183	1	2,210,448	1
Receipts in advanced	1,092,033	-	1,163,573	-
Advances on land and building (Notes 2, 10, 25 and 32)	14,037	-	990,147	-
Unearned revenue (Notes 2 and 22)	2,579,679	1	2,776,205	1
Billings on construction-in-progress (net of construction-in-progress) (Notes 2, 23, 25 and 32)	160,779	-	504,941	-
Current portion of long-term liabilities (Notes 24 and 33)	3,991,578	1	2,525,144	1
Deferred income tax liabilities - current (Notes 2 and 28)	1,937	-	2,041	-
Other current liabilities (Notes 2)	1,549,511	1	2,261,852	1
Total current liabilities	79,372,296	23	85,360,368	26
LONG-TERM LIABILITIES, NET OF CURRENT PORTION (Notes 2, 24 and 33)				
Long-term debt	32,232,012	10	33,124,195	10
Bonds payable	41,726,021	12	28,327,158	9
Total long-term liabilities	73,958,033	22	61,451,353	19
RESERVE FOR LAND VALUE INCREMENT TAX (Note 16)	8,660,653	2	8,660,653	3
OTHER LIABILITIES				
Accrued pension cost (Notes 2 and 31)	1,900,533	1	2,124,155	1
Guarantee deposits received - noncurrent	739,923	-	630,861	-
Hedging derivative financial liabilities - noncurrent	287,522	-	-	-
Deferred income tax liabilities - noncurrent (Notes 2 and 28)	1,030,467	-	1,106,225	-
Deferred income (Notes 2, 16 and 32)	212,766	-	151,296	-
Other (Notes 2 and 14)	1,160,276	1	1,110,052	-
Total other liabilities	5,331,487	2	5,122,589	1
Total liabilities	167,322,469	49	160,594,963	49
STOCKHOLDERS' EQUITY OF PARENT COMPANY				
Capital stock - NT\$10.00 par value				
Authorized - 6,000,000 thousand shares			-	-
Issued and outstanding - 5,044,134 thousand shares in 2012 and 4,897,217 thousand shares in 2011	50,441,338	15	48,972,173	15
Capital surplus				
Premium on capital stock	932,814	-	932,814	-
From long-term investments	9,138,169	3	9,421,242	3
Others	8,884	-	7,672	-
Total capital surplus	10,079,867	3	10,361,728	3
Retained earnings				
Legal reserve	11,820,720	4	10,710,699	3
Special reserve	3,152,365	1	3,152,529	1
Unappropriated earnings	11,472,883	3	13,709,450	4
Total retained earnings	26,445,968	8	27,572,678	8
Other stockholders' equity				
Unrealized gains on financial instruments	4,221,652	1	2,716,548	1
Cumulative translation adjustments	186,739	-	2,915,415	1
Unrealized revaluation increment on properties	19,166,737	6	19,167,218	6
Net loss not recognized as pension cost	(166,360)	-	(130,034)	-
Treasury stock - 734 thousand shares in 2012 and 713 thousand shares in 2011	(25,063)	-	(25,063)	-
Total other stockholders' equity	23,383,705	7	24,644,084	8
Total stockholders' equity of parent company	110,350,878	33	111,550,663	34
MINORITY INTEREST	61,474,219	18	56,859,561	17
Total stockholders' equity	171,825,097	51	168,410,224	51
TOTAL	\$ 339,147,566	100	\$ 329,005,187	100

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated March 27, 2013)

Financial Information

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS YEARS ENDED DECEMBER 31, 2012 AND 2011 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

(Continued)

	2012		2011	
	Amount	%	Amount	%
Rental income	89,495	-	81,140	-
Valuation gain on financial assets, net (Notes 2 and 6)	95,188	-	-	-
Valuation gain on financial liabilities, net (Notes 2 and 6)	75,876	-	35,081	-
Other (Note 2)	<u>680,245</u>	-	<u>669,031</u>	-
Total nonoperating income and gains	<u>4,737,692</u>	<u>2</u>	<u>6,225,664</u>	<u>3</u>
NONOPERATING EXPENSES AND LOSSES (Note 32)				
Interest expense (Notes 12, 16 and 32)	1,414,238	1	1,346,924	1
Impairment loss on assets (Note 2)	200,440	-	567,833	-
Loss on disposal of properties, net (Notes 16 and 32)	1,095,330	1	178,932	-
Valuation loss on financial assets, net (Notes 2 and 6)	-	-	150,788	-
Exchange loss, net (Note 2)	244,111	-	-	-
Other (Note 32)	<u>454,109</u>	-	<u>488,902</u>	-
Total nonoperating expenses and losses	<u>3,408,228</u>	<u>2</u>	<u>2,733,379</u>	<u>1</u>
CONSOLIDATED INCOME BEFORE INCOME TAX	17,629,394	7	21,269,355	9
INCOME TAX EXPENSE (Notes 2 and 28)	<u>2,640,678</u>	<u>1</u>	<u>3,594,952</u>	<u>1</u>
CONSOLIDATED NET INCOME	<u>\$ 14,988,716</u>	<u>6</u>	<u>\$ 17,674,403</u>	<u>8</u>
BELONG TO:				
Stockholders of parent company	\$ 8,713,177	4	\$ 11,087,496	5
Minority interest	<u>6,275,539</u>	<u>2</u>	<u>6,586,907</u>	<u>3</u>
	<u>\$ 14,988,716</u>	<u>6</u>	<u>\$ 17,674,403</u>	<u>8</u>
	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
CONSOLIDATED EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Notes 4 and 30)				
Basic	<u>\$ 1.71</u>	<u>\$ 1.73</u>	<u>\$ 2.35</u>	<u>\$ 2.20</u>
Diluted	<u>\$ 1.71</u>	<u>\$ 1.72</u>	<u>\$ 2.34</u>	<u>\$ 2.19</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated March 27, 2013)

(Concluded)

Financial Information

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

	Capital Stock Issued and Outstanding (Note 26)		Capital Surplus (Notes 2 and 26)	Retained Earnings	
	Shares in Thousands	Amount		Legal Reserve	Special Reserve
BALANCE, JANUARY 1, 2011	4,754,580	\$47,545,799	\$ 10,228,131	\$ 9,413,371	\$3,034,766
Appropriation of the 2010 earnings					
Legal reserve	-	-	-	1,297,328	-
Cash dividends - NT\$2.0 per share	-	-	-	-	-
Stock dividends - NT\$0.3 per share	142,637	1,426,374	-	-	-
	4,897,217	48,972,173	10,228,131	10,710,699	3,034,766
Consolidated net income in 2011	-	-	-	-	-
Adjustments due to changes in investees' equity in long-term investments	-	-	133,607	-	117,763
Translation adjustment on foreign-currency equity-method investments	-	-	-	-	-
Change in unrealized loss on available-for-sale financial assets	-	-	-	-	-
Adjustments on stockholders' equity due to exchangeable bonds	-	-	(10)	-	-
Company's shares held by subsidiaries - treasury stock (713 thousand shares)	-	-	-	-	-
Land revaluation increment	-	-	-	-	-
Decrease in minority interest	-	-	-	-	-
BALANCE, DECEMBER 31, 2011	4,897,217	48,972,173	10,361,728	10,710,699	3,152,529
Appropriation of the 2011 earnings					
Legal reserve	-	-	-	1,110,021	-
Cash dividends - NT\$1.7 per share	-	-	-	-	-
Stock dividends - NT\$0.3 per share	146,917	1,469,165	-	-	-
	5,044,134	50,441,338	10,361,728	11,820,720	3,152,529
Consolidated net income in 2012	-	-	-	-	-
Adjustments due to changes in investees' equity in long-term investments	-	-	(262,703)	-	(1)
Translation adjustment on foreign-currency equity-method investments	-	-	-	-	-
Change in unrealized gain on available-for-sale financial assets	-	-	-	-	-
Adjustments on stockholders' equity due to the disposal of long-term investments	-	-	(20,370)	-	(163)
Subsidiaries' cash dividend distributed by the Company	-	-	1,212	-	-
Decrease in minority interest	-	-	-	-	-
BALANCE, DECEMBER 31, 2012	<u>5,044,134</u>	<u>\$50,441,338</u>	<u>\$ 10,079,867</u>	<u>\$11,820,720</u>	<u>\$3,152,365</u>

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(Notes 2, 26 and 28)		Other Stockholders' Equity							
Unappropriated Earnings	Total	Unrealized Gain (Loss) on Financial Instruments (Note 2)	Cumulative Translation Adjustments (Note 2)	Unrealized Revaluation Increment on Properties (Notes 2 and 16)	Net Loss Not Recognized as Pension Cost (Note 2)	Treasury Stock (Notes 2 and 27)	Minority Interest	Total Stockholders' Equity	
\$14,842,096	\$27,290,233	\$5,370,206	\$(492,626)	\$ 8,705,127	\$ (98,259)	\$ -	\$51,499,413	\$150,048,024	
(1,297,328)	-	-	-	-	-	-	-	-	
(9,509,160)	(9,509,160)	-	-	-	-	-	-	(9,509,160)	
<u>(1,426,374)</u>	<u>(1,426,374)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
2,609,234	16,354,699	5,370,206	(492,626)	8,705,127	(98,259)	-	51,499,413	140,538,864	
11,087,496	11,087,496	-	-	-	-	-	6,586,907	17,674,403	
12,720	130,483	(2,471,548)	2,697,436	8,905,010	(31,775)	-	-	9,363,213	
-	-	-	710,603	-	-	-	-	710,603	
-	-	(182,082)	-	-	-	-	-	(182,082)	
-	-	(28)	2	-	-	-	-	(36)	
-	-	-	-	-	-	(25,063)	-	(25,063)	
-	-	-	-	1,557,081	-	-	-	1,557,081	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,226,759)</u>	<u>(1,226,759)</u>	
13,709,450	27,572,678	2,716,548	2,915,415	19,167,218	(130,034)	(25,063)	56,859,561	168,410,224	
(1,110,021)	-	-	-	-	-	-	-	-	
(8,325,270)	(8,325,270)	-	-	-	-	-	-	(8,325,270)	
<u>(1,469,165)</u>	<u>(1,469,165)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
2,804,994	17,778,243	2,716,548	2,915,415	19,167,218	(130,034)	(25,063)	56,859,561	160,084,954	
8,713,177	8,713,177	-	-	-	-	-	6,275,539	14,988,716	
(45,639)	(45,640)	1,438,925	(1,589,068)	704	(36,418)	-	-	(494,200)	
-	-	-	(1,135,115)	-	-	-	-	(1,135,115)	
-	-	67,003	-	-	-	-	-	67,003	
351	188	(824)	(4,493)	(1,185)	92	-	-	(26,592)	
-	-	-	-	-	-	-	-	1,212	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,660,881)</u>	<u>(1,660,881)</u>	
<u>\$11,472,883</u>	<u>\$26,445,968</u>	<u>\$4,221,652</u>	<u>\$ 186,739</u>	<u>\$19,166,737</u>	<u>\$(166,360)</u>	<u>\$(25,063)</u>	<u>\$61,474,219</u>	<u>\$171,825,097</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated March 27, 2013)

Financial Information

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

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

(Continued)

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

(Continued)

Financial Information

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

	2012	2011
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 33,790,201</u>	<u>\$ 28,330,882</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid	\$ 1,574,048	\$ 1,436,734
Less: Capitalized interest	<u>103,783</u>	<u>89,305</u>
Interest paid (excluding capitalized interest)	<u>\$ 1,470,265</u>	<u>\$ 1,347,429</u>
Income tax paid	<u>\$ 2,112,722</u>	<u>\$ 2,696,896</u>
NONCASH FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 3,991,578</u>	<u>\$ 2,525,144</u>
Total land revaluation increment	\$ -	\$ 11,843,257
Deduct: Reserve for land value increment tax	-	<u>(2,405,988)</u>
Unrealized land revaluation increment	<u>\$ -</u>	<u>\$ 9,437,269</u>

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

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

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

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

(Concluded)

VII. Review and Analysis of the Financial Condition, Performance and Risk Management

1. Review and Analysis of Financial Conditions

Unit: NT\$ thousands

Item	Year	2012	2011	Variance	
				Amount	%
Current assets		21,334,414	21,770,291	(435,877)	(2.00)
Funds & long-term investments		143,193,480	139,609,011	3,584,469	2.57
Fixed assets		19,833,482	19,024,998	808,484	4.25
Intangible assets		20,332	21,965	(1,633)	(7.43)
Other assets		1,531,983	791,809	740,174	93.48
Total assets		185,913,691	181,218,074	4,695,617	2.59
Current liabilities		17,631,021	16,845,019	786,002	4.67
Long-term liabilities		55,204,042	49,794,014	5,410,028	10.86
Reserve for land value appreciation tax		1,519,896	1,519,896	-	-
Other liabilities		1,207,854	1,508,482	(300,628)	(19.93)
Total liabilities		75,562,813	69,667,411	5,895,402	8.46
Capital stock		50,441,338	48,972,173	1,469,165	3.00
Capital surplus		10,079,867	10,361,728	(281,861)	(2.72)
Retained earnings		26,445,968	27,572,678	(1,126,710)	(4.09)
Other shareholders' equity		23,383,705	24,644,084	(1,260,379)	(5.11)
Total shareholders' equity		110,350,878	111,550,663	(1,199,785)	(1.08)
Notes: Analysis of variation exceeding 20% and NT\$10 million of the numbers in the previous year					
Increase in other assets: mainly for the construction in progress asset was completed and reclassified into other assets.					

2. Review and Analysis of Financial Performances

Unit: NT\$ thousands

Item	Year	2012	2011	Variance	
				Amount	%
Operating revenue		60,682,495	61,556,945	(874,450)	(1.42)
Cost of goods sold		55,732,297	56,382,879	(650,582)	(1.15)
Gross profit		4,950,198	5,174,066	(223,868)	(4.33)
Operating expenses		4,933,590	4,726,810	206,780	4.37
Operating income		16,608	447,256	(430,648)	(96.29)
Non-operating income		10,203,097	12,549,582	(2,346,485)	(18.70)
Non-operating expenses		1,588,098	1,135,236	452,862	39.89
Income before tax		8,631,607	11,861,602	(3,229,995)	(27.23)
Income tax benefit (expense)		81,570	(774,106)	855,676	NA
Net income		8,713,177	11,087,496	(2,374,319)	(21.41)
<p>1. Analysis of variance:</p> <p>a. Operating income: mainly for the weaker recovery in the polyester and textile market.</p> <p>b. Non-operating expenses: mainly for the foreign exchange loss, and increase in the interest expenses.</p> <p>c. Income before tax and Net income: mainly for the decrease in the affiliate earnings booked through equity method</p> <p>d. Income tax benefit (expense): mainly for the adjustments in the deferred tax assets.</p> <p>2. Expected sales volume in next one year and the reason for such expectation. The impact of such expectation on the Company's financial situation and operational performances, and the Company's plan:</p> <p>The Company has long been committed to developing new products and new production processes. As the applications for polyester products have been created continuously, the Company is optimistic about the prospects of its operating performance in year 2013.</p>					

3. Review and Analysis of Cash Flow

Unit: NT\$ thousands

Cash and cash equivalents - Beginning balance	Total cash inflows from operating activities	Total cash outflows	Cash and cash equivalents – Ending balance	Remedy plans for negative balance of cash and cash equivalents	
				Investment plan	Financing plan
2,444,308	9,553,892	(20,628,599)	(8,630,399)	899,918	12,111,743
1. Cash Flow Analysis for year 2012: (1) Operating activities : mainly from the inflow of operating activities and cash dividends received from invested companies. (2) Investing activities : mainly for increasing capital expenditures and equity investments. (3) Financing activities : mainly for cash dividend payout.					
2. Remedy plans for insufficient liquidity for year 2012: to dispose long-term equity investments, issue corporate bonds, and borrow from banks.					
Cash and cash equivalents – Beginning balance (1)	Total cash inflows from operating activities (2)	Total cash outflows (3)	Cash and cash equivalents – Ending balance (1)+(2)-(3)	Remedy plans for negative balance of cash and cash equivalents	
4,381,262	10,215,872	(20,633,214)	(6,036,080)	Investment plan	Financing plan
				–	8,000,000
3. 2013 Estimated Cash Flow Analysis of variance in cash flow balance: (1) The Company expects the affiliate earnings booked from each subsidiary through equity method in 2013 could exceed those in 2012. When including the cash dividends received from the aforesaid subsidiaries, the Company expects the net cash inflows from operating activities in 2013 to increase compared to 2012. (2) When taking into consideration of the planned capital expenditures and the proposed cash dividends distribution, the Company expects total cash outflows in 2013 to exceed those in 2012. As the cash inflows from operating activities could be insufficient to meet the needs, the Company plans to issue corporate bonds or increase bank borrowings to finance the insufficient portion.					

4. Major Capital Expenditures in Recent Years and Impacts on Financial and Operational Situations

4.1 Major capital expenditures and sources of funding

Unit: NT\$ thousands

Plan Item		Actual or estimated source of capital	Actual or estimated project completion date	Total capital needed (note)	Capital utilization schedule				
					Actual		Estimated		
					Before 2011	2012	2013	2014	2015
Fiber SBU	Construction of a new polymer production line (capacity: 600 tons/day)	Retained earnings and bank borrowings	Dec 2012	1,157,750	1,032,824	96,254	28,672	-	-
	Expansion of production line for continuing heat shrinkage film		Sep 2014	1,070,000	-	39,799	824,161	206,040	-
	Expansion of production line for heat-shrinkage film		Jun 2014	470,000	-	38,725	371,303	59,972	-
	To build a coal water mixture (CWM) plant under Functional Material SBU;		Oct 2013	443,000	-	410	442,590	-	-
Solid-State Polymer SBU	Expansion plan of PET Sheet (6,000 tons/month)		Nov 2014	565,000	-	-	283,600	281,400	-
	Installment of recycled PET Process Equipment		Jun 2013	389,547	-	59,632	329,915	-	-
Hukou Mill	Installment of equipments for specialty OE yarn products		June 2012	566,000	93,261	453,084	19,655	-	-
Banciao Plant	Relocating project to Kuanyin		Jan 2012	802,340	699,648	80,913	21,779	-	-

Note: Working capital is not included.

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

4.2 Expected benefit

4.2.1 Production Volume, Sales Volume, Sales Revenue, and Gross Profit Expected to Increase:

Unit: NT\$ thousands

Year	Item	Unit	Production volume	Sales volume	Revenue	Gross profit
2013	Polyester polymers (internal consumption)	Ton	104,100	Internal consumption	Internal consumption	Internal consumption
	Knitted fabrics (internal consumption)	Ton	1,288	Internal consumption	Internal consumption	Internal consumption
	Knitted fabrics (external sales)	Ton	5,462	5,462	1,752,105	289,946
	Coal Water Mixture (internal consumption)	Ton	13,400	Internal consumption	Internal consumption	Internal consumption
	OE yarns	Bale	94,870	94,870	1,203,845	202,489
2014	Polyester polymers (internal consumption)	Ton	131,950	Internal consumption	Internal consumption	Internal consumption
	Polyester polymers (external sales)	Ton	35,000	35,000	1,715,000	171,500
	Polyester film	Ton	4,200	4,200	441,000	132,300
	PET sheet	Ton	8,400	8,400	499,800	61,620
	Knitted fabrics (internal consumption)	Ton	1,352	Internal consumption	Internal consumption	Internal consumption
	Knitted fabrics (external sales)	Ton	5,735	5,735	1,927,315	318,940
	Coal Water Mixture (internal consumption)	Ton	158,000	Internal consumption	Internal consumption	Internal consumption
	Coal Water Mixture (external sales)	Ton	64,000	64,000	316,800	75,072
	OE yarns	Bale	94,870	94,870	1,206,082	196,096

4.2.2 Other Expected Benefits: Using CWM instead of heavy oil during the production process is expected to reduce energy costs by 40-50%.

5. Investment Policies in Recent Years

5.1 Investment Policies :

The Company co-ordinates and mobilizes all resources in the Far Eastern Group to achieve two targets: 1) explore new business opportunities and extend the business territory of the whole Group; 2) upgrade and improve the existing affiliates and subsidiaries to achieve a sustainable growth of earnings.

5.2 Reasons for Profit/Loss in Recent Years and Plans for Improvement

The total affiliate earnings booked through equity method by the Company in 2012 was NT\$9.7 billion, and the profit generated by invested subsidiaries remained stable.

5.3 Future Investment Plan : (Please refer to page 54, "Long-term Business Plan")

In principal, the core strategy of the 1st five year plan is to achieve a vertical integration at the production process, from the upstream petrochemical plants, mid-stream chemical fiber mills, all the way to the downstream textile product factories.

6. Sources of Risks and Evaluations

6.1 Impacts from Fluctuations of interest Rate and currency Exchange Rate and Inflation on the Company in the Recent Years, and Measures the Company Undertake to Manage the Risks

- 6.1.1 Due to quantitative monetary policies implemented by the United States, Japan, UK and Europe's central banks, the worldwide economy is expected to slightly improve, as evidenced by the business environment in the United States and China showing signs of recovery, and debt-crisis in Europe being dealt with. However, the European sovereign debt issue and the United States fiscal cliff still create uncertainties in the global business environment. In the domestic market, the GDP growth for the past year was 1.32%. The Directorate General of Budget of Taiwan forecasts GDP growth for the current year to be 2.40% under the notion that the domestic market will turn the corner as global economy slowly recovers. They expect domestic exports to improve, the unemployment rate to decrease, and an increase in consumer spending and confidence. In regards to prices, the 2013 CPI growth forecast is 1.23%. While central banks in other countries are infusing the market with money to spark an increase in consumer spending, we believe the Central Bank of Taiwan would more likely remain a stable financial and business environment. However, the Company has taken precautions against unexpected turns in the global economy. In order to minimize the impact from interest rate fluctuations, the Company plans to manage the duration of its overall interest-bearing debts, and in the meantime plans to issue long-term fixed rate corporate bonds to lock-in the low borrowing cost. By doing so, the Company believes it can retain a low average cost of capital, even if acceleration in the global economic recovery results in higher-than-expected interest rates.
- 6.1.2 The Company Most export most of its products, and a majority portion of account receivables is denominated in US dollars. Over all, the Company has US dollars inflow. According to foreign currency net position basis, foreign currency asset subtract foreign currency liability, the Finance Department enters into spot or forward transactions to control foreign exchange risk. The Company will continue this policy to minimize the foreign exchange risk.

6.2 Major Reasons for transaction Policies, Gain or Loss from Engaging in High-risk and Hyper-leveraged Investments, Fund Lending to Others, Endorsement/ Guarantee and Derivatives and Correspondent Procedures

- 6.2.1 The Company did not engage in any high-risk, hyper-leveraged investment. The trading of derivative products is to hedge the risks from fluctuations stemming from our exposure to interest and currency exchange rates. Under this policy, all positions of derivative products are covered by physical holdings of assets and liabilities owned by the Company; in other words, these positions of derivative products are not naked positions. Therefore, the risk of trading derivatives is minimized and can be effectively controlled. Gains or losses, if occurred, often result from reasons such as investment horizon miss-match, and therefore, were little and negligible. The Company will insist on this policy, and will not proactively take naked position of high-risk, hyper-leveraged derivative products. All trading of derivative products will be managed in accordance with the "Procedures for Acquisition and Disposition of Assets" approved by the Board of Directors and Shareholders' Meeting.
- 6.2.2 The Company has established a bylaw on the "Procedures for Lending of Capital to Others" in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" promulgated by regulatory authority, and the said bylaw has been submitted to the Board of Directors and has also received approval from the Shareholders' Meeting. All matters regarding fund lending to others shall comply with the said bylaw to avoid any likely negative impact on the Company.

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

6.2.3 The Company has established a bylaw on the "Procedures for Endorsements and Guarantees" in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" promulgated by regulatory authority, and the said bylaw has been submitted to the Board of Directors and has also received approval from the Shareholders' Meeting. All matters regarding making endorsements/guarantees shall comply with the said bylaw to avoid any likely negative impact on the Company.

6.3 R&D Plans and Estimated Expenses in Coming Years

6.3.1 R&D projects and 2013 budgets :

- (1) Polymer research and development project: NT\$96 million
- (2) Polyester fiber & textile research and development project: NT\$180 million
- (3) Optoelectronics research and development project: NT\$170 million
- (4) Bio-tech research and development project: NT\$75 million
- (5) Green materials research and development project: NT\$96 million

6.3.2 R&D procedures and progress:

Research phase→Trial run→Scale-up production process development→ Commercial operation & promotion
Projects mentioned above are now still in the research phase.

6.3.3 Major factors affecting the R&D results in the future:

- (1) Empirical verification of R&D results
- (2) Stability of the product quality after the production process being scaled up
- (3) The willingness of downstream companies and customers to accept the trial of the new products, and if the said trial can meet downstream customers' requirements
- (4) Downstream customers' overall confidence in the Company
- (5) Production technology and the cost competitiveness

6.4 Impacts and Responses of the Company in Regard to Material Changes of Policies and Regulations in Taiwan and Foreign Countries

The management team closely monitors changes in policies and regulations in the domestic and overseas markets, and evaluates their impacts on the Company. Responsive measures will be planned and undertaken by the management team.

6.5 Technology Developments and Impacts on the Company

The innovation and breakthrough of technology have changed the world in several ways, either good or bad. The innovation of plastics is one of the examples. Plastics products make people's lives more convenient, but create pollution as well stemming from the inappropriate disposal of plastic wastes. Therefore, developing a new material, as convenient as plastics but more environmental friendly, is one of the most popular research projects in the world, and may also be the most important trend in the future of material development.

As the usage of plastics products is constrained by the Taiwanese government, and green products have already been promoted in the world, the Company believes the application of conventional petrochemical products will be restricted, and the enforcement of such restrictions is only a matter of time. Therefore, the Company vows to be a pioneer to create more environmentally friendly materials, in hopes of enjoying the first-mover advantages. The Company now has already engaged in the production of several bio-based or bio-degradable products, such as PLA, a material made from the fermentation process of corn. A wide range of product mix has been created via this or similar technologies and more applications are being innovated.

Currently, non-textile products comprise more than 60% of the Company's sales. Some examples of these products are, but not limited to, PLA materials, shoes materials, diapers, bio-degradable heat-shrinkage films, bio-degradable shopping bags, bio-medical products, special industrial yarns, PET bottles, PET packaging sheets, and various optoelectronic films. The Company has successfully converted itself from a virgin-product producer to a recycled product producer, and from a petroleum-based producer to a bio-based producer. These recycled, bio-based or bio-degradable products are widely used for textile, packaging, bottling, high-tech optoelectronics films, and bio-medical dressing. In the future, the Company aims to be the largest provider of these new products.

6.6 Changes of Corporate Image and Impacts on the Company's Crisis Management: None

6.7 Expected Benefits and Risks from Mergers and Acquisitions: None

6.8 Expected Benefits and Risks from Plant Expansion: Please refer to page 94.

6.9 Risks from Concentration in Supply and Sales and Measures the Company Undertake:

The Company actively integrates upward its production process, in order to secure the supplies of raw materials. Subsidiaries like Oriental Petrochemical (Shanghai) Corporation and Oriental Petrochemical (Taiwan) Co., Ltd. are established for this purpose. The Company's products are sold worldwide with a diversified portfolio of customers. Please refer to page 58 of this annual report for disclosure of related information.

6.10 Impacts and Risks from Changes in Directors, Supervisors and Shareholders with Greater than 10% Shareholding or their Selling of a Large Number of Shares in the Recent Years until the Annual Report Being Published: None

6.11 Impact and Risks from Change of Ownership in the Recent Year until the Annual Report Being Published: None

6.12 Material Impacts on Shareholders' Equity or Share Price from Litigations, Non-Litigations or Administrative Actions in Directors, Supervisors, Chairman, President, Shareholders with Greater than 10% Shareholding and Subsidiaries in the Recent Year until the Annual Report being Published:

Please refer to page 70 of this annual report for relevant information disclosed by the independent auditors' report.

6.13 Other Major Risks: None

7. Others

None

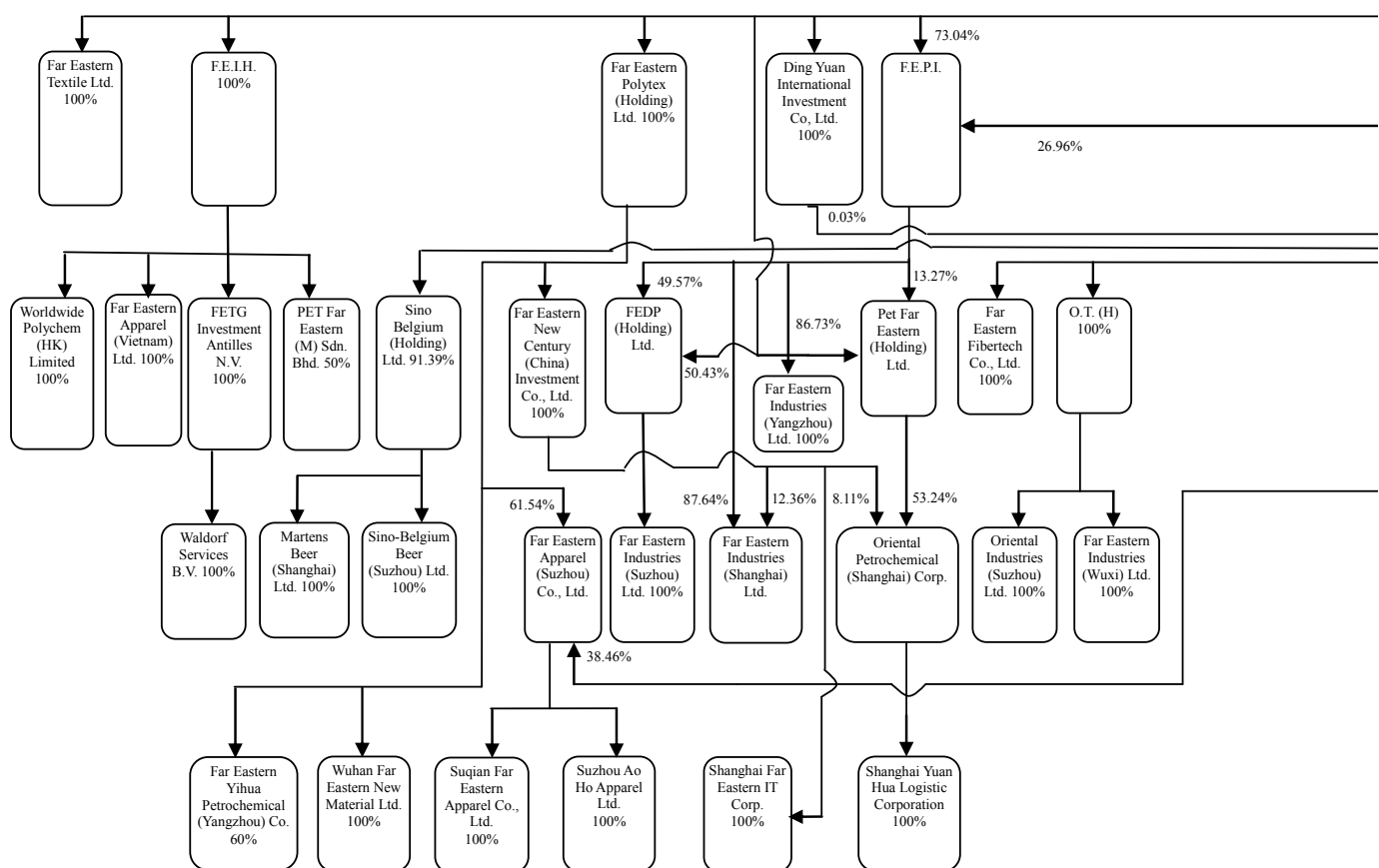
Special Disclosure

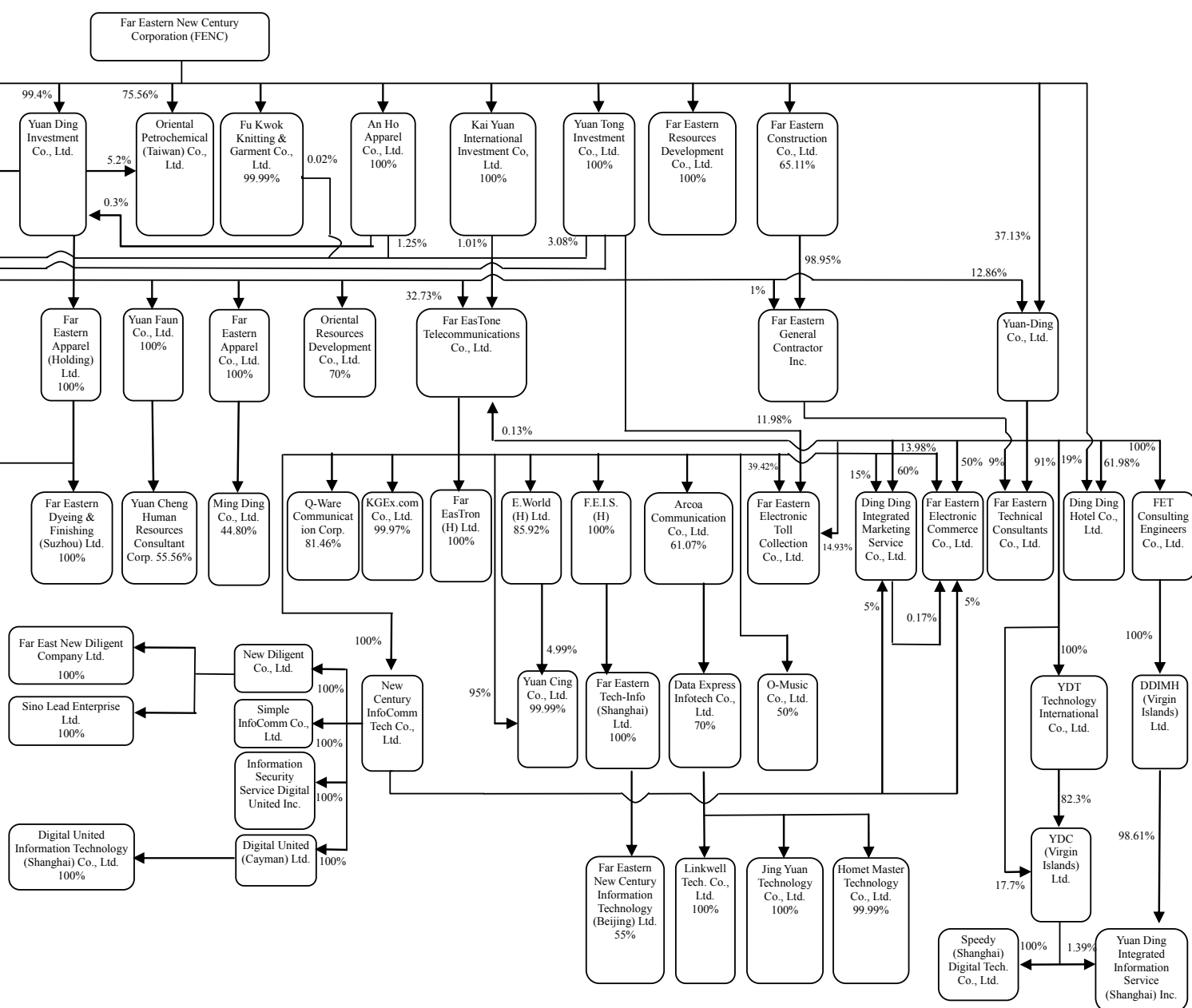
VIII. Special Disclosure

1. Affiliated Companies

1.1 Subsidiaries and Affiliated Companies in the Consolidated Financial Report

1.1.1 Holding Structure of the Organization





Special Disclosure

1.1.2 Information of Far Eastern New Century and Subsidiaries and Affiliates:

Unit: NT\$ thousands, unless stated otherwise

Company	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
Far Eastern New Century Corp.	1954/1/13	36F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	50,441,338	Petrochemical and polyester materials, semi-finished products, finished goods, woven and knitted garments
Yuan Ding Investment Co., Ltd.	1986/11/7	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	18,338,262	Investment
Yuan Tong Investment Co., Ltd.	1999/12/3	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	7,051,468	Investment
Oriental Petrochemical (Taiwan) Co., Ltd.	1987/1/26	47, Jingjian 4th Road, Kuanyin Industrial Park, Kuanyin, Taoyuan, Taiwan	7,660,930	Production and sales of PTA
Far Eastern Electronic Toll Collection Co., Ltd.	2004/4/7	28F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	6,450,000	Information software service, telecom hardware construction, engineering design of auto-controlling system
Far Eastern Resources Development Co., Ltd.	2003/9/30	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	5,573,540	Development, sales and lease of real estates
Kai Yuan International Investment Co., Ltd.	1998/10/6	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	3,028,434	Investment
Ding Yuan International Investment Co., Ltd.	1998/10/2	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	2,050,000	Investment
Far Eastern Construction Co., Ltd.	1978/9/4	5F, 267, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	2,900,908	Construction contractor for residential housings; broker of housing rental and sales service
Far Eastern General Contractor Inc.	1982/10/4	5F, 267, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	1,269,724	Construction of housing and public infrastructures.
Far Eastern Fibertech Co., Ltd.	1995/4/10	No.17, Gongye 5th Rd., Guanyin Township, Taoyuan County, Taiwan	792,409	Production of man-made fibers
An Ho Garment Co., Ltd.	1977/1/24	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	663,462	Garment and apparel production
Oriental Resources Development Co., Ltd.	1988/6/27	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	489,176	Production and wholesale of medical supplies; Waste recycling and re-processing
Far Eastern Apparel Co., Ltd.	1976/2/27	36F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	247,364	Sales of textile, garments, and clothing
Yuan Faun Co., Ltd.	1980/12/13	33F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	50,000	Sales of PET bottles and paper boxes
Fu Kwok Knitting & Garment Co., Ltd.	1971/3/6	No.110, Neihuan S. Rd., Nanzi District, Kaohsiung City 811, Taiwan	40,000	Fabrics production and sales
Ming Ding Co., Ltd.	1990/8/7	1F., No.389, Sec. 1, Sichuan Rd., Banciao City, New Taipei City 220, Taiwan	10,000	Sales of knitted garments and apparels
Yuan Cheng Human Resources Consultant Corp.	1999/6/8	19F.-1, No.1, Baosheng Rd., Yonghe City, New Taipei City 234, Taiwan	13,500	Personnel recruitment; temporary employment arrangement
Far Eastern Textile Ltd.	2011/12/28	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	1,000	Chemical fiber production
Far Eastern Polychem Industries Ltd.	1995/4/13	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	427 HK\$114	Investment
Far Eastern Investment (H) Ltd.	1989/8/29	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	494 US\$17	Investment
FEDP(H) Ltd.	2002/3/20	Clarendon House 2 Church street Hamilton HM 11, Bermuda	139 US\$4.8	Investment
PET Far Eastern(H) Ltd.	1996/10/1	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	70 US\$2.6	Investment
Oriental Textile (H) Ltd.	2001/1/10	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	26 US\$0.9	Investment
Far Eastern Apparel (H) Ltd.	1996/10/1	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	29 US\$1	Investment
Far Eastern Polytex (H) Ltd.	2006/3/22	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	35 US\$1.2	Investment
Sino Belgium (H) Ltd.	2007/8/10	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	9 US\$0.3	Investment
Far Eastern Industries (Shanghai) Ltd.	1996/9/25	33F, No. 800, Dongfang Road, Pudong New Area, Shanghai, China	8,703,427 RMB 1,880,399	Production and sales of polyester staple, filament, and resins.
Oriental Petrochemical (Shanghai) Corp.	2003/1/21	Suite 3201, 32F, No. 800, Dongfang Road, Pudong New Area, Shanghai, China	6,951,405 RMB 1,501,870	Production and sales of PTA
Far Eastern New Century (China) Investment Co., Ltd.	2007/6/18	Suite 3301, 33F, No. 800, Dongfang Road, Pudong New Area, Shanghai, China	1,687,274 RMB 364,540	Investment
Martens Beers (Shanghai) Ltd.	2007/10/26	Suite 2105, 21F, No. 800, Dongfang Road, Pudong New Area, Shanghai, China	304,555 RMB 65,800	Trading of beer and relevant beverages

Company	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
Shanghai Yuan Hua Logistic Corp.	2006/3/2	No.198 Baisha Road, Spark Development Zone, Pudong, Shanghai, China	87,942 RMB 19,000	Transportation and storage
Shanghai Far Eastern IT Corp.	2003/4/15	Suite 1801, No. 800, Dongfang Road, Pudong New Area, Shanghai, China	58,828 RMB 12,710	Software development, equipment maintenance and consulting services
Oriental Industries (Suzhou) Ltd.	2005/6/24	No.1688, Yin Zhong South Road, HeDong Industrial Park, Wu Zhong Economic Development District, Suzhou, China	3,643,001 RMB 787,080	Production and sales of polyester resins and industrial fabrics.
Far Eastern Industries (Suzhou) Ltd.	2004/3/22	No.6, Hengshan Road, New District, Suzhou, Jiangsu Province, China	1,825,342 RMB 394,370	Production and sales of polyester products
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	2003/10/22	No.1588, Yin Zhong South Road, HeDong Industrial Park, Wu Zhong Economic Development District, Suzhou, China	1,709,180 RMB 369,273	Spinning, weaving and dyeing of high-end apparels, and sales and production of specialty garments
Sino-Belgium Beer (Suzhou) Ltd.	2007/9/4	No.6, Hengshan Road, New District, Suzhou, Jiangsu Province, China	1,480,903 RMB 319,953	Development of beer brewing technology
Far Eastern Apparel (Suzhou) Co., Ltd.	1996/10/24	No.88, Tian ling Rd. Wu Zhong District Economic Development Zone, Suzhou	946,885 RMB 204,577	Production of knitted and woven garments and beddings
Far Eastern Yihua Petrochemical (Yangzhou) Corp.	2011/12/9	No.9, Won Nien South Road, Yangzhou Industrial Park, Yangzhou, Jiangsu Province, China	6,726,836 RMB1,453,351	Production and sales of PTA
Far Eastern Industries (Yangzhou) Ltd.	2012/5/10	No.9, Won Nien South Road, Yangzhou Industrial Park, Yangzhou, Jiangsu Province, China	1,002,570 RMB216,608	PTA production and sale
Far Eastern Union Petrochemical (Yangzhou) Ltd.	2012/5/23	No.9, Won Nien South Road, Yangzhou Industrial Park, Yangzhou, Jiangsu Province, China	816,856 RMB176,484	Manufacture and distribution of PTA and its by-products
Suqian Far Eastern Apparel Ltd.	2011/7/5	East of Fumin Avenue and North of Jinji Lake Road, Economic Development Zone, Jiangsu, China	111,084 RMB24,000	Production and sales of knitted and woven garments, accessories, and beddings
Suzhou An He Apparel Ltd.	2008/1/31	No.88, Tian Ling Rd. Wu Zhong District Economic Development Zone, Suzhou	4,629 RMB 1,000	Production of knitting and weaving garments
Far Eastern Industries (Wuxi) Ltd.	2002/6/5	WinZhouLoad 89, WuXi, Jiangsu, China	2,228,487 RMB 481,471	Production of cotton yarn, other natural fibers, and chemical fibers
Wuhan Far Eastern New Material Ltd.	2003/7/9	No.93, Zhushanhu Rd., Wuhan Economical-Technical Development Zone, Hubei, Wuhan, China	791,694 RMB 171,048	Production and sales of PET sheet, chip, filament, staple fibers, and apparels
Far Eastern Apparel (Vietnam) Ltd.	2002/7/4	11 VSIP Street 4, Vietnam Singapore Industrial Park, Thuan An District, Binh Duong Province, Vietnam	261,315 US\$9,000	Apparel production
PET Far Eastern (M) Sdn Bhd	1995/7/22	Plot 69 ,Kawasan Perindustrian Senai III, 81400 Senai, Johor Bahru, Johor Malaysia	145,616 MYR 16,000	Production of PET bottles and preforms
Waldorf Services B.V.	1990/1/10	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	560 US\$19.3	Investment
FETG Investment Antilles N.V.	1989/10/5	Kaya W.F.G. Mensing 14, Curacao	174 US\$6.0	Investment
Worldwide Polychem (HK) Limited	2011/8/30	11/F, Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong	100,519 US\$3,462	Investment
Far EasTone Telecommunications Co., Ltd.	1997/4/11	28F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	32,585,008	Wireless telecommunications service, leased circuit service, ISR and internet services and sale of cellular phone equipments and accessories
New Century InfoComm Tech Co., Ltd.	2000/6/1	1-11Fl., No.218, Ruei-Guang Rd., Neihu, Taipei, Taiwan	25,994,490	Type I & II telecom services
ARCOA Communication Co., Ltd.	1981/5/4	36F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	1,342,800	Type II telecom services; sale of cell phones and other telecom equipments
KGEx.com Co., Ltd.	2000/8/9	4F, No.468, Ruei-Guang Rd., Neihu, Taipei, Taiwan	1,124,080	Type II telecommunications service
New Diligent Co., Ltd.	2001/5/2	1F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan	800,000	Business consulting and souvenir selling
Q-Ware Communication Corp.	2007/2/13	8F, No.220, Kang Chien Road, Neihu, Taipei, Taiwan	417,149	Type II telecommunications services
Yuan Cing Co., Ltd.	2000/8/5	28F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	193,500	Phone subscriber service
Information Security Service Digital United	2004/12/22	6F, No 71, Zhou Ze Street, Neihu, Taipei, Taiwan	148,777	Security and monitoring services via Internet
Data Express Infotech Co., Ltd.	2004/7/22	6F-1, No. 778, Ba Der Road, Section 4, Taipei, Taiwan	131,625	Sale of communication products

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Company	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
O-music Co., Ltd.	2010/10/5	12F, No.468, Ruei-Guang Rd., Neihu, Taipei, Taiwan	50,000	Electronic information providing services
Simple InfoComm Co., Ltd.	2001/10/23	12F, No.468, Ruei-Guang Rd., Neihu, Taipei, Taiwan	34,000	Type II telecommunications services
Linkwell Tech Co., Ltd.	2005/4/8	2F, No. 2, Guan-Chien Road, Taipei, Taiwan	18,344	Sales of communication products
Samsungvip Co., Ltd.	2011/8/11	1F, No.24, Lane 241, King Pin Rd., Chong He District, New Taipei City, Taiwan	10,000	Sales of communication products
Gin Yuan Tech. Co., Ltd.	2011/9/5	6F-1, No. 778, Ba Der Road, Section 4, Taipei, Taiwan	10,000	Information processing service
E. World (H) Ltd.	2000/4/7	4F, One Capital Place. P.O. Box 847 G.T., Grand, Cayman Island	203,280 US\$7,000	International investments
Far EasTron (H) Ltd.	2005/8/30	Marguee Place, Suite 300, 430 West Bay Road, P.O. Box30691 SMB, Grand Cayman, Cayman Islands, British West Indies	130,302 US\$4,487	International investments
Digital United (Cayman) Ltd.	2000/8/16	P.O. Box 2681, Zephyr House, Mary Street, George Town, Grand Cayman, British West Indies	96,413 US\$3,320	General investments
Far Eastern Info Service (H) Ltd.	2002/7/17	Clarendon House 2 Church Street Hamilton HM11 Bermuda	348 US\$12	International investments
FENC (Beijing)	2010/7/23	11th floor, Building No.9, No.93, Jianguo Road, Wanda Plaza, Chaoyang District, Beijing, China	6,131 RMB1,327	Electronic information providing services
Far Eastern Tech-Info Ltd. (Shanghai)	2002/11/18	3F, No.23, Podong Software Park, No. 498, Guo Shou Jing Road, Pudong New Area, Shanghai, China	95,522 RMB 20,675	Computer software, data processing and internet content providing services
Digital United Information Technology (Shanghai) Co., Ltd.	2000/10/8	Suite 22301-918, House 14, Podong Software Park, No. 498, Guo Shou Jing Road, Pudong New Area, Shanghai, China	80,309 RMB 17,382	Design and research of computer system
Far Eastern New Diligence Ltd.	2010/7/27	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	USD-	Consulting services, supporting services, and wholesale of machine equipment
Sino Lead Enterprise Ltd.	2006/4/11	Hong Kong Trade Center, 7/F, 161-167, Des Voeux Road, Central, Hong Kong	112 HK\$30	Telecommunication services
Yuan-Ding Co., Ltd.	1984/10/1	23F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan	5,034,046	Hotel management
Yuan Hong Electric Co., Ltd.	1999/12/13	23F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan	390,000	Corporate management consulting, pipe & cable installment and replacement
Ding Ding Hotel Co., Ltd.	1983/3/22	1-5F, 201-203, Tun Hwa South Road, Sec.2, Taipei, Taiwan	283,500	Hotel management
Far Eastern Technical Consultants Co., Ltd.	1996/1/17	23F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan	50,000	Construction management and consulting service
Far Eastern Electronic Commerce Co., Ltd.	2010/12/10	12F, 268, Fuxing South Road, Sec.2, Taipei, Taiwan	300,500	Online retail service
Ding Ding Integrated Marketing Service Co., Ltd.	2004/10/22	23F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan	115,000	Market research and advertisement
YDT Technology International Co., Ltd.	1989/8/4	23F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan	139,920	Sale of communication products
DDIMH (Virgin Islands) Ltd.	2011/8/31	P.O.Box.957OffshoreIncorporations Centre, Road Town Tortola, British Virgin Islands.	227,867 USD7,848	Business activities not prohibited by law
YDC (Virgin Islands) Ltd.	1998/2/11	Columbus Centre Building, Wickhams Cay, RoadTown, Tortola, British Virgin Islands.	32,810 USD1,130	Business activities not prohibited by law
Yuan Ding Integrated Information Service Inc.	2011/8/10	Room 1506, 719, Yan'an West Road, Changning District, Shanghai, China	231,680 RMB50,055	Software development and internet service design, sale of computer equipment
Speedy (Shanghai) digital Tech. Co., Ltd.	2004/4/27	3F-21, Xin Brick Road, Songshan District, Shanghai, China	30,267 RMB6,539	Intelligent control equipment and security firewall software products

1.1.3 Companies Presumed to Have a Relationship of Control and Subordination with Far Eastern New Century under Article 369-3 of the R.O.C. Company Law: None

1.1.4 Industries Covered by the Business Operated by the Affiliates and Description of the Mutual Dealings and Division of Work among Such Affiliates:

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

1.1.5 Information about Directors, Supervisors, and Managers at Each Subsidiary and Affiliate:

Unit: Number of shares; %

Company	Title	Name or representative	Registered shares owned		
			Shares	%	
Far Eastern New Century Corp.	Directors	Douglas Tong Hsu (Chairman)	58,187,179	1.15	
		Asia Cement Corp.	1,198,895,114	23.77	
		Raymond Hsu, Peter Hsu, Shaw Y. Wang, Richard Yang	-	-	
	Independent Directors	Yue Ding Industry Co., Ltd.	6,008,093	0.12	
		Johnny Shih	-	-	
		Far Eastern Department Stores Ltd.	18,812,873	0.37	
	Supervisors	Kuan Tao Li, Tonia Katherine Hsu	-	-	
		Shen Bing, Bao-Shuh Paul Lin, Johnsee Lee	-	-	
		U-Ming Marine Transport Corp.	28,527,182	0.58	
		Alice Hsu, T.H. Chang	-	-	
President	Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation Rep.	7,770,261	0.16		
	Champion Lee	-	-		
	Y.H. Tseng, Eric Hu, K.S. Wu, Humphrey Cheng	-	-		
Yuan Ding Investment Co., Ltd.	Directors	Far Eastern New Century Corp. Douglas Tong Hsu (Chairman), C.S. Tu, Johnny Shih, Shaw Y. Wang, Peter Hsu, Alan Tsai, David Wang	1,822,821,555	99.40	
	Supervisors	Da Ju Fiber Co., Ltd. Humphrey Cheng, Mark Lu	5,502,000	0.30	
	President	C.S. Tu	-	-	
Yuan Tong Investment Co., Ltd.	Directors	Far Eastern New Century Corp. David Wang (Chairman), Humphrey Cheng, Bill Yang	705,146,840	100.00	
	Supervisors	Far Eastern New Century Corp. Alan Tsai	705,146,840	100.00	
	President	David Wang	-	-	
Oriental Petrochemical (Taiwan) Co., Ltd.	Directors	Far Eastern New Century Corp. Douglas Tong Hsu (Chairman), Johnny Shih, K.S. Wu, H.D. Zhou, David Shih	578,845,734	75.56	
	Supervisors	Oriental Union Chemical Corp. Justin Tsai	137,963,517	18.01	
		Yuan Ding Investment Co., Ltd. David Wang, Humphrey Cheng	39,806,078	5.20	
President	Eric Chueh	-	-		
	Far Eastern Electronic Toll Collection Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Douglas Tong Hsu (Chairman), Jan Nilsson, Y.C. Chang	254,239,581	39.42
		Supervisors	Yuan Tong Investment Co., Ltd. Champion Lee	56,497,684	8.76
SYSTEX S. C. Yang			54,315,614	8.42	
TECO Sophia Chiu			70,906,802	10.99	
MiTAC Kuo Yun			59,606,802	9.24	
C.F. Deng			-	-	
F.C. Lee			-	-	
Far EasTone Telecommunications Co., Ltd. T. Y. Yin			254,239,581	39.42	
SYSTEX J.H. Lai			54,315,614	8.42	
MiTAC Simon Chiang			59,606,802	9.24	
TECO W.C. Ye			70,906,802	10.99	
President		Y.C. Zhang	-	-	
Far Eastern Resources Development Co., Ltd.		Directors	Far Eastern New Century Corp. Douglas Tong Hsu (Chairman), Johnny Shih, Peter Hsu	557,354,007	100.00
	Supervisors	Far Eastern New Century Corp. Shaw Y. Wang	557,354,007	100.00	
	President	C.S. Tu	-	-	

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Company	Title	Name or representative	Registered shares owned	
			Shares	%
Kai Yuan International Investment Co., Ltd.	Directors	Far Eastern New Century Corp. Humphrey Cheng (Chairman), David Wang, Bill Yang	302,843,390	100.00
	Supervisors	Far Eastern New Century Corp. Li-Chi Chen	302,843,390	100.00
	President	Humphrey Cheng	-	-
Ding Yuan International Investment Co., Ltd.	Directors	Far Eastern New Century Corp. Alan Tsai (Chairman), Humphrey Cheng, David Wang	205,000,000	100.00
	Supervisors	Far Eastern New Century Corp. Li-Chi Chen	205,000,000	100.00
Far Eastern Construction Co., Ltd.	Directors	Far Eastern New Century Corp. S.S Hsu (Chairman), Shaw Y. Wang, Douglas Tong Hsu, D.F. Yang, B.S. Hong, S.F. Cheng, Lin Kuo, C.Y. Lee, C.M. Chen, Peter Hsu, T.Z. Chang	188,875,441	65.11
	Supervisors	Der Ching Investment Co., Ltd. Charles Wang, H.K. Ni	97,312,254	33.55
	President	S.F. Cheng	-	-
Far Eastern General Contractor Co. Ltd.	Directors	Far Eastern Construction Co., Ltd. S.S Hsu (Chairman), Douglas Tong Hsu, Shaw Y. Wang, S.F. Cheng, Wei Ying Lin Kuo, D.F. Yang, T.C. Lin You, Z.C. Ku	125,638,715	98.95
	Supervisors	Yuan Ding Investment Co., Ltd. Jackson Wu, Y.M. Shih	1,270,063	1.00
	President	S.F. Cheng	10,600	-
Far Eastern Fibertech Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd. Douglas Tong Hsu (Chairman), Johnny Shih, Fred Chu, Humphrey Cheng, C.Y. Huang	79,240,923	100.00
	Supervisors	Yuan Ding Investment Co., Ltd. Y.H. Tseng, David Wang	79,240,923	100.00
	President	Fred Chu	-	-
An Ho Garment Co., Ltd.	Directors	Far Eastern New Century Corp. David Wang (Chairman), Alan Tsai, Bill Yang	66,346,200	100.00
	Supervisors	Far Eastern New Century Corp. Benjamin Shih	66,346,200	100.00
Oriental Resources Development Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd. Y.H. Tseng (Chairman), T.H. Liu, Humphrey Cheng, Ru Yu Wu, David Wang	34,242,298	70.00
	Supervisors	Oriental Union Chemical Corporation Justin Tsai \ Y.K. Pan	14,675,271	30.00
		Yuan Ding Investment Co., Ltd. Alan Tsai	34,242,298	70.00
	President	Oriental Union Chemical Corporation Judy Wang	14,675,271	30.00
		Fanny Liao	-	-
Far Eastern Apparel Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd. Benjamin Shih (Chairman), Eric Hu, Austin Lee, C.S. Tu, Li-Chi Chen, M.F. Chen	24,736,445	100.00
	Supervisors	Yuan Ding Investment Co., Ltd. Y.H. Chen, Alan Tsai	24,736,445	100.00
Yuan Faun Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd. L.T. Chang (Chairman), Y.H. Tseng, T.H. Liu, Fred Chu, Eric Hu	5,000,000	100.00
	Supervisors	Yuan Ding Investment Co., Ltd. Humphrey Cheng, David Wang	5,000,000	100.00
Fu Kwok Knitting & Garment Co., Ltd.	Directors	Far Eastern New Century Corp. Raymond Hsu (Chairman), Eric Hu, Austin Lee, Stanley Hu	3,999,465	99.99
	Supervisors	Far Eastern New Century Corp. Alan Tsai	3,999,465	99.99
	President	Raymond Hsu	-	-
Ming Ding Co., Ltd.	Directors	Far Eastern Apparel Co., Ltd. Bill Yang (Chairman)	448,000	44.80
		Da Ju Fiber Co., Ltd. F.Z. Yu	414,000	41.40
		Yue Ming Co., Ltd. M.F. Chen	138,000	13.80
	Supervisors	Far Eastern Apparel Co., Ltd. C.C. Ding	448,000	44.80

Far Eastern New Century

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Company	Title	Name or representative	Registered shares owned	
			Shares	%
Yuan Cheng Human Resources Consultant Corp.	Directors	Yuan Faun Co., Ltd. Benjamin Shih(Chairman), Humphrey Cheng, Emily Wu, David Wang, B.T. Cheng, C.Y. Lin	749,999	55.56
	Supervisors	Chang Cheng Human Resources Consultant Co., Ltd. J.C. Wang, M.L. Yan, C.C. Wang, Yuan Faun Co., Ltd. Bill Yang	600,001	44.44
Far Eastern Textile Ltd.	Directors	Far Eastern New Century Corp. Douglas Tong Hsu, Johnny Shih, Peter Hsu	100,000	100.00
	Supervisors	Far Eastern New Century Corp. Shaw Y. Wang	100,000	100.00
	President	C.S. Tu	-	-
Far Eastern Polychem Industries Ltd.	Directors	Yuan Ding Investment Co., Ltd. Far Eastern New Century Corp. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, L.T. Chang, C.S. Tu	306,643,943	26.96
			830,814,727	73.04
Far Eastern Investment (H) Ltd.	Directors	Far Eastern New Century Corp. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Peter Hsu, C.S. Tu	1,700,000	100.00
			-	-
FEDP (H) Ltd.	Directors	Far Eastern Polychem Industries Ltd. Far Eastern New Century Corp. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Peter Hsu, C.S. Tu	240,304	49.57
			244,480	50.43
PET Far Eastern (H) Ltd.	Directors	Far Eastern Polychem Industries Ltd. Far Eastern New Century Corp. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Peter Hsu, C.S. Tu	34,793	13.27
			227,453	86.73
Oriental Textile(H) Ltd.	Directors	Yuan Ding Investment Co., Ltd. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Peter Hsu, C.S. Tu	85,250	100.00
			-	-
Far Eastern Apparel (H) Ltd.	Directors	Yuan Ding Investment Co., Ltd. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Peter Hsu, C.S. Tu	111,200	100.00
			-	-
Far Eastern Polytex(H) Ltd.	Directors	Far Eastern New Century Corp. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Peter Hsu, C.S. Tu	115,350	100.00
			-	-
Sino Belgium (H) Ltd.	Directors	Yuan Tong Investment Co., Ltd. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Peter Hsu, C.S. Tu	25,650	91.39
		Martens HK Limited Jan Martens	2,415	8.61
Far Eastern Industries (Shanghai) Ltd.	Directors	Far Eastern Polychem Industries Ltd. Far Eastern New Century (China) Investment Co., Ltd. L.T. Chang (Chairman), C.S. Tu, Champion Lee, D.C. Wu, K.S. Wu, Humphrey Cheng, Donald Fan	-	87.64
	Supervisors	Yvonne Lee	-	12.36
	President	C.Y. Dai	-	-
Oriental Petrochemical (Shanghai) Corp.	Directors	PET Far Eastern (H) Ltd. Pacific Petrochemical (H) Ltd. Far Eastern New Century (China) Investment Co., Ltd. L.T. Chang (Chairman), Y.H. Tseng, Paul Chuang, D.C. Wu, Humphrey Cheng, K.S. Wu, Alex Kuo	-	53.24
	Supervisors	R.H. Shao	-	38.65
	President	Paul Chuang	-	8.11
Far Eastern New Century (China) Investment Co., Ltd.	Directors	Far Eastern Polytex(H) Ltd. L.T. Chang (Chairman), C.S. Tu, Eric Hu, Humphrey Cheng, D.C. Wu	-	100.00
	Supervisors	Charles Wang	-	-
	President	C.S. Tu	-	-
Martens Beer (Shanghai) Ltd.	Directors	Sino Belgium (H) Ltd. Eric Hu (Chairman), Jan Martens, Alfons Martens, S.Y. Lai, Fanny Liao	-	100.00
	Supervisors	Brian Lee	-	-
	President	S.Y. Lai	-	-

Special Disclosure

Company	Title	Name or representative	Registered shares owned	
			Shares	%
Shanghai Yuan Hua Logistic Corp.	Directors	Far Eastern Industries (Shanghai) Ltd. L.T. Chang (Chairman), C.Y. Dai, K.S. Wu, Mo Jyi Wu, W.Y. Yun	-	100.00
	Supervisors President	Y.P. Hung, Brian Lee Paul Chuang	-	-
Shanghai Far Eastern IT Corp.	Directors	Far Eastern New Century (China) Investment Co., Ltd. L.T. Chang (Chairman), C.Y. Dai, Emily Wu, Mo Jyi Wu, Mike Wu	-	100.00
	Supervisors President	Y.P. Hung, Brian Lee C.Y. Dai	-	-
Oriental Industries (Suzhou) Ltd.	Directors	Oriental Textile (H) Ltd. Eric Hu (Chairman), Humphrey Cheng, David Wang, Mo Jyi Wu, K.J. Chen	-	100.00
	Supervisors President	Steve Liu, T.H. Tsai Emily Wu Mo Jyi Wu	-	-
Far Eastern Industries (Suzhou) Ltd.	Directors	FEDP (H) Ltd. Eric Hu (Chairman), Humphrey Cheng, S.Y. Lai, Benjamin Shih, David Wang	-	100.00
	Supervisors President	Steve Liu, Mo Jyi Wu Alan Tsai S.Y. Lai	-	-
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Directors	Far Eastern Apparel (H) Ltd. Eric Hu (Chairman), Humphrey Cheng, Benjamin Shih, Kwen Lin Ho, Steve Liu, David Wang, Bill Yang	-	100.00
	Supervisors President	Brian Lee Kwen Lin Ho	-	-
Sino-Belgium Beer (Suzhou) Ltd.	Directors	Sino Belgium (H) Ltd. Eric Hu (Chairman), David Wang, Humphrey Cheng	-	100.00
	Supervisors President	Alan Tsai S.Y. Lai	-	-
Far Eastern Apparel (Suzhou) Co., Ltd.	Directors	Far Eastern Polytex (H) Ltd. Far Eastern Apparel (H) Ltd. Eric Hu (Chairman), Austin Lee, Mike Wu, H.B. Liang, Hans Kuo, Tony Liang, Steve Liu	-	61.54 38.46
	Supervisors President	Brian Lee Austin Lee	-	-
Far Eastern Yihua Petrochemical (Yangzhou) Corp.	Directors	Far Eastern Polytex (H) Ltd. K.S. Wu (Chairman), Humphrey Cheng, H.D. Zhou Sinopec Yizheng Chemical Fibre Co. Ltd.	-	60.00 40.00
	Supervisors President	W.Z. Siao, S.G. Shen S.M. Peng, Y. Tzao W.Z. Siao	-	-
Far Eastern Industries (Yangzhou) Ltd.	Directors	Far Eastern Polychem Industries Ltd. Humphrey Cheng (Chairman), Y.H. Tseng, Donald Fan, C.Y. Dai, David Wang	-	100.00
	Supervisors President	Alan Tsai C.Y. Dai	-	-
Far Eastern Union Petrochemical (Yangzhou) Ltd.	Directors	PET Far Eastern (H) Ltd. Pacific Petrochemical (H) Ltd. Humphrey Cheng (Chairman), K.S. Wu, H.D. Zhou, Chris Chang, Alex Kuo, S.M. Peng, C.K. Tsai	-	50.00 50.00
	Supervisors President	Mike Wu, Judy Wang H.D. Zhou	-	-
Suqian Far Eastern Apparel Ltd.	Directors	Far Eastern Apparel (Suzhou) Co., Ltd. Eric Hu (Chairman), Austin Lee, Mike Wu, Hans Kuo, Steve Liu	-	100.00
	Supervisors President	Brian Lee Austin Lee	-	-
Suzhou An He Apparel Ltd.	Directors	Far Eastern Apparel (Suzhou) Co., Ltd. Eric Hu (Chairman), Austin Lee, Mike Wu, Hans Kuo, Steve Liu	-	100.00
	Supervisors President	Brian Lee Austin Lee	-	-

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Company	Title	Name or representative	Registered shares owned	
			Shares	%
Far Eastern Industries (Wuxi) Ltd.	Directors	Oriental Textile (H) Ltd. Eric Hu (Chairman), Benjamin Shih, T.Y. Hsieh, Humphrey Cheng, David Wang Bill Yang, Mingo A. Chen	-	100.00
	Supervisors President	Brian Lee T.Y. Hsieh	- -	- -
Wuhan Far Eastern New Material Ltd.	Directors	Far Eastern Polytex(H) Ltd. L.T. Chang (Chairman), Donald Fan, Mo Jyi Wu, C.Y. Dai, M.Y. Yeh, B.C. Chang, M.C. Chu	-	100.00
	Supervisors President	Brian Lee C.Y. Dai	- -	- -
Far Eastern Apparel (Vietnam) Ltd.	Directors	Far Eastern Investment (H) Ltd. Austin Lee (Chairman), S. N. Jeme, T. H. Huang, Hans Kuo, Mike Wu	-	100.00
	Supervisors President	Alan Tsai S. N. Jeme (Appointed on March 2012)	- -	- -
PET Far Eastern (M) SDN BHD	Directors	Far Eastern Investment (H) Ltd. Y.H. Tseng (Chairman), Donald Fan, David Wang, Chuck Tseng, Q.T. Tsai, Tan Soi Lim	Common shares: 5,000,000 Preferred shares: 3,000,000	50.00 - - -
	President	Donald Fan	-	-
Waldorf Services B.V.	Directors	FETG Investment Antilles N.V. Douglas Tong Hsu, Johnny Shih, Marlon Antonio Hironimo Martis Trust International Management(T.I.M.) B.V.	1,750	100.00
FETG Investment Antilles N.V.	Directors	Far Eastern Investment (H) Ltd. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, C.S. Tu, Champion Lee Orangefield Trust (Caribbean) N.V.	6,000	100.00
Worldwide Polychem (HK) Limited	Directors	Far Eastern Investment (H) Ltd. Y.J. Lou, Mike Wu, Alan Tsai	2,700,000	100.00
Far EasTone Telecommunications Co., Ltd.	Directors	Yuan-Ding Co., Ltd. Douglas Tong Hsu (Chairman), Johnny Shih	4,163,500	0.13
		Yuan Ding Investment Co., Ltd. Jan Nilsson, Champion Lee, Toon Lim	1,066,657,614	32.73
		Ding Yuan International Investment Co., Ltd. Peter Hsu	919,653	0.03
	Supervisors	U-Ming Marine Transport Corp. Michiya Shinagawa, Lawrence Juen-Yee Lau, Kurt Roland Hellström	331,000	0.01
		Far Eastern International Leasing Co., Ltd. Eli Hong	26,650,908	0.82
		Asia Investment Corporation Morton Mate Huang	986,303	0.03
		Chen-en Ko	-	-
President	Yvonne Li	-	-	
New Century InfoComm Tech Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Douglas Tong Hsu, Yvonne Li, Jeffrey Gee	2,599,448,983	100.00
	Supervisors	Far EasTone Telecommunications Co., Ltd. T.Y. Yin	2,599,448,983	100.00
	President	Jeffrey Gee	-	-
FENC (Beijing)	Directors	Far Eastern Tech-Info (Shanghai) Ltd. Jeffrey Gee, L.T. Chang, T.Y. Yin, P.Y. Su	-	55.00
		Far Eastern New Century Corp. Yi Deng	-	45.00
	Supervisors	Far Eastern Tech-Info (Shanghai) Ltd. S.G. Wang	-	55.00
	President	Yi Deng	-	-

Special Disclosure

Company	Title	Name or representative	Registered shares owned	
			Shares	%
ARCOA Communication Co., Ltd.	Directors	Far EastTone Telecommunications Co., Ltd. Yvonne Li (Chairman), Alan Tsai, Maxwell Cheng, Guang-Ruey Chiang, A.Y Deng	82,009,242	61.07
		Wan-Shih-Shin Co., Ltd. Gary Lin	470,325	0.35
		Taiwan Incubator SME Development Co. Far EastTone Telecommunications Co., Ltd. Li-Chi Chen, David Tsai, Sharon Lin	1,122,979	0.84
	Supervisors	Guang-Ruey Chiang	82,009,242	61.07
	President		-	-
KGEx.com Co., Ltd.	Directors	Far EastTone Telecommunications Co., Ltd. Jeffrey Gee (Chairman), P.L. Chiang, S.C. Lee, Jessica Chen, Hae-Shung Ju	112,375,356	99.97
	Supervisors	Far EastTone Telecommunications Co., Ltd. T.Y. Yin	112,375,356	99.97
	President	Jeffrey Gee	-	-
New Diligent Co., Ltd.	Directors	New Century InfoComm Tech Co., Ltd. Jeffrey Gee (Chairman), Mike Lee, P.L. Chiang	80,000,000	100.00
	Supervisors	New Century InfoComm Tech Co., Ltd. T.Y. Yin	80,000,000	100.00
	President	Jeffrey Gee	-	-
Q-ware Communications	Directors	President Chain Store Co., Ltd. Nan-Bey Lai, Chia Hua Chang, Bing Yun Wang	4,172,422	10.00
		Far EastTone Telecommunications Co., Ltd. Yvonne Li, Belinda Chen, Jeffrey Gee, Maxwell Cheng	33,982,812	81.46
	Supervisors	Uni-President Enterprises Co., Ltd. Jin Xing Chen	3,337,192	8.00
		Far EastTone Telecommunications Co., Ltd. Sharon Lin	33,982,812	81.46
	President	Dick Lin	-	-
Yuan Cing Co., Ltd.	Directors	E. World (H) Ltd. Eton Shu, Jessica Chen, Samuel Yuan	967,494	4.99
	Supervisors	E. World (H) Ltd. T.Y. Yin	967,494	4.99
	President	Maggie Mei	-	-
Information Security Service Digital United	Directors	New Century InfoComm Tech Co., Ltd. Mike Lee (Chairman), Jeffrey Gee, Eric Lee	14,877,747	100.00
	Supervisors	New Century InfoComm Tech Co., Ltd. T.Y. Yin	14,877,747	100.00
	President	Alan Chang	-	-
Data Express Infotech Co., Ltd.	Directors	ARCOA Communications Co., Ltd. Benjamin Ho (Chairman), Eric Lee, Brian Chao	9,213,750	70.00
		Jing Ho Tech Grace Chu	2,499,750	18.99
	Supervisors	ARCOA Communications Co., Ltd. Ling Su Lin	9,213,750	70.00
	President	Grace Chu	-	-
O-music Co., Ltd.	Directors	Universal Music Ltd. Sunny Chang (Chairman)	225,000	4.50
		Far EastTone Telecommunications Co., Ltd. Yvonne Li, Jeffrey Gee, Eton Shu, Benjamin Ho	2,500,000	50.00
		Gold Typhoon Music Co., Ltd. Ren Wei Peng	225,000	4.50
		Forward Music Co., Ltd. Barry Lee	225,000	4.50
	Supervisors	Far EastTone Telecommunications Co., Ltd. T.Y. Yin	2,500,000	50.00
		Otiga Technologies Limited Ipang Lin	1,375,000	27.50
		HIM International Music Inc. Lydia Ho	225,000	4.50
	President	Belung Chang	-	-
Simple InfoComm Co., Ltd.	Directors	New Century InfoComm Tech Co., Ltd. Jeffrey Gee (Chairman), Johnson Hsieh, P.L. Chiang	3,400,000	100.00
	Supervisors	New Century InfoComm Tech Co., Ltd. T.Y. Yin	3,400,000	100.00
	President	Jeffrey Gee	-	-

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Company	Title	Name or representative	Registered shares owned	
			Shares	%
Linkwell Tech. Co., Ltd.	Directors	Data Express Infotech Co., Ltd. Grace Chu (Chairman)	-	100.00
			-	-
Samsungvip Co., Ltd.	Directors	Qin Su Lin	-	0.01
	President	Grace Chu	-	-
Gin Yuan Tech. Co., Ltd.	Directors	Data Express Infotech Co., Ltd. Grace Chu	-	100.00
			-	-
E. World (H) Ltd.	Directors	Far EastTone Telecommunications Co., Ltd. Douglas Tong Hsu (Chairman), Champion Lee, Joseph O'Konek, Jordan M. Roderick, Laurence Yang (It has not appointed another individual to replace Laurence Yang who passed away in 2005.)	6,014,622	85.92
			-	-
Far EasTron (H) Ltd.	Directors	Far EastTone Telecommunications Co., Ltd. Jan Nilsson (Chairman)	4,486,988	100.00
			-	-
Digital United (Cayman) Ltd.	Directors	New Century InfoComm Tech Co., Ltd. Jeffrey Gee (Chairman), T.Y. Yin	3,320,000	100.00
			-	-
Far Eastern Info Service (H) Ltd.	Directors	Far EastTone Telecommunications Co., Ltd. Yvonne Li (Chairman), Jessica Chen, Eton Shu, T.Y. Yin, Maggie Mei	1,200	100.00
	President	Yvonne Li	-	-
Far Eastern Tech-info Ltd. (Shanghai)	Directors	Far Eastern Info Service (H) Ltd. Yvonne Li (Chairman), Jessica Chen, Eton Shu, T.Y. Yin, Maggie Mei	-	100.00
	President	S.G. Wang	-	-
Digital United Information Technology (Shanghai) Co., Ltd.	Directors	Digital United (Cayman) Ltd. Jeffrey Gee (Chairman), Daniel Wang, Eric Li	-	100.00
	Supervisors	Digital United (Cayman) Ltd. T.Y. Yin	-	100.00
	President	Daniel Wang	-	-
Far Eastern New Diligence Corporation	Directors	New Diligent Co., Ltd. Jeffrey Gee (Chairman), T.Y. Yin, Mike Lee	-	100.00
			-	-
Sino Lead Enterprise Limited	Directors	New Diligent Co., Ltd. Mike Lee	-	100.00
			-	-
Yuan-Ding Co., Ltd.	Directors	Douglas Tong Hsu (Chairman)	3,144	-
		Far Eastern New Century Corp. Humphrey Cheng, Morton Mate Huang, Alan Tsai	186,925,339	37.13
	Supervisors	Asia Cement Corp. K.Y. Lee, Peter Hsu, X.Y. Kuo	178,707,648	35.50
		Far Eastern Department Stores Ltd. Nancy Hsu	2,796	-
	Supervisors	U-Ming Commerce Co., Ltd. David Wang	12,585	-
		Yuan Ding Investment Co., Ltd. Shaw Y. Wang	64,758,813	12.86
		Der Ching Investment Co., Ltd. Y.F. Chang	72,989,090	14.50
		Humphrey Cheng	-	-
	President			
	Yuan Hong Electric Co., Ltd.	Directors	Yuan-Ding Co., Ltd. Humphrey Cheng (Chairman), Di Hua Xiong, Zhong Kai Dai	39,000,000
Supervisors		Yuan-Ding Co., Ltd. M.G. Chang	39,000,000	100.00
			-	-
Ding Ding Hotel Co., Ltd.	Directors	Yuan-Ding Co., Ltd. Douglas Tong Hsu (Chairman), Jing Wen Huang, T.Z. Chang	17,572,276	61.98
		Far Eastern New Century Corp. Nancy Hsu, Tsai-Hsiung Chang	5,386,500	19.00
	Supervisors	Asia Cement Corp. K.Y. Lee, Humphrey Cheng	3,891,637	13.73
		Der Ching Investment Co., Ltd. J.C. Wang	1,494,865	5.27
			-	-

Special Disclosure

Company	Title	Name or representative	Registered shares owned		
			Shares	%	
Far Eastern Technical Consultants Co., Ltd.	Directors	Yuan-Ding Co., Ltd.	4,550,000	91.00	
		Humphrey Cheng(Chairman), Di Hua Xiong, Zhong Kai Dai, T.Z. Chang	-	-	
	Supervisors	Far Eastern General Contractor Inc.	450,000	9.00	
		S.F. Cheng	-	-	
President	Yuan-Ding Co., Ltd.	4,550,000	91.00		
		Z.S. Yang	-	-	
		X.J. Huang	-	-	
Far Eastern Electronic Commerce Co., Ltd.	Directors	Far Eastone Telecommunications Co., Ltd.	4,202,000	13.98	
		Yvonne Li (Chairman)	-	-	
		Yuan-Ding Co., Ltd.	15,025,000	50.00	
		Humphrey Cheng(Chairman), Di Hua Xiong, G.L. Liang, K.L. Zhuang	-	-	
	Supervisors	Far Eastern Department Stores Co., Ltd.	3,132,500	10.42	
		K.W. Hsieh	-	-	
		Pacific Sogo Co., Ltd.	3,132,500	10.42	
		K.L. Lee	-	-	
		New Century InfoComm Tech Co., Ltd.	1,503,000	5.00	
		C.X. Liu	-	-	
Ding Ding Integrated Marketing Service Co., Ltd.	Directors	Yuan-Ding Co., Ltd.	6,900,000	60.00	
		Douglas Tong Hsu (Chairman), Humphrey Cheng, Di Hua Xiong, T.C. Zhou	-	-	
		Far Eastone Telecommunications Co., Ltd.	1,725,000	15.00	
		Jeffrey Gee	-	-	
	Supervisors	Far Eastern Department Stores Ltd.	1,150,000	-	
		Nancy Hsu	-	-	
		Pacific Sogo Co., Ltd.	1,150,000	-	
		Jing Wen Huang	-	-	
		New Century InfoComm Tech Co., Ltd.	575,000	5.00	
		T.Y. Yin	-	-	
YDT Technology International Co., Ltd.	Directors	Yuan-Ding Co., Ltd.	13,992,000	100.00	
		T.Y. Yin, Di Hua Xiong, Zhong Kai Dai	-	-	
	Supervisors	Yuan-Ding Co., Ltd.	13,992,000	100.00	
		Z.S. Yang	-	-	
		President	Fu-Shen Ho	-	-
DDIMH (Virgin Islands) Ltd.	Directors	Yuan-Ding Co., Ltd.	-	-	
		Humphrey Cheng, Di Hua Xiong, Zhong Kai Dai	-	-	
YDC (Virgin Islands) Ltd.	Directors	Yuan-Ding Co., Ltd.	-	17.70	
		Humphrey Cheng, Di Hua Xiong, Zhong Kai Dai	-	-	
Yuan Ding Tech-Info Ltd. (Shanghai)	Directors	Yuan-Ding Co., Ltd.	-	-	
		G.L. Liang	-	-	
	Supervisors	Yuan-Ding Co., Ltd.	-	-	
		Y.Z. Tsai	-	-	
		President	X.Y. Yuan	-	-
Far Info Digital Technology Ltd. (Shanghai)	Directors	Yuan-Ding Co., Ltd.	-	-	
		Di Hua Xiong	-	-	

1.1.6 Operation Results of Each Subsidiary and Affiliate

Unit: NT\$ thousands, unless stated otherwise

	Name	Paid-in Capital	Total Assets	Total Liability	Net Worth	Operating Revenue	Operating Income (loss)	Net Income (loss)	EPS (NT\$)
0	Far Eastern New Century Corp.	50,441,338	185,913,691	75,562,813	110,350,878	60,682,495	16,608	8,713,177	1.73
1	Yuan Ding Investment Co., Ltd.	18,338,262	52,820,504	15,015,498	37,805,006	4,333,417	4,314,490	4,184,121	2.28
2	Yuan Tong Investment Co., Ltd.	7,051,468	8,169,420	491,114	7,678,306	459,779	445,659	443,391	0.63
3	Oriental Petrochemical (Taiwan) Co., Ltd.	7,660,930	16,561,784	10,516,529	6,045,255	26,181,644	(2,233,473)	(1,985,057)	(2.59)
4	Far Eastern Electronic Toll Collection Co., Ltd.	6,450,000	9,712,921	7,187,138	2,525,783	1,095,783	(158,568)	(195,767)	(0.30)
5	Far Eastern Resources Development Co., Ltd.	5,573,540	33,996,805	8,097,736	25,899,069	478,361	(178,248)	(156,273)	(0.28)
6	Kai Yuan International Investment Co., Ltd.	3,028,434	6,783,242	306,301	6,476,941	2,644,872	2,644,111	2,387,239	7.88
7	Ding Yuan International Investment Co., Ltd.	2,050,000	2,618,547	103,417	2,515,130	106,838	104,423	109,752	0.54
8	Far Eastern Construction Co., Ltd.	2,900,908	8,106,943	2,995,460	5,111,483	2,212,916	927,991	1,278,738	4.41
9	Far Eastern General Contractor Inc.	1,269,724	3,373,069	1,592,692	1,780,377	5,780,378	291,885	288,602	2.27
10	Far Eastern Fibertech Co., Ltd.	792,409	2,040,317	1,177,807	862,510	2,015,680	14,969	12,200	0.15
11	An Ho Garment Co., Ltd.	663,462	3,128,278	190,336	2,937,942	879	(654)	1,661,330	25.04
12	Oriental Resources Development Co., Ltd.	489,176	552,499	53,257	499,242	586,057	5,301	5,899	0.12
13	Far Eastern Apparel Co., Ltd.	247,364	856,555	478,053	378,502	1,462,709	16,364	11,696	0.47
14	Yuan Faun Co., Ltd.	50,000	111,926	693	111,233	6,880	(3,193)	2,115	0.42
15	Fu Kwok Knitting & Garment Co., Ltd.	40,000	377,510	230,817	146,693	1,735,572	10,179	9,900	2.47
16	Ming Ding Co., Ltd.	10,000	16,171	261	15,910	696	(11)	1,114	1.11
17	Yuan Cheng Human Resources Consultant Corp.	13,500	37,316	15,679	21,637	480,734	3,187	4,177	3.09
18	Far Eastern Textile Ltd.	1,000	1,194	50	1,144	-	(109)	167	1.67
19	Far Eastern Polychem Industries Ltd.	427 HKD 114	13,882,425 3,705,933	3,756,631 1,002,838	10,125,794 2,703,095	7,584,443 1,989,623	442,855 116,174	(245,674) (64,448)	(21.23) (5.57)
20	Far Eastern Investment (H) Ltd.	494 USD 17.0	7,479,764 257,612	1,214,302 41,822	6,265,462 215,790	2,621,381 88,650	208,764 7,060	410,876 13,895	241.69 8.17
21	F.E.D.P. (H) Ltd.	139 USD 4.8	1,626,831 56,030	504,164 17,366	1,122,667 38,666	-	(263,646) (8,916)	(263,606) (8,915)	(543.79) (18.39)
22	PET Far Eastern (H) Ltd.	70 USD 2.6	8,774,116 302,191	3,131,657 107,858	5,642,459 194,333	3,720,409 125,817	(54,320) (1,837)	(469,187) (15,867)	(1,788.98) (60.50)
23	Oriental Textile (H) Ltd.	26 USD 0.9	9,510,734 327,561	3,976,808 136,966	5,533,926 190,595	3,026,992 102,367	(12,922) (437)	(75,021) (2,537)	(880.00) (29.76)
24	Far Eastern Apparel (H) Ltd.	29 USD 1.0	3,118,156 107,393	893,581 30,776	2,224,575 76,617	926,783 31,342	4,790 162	1,329 45	11.80 0.04
25	Far Eastern Polytex(H)Ltd.	35 USD 1.2	7,846,389 270,239	51,624 1,778	7,794,765 268,461	3,341 113	2,987 101	10,502 355	91.08 3.08
26	Sino Belgium (H) Ltd.	9 USD 0.3	927,204 31,934	922,994 31,789	4,210 145	-	(213,170) (7,209)	(234,879) (7,943)	(8,369.12) (283.03)
27	Far Eastern Industries (Shanghai) Ltd.	8,703,427 RMB 1,880,399	15,297,373 3,305,039	7,601,987 1,642,430	7,695,386 1,662,609	27,983,944 5,987,151	(215,672) (46,143)	(208,329) (44,572)	N/A N/A
28	Oriental Petrochemical (Shanghai) Corp.	6,951,405 RMB 1,501,870	16,824,695 3,635,021	7,192,527 1,553,965	9,632,168 2,081,056	25,439,848 5,442,843	(719,380) (153,911)	(712,145) (152,363)	N/A N/A
29	Far Eastern New Century (China) Investment Co., Ltd.	1,687,274 RMB 364,540	1,783,399 385,308	-	1,783,399 385,308	-	335 72	335 72	N/A N/A
30	Martens Beers (Shanghai) Ltd.	304,555 RMB 65,800	15,880 3,431	13,620 2,943	2,260 488	33,348 7,135	(32,648) (6,985)	(32,643) (6,984)	N/A N/A
31	Shanghai Yuan Hua Logistic Corp.	87,942 RMB 19,000	143,065 30,910	41,366 8,938	101,699 21,972	120,939 25,875	7,952 1,701	5,598 1,198	N/A N/A
32	Shanghai Far Eastern IT Corp.	58,828 RMB 12,710	64,376 13,909	3,038 657	61,338 13,252	56,455 12,079	586 125	389 83	N/A N/A
33	Oriental Industries (Suzhou) Ltd.	3,643,001 RMB 787,080	7,518,974 1,624,495	4,633,200 1,001,016	2,885,774 623,479	4,947,132 1,058,437	15,914 3,405	22,792 4,876	N/A N/A
34	Far Eastern Industries (Suzhou) Ltd.	1,825,342 RMB 394,370	2,904,032 627,424	1,993,426 430,685	910,606 196,739	4,457,898 953,765	(238,500) (51,027)	(236,261) (50,548)	N/A N/A
35	Far Eastern Dyeing&Finishing (Suzhou) Ltd.	1,709,180 RMB 369,273	2,976,010 642,975	999,502 215,945	1,976,508 427,030	2,547,858 545,113	66,768 14,285	57,299 12,259	N/A N/A
36	Sino-Belgium Beer (Suzhou) Ltd.	1,480,903 RMB 319,953	814,181 175,906	588,732 127,197	225,449 48,709	57,360 12,272	(178,699) (38,233)	(178,699) (38,233)	N/A N/A
37	Far Eastern Apparel (Suzhou) Co., Ltd.	946,885 RMB 204,577	3,342,767 722,214	2,077,215 448,788	1,265,552 273,426	3,842,701 822,144	9,110 1,949	58,121 12,435	N/A N/A
38	Far Eastern Yihua Petrochemical (Yangzhou) Corp.	6,726,836 RMB 1,453,351	6,785,483 1,466,022	18,839 4,070	6,766,644 1,461,952	-	(39,771) (8,509)	50,730 10,854	N/A N/A
39	Far Eastern Industries (Yangzhou) Ltd.	1,002,570 RMB 216,608	987,361 213,322	555 120	986,805 213,202	423,002 90,501	(15,929) (3,408)	(15,920) (3,406)	N/A N/A
40	Far Eastern Union Petrochemical (Yangzhou) Ltd.	816,856 RMB 176,484	803,188 175,531	1,532 331	801,656 173,200	-	(15,349) (3,284)	(15,349) (3,284)	N/A N/A
41	Suqian Far Eastern Apparel Ltd.	111,084 RMB 24,000	148,519 32,088	32,603 7,044	115,916 25,044	148,830 31,842	2,038 436	4,445 951	N/A N/A

Special Disclosure

	Name	Paid-in Capital	Total Assets	Total Liability	Net Worth	Operating Revenue	Operating Income (loss)	Net Income (loss)	EPS (NT\$)
42	Suzhou An He Apparel Ltd.	4,629 RMB 1,000	120,887 26,118	85,734 18,523	35,153 7,595	385,890 82,561	10,792 2,309	8,778 1,878	N/A N/A
43	Far Eastern Industries (Wuxi) Ltd.	2,228,487 RMB 481,471	4,668,915 1,008,732	1,527,298 329,977	3,141,617 678,755	3,555,298 760,654	36,019 7,706	46,619 9,974	N/A N/A
44	Wuhan Far Eastern New Material Ltd.	791,694 RMB 171,048	1,853,317 400,414	960,960 207,618	892,357 192,796	3,067,881 656,372	23,482 5,024	20,361 4,356	N/A N/A
45	Far Eastern Apparel (Vietnam) Ltd.	261,315 USD 9,000	516,417 17,786	250,979 8,644	265,438 9,142	449,168 15,190	2,809 95	1,212 41	N/A N/A
46	PET Far Eastern (M) SDN BHD	145,616 MYR 16,000	1,367,489 150,257	1,102,996 121,195	264,493 29,062	1,659,161 180,532	(9,852) (1,072)	(23,749) (2,584)	(1.48) (0.16)
47	Waldorf Services B.V.	560 USD 19.3	577,245 19,881	22,473 774	554,772 19,107	80,164 2,711	78,893 2,668	57,455 1,943	32,830.16 1,110.25
48	FETG Investment Antilles N.V.	174 USD 6.0	557,298 19,194	87 3	557,211 19,191	57,455 1,943	57,159 1,933	57,159 1,933	9,525.12 322.12
49	Worldwide Polychem(HK) Limited	100,519 USD 3,462	696,811 23,999	594,637 20,480	102,174 3,519	1,672,834 56,572	2,247 76	591 20	0.22 0.01
50	Far EastTone Telecommunications Co., Ltd.	32,585,008	92,570,995	19,648,116	72,922,879	71,645,648	11,825,986	10,599,908	3.25
51	New Century InfoComm Tech Co., Ltd.	25,994,490	30,491,680	2,976,483	27,515,197	12,211,251	1,356,513	1,560,140	0.60
52	ARCOA Communication Co., Ltd.	1,342,800	4,006,150	2,290,869	1,715,281	15,782,757	265,233	264,377	1.97
53	KGEx.com Co., Ltd.	1,124,080	1,252,713	387,966	864,747	1,033,286	3,504	3,486	0.03
54	New Diligent Co., Ltd.	800,000	733,741	369	733,372	-	(608)	10,787	0.13
55	Q-Ware Communication Corp.	417,149	501,338	494,609	6,729	216,776	(89,507)	(107,475)	(2.58)
56	Yuan Cing Co., Ltd.	193,500	109,991	8,539	101,452	36,666	11,057	10,058	0.52
57	Information Security Service Digital United	148,777	144,311	45,892	98,419	255,905	1,143	1,204	0.08
58	Data Express Infotech Co., Ltd.	131,625	796,811	596,416	200,395	2,441,001	47,072	63,600	4.83
59	O-music Co., Ltd.	50,000	48,650	32,329	16,321	52,686	(19,989)	(18,111)	(3.62)
60	Simple InfoComm Co., Ltd.	34,000	20,900	170	20,730	-	(199)	131	0.04
61	Linkwell Tech Co., Ltd.	18,344	279,713	237,264	42,449	1,272,389	27,089	23,178	N/A
62	Samsungvip Co., Ltd	10,000	71,696	64,445	7,251	263,057	(290)	(280)	N/A
63	Gin Yuan Tech. Co., Ltd	10,000	9,995	-	9,995	-	(5)	11	N/A
64	E. World (H) Ltd.	203,280 USD 7,000	105,350 3,628	69 3	105,281 3,625	-	-	6,474 219	0.89 0.03
65	Far Easton (H) Ltd.	130,302 USD 4,487	25,175 867	70 2	25,105 865	-	-	(1,336) (45)	(0.30) (0.01)
66	Digital United (Cayman) Ltd.	96,413 USD 3,320	26,474 911	69 2	26,405 909	-	-	1,311 44	- -
67	Far Eastern Info Service (H) Ltd	348 USD 12	147,811 5,090	62 2	147,749 5,088	-	-	(34,698) (1,173)	(28,914.11) (977.72)
68	FENC(Beijing)	6,131 RMB 1,327	167,562 36,268	187,111 40,499	(19,549) (4,231)	84,399 18,015	(41,936) (8,951)	(44,705) (9,542)	N/A N/A
69	Far Eastern Tech-Info Ltd. (Shanghai)	95,522 RMB 20,675	331,164 71,678	184,724 39,982	146,440 31,696	130,267 27,806	28,127 6,004	(15,436) (3,295)	N/A N/A
70	Digital United Information Technology (Shanghai) Co., Ltd.	80,309 RMB 17,382	10,656 2,306	2,624 568	8,032 1,738	3,903 833	(2,543) (543)	(2,461) (524)	N/A N/A
71	New Diligence Corporation (Shanghai)	- RMB -	302 65	306 66	(4) (1)	-	-	(4) (1)	N/A N/A
72	Sino Lead Enterprise Ltd.	112 HKD 30	32,563 8,690	32,164 8,584	399 106	97,069 25,457	(97) (26)	(124) (33)	N/A N/A
73	Yuan-Ding Co., Ltd.	5,034,046	11,578,423	2,649,241	8,929,182	1,668,559	260,664	382,305	0.76
74	Yuan Hong Electric Co., Ltd.	390,000	272,094	45	272,049	-	(52)	(97,915)	(2.51)
75	Ding Ding Hotel Co., Ltd.	283,500	553,592	521,290	32,302	1,696,460	(61,906)	(56,621)	(2.00)
76	Far Eastern Technical Consultants Co., Ltd.	50,000	116,679	41,804	74,875	98,131	22,265	20,147	4.03
77	Far Eastern Electronic Commerce Co., Ltd.	300,500	296,454	251,733	44,721	223,116	(135,467)	(132,960)	(4.42)
78	Ding Ding Integrated Marketing Service Co., Ltd.	115,000	381,153	219,506	161,647	322,590	62,416	65,809	5.72
79	YDT Technology International Co., Ltd.	139,920	471,213	133,842	337,371	578,483	108,771	85,628	6.12
80	DDIMH (Virgin Islands) Ltd.	227,867 USD 7,848	110,362 3,801	-	110,362 3,801	-	(29) (1)	(99,799) (3,375)	(12.71) (0.43)
81	YDC (Virgin Islands) Ltd.	32,810 USD 1,130	39,506 1,361	-	39,506 1,361	-	(56) (2)	(18,718) (633)	(16.56) (0.56)
82	Yuan Ding Integrated Information Service Inc.	231,680 RMB 50,055	129,075 27,887	17,778 3,841	111,297 24,046	776 116	(120,823) (25,850)	(121,566) (26,009)	N/A N/A
83	Speedy (Shanghai) digital Tech. Co., Ltd.	30,267 RMB 6,539	42,605 9,205	6,326 1,367	36,279 7,838	35,331 7,559	3,422 732	2,999 642	N/A N/A

1.2 Declaration for the Consolidated Financial Statements of Affiliated Enterprises of the Company

REPRESENTATION LETTER

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

Very truly yours,
Far Eastern New Century Corporation
By

Douglas Tong Hsu
Chairman



March 27, 2013

1.3 Affiliation Report: Not applicable

2. Private Placement Securities in the Most Recent Years

None

Special Disclosure

3. The Company's Shares Held or Disposed by Subsidiaries in Recent Years until the Annual Report being Published

Name	Paid-in Capital (Thousand)	Source of funding	Holdings percentage	Date of acquisition or disposal	Number & amount of shares acquired	Number & amount of shares disposed	Investment income (loss)	Number & amount of shares held until the annual report being published (Thousand)	Creation of pledge	Amount of loan guaranteed by the Company	Amount of loan lent by the Company
Yuan-Ding Co., Ltd.	NT\$ 5,034,047	-	37.13%	-	-	-	-	Shares: 734 Amount: NT\$ 25,063	-	-	-

4. Other Supplementary Information

None

5. Pursuant to the Article 36-2-2 of Security Exchange Act, Event Having Material Impact on Shareholders' Equity or Share Price in the Most Recent Year until the Annual Report being Published

Please refer to page 35 for information regarding recent change of the Management.



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