



2013 ANNUAL REPORT FAR EASTERN NEW CENTURY

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Taipei Far Eastern Telecom Park

2013台灣企業永續獎

Spokesperson

Name: Humphrey Cheng
Title: Corporate Management President
Tel: 886-2-27338000 #8969
Fax: 886-2-27367184
E-mail: csostaff@metro.feg.com.tw

Deputy Spokesperson

Name: David Wang
Title: Chief Financial Officer
Tel: 886-2-27338000 #8735
Fax: 886-2-27358175
E-mail: ccwang@metro.feg.com.tw

Headquarters, Branches & Plants

Headquarters

Address: 36F, Taipei Metro Tower, 207,
Tun Hwa South Rd., Sec.2, Taipei, Taiwan,
R.O.C.
Tel: 886-2-27338000

Plants

Hsinpu Chemical Fiber Plant
Address: 369, Yadong Sec., Wen Shan Rd.,
Hsinpu, Hsinchu, Taiwan R.O.C.
Tel: 886-3-5882511

Kuanyin Chemical Fiber Plant
Address: 3, Jingjian 6th Rd., Kuanyin
Industrial Park, Kuanyin, Taoyuan, Taiwan
R.O.C.
Tel: 886-3-4832720

Kuanyin Dyeing and Finishing Plant
Address: 1, Kuojiang 2nd Rd., Kuanyin,
Hsulin, Taoyuan, Taiwan R.O.C.
Tel: 886-3-2729055

Neili Texturizing Plant

Address: 2 Yuan Dong Rd., Neili, Chungli,
Taiwan, R.O.C
Tel: 886-3-4555136

Hukou Mill

Address: 30, Hexing Rd., Hukou, Hsinchu,
Taiwan, R.O.C
Tel: 886-3-5997135

Yilan Garment Factory

Address: No. 49, Sec. 6, Jiaosi Rd., Jiaosi,
Yilan, Taiwan R.O.C
Tel: 886-3-9881411

Common Share Transfer Agent and Registrar

Oriental Securities Corporation
Address: 3F, 86, Chung Ching South Rd.,
Sec. 1, Taipei, Taiwan
Tel: 886-2-23618608
Website: <http://www.osc.com.tw>

Auditors

Deloitte & Touche
Auditors: Cho Ming Hsing, CPA,
Huang Shu Chieh, CPA
Address: 12F, Hung Tai Century Tower, 156
Min Sheng East Rd., Sec.3, Taipei, Taiwan
Tel.: 886-2-25459988
Website: <http://www.deloitte.com.tw>

Overseas Securities Exchange

Luxembourg Stock Exchange
Disclosed information can be found at
<http://www.bourse.lu>

Corporate Website

<http://www.fenc.com>

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I. Letter to Shareholders

Dear Shareholders,

This past year has seen many fluctuations in the global economy. Political and economical concerns have hindered the global economy's recovery while unprecedented weather conditions have caused further complications. Despite this, noticeable improvements throughout the US, Europe and Japan paint a much brighter picture for 2014. Although the dust has settled in Europe, questions still remain regarding the Eurozone's ability to return to its previous strength. Moving forward, although many economists suggest that 2014 will be a better year, we remain cautious about the direction of the economy as the US tapers its quantitative easing (QE) policies.

Political unrest and uncertainty have plagued the world for much of 2013. In Asia, territorial tensions over the disputed Diaoyutai Islands remain high, and North Korea continues with its military sabre-rattling. Meanwhile, political crises in Thailand and the Ukraine have caught the world by surprise. These geopolitical disputes have undoubtedly caused ripple effects throughout the world and may cause severe complications for the global economy. Moreover, adverse weather conditions have posed a threat. The severe snowstorms in North America and Japan, as well as Europe's destructive drought, have caused billions of dollars in damages. In an effort to ensure sustainable development, nations are becoming increasingly motivated to adopt energy conservation measures and invest in renewable energy.

The US has made several incremental improvements, including the technology development of shale gas, reductions in the unemployment rate, further stabilization of the housing market, revitalization in manufacturing, and inflows of capital to the US market due to QE tapering. However, there is still a long way to go before a complete economic recovery materializes, as the effects of ObamaCare and federal government budgeting changes have yet to be felt. Across the Atlantic Ocean, pressures stemming from the Eurozone debt crisis are finally alleviating, which has once again stimulated demand in the EU. Asian markets have seen marked improvements as well. Japan's economy, fueled by Shinzo Abe's Abenomics, has strengthened during recent years, but the increase in consumption tax may yet take a toll on the Japanese economy. China has also begun economic reforms under the leadership of Xi Jinping and Li Keqiang. During the Third Plenary Session in 2013, China's blueprint revealed over 300 reforms across 60 clauses and 15 chapters focusing on land, state-owned enterprises and the financial sector. Furthermore, China is slowly transitioning toward a green economy for sustainable development, and also rolling out more free trade zones such as the China (Shanghai) Pilot Free Trade Zone. These changes will hopefully attract cross-border investments, as well as promote greater currency exchange flexibility and a more competitive tax system. However, obstacles such as capacity oversupply, pollution, energy waste, currency instability, economic slowdown, and labor shortage together with rising wages first need to be addressed in order for China to successfully shift from an investment and export-led growth model to a consumption-led growth model.

Monetary policies in the US have triggered invariable fluctuations in the exchange rates of major currencies. To facilitate smoother trade, countries are now adopting a new economic growth model: regional economic cooperation. As a result, bordering economies are working together through organizations such as the Association of Southeast Asian Nations (ASEAN) and free-trade agreements such as the Regional Comprehensive Economic Partnership (RCEP), the Trans-Pacific Partnership (TPP), and the Cross-Strait Service Trade Agreement (CSSTA). These organizations aspire to enhance their competitive advantage through closer cooperation and less trade restrictions in order to further fuel economic growth. An economic revolution has begun, and Taiwan needs to be at the forefront of this movement to stay competitive.

Over the last 60 years, Far Eastern New Century (FENC, the Company) has grown from a small textile company to one of the largest conglomerates in Taiwan. None of this would be possible without the support of the community through good and bad times. We have taken and are still taking the necessary steps to transform our businesses to thrive in this unpredictable environment. Through innovative business models and our expanding business, we will be able to achieve better results for our investors.

Letter to Shareholders

Operating Results

FENC has diversified businesses ranging from petrochemical-polyester-textile production through property development to investments. Through continual transformation and innovation, the Company has been able to realize consistent organic growth. For 2013, the company's consolidated revenue and net income reached NT\$ 238.9 billion and NT\$ 14.285 billion, respectively, a better performance than in 2012. The net income attributed to shareholders of the Company is NT\$ 7.207 billion, translating into an EPS of NT\$1.5. The Board of Directors have proposed a cash dividend of NT\$1.3 per share and a stock dividend of NT\$0.20 per share— for a total dividend of NT\$1.5 per share. Operating results by business segment are outlined below:

Petrochemical-Polyester-Textile Production Business: Maximizing Core Competency

As one of the industry leaders in the polyester and textile businesses, we believe the foundation of a truly competitive enterprise lies in its supply chain. We have vertically integrated our businesses from petrochemical through polyester to textile to take advantage of synergies and economies of scale. Meanwhile, we have also centralized our production and distribution teams in our regional headquarters in Taiwan, Shanghai, Suzhou and Yangzhou to increase efficiency and effectiveness.

• Upstream Petrochemical Business – Core Advantage Comes from Sustainable Feedstock Supplies

To vertically integrate our supply chain, petrochemical businesses have been set up to ensure sustainable feedstock supplies for our polyester production. Our key raw material, PTA, is provided by Oriental Petrochemical (Taiwan), Oriental Petrochemical (Shanghai), and Far Eastern Yihua Petrochemical (Yangzhou) – a joint venture with the China Sinopec Group. We have also invested in Far Eastern Union Petrochemical (Yangzhou), a joint venture to produce our other feedstock MEG, to fulfill future demand for the polyester business. Our core advantage in the petrochemical business mainly lies in our lower production costs due to economies of scale and an optimal utilization rate that effectively factors in the volatility of the market. Through these diversified production sites, we hope to amplify the synergies of Far Eastern Group and capitalize on our competitive advantages.

• Midstream Polyester Business – A Leader in the Conventional & Renewable Polyester Product Field

As the largest business segment among our production businesses, our annual polyester capacity is more than two million tons. We are also one of the major suppliers of PET resins in the Asian bottling market. Currently, our non-woven polyester products such as staple fibers and PET resins account for more than 80% of our total polyester revenue with production sites in Taiwan, China, Japan and Southeast Asia. As one of the leading global PET resin suppliers, FENC was awarded the “Global Sustainable Procurement Supplier of the Year” by our client Coca-Cola in 2013, from among more than 900 other suppliers. We will continue to strengthen our leading position by adding 400,000 tons of new PET capacity in Taiwan to bolster our existing production lines. Meanwhile, our bio-based and recycled-based (r-PET) polyester packaging products, which are in compliance with the regulations for articles in contact with food in the European Union and the US Food and Drug Administration(FDA), have been accepted and adopted by well-known global brands, such as Coca-Cola, PepsiCo, Danone, and Nestle, etc. Aiming at being the largest r-PET supplier globally, we continue to grow our r-PET capacity by initially adding new capacity in Taiwan and Japan, and later in China, Europe and the US. With regard to polyester staple fibers, we have increased and achieved our product differentiation rate to over 70% of

our product portfolio. Furthermore, to enhance our market presence in China, our non-woven products have been successfully incorporated and shipped to the supply chain of HengAn International Group, one of China's largest producers of hygiene products. With respect to polyester filament products, we are developing and producing high value added products, i.e. nylon 6,6, and maintaining our long-term partnerships with Nike, Adidas, Columbia and Lululemon. By doing so, we are confident in our ability to transform to a new business model and redefine our polyester business.

• ***Downstream Textile Business – Go Globally Leveraging International Well-known Brands***

Although the textile business accounts for less than 20% of the revenue of our petrochemical–polyester-textile production business, it represents an incredibly lucrative market that we are looking to further penetrate. FENC has the capacity for yarn spinning, knitted fabric and apparel manufacturing and we have consistently cooperated well with world-renowned fashion brands. Leveraging the technology we own, we have captured the new trend to develop “fashion” (combined function and fashion) products, such as high stretch women's apparel. Meanwhile, demonstrating our concern for environmental conservation, we collaborated with Nike to launch and commercialize the “ColorDry” water-free dyeing technology. In the 2014 FIFA World Cup in Brazil, FENC's recycled fabric was selected by Nike for two consecutive sessions to produce the football jersey for its sponsored national sports teams. With regard to high denier industrial yarns, we have extended our businesses into not only the automobile industry, with products such as seat belt fabrics, polyester airbag yarns and tire cords, but also the light-duty conveyor belt field.

Investments: Diversification into Various Businesses

Leveraging the Company's resources, we have invested in other businesses, such as telecommunications, cement and retail markets. Far EastOne Telecommunications Co., Ltd (FET), our major investment, bid successfully and has acquired three frequency band units-A2, C3& C4, for operating fourth-generation (4G) mobile communication services. FET is the only telecom service operator offering the 20 MHZ contiguous spectrum, and will provide high-speed networks to clients for voice services, cloud computing, e-commerce, and mobile payment services. Capitalizing on the big data service opportunity, FET plans to offer integrated services to individuals “anytime, anywhere, on any screen,” and as a result, grow its revenue and profit in the 4G era. Asia Cement Corporation (ACC), our other investment, is a world class cement producer with capacity across the Taiwan Straits. While maintaining its stable market share in Taiwan, ACC has seen remarkable revenue growth in the China market due to its current capacity expansion. Moreover, ACC signed a strategic partnership agreement with Anhui Conch Cement, and targets a top ten ranking among cement companies in China by taking advantage of China's urbanization policy. Far Eastern Department Stores Ltd. (FEDS), with the innovative transformation of their long-term strategy, has been transforming its business model from traditional department stores to new-style shopping malls, which have more restaurants, cinemas and other recreational facilities to offer customers a holistic leisure experience. In order to protect its leading position in the retail business, FEDS continues its strategic plans to open new stores in Taiwan and China, concurrently developing its online shopping presence by implementing an online-to-offline retail strategy. With these bright business outlooks from our affiliates, we expect to generate consistent profits within this diversified investment portfolio.

Property Development: Monetize Land Assets

FENC currently has total land holdings of 560,000 pings in Taiwan, of which the majority is located in northern Taiwan and nearly half of the land size is slated for further development. The two most valuable land plots are the landmark Taipei Metro Tower in Taipei's central business district, and Taipei Far

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Eastern Telecom Park (Tpark) of 89,800 pings in Banciao, which is close to New Taipei City Hall- a transportation hub accessing Taipei MRT, Taiwan Railways and Taiwan High Speed Rail. Tpark comprises an industrial zone, a commercial zone, a residential zone and a medical center, while an existing college has been built in the neighborhood. The completed phase I construction of Tpark provides a convenient and comfortable environment. In addition, the retail store Banciao A-Mart, which has been re-located to the north of Tpark, and a New Taipei City Library will be opening soon. We have been actively planning the sequential development of Tpark by constructing the new headquarters of FET, an internet data center (IDC) building and a second R&D building after receiving the contractor's licenses in the fourth quarter this year. After completion of our commercial buildings, we expect to see an increase in annual earnings from rental income of non-subsidiaries for the foreseeable future. In addition to the new office buildings, we have several residential projects in the pipeline. The second residential project with a gross floor area of roughly 9,000 pings is designed to be eco-friendly and green and slated to start construction in the fourth quarter of this year. Another residential project with a gross floor area of 88,000 pings, to be constructed on the land surrounding the old A-mart store, is scheduled to start the design process and pre-sales will be launched within three years. On top of that, the SPA Resort project in Ilan has received its development permit and construction is scheduled to begin in the fourth quarter of this year. Phase I of our Spa Resort project is expected to include 200 rooms and a shopping mall, while scenic view restaurants are planned for the future.

Business Goals and Prospects

At FENC, our businesses are well positioned and our growth prospects are strong. Our global view has never been more in sync with the current trend of the world and will continue to drive our business for the foreseeable future. With new technology and an innovative mindset, we will continue to transform our business in the following ways:

Centralization – New Era of Back Office Management

Our Corporate Management Office was set up to centralize the administration of Taiwan and overseas production sites and associates, including finance and accounting management, R&D, risk management, human resource management, environmental sustainability, legal compliance, smart mobility management, new technology applications, energy management and corporate governance, etc. Collaborating with the administration offices of regional headquarters in Shanghai, Suzhou, and Yangzhou, we have increased the synergy and efficiency among our upstream, midstream, and downstream production businesses. By utilizing the innovative administration management systems, we have been able to build a stronger infrastructure on which to grow our business.

Sustainability – The Green Campaign

Sustainability has been a rising concern over recent years; as a result, we have placed great emphasis on the R&D of green technology and products, keeping FENC ahead of its peers. Our innovative products such as the new biodegradable material FEPOL[®], the food-grade post-consumer recycled resin "Pro-Green", and the polyester recycled fiber TOPGREEN[®] were awarded the first annual "Taiwan Green Classics Award" by the Ministry of Economic Affairs. Meanwhile, the very first corporate social responsibility (CSR) report of FENC was initiated and subsequently won the "2013 Top 50 Taiwan Corporate Sustainability Awards" granted by the Taiwan Institute for Sustainable Energy, which also record the triumph in Taiwan. These awards are evidence that our dedication to green products and environmental sustainability has been recognized. Looking forward, we will continually develop new

materials and killer applications for recycled polyester, such as PET bottle-to-bottle products. In addition, to reduce our carbon footprint, we have accelerated the process in research and production of cellulosic ethanol, a second-generation bio-fuel, and participated in the government-sponsored “Process Development for Lignocellulosic Ethanol Technology” project.

Acceleration of Property Development – Unlocking the Hidden Value of Assets

By uplifting and utilizing our group’s synergies and resources, we will exploit new business opportunities to accelerate our land development plan and further diversify our existing businesses. Recently, our priority is to develop both the high technology oriented Banciao Tpark and the leisure oriented Ilan Spa Resort projects. By doing so, we will gradually unlock the hidden land value and share the profits with our shareholders.

Innovative Products – Fueling Future Business Growth

Far Eastern Group R&D Center has been established for over a decade and our meticulously cultivated research teams have since been pivotal to our success. Our R&D Center now covers five distinct divisions: Polyester Fiber & Textile, Polymer, Optoelectronics, BioTech and Green Materials (a newly established team created to seize the green trend resulting from recent environmental concerns). Our teams, with the best talents in its respective fields, set their short-term, mid-term, and long-term R&D goals to align with the company’s development plan. They accelerate the development of high value-added products with core technologies, and aggressively focus and allocate resources to the green-product and bio-material industries with the greatest market potential. For example, the biomedical team was awarded the “National Biotechnology & Medical Care Quality Award” for their “Bone Graft Substitute” product. We have of course, taken all the necessary measures to patent our products in various markets.

Human Resources – Cornerstone to Success

At FENC, we believe people are our greatest assets. To ensure sustainable development of the Company, we are now heading to set up a leadership development plan to select the successors of top managers from among those talents with high potential from our various business units and administration department. Additionally, we have implemented talent pipeline programs to cultivate middle managers with project-based training, management by objectives (MBO) and key performance indicators (KPI) training, and cross-function and cross-region learning through a rotation program. Meanwhile, we continue to reduce our employee turnover rate through internship programs in colleges, on-site training programs in Taiwan for our overseas staff, incentive programs for top and middle managers, and retention program for overseas talents, etc.

Corporate Social Responsibilities – Returning Prosperity to Society

For decades, we have committed ourselves to being a responsible corporate citizen, and have established several non-profit foundations and sponsored programs in the medical, educational, scientific, cultural & environmental conservation fields. The Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation has been sponsoring the annual “Y. Z. Hsu Scientific Award” to encourage

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individuals with outstanding tech research; “Y. Z. Hsu Scientific Chair Professor”, “Y. Z. Hsu Scientific Paper Award”, and “Y.Z. Hsu Technology Invention Award” are granted annually to researchers with extraordinary contributions in science as well. “Y. Z. Hsu Competition-Taiwan Young Student Physicists’ Tournament” and the 2013 “International Young Physicists’ Tournament (IYPT)” are held particularly to promote science education to young students. The Far Eastern Memorial Foundation has been sponsoring “the Far Eastern Architectural Award” to reward distinguished designs, as architects are critical to social development. Finally, the Far Eastern Memorial Hospital is the only medical center in New Taipei City. With the phase II expansion plan nearing completion; the hospital will increase its hospital beds by 40% to 1,650; the new hospital wing will be fully operational by the end of this year. Moving forward, FENC will devote even further efforts in public welfare and make greater contributions to society.

Our world is constantly changing and the speed of change is astounding. At FENC, we continually adjust and adapt ourselves to this sometimes chaotic environment. It is with innovative thinking, exceptional management and expertise that we are able to transform our business models and stay ahead of the curve in our perpetual pursuit of excellence. Our company traces its roots to the founding spirit and core values of “Sincerity, Diligence, Thrift, Prudence, and Innovation”. “Innovative thinking, superior technology and excellent managerial skills, we aim to lead the polyester industry and maximize the value of our holdings in estates and equities so bringing happiness and prosperity to the community of which we are a part” is our vision. Our commitment to our customers, employees and shareholders is as strong as it has ever been and we would like to take this chance to show our gratitude for the continued support from our shareholders and the dedicated efforts of our employees; it is our mission to reward you better in the coming years.

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.
- 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.

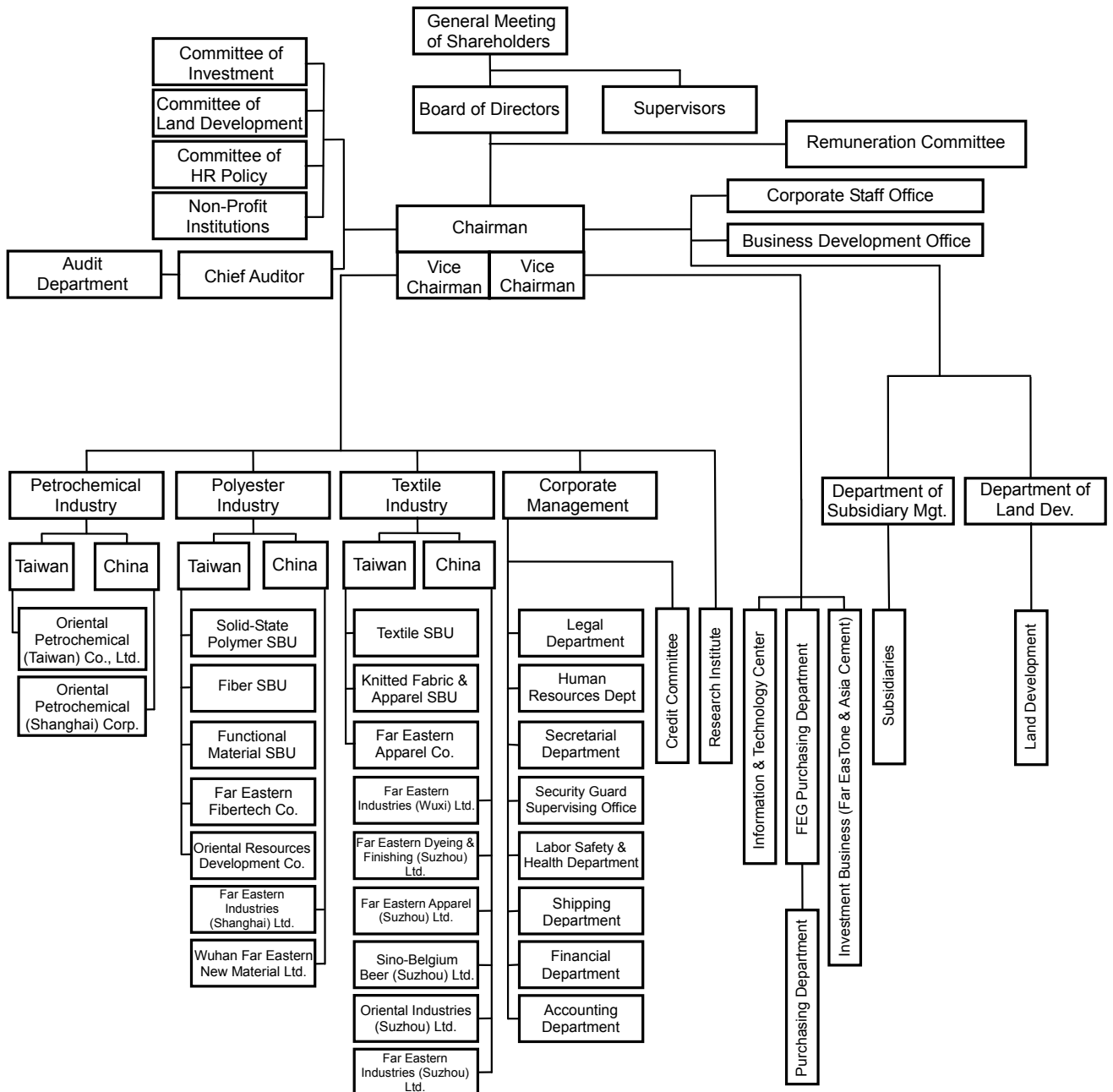
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- 1998** • The FETL-invested Far Eastern Textile Industrial (Shanghai) Co., Ltd. began trial production in September.
- 2000** • Mr. Y. Z. Hsu, Far Eastern Group founder, passed away at the age of 90 in December and left behind the most valuable and 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 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, FENC issued Formosa and Yen bonds in the Gre Tai Securities Market, successfully being the first manufacturing company in Taiwan to issue bonds denominated in both RMB and Yen.
 - 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.
 - In October, Far EasTone won three 4G frequency bands and is the only operator offering the 20MHz contiguous spectrum in the telecom industry.
- 2014** • In April, FENC was awarded the "10th Annual Corporate Social Responsibility Awards - Global Views Excellent Service Awards" for the project "The Greenest Bottle, starts with a Genuine Heart"

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: 30 April 2014

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	59,350,922	1.15	-	-	National Chiao Tung University, Taiwan, Honor Ph.D in Management University of Notre Dame, USA, MS, University of Columbia, USA, Post graduate study 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	7,516,914 *2,242,606	0.15 0.04	-	0.40	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	1,222,873,016 *30,247,223	23.77 0.59	-	0.04	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	1,222,873,016 *22,845,021	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 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	1,222,873,016 *380,014	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 *938,464	22.31 0.02	1,222,873,016 *1,178,229	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 -	19,189,130 *	0.37 -	-	-	MBA, Kellogg-HKUST Δ Chief Counselor, Lee and Li, Attorney-at-law, Supervisor of ACC	-	-	-	-
Director	Tonia Katherine Hsu Representative of Far Eastern Department Stores Ltd.	28 Jun 2012	3	13 Jun 2006	18,264,926 *	0.37 -	19,189,130 *	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
	Shen Bing	28 Jun 2012	3	28 Jun 2012	-	-	-	-	-	-	MBA, Business School, Harvard University, USA Δ Independent Director of FEIB, Supervisor of CTCI Corporation	-	-	-
Independent Director	Bao-Shuh Paul Lin	28 Jun 2012	3	28 Jun 2012	-	-	-	-	-	-	Chief Director of Microelectronics and Information Systems Research Center, National Chiao Tung University Ph.D. in Computer Science, University of Illinois at Chicago, USA Δ -	-	-	-
	Johnsee Lee	28 Jun 2012	3	28 Jun 2012	-	-	-	-	-	-	Ph.D., Illinois Institute of Technology, USA Δ Director of Taiwan Semiconductor Manufacturing Corp., Independent Director of Taiwan Polysilicon Corporation & Zhen Ding Technology Holding Limited	-	-	-
	T. H. Chang Representative of U-Ming Marine Transport Corp.	28 Jun 2012	3	28, 527, 182 #83, 044	0.58	29, 970, 656 #87, 245	0.58	88, 762	-	-	President of ACC. Δ Director of ACC & U-Ming, Vice Chairman of Asia Cement (China) Holding Corp.	-	-	-
Supervisor	Alice Hsu Representative of U-Ming Marine Transport Corp.	28 Jun 2012	3	28, 527, 182 #24, 552, 323	0.58 0.50	29, 970, 656 #23, 656, 969	0.58 0.46	-	-	-	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	7, 770, 261 #565, 450	0.16 0.01	8, 163, 435 #594, 061	0.16 0.01	-	-	-	Texas A&I University, USA, Master in Business Administration Δ Supervisor of ACC, Director of Far EastOne & 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: 30 April 2014

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. (3.35); Cathay Life Insurance Co., Ltd. (2.50); Far Eastern Department Stores Ltd. (1.81); China Life Insurance Co., Ltd. (1.63); Shinkong Life Insurance Co., Ltd. (1.50); Yuan Ze University (1.41); Labor Pension Fund Committee of Far Eastern New Century Corp. (1.40); Labor Pension Fund (1.31)
Far Eastern Department Stores Ltd.	Far Eastern New Century Corp. (16.80); Asia Cement Corp. (5.56); Yuan Ze University (4.68); Yuan Tong Investment Co., Ltd. (2.75); Labor Pension Fund Committee of Far Eastern Department Stores Ltd. (2.19); Yu Yuan Investment Co., Ltd. (2.02); Shinkong Life Insurance Co., Ltd. (2.02); Government of Singapore account in the custody of Citibank (Taiwan) (1.58); Fubon Life Insurance Co., Ltd. (1.46); Kai Yuan International Investment (1.44)
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 Insurance Fund (2.63); Cathay Life Insurance Co., Ltd. (2.18); Management Board of the Public Service Pension Fund (2.04); Nan Shan Life Insurance Co., Ltd. (1.65); Vanguard Emerging Markets Stock Index Fund account in the custody of Standard Chartered Bank (0.94); Yu Yuan Investment Co., Ltd. (0.93); Asia Investment Corp. (0.91); Government of Singapore account in the custody of Citibank (Taiwan) (0.75); Ya Li Precast Prestressed Concrete Industries Corp. (0.74)

Corporate Governance Report

Book closure date: 30 April 2014

2.1.2 Major Shareholders of the Major Shareholders that are Juridical Persons

Name of Juridical Persons	Major Shareholders of the Juridical Persons (%)
Far Eastern New Century Corp.	Please refer to page 42.
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); Asia Investment Corp. (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)
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 (1.45); 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); Poughwan Investment Co., Ltd. (0.05); Poughuei 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)
China Life Insurance Co., Ltd.	KGI Securities Co., Ltd. (9.80); Saudi Arabian Monetary Agency account in custody of J.P. Morgan (5.59); Government of Singapore account in custody of Citibank (Taiwan) (3.05); New Labor Pension Fund (2.61); Videoland Inc. (2.35); City of New York Group Trust account in custody of Deutsche Bank (2.31); Abu Dhabi Investment Authority account in custody of J.P. Morgan (2.01); Fidelity Trust account in custody of Standard Chartered Bank (1.39); S. J. Chen (1.37); Hai Shen Investment Corporation (1.18)
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);

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		V							V		
Peter Hsu			V									V		
Raymond Hsu			V									V		
Shaw Y. Wang			V			V	V	V	V	V	V	V	V	
Richard Yang			V		V	V	V	V	V	V	V	V	V	
Kuan-Tao Li	V	V	V		V	V	V	V	V	V	V	V	V	
Tonia Katherine Hsu			V		V	V	V	V	V	V	V	V	V	
Bao-Shuh Paul Lin	V		V		V	V	V	V	V	V	V	V	V	
Shen Bing			V		V	V	V	V	V	V	V	V	V	
Johnsee Lee	V		V		V	V	V	V	V	V	V	V	V	
T. H. Chang			V		V	V	V	V	V	V	V	V	V	
Alice Hsu			V		V	V	V	V	V	V	V	V	V	
Champion Lee			V		V	V	V	V	V	V	V	V	V	

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

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a Director or Supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an Independent Director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the 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, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. 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: 30 April 2014

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	1,327	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	154,307	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	267	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 Taiwan University, Taiwan, College of Management, EMBA Δ Director of OUCC, Supervisor of FEIB	-	-
Chief Operating Officer Polyester Industry	Donald Fan	1 Jul 12	87,266	0.00	3,602	0.00	Feng Chia University, Taiwan, Textile Engineering 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	178,834	0.00	0	0.00	Tamkang University, Taiwan, International Business Δ Director of Far Eastern Industries (Yangzhou), Wuhan Far Eastern New Material Ltd.	-	-
Chief Auditor Chairman Office	Raymond Hsu	1 Mar 96	22,845,021	0.44	22,198,684	0.43	Australian Mining and Metallurgy College, Australia Δ Please refer to page 11.	-	-
Chief Auditor Group Auditing Department	Chun Min Ho	1 Aug 12	0	0.00	10,336	0.00	National Cheng Kung University, Taiwan, Accounting and Statistics Δ -	-	-
Chief Financial Officer President Office	David Wang	1 Jul 12	6,838	0.00	65	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	7,074	0.00	0	0.00	University of Monash, Australia, Ph.D. Δ Director of OUCC & Oriental Resources Development Co., Ltd.	-	-
Senior Executive Vice President Polyester Industry	T. H. Liu	1 Jul 12	45,688	0.00	359	0.00	Ta Tung University, Taiwan, Mechanical Engineering Department Δ -	-	-
Executive Vice President Polyester Industry	B. T. Cheng	1 Oct 07	389	0.00	0	0.00	Feng Chia University, Taiwan, Textile Engineering Department Δ Director of Yuan Cheng Human Resources Consultant	-	-

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
Executive Vice President Polyester Industry	B. C. Chang	1 Jul 12	437	0.00	0	0.00	Yuan Ze University, Taiwan, Master in Industry Engineering Δ Director of Wuhan Far Eastern New Material Ltd.	-	-
Executive Vice President Polyester Industry	M. Y. Tsai	1 Sep 13	0	0.00	0	0.00	Yuan Ze University, Taiwan, Postgraduate Diploma in Management Administration Δ Director of Wuhan Far Eastern New Material Ltd.	-	-
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 Engineering Department Δ Director of Far Eastern Dyeing & Finishing (Suzhou)	-	-
Executive Vice President Textile Industry	M. J. Wu	1 Oct 13	17,070	0.00	496	0.00	Feng Chia University, Taiwan, Textile Engineering Department Δ Director of Oriental Industries (Suzhou) & Far Eastern Industries (Suzhou) Ltd.	-	-
Senior Vice President Corporate Staff Office	Jackson Wu	1 Oct 07	48,583	0.00	0	0.00	Chung Yuan Christian University, Taiwan, Master in Mechanical Engineering Δ Supervisor of Far Eastern General Contractor	-	-
Senior Vice President President Office	David Shih	1 Nov 06	337	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	41,490	0.00	8,131	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	5,911	0.00	0	0.00	National Cheng Chi University, Taiwan, EMBA in Accounting Δ -	-	-
Senior Vice President Finance Department	Mike Wu	1 Sep 06	1,191	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	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 Human Resource Department	William Hsu	12 Apr 10	0	0.00	0	0.00	University of Leicester, UK, MBA Δ -	-	-
Senior Vice President Shipping Department	Steve Liu	1 Oct 07	17,223	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 Research Institute	C. W. Chu	1 Jul 07	1,671	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 -	-	-

Corporate Governance Report

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
Senior Vice President Research Institute	Y. T. Chang	1 Jul 13	0	0.00	0	0.00	Yuan Ze University, Taiwan, Master in Chemical Engineering Δ -	-	-
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	5,734	0.00	0	0.00	Oklahoma City University, USA, Master Δ -	-	-
Senior Vice President Polyester Industry	C. T. Peng	1 Aug 10	0	0.00	0	0.00	National Tsing Hua University, Taiwan, Master in Chemical Engineering Δ Director of Oriental Resources Development Co., Ltd.	-	-
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	753	0.00	136	0.00	Yuan Ze University, Taiwan, Master in Chemical Engineering Δ -	-	-
Senior Vice President Polyester Industry	H. C. Ho	1 Jan 11	40,428	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	33,686	0.00	26,325	0.00	Tatung University, Taiwan, Chemical Engineering Department Δ Director of Worldwide Polychem (HK) Ltd.	-	-
Senior Vice President Polyester Industry	Eric 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	R. Q. Tsai	1 Jul 12	35,744	0.00	10,821	0.00	National Open University, Taiwan, Sociology Δ -	-	-
Senior Vice President Polyester Industry	E. Y. Lai	1 Oct 13	1,000	0.00	1,050	0.00	Aletheia University, Industrial Engineering and Management Δ Director of Far Eastern Industries (Suzhou) Ltd.	-	-
Senior Vice President Polyester Industry	M. L. Tsai	1 Sep 13	0	0.00	369	0.00	Feng Chia University, Taiwan, Master in Textile Engineering Δ -	-	-
Senior Vice President Polyester Industry	K. S. Tsai	1 Jun 13	0	0.00	0	0.00	Feng Chia University, Taiwan, Textile Engineering Department Δ -	-	-
Senior Vice President Textile Industry	T. J. Lo	1 Jun 06	1,191	0.00	0	0.00	Feng Chia University, Taiwan, Textile Engineering Department Δ -	-	-
Senior Vice President Textile Industry	Mingo A. Chen	1 Oct 07	1,011	0.00	667	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	15,028	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	129	0.00	Fu Jen Catholic University, Taiwan, Department of English Language & Literature Δ Director of Far Eastern Apparel (Suzhou)	-	-

Title	Name	Date effective	Shareholding		Shareholding of spouse & minor children		Curriculum vitae		Managers who are spouses or within two degrees of kinship	
			Shares	%	Shares	%	Δ Positions in other companies	Title	Name	Relation
Senior Vice President Textile Industry	Huang Biao Liang	1 Apr 11	210,583	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	1,047	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		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 (I+II+III+IV) over net income (%)	Salary, Bonuses, and Allowances (V)	Severance Pay and Pension (VI)		Bonus to Employee from distribution of earnings (VII)		Exercisable Employee Stock Options (VIII)	Exercisable Employee Restricted Stock (IX)		Ratio of total remuneration (I+II+III+IV+V+VI+VII) to net income (%)										
		A	B			A	B			A	B	A	B					A	B	A	B						
Chairman	Douglas Tong Hsu																										
	Yue Ding Industry Co., Ltd.																										
Director	Asia Cement Corporation																										
	Far Eastern Department Stores Ltd.	0	16,329	0	0	175,645	247,815	936	5,744	2.45%	1.89%	20,348	27,113	0	0	2,112	0	2,306	0	0	0	0	2.76%	2.10%	91,574		
Independent Director	Shen Bing																										
	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 2013. Bonuses to Directors and Employees are the proposed figures to be resolved by the upcoming 2014 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.

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

2.3.2 Remuneration Paid to Supervisors

Title	Name	Base Remuneration(I)		Remuneration Bonus to Supervisor from distribution of earnings (II)		Operating Allowances (III)		Ratio of total remuneration (H+II+III) to net income (%)	Remuneration paid to Supervisors from an invested company other than the Company's subsidiary (IV)
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements		
Supervisor	U-Ming Marine Transport Corp. Far Eastern Y.Z. Hsu Science & Technology Memorial Foundation	0	0	40,113	47,152	216	816	0.56%	13,494

Note

- Operating allowances mentioned in the table above were the actual amount distributed in 2013; Bonus to Supervisors is the proposed figures to be resolved in the upcoming 2014 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	The Company
Under NT\$2,000,000	0	0	0
NT\$2,000,000 ~ NT\$4,999,999	0	0	0
NT\$5,000,000 ~ NT\$9,999,999	0	0	0
NT\$10,000,000 ~ NT\$14,999,999	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	0	0
NT\$15,000,000 ~ NT\$29,999,999	0	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	0
NT\$30,000,000 ~ NT\$49,999,999	0	0	0
NT\$50,000,000 ~ NT\$99,999,999	0	0	0
NT\$100,000,000 and over	0	0	0
Total	3	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	A	B	A	B	A	B		
President	K. S. Wu																	
	Y. H. Tseng																	
	Eric Hu																	
Chief Auditor	Humphrey Cheng																	
	Raymond Hsu																	
Chief Operating Officer	Chun Min Ho																	
	Donald Fan																	
Executive Vice President	C. Y. Dai																	
	David Wang																	
	Alan Tsai	48,608	48,896	0	0	83,145	83,145	4,745	0	4,745	0	1.89%	0.96%	0	0	0	0	8,261
	Emily Wu																	
	B. C. Chang																	
	T. H. Liu																	
	B. T. Chering																	
	Kwen Lin Ho																	
	M. J. Wu																	
	M. Y. Tsai																	
	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. Chering, Alan Tsai, Austin Lee, Kwen Lin Ho, Ru-yu Wu, Emily Wu, T. H. Liu, B. C. Chang, M. J. Wu, M. Y. Tsai	Raymond Hsu, Y. H. Tseng, Humphrey Cheng, K. S. Wu, Eric Hu, David Wang, Donald Fan, C. Y. Dai, Chun Min Ho, B. T. Chering, Alan Tsai, Austin Lee, Kwen Lin Ho, Ru-yu Wu, Emily Wu, T. H. Liu, B. C. Chang, M. J. Wu, M. Y. Tsai
NT\$10,000,000 ~ NT\$14,999,999	0	0
NT\$15,000,000 ~ NT\$29,999,999	0	0
NT\$30,000,000 ~ NT\$49,999,999	0	0
NT\$50,000,000 ~ NT\$99,999,999	0	0
NT\$100,000,000 and over	0	0
Total	19	19

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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, Petrochemical Industry	K. S. Wu		
President, Polyester Industry	Y. H. Tseng		
President, Textile Industry	Eric Hu		
President, Corporate Management	Humphrey Cheng		
Chief Operating Officer, Polyester Industry	Donald Fan		
Chief Operating Officer, Polyester Industry	C. Y. Dai		
Chief Auditor	Raymond Hsu		
Chief Auditor, Group Auditing Department	Chun Min Ho		
Chief Financial Officer, President Office	David Wang		
Executive Vice President, President Office	Alan Tsai		
Executive Vice President, President Office	Emily Wu		
Executive Vice President, Research Institute	Ru-yu Wu		
Senior Executive Vice President, Polyester Industry	T. H. Liu		
Executive Vice President, Polyester Industry	B. T. Cherng		
Executive Vice President, Polyester Industry	B. C. Chang		
Executive Vice President, Polyester Industry	M. Y. Yeh		
Executive Vice President, Textile Industry	Austin Lee		
Executive Vice President, Textile Industry	Kwen Lin Ho		
Executive Vice President, Textile Industry	M. J. Wu		
Senior Vice President, Corporate Staff Office	Jackson Wu		
Senior Vice President, President Office	David Shih		
Vice Chief Auditor, Audit Department	Mark Lu		
Vice Chief Auditor, Chairman Office	Rebecca Huang		
Senior Vice President, Finance Department	Mike Wu		
Senior Vice President, Legal Department	Li-Chi Chen		
Senior Vice President, Secretarial Department	Hans Kuo		
Senior Vice President, Human Resource Department	C. Y. Lin	4,745	0.07%
Senior Vice President, Human Resource Department	William Hsu		
Senior Vice President, Shipping Department	Steve Liu		
Senior Vice President, Research Institute	C. W. Chu		
Senior Vice President, Research Institute	Ken Chang		
Senior Vice President, Research Institute	Y. T. Chang		
Senior Vice President, Polyester Industry	C. C. Fan		
Senior Vice President, Polyester Industry	Arthur Lee		
Senior Vice President, Polyester Industry	C. T. Peng		
Senior Vice President, Polyester Industry	C. T. Chen		
Senior Vice President, Polyester Industry	W. C. Hu		
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	Eric Huang		
Senior Vice President, Polyester Industry	R. Q. Tsai		
Senior Vice President, Polyester Industry	E. Y. Lai		
Senior Vice President, Polyester Industry	M. L. Tsai		
Senior Vice President, Polyester Industry	K. S. 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	C. C. Hong		
Senior Vice President, Purchasing Department	Allen Lu		
Senior Vice President, Purchasing Department	Ryan Wu		

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
2013	5.17%	3.36%
2012	4.54%	3.44%

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 the Remuneration Committee. The remaining remuneration is determined based on the business results of the whole company and each department; meanwhile, results of market survey on the general salary level of TWSE-listed companies and reports by professional consulting companies will also be referenced.

3. Implementation of Corporate Governance

3.1 Board of Directors

Total four meetings were convened by the Board of Directors in 2013. Attendance of each Director and Supervisor is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks	
Chairman	Douglas Tong Hsu	4	0	100		
Director	Yue Ding Industry Co., Ltd.	Johnny Shih	4	0	100	
		Peter Hsu	4	0	100	
	Asia Cement Corp.	Raymond Hsu	3	1	75	
		Shaw Y. Wang	4	0	100	
		Richard Yang	3	0	75	
		Far Eastern Department Stores Ltd.	Kuan Tao Lee	4	0	100
	Independent Directors	Tonia Katherine Hsu	4	0	100	
		Shen Bing	4	0	100	
		Bao-Shuh Paul Lin	3	0	75	
Supervisor	U-Ming Marine Transport Corp.	Johnsee Lee	2	0	50	
		Alice Hsu	2	0	50	
	Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation	T. H. Chang	4	0	100	
		Champion Lee	3	0	75	

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 will announce the resolutions of every Board of Director's meeting on its website, and will purchase liability insurance for its directors and supervisors, as to improve the Company's operational transparency 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.
 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):

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<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>

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
(1) Shareholding Structure & Shareholders' Rights		
a. Method of serving shareholders to respond to their suggestions or complaints	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.	None
b. The Company's possession of a list of major shareholders and a list of ultimate owners of these major shareholders	The Company, at any time, is keeping updated information of major shareholders and the ultimate owners of these major shareholders. As long as change in ownership occurs, the Company follows the relevant regulations to disclose related information.	
c. Risk management mechanism and “firewall” between the Company and its affiliates	The Company has assigned the Credit Committee to be responsible for risk control of accounts receivable. Meanwhile, to manage the likely risk, and establish a “firewall”, between the Company and its affiliates, the Company and its affiliates have already established and implemented “Procedures for Acquisition and Disposal of Assets”, “Procedures for Lending of Capital to Others”, and “Procedures for Endorsements and Guarantees”.	
(2) Composition and Responsibilities of the Board of Directors		
a. Independent Directors	The Company's Board consists of 3 independent directors: Shen Bing, Bao-Shuh Paul Lin & Johnsee Lee. Far EasTone's Board consists of 2 independent directors: Lawrence Juen-Yee Lau & Kurt Roland Hellström	None
b. Regular evaluation of the independence of CPAs	The Company and its subsidiary Far EasTone's Board of Directors annually evaluate the independence of its CPAs. Current CPAs have passed the independence evaluation.	
(3) Communication Channels with Stakeholders and Other Interested Parties		
	The Company and its subsidiaries have designated appropriate departments to communicate with stakeholders and other interested parties on a case by case basis, as needed.	None
(4) Information Disclosure		
a. Construction of a corporate website to disclose information of financial, business and corporate governance status of the Company	The Company and its subsidiary Far EasTone have set up multiple-language (traditional Chinese/simplified Chinese/English) websites: www.fenc.com & www.fareastone.com.tw , respectively. 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.	None
b. Other information disclosure channels	The Company and its subsidiary Far EasTone have 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.	

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 and its subsidiary Far EastOne have established the Remuneration Committee. The Committee is currently well-functioning.	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. Far EastOne has established "FET Corporate Governance Best-Practices Principles" in accordance with the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies", and the principles have been approved by Board of Directors. So far, there are no differences.

(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	
			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	2	3	4	5	6	7	8			
Independent Director	Shen Bing				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	-
Others	Min-The Yu	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	-
	J. W. Huang				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	Note 2
	Kuan Tao Lee	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0		

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: In accordance 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", the Company has newly-elected J. W. Huang as a member of the Remuneration Committee on 19 March 2014.

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 3 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	3	0	100%	The 2 nd Remuneration Committee
Committee member	Min-Teh Yu	3	0	100%	
	Kuan Tao Lee	1	0	33%	Replaced on 19 Mar 14
	J. W. Huang	0	0	-	Newly-elected on 19 Mar 14

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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		
(a) A written policy or a system to carry out corporate social responsibilities, and the performance review of the said policy or system.	The Company has established a functional CSR (Corporate Social Responsibility) Committee in 2012, and its subsidiary Far EasTone has also established its own “FET CSR Committee”.	
(b) Establishment of a department, dedicated or non-dedicated, to promote corporate social responsibilities; and the operating status of the said department.	The Company and its subsidiary Far EasTone’s CSR Committee shall regularly provide CSR performance reviews to senior management & provide guidance, policy planning, and audit internal objectives to guide and incorporate CSR as one of the Company’s core values.	
(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.	<ol style="list-style-type: none"> 1. The Company and its subsidiary Far EasTone have established “The Code of Ethics” & “The Code of Business Conduct”. In order to promote awareness, the various policies are available for access on the intranet and all employees are required and trained to comply with our “The Code of Ethics” & “The Code of Business Conduct” throughout daily operations. 2. The Company and its subsidiaries has clear and precise written policies addressing performance evaluation, training, and reward/discipline system for employees, and complying with ethics conduct is one of the criteria in evaluating performance of employees. 3. 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		
(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.	<ol style="list-style-type: none"> 1. Specific efforts that the Company and its subsidiaries make to conserve the environment include, but are not limited to, the following: 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. Based on the “Green Network Construction Long-Term Plan”, subsidiary Far EasTone has been enforcing the energy saving and carbon reduction in the operation network by stages to minimize impacts on the environment and ecology. 	
(b) The system or mechanism that the Company establishes to conserve the environment, based on the particular industry and business characteristics of the Company.	The Company and its subsidiaries have already promoted awareness and reinforced policies to encourage the recycle of natural resources to decrease energy consumption and to reduce the emission of green-house gas.	None
(c) The designation of a dedicated department or personnel to carry out the duty of environmental conservation.	3. Through each department, the specific actions that the Company and its subsidiaries take 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.	
(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.	<ol style="list-style-type: none"> 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. 5. The Company will analyze each facility’s production process accordingly to promote a sound GHG 	

Item	Implementation Status	Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	<p>management system & reduction plan. The following practices will be implemented to achieve our goals:</p> <p>(1) Reduce energy consumption (2) Reduce product carbon footprint (3) Train and develop energy conservation concepts & behaviors</p> <p>6. In 2012 and 2013, the Company's total GHG (carbon dioxide) emission are 687, 759-CO₂e, and 677, 434t-CO₂e, respectively.</p>	
c. Promote Common Goods and Public Welfare		
(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.	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
(b) Provisions of a safe and healthy working environment for employees by implementing routine health and safety education.	<p>In order to optimize labor and capital, the Company has taken the following precautions:</p> <p>Workplace Safety: In addition to meeting safety and health regulatory requirements regarding equipment and the procurement of raw materials, the Company also monitors the safety for bringing new tools online. Regular work place assessments will be performed; if requirements are not met, on-site observation, interventions, and safety equipments will be provided to minimize risk exposure and ensure a safe workplace.</p> <p>Employee Health & Safety: In addition to complying with the government's occupational hazard health examinations, the Company regularly offers employee health examinations and work close with Far Eastern Memorial Hospital to monitor, manage, and take care of employees' well-being. The Company also requires that all factories and facilities are stocked with medications, general healthcare materials, and basic medical equipments; specific factories periodically offer certified medical services for employees.</p>	
(c) The Company establishes regular communication mechanism of the employees, also with reasonable notice if any changes caused significant impact on the staff.	The Company and its subsidiaries convene 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.	
(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.	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.	
(e) Collaboration with suppliers to promote corporate social responsibility.	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.	

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Item	Implementation Status	Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and Reasons
(f) Participation in community development and charity events through commercial activities, donation of materials, volunteer services, or other complimentary services.	The Company and its subsidiaries place great importance on corporate social responsibility. The Company periodically donates functioning computer equipments discarded from all departments to schools & aboriginal communities in Hualien. In addition, certain factories also provide accessibility of its basketball courts, swimming pools, and fitness facilities to local residents.	
d. Improvement in Information Disclosure		
(a) Disclosure of corporate social responsibility related information with significance and reliability	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.	
(b) Published corporate responsibility report and disclosure of implementation of corporate social responsibility	The Company has published its corporate social responsibility report, disclosed the implementation of corporate social responsibility, and make public related information in its designated "Corporate Social Responsibility" section on its website: csr.fenc.com/ Subsidiary Far EasTone's "FET Corporate Social Responsibility" section can be found on: www.fetnet.net/cs/satellite/Corporate/coSociety Subsidiary Arcoa's "Social Care" section can be found on: www.arcoa.com.tw/cares.jsp	None
<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> <p>(a) Working environment and employee safety precautions (Please refer to page 63)</p> <p>(b) Environment protection regulations, measures, and compliance</p> <p>(1) Sustainability policy</p> <ol style="list-style-type: none"> i. Compliance with the law and other related regulations ii. Continual improvement process and committed pollution prevention iii. Constant industrial waste minimization and increase resource utilization rate iv. Provide regular training and raise employee environmental awareness and behavior v. Constant recycling and promotion of environmental consciousness vi. Convey environmental performance to stakeholders through appropriate channels <p>(2) The Company is dedicated in conserving the global environment through the following ways:</p> <ol style="list-style-type: none"> i. Reduce: 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 ii. Recycle: Develop up-to-date recycling technology, increase the scale and scope of recyclable products, and create more applications for recycled materials iii. Replace: Replace fossil fuels with alternative energies. Utilize the waste of crops and indigestible crops as materials to replace petrochemical-based plastics <p>(3) Material results</p> <ol style="list-style-type: none"> i. Tpark, 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. Tpark would be a perfect demonstration of advanced technology and environmental conservation ii. Utilizing a multifaceted energy conservation approach, the Company implemented 98 energy conservation proposals, for a total energy reduction of 21,084,298 kilowatt-hours/year, 573 kilolitres of fuel oil/year, and 30,531 metric tons of steam/year; an equivalence of a reduction in GHG emission of 22,457t- CO₂e/year, or a energy cost savings of NT\$ 86 million/year. 		

Item	Implementation Status	Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and Reasons
<p>(c) Community welfare, social services, and social welfare</p> <p>(1) Environment: Promoting environmental protection through the charitable donation of the "Far Eastern EcoARK" pavilion, and the grand opening of Far Eastern Eco Pavilion & "The Amazing Feather"</p> <p>(2) Arts & Culture: We aim to inspire and improve community cultures through activities and exhibitions like the "Cross-strait writing and painting contests" & "The Dawn of the Dinosaurs"</p> <p>(3) Technology: Regular "Y. Z. Hsu Scientific Awards" are held to commend outstanding individuals in emerging science and technology</p> <p>(4) Education: "Y. Z. Hsu Competition – Taiwan Young Student Physicists' Tournament" & "International Young Physicists' Tournament" are held in order to give Taiwanese students further opportunities to integrate internationally</p> <p>(5) Athletics: Annual "National Marathon and Safety and Health Fair" are held to promote and improve staff health</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> <p>(i) The content of the Company's "2012 CSR Report" has been verified and assured by SGS against the AA1000 standard.</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
a. Establishment of Business Conduct Policy and Plans		
<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>1. The Company and its subsidiary Far EastOne have established "The Code of Ethics" & "The Code of Business Conduct". In order to promote awareness, the various policies are available for access on the intranet and all employees are required and trained to comply with our "The Code of Ethics" & "The Code of Business Conduct" throughout daily operations.</p>	
<p>(b) Establishment of unethical conduct prevention plan and its standard operating procedure (SOP), business conduct guide, and education/training.</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 (www.fenc.com).</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>3. The procedures and guidelines of the Company and its subsidiaries 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>(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>None</p>

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Item	Implementation Status	Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and Reasons
	<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>	
b. Implementation of the Code of Business Conduct		
<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>1. Prior to engaging in a commercial transaction, the Company and its subsidiaries 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 and its subsidiaries’ 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>(c) Promulgation of Policies for preventing conflicts of interests and offer channels for reporting conflicts of benefits.</p>	<p>The Company’s reporting channel is located on the Company’s website, along with opinions for supervisor email: supervisor@fenc.com</p>	None
<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>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>	
c. Establishment of Reporting Channels and Disciplinary and Petition Mechanisms for Violations of the Code Of Business Conduct.		
	<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. 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

Item	Implementation Status	Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and Reasons
d. Improvements in Information Disclosure		
(a) The status for the Company's website to disclose business conduct related information.	1. Ethical corporate management information shall be disclosed on the Company's website: (www.fenc.com) 2. Ethical corporate management information regarding subsidiaries Far EasTone and Arcoa shall be disclosed on its respective websites.	None
(b) Other disclosure channels (i.e. English website; designated personnel in charge of company information collection and disclosure on company web site).	The Company and its subsidiary Far EasTone shall disclose principles and the enforcement of policies on its websites, annual reports, and prospectuses; designated personnel will be appointed to collect and disclose the relevant information.	
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 purchases liability insurance for the Company's directors and supervisors, 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 Presidents:

Title	Name	Study Date		Sponsoring Organization	Name of the Course	Study hours
		From	To			
Chairman	Douglas Tong Hsu	20 Dec 13	20 Dec 13	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
Directors	Johnny Shih	20 Dec 13	20 Dec 13	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Shaw Y. Wang	20 Dec 13	20 Dec 13	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3

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Title	Name	Study Date		Sponsoring Organization	Name of the Course	Study hours
		From	To			
Directors	Raymond Hsu	20 Dec 13	20 Dec 13	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Peter Hsu	20 Dec 13	20 Dec 13	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Tonia Katherine Hsu	20 Dec 13	20 Dec 13	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Kuan Tao Lee	20 Dec 13	20 Dec 13	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		20 Dec 12	20 Dec 12	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	20 Dec 13	20 Dec 13	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		23 May 12	23 May 12	Securities & Futures Institute	Directors and Supervisors Practice Advanced Seminar	3
	Bao-Shuh Paul Lin	20 Dec 13	20 Dec 13	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
20 Dec 12		20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3	
Supervisor	Alice Hsu	11 Mar 14	11 Mar 14	Taiwan Corporate Governance Association	Functions and Performance Evaluation of the Board	3
		27 Dec 11	27 Dec 11	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	T. H. Chang	20 Dec 13	20 Dec 13	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
	Champion Lee	20 Dec 13	20 Dec 13	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
20 Dec 12		20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3	
President	Eric Hu	20 Dec 13	20 Dec 13	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		20 Dec 12	20 Dec 12	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 13	20 Dec 13	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Humphrey Cheng	13 Dec 13	13 Dec 13	Taiwan Corporate Governance Association	Functions of Compensation Committee	3
20 Dec 12		20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3	
Executive Vice President	C. Y. Dai	20 Dec 13	20 Dec 13	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Ru-yu Wu	20 Dec 13	20 Dec 13	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		20 Dec 12	20 Dec 12	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
	Kwen Lin Ho	20 Dec 13	20 Dec 13	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		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

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

The Company's website: www.fenc.com, subsidiary Far EasTone's website: www.fetnet.net, 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 and its subsidiaries by regulatory authorities:

Category	Department		
	Licenses		
		The Company	Subsidiaries
Accounting / Taxation	CPA ROC	11	5
	CPA China	1	1
	CPA USA	-	3
	ACCA	-	1
	CCIA	-	1
	CIA	7	9
	CRMA	-	1
	CFM	-	1
	CMA	-	1
	CCTA	-	1
	CPB	18	-
Finance	CFA	1	-
	Securities Investment Analyst	3	-
	Senior Securities Broker	12	1
	Broker of Future Contract Trading	3	-
	Foreign Exchange Trading	2	-
	Licensed Trust Sales	11	2
	Financial Planning	5	-
Real Estate	Realtor	2	-
	Land Administration Agent	2	-
Insurance	Non-Life Insurance Broker	1	-
	Non-Life Insurance Salesman	2	2
Labor Safety	CISA	1	-

Corporate Governance Report

3.6 Internal Control System Execution Status

3.6.1 Internal Control Report

Far Eastern New Century Corporation The Declaration of internal Control System

Date: 19 March 2014

Based on the self-examination results of the internal control system for the year of 2013, 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 19 March 2014. All of ten Directors present consented to the Declaration, and no dissenting opinion was expressed.

Far Eastern New Century Corporation

Chairman: Douglas Tong Hsu

徐旭東

Corporate Management President: Humphrey Cheng



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

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

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

3.8.1 Shareholders' Meeting

	Date	Resolutions of Shareholders' Meeting	Execution
2013 Annual General Shareholders' Meeting	June 25, 2013	<p>Matters to be reported:</p> <ul style="list-style-type: none"> · 2012 business operations · 2012 financial statements · Supervisor's review report of 2012 business operations and financial statements · Information of the corporate bonds issued in 2012 · To approve amendments to "Meeting Rules of Board of Directors of Far Eastern New Century Corporation" · The adjustments of Retained Earnings and Special Reserve in accordance with the adoption of International Financial Reporting Standards 	Not applicable
		<p>Matters to be approved:</p> <ul style="list-style-type: none"> · To accept 2012 business report and financial statements · To approve the proposal for distribution of 2012 profits <p>Matters to be discussed:</p> <ul style="list-style-type: none"> · To approve the capitalization of 2012 stock dividends. · To approve amendments to "Articles of Incorporation of Far Eastern New Century Corporation" · To approve amendments to "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" · To approve amendments to the Company bylaw "Election procedures of Directors and Supervisors of Far Eastern New Century Corporation" · To approve amendments to "Meeting Rules of Stockholders of Far Eastern New Century Corporation" 	

3.8.2 Board Meetings

Term	Date	Important Resolutions
4 th Board Meeting of the 21 st term	March 27, 2013	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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.
6 th Board Meeting of the 21 st term	August 12, 2013	<ol style="list-style-type: none"> 1. Approved the details about cash dividend, stock dividend and ex-dividend date of the Company for 2012. 2. Approved the amendments of the Company bylaw "Procedures for Acquisition and Disposition of Assets of Far Eastern New Century Corporation". 3. Approved the issuance of unsecured corporate bonds in year 2013. 4. Approved the Company's investment in China through existing off-shore investment company.
7 th Board Meeting of the 21 st term	November 5, 2013	<ol style="list-style-type: none"> 1. Approved the Company's investment in Far Eastern Union Petrochemical (Yangzhou) Ltd., via indirect investments through PET Far Eastern (Holding). 2. Approved amendments to the Company's investment structure towards its investments in Yangzhou, China. 3. Approved the Year 2013 Audit Plan performance and the Year 2014 Audit Plan.
8 th Board Meeting of the 21 st term	March 19, 2014	<ol style="list-style-type: none"> 1. Approved financial statements (including standalone reports) for the year 2013. 2. Approved the proposal for profit distribution of 2013. 3. Approved the issuance of dividends from capital surplus. 4. Approved amending the "Articles of Incorporation of Far Eastern New Century Corporation". 5. Approved amending the Company bylaw "Procedures for Acquisition and Disposition of Assets of Far Eastern New Century Corporation". 6. Approved the proposal of convening 2014 Annual General Shareholders' Meeting. 7. Approved the issuance of unsecured corporate bonds in year 2014. 8. Approved the amendments made to the Company's accounting policy.
9 th Board Meeting of the 21 st term	May 13, 2014	<ol style="list-style-type: none"> 1. Approved short-term financing loans extended to PET Far Eastern (Holding) Ltd. & Far Eastern Polychem Industries Ltd. 2. Approved the Company's 2013 Business report.

Corporate Governance Report

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: None

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	Cho Ming Hsing	Huang Shu Chieh	1 Jan 2013 – 31 Dec 2013	-

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	Cho Ming Hsing	Huang Shu Chieh	7,950	-	-	-	505	8,455	1 Jan 2013 – 31 Dec 2013

Note: Service fees for tax reporting, legal consulting, and corporate bonds issuance.

4.2 In the Event that the CPA Firm is Changed and the Audit 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

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	2013		From Jan 1 2014 to Apr 30 2014	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Chairman	Douglas Tong Hsu	(28,836,257)	-	-	-
Vice Chairman	Johnny Shih	43,972	-	-	-
Vice Chairman	Peter Hsu	10,098,965	-	(4,800,000)	-
Director	Yue Ding Industry Co., Ltd.	1,758,821	-	-	-
	Asia Cement Corporation	97,561,926	-	-	-
	Shaw Y. Wang	7,451	-	-	-
	Raymond Hsu	447,941	-	-	-
	Richard Yang	97,612	-	-	-
	Far Eastern Department Stores Ltd.	376,257	-	-	-
	Kuan Tao Lee	-	-	-	-
	Tonia Katherine Hsu	-	-	-	-
	Bing Shen	-	-	-	-
	Bao-Shuh Paul Lin	-	-	-	-
	Johnsee Lee	-	-	-	-
Supervisor	U-Ming Marine Transport Corporation	587,659	-	-	-
	T. H. Chang	1,710	-	-	-
	Alice Hsu	503,077	-	(2,000,000)	-
	Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	160,067	-	-	-
Champion Lee	11,648	-	-	-	
Manager	Y. H. Tseng	3,378	-	(18,000)	-
	Eric Hu	5	-	-	-
	K. S. Wu	26	-	-	-
	Humphrey Cheng	-	-	-	-
	Raymond Hsu	447,941	-	-	-
	Chum Min Ho	-	-	-	-
	Donald Fan	1,711	-	-	-
	C. Y. Dai	3,506	-	-	-
	David Wang	134	-	-	-
	Alan Tsai	-	-	-	-
	Emily Wu	-	-	-	-
	T. H. Liu	895	-	-	-
	B. C. Chang	8	-	-	-
	B. T. Cherng	7	-	-	-
	M. Y. Tsai	-	-	-	-
	Austin Lee	-	-	-	-
	Kuen Lin Ho	-	-	-	-
	M. J. Wu	-	-	-	-
	Ru-yu Wu	138	-	-	-
	Y. T. Chang	-	-	-	-
	Jackson Wu	952	-	-	-
	David Shih	6	-	-	-
	Mark Lu	813	-	-	-
Rebecca Huang	115	-	-	-	
Steve Liu	337	-	-	-	
Hans Kuo	-	-	-	-	

Corporate Governance Report

Title	Name	2013		From Jan 1 2014 to Apr 30 2014	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Manager	Mike Wu	23	-	-	-
	C. Y. Lin	-	-	-	-
	William Hsu	-	-	-	-
	Li Chi Chen	-	-	-	-
	Ken Chang	-	-	-	-
	C. W. Chu	32	-	-	-
	C. C. Fan	-	-	-	-
	W. C. Hu	-	-	-	-
	C. Y. Huang	-	-	-	-
	C. T. Chen	-	-	-	-
	C. T. Peng	-	-	-	-
	Arthur Lee	112	-	-	-
	C. T. Chang	14	-	-	-
	H. C. Ho	792	-	-	-
	Y. J. Lo	660	-	-	-
	R. Q. Tsai	700	-	-	-
	E. Y. Lai	-	-	388	-
	M. L. Tsai	-	-	-	-
	K. S. Tsai	-	-	-	-
	T. J. Lo	23	-	-	-
	Mingo A. Chen	19	-	-	-
	Monsun Yang	294	-	-	-
	Tony Liang	-	-	-	-
	Huang Biao Liang	412	-	189,571	-
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: 30 April 2014

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	1,222,873,016	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	
Oriental Institute of Technology Representative: Douglas Tong Hsu	247,646,678	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	185,361,828	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	153,637,220	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	140,878,714	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	
Funds of Saudi Arabia at the discretionary account of Morgan Stanley Asset Management and in custody of JP Morgan Chase Bank	126,008,509	2.45%	0	0.00	0	0.00	None	None	N/A
Chunghwa Post Co. Ltd. Representative: W. C. Wong	103,583,630	2.01%	0	0.00	0	0.00	None	None	The Ministry of Transportation & Communications of the R.O.C.
Shinkong Life Insurance Corporation Representative: Tung-Chin Wu	91,265,030	1.77%	0	0.00	0	0.00	None	None	See page 14 for details.
Nan Shan Life Insurance Corporation Representative: W. T. Kuo	88,876,687	1.73%	0	0.00	0	0.00	None	None	See page 14 for details
China Life Insurance Corporation Representative: M. Y. Wang	82,769,393	1.61%	0	0.00	0	0.00	None	None	See page 14 for details

Corporate Governance Report

9. Shareholding Proportion of FENC to Investees

Book closure date: 30 April 2014

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.	735,795	22.33	221,220	6.71	957,015	29.04
Far Eastern Department Stores Ltd.	237,029	16.80	156,019	11.06	393,048	27.86
Oriental Union Chemical Corp.	81,217	9.17	233,091	26.32	314,308	35.49
Far Eastern International Bank	72,459	3.07	482,150	20.41	554,609	23.48
Everest Textile Co., Ltd.	129	0.03	125,247	26.58	125,376	26.61
Yuan Ding Investment Co., Ltd.	1,822,821	99.40	5,502	0.30	1,828,323	99.70
Far Eastern Resources Development Co., Ltd.	557,354	100.00	0	0.00	557,354	100.00
Yuan Tong Investment Co., Ltd.	705,147	100.00	0	0.00	705,147	100.00
Far Eastern Investment (H) Ltd.	1,700	100.00	0	0.00	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	0	0.00	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	0	0.00	115	100.00
Yuan-Ding Co., Ltd.	186,929	37.13	243,474	48.37	430,403	85.50
Far Eastern Construction Co., Ltd.	188,875	65.11	2,318	0.80	191,193	65.91
Ding Yuan International Investment Co., Ltd.	205,000	100.00	0	0.00	205,000	100.00
Oriental Securities Co., Ltd.	140,278	19.65	467,791	65.55	608,069	85.20
PET Far Eastern (H) Ltd.	264	88.35	35	11.65	299	100.00
An Ho Garment Co., Ltd.	66,346	100.00	0	0.00	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	0	0.00	3,999	99.99
FEDP (H) Ltd.	244	50.43	240	49.57	484	100.00
Far Eastern Textile Limited	100	100.00	0	0.00	100	100.00
Ding Ding Hotel Co., Ltd.	5,386	19.00	21,464	75.71	26,850	94.71

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 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	-	-
Sep 13	10	6,000,000	60,000,000	5,145,017	51,450,165	Capitalization of share dividends	-	-

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

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

17 July 2013 Financial Supervisory Commission Ruling Ref. No.1020027941

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	5,145,017	-	5,145,017	694,983	150,000	10,000	6,000,000	-

1.2 Shelf Registration: None

1.3 Composition of Shareholders

Book closure date: 30 April 2014

Types Amounts	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Citizens	Security Trust Funds	Foreign Institutions & Foreign Persons	Total
Number	19	71	249	96,606	29	569	97,543
Number of shares owned	230,804,305	678,269,551	2,415,518,793	713,250,811	35,189,312	1,071,983,785	5,145,016,557
% holdings	4.49%	13.18%	46.95%	13.86%	0.68%	20.84%	100.00%

Operational Highlights

1.4 Distribution Profile of Share Ownership

Book closure date: 30 April 2014

Shareholder Ownership	Number of shareholders	Number of shares owned	%
1 ~ 999	52,402	11,925,203	0.23%
1,000 ~ 5,000	30,010	66,007,159	1.29%
5,001 ~ 10,000	6,929	48,553,656	0.94%
10,001 ~ 15,000	2,930	34,619,984	0.67%
15,001 ~ 20,000	1,224	21,268,857	0.41%
20,001 ~ 30,000	1,342	32,162,527	0.63%
30,001 ~ 40,000	639	21,904,652	0.43%
40,001 ~ 50,000	389	17,485,093	0.34%
50,001 ~ 100,000	692	48,520,299	0.94%
100,001 ~ 200,000	410	57,623,750	1.12%
200,001 ~ 400,000	188	53,440,390	1.04%
400,001 ~ 600,000	85	41,930,419	0.81%
600,001 ~ 800,000	50	34,660,345	0.67%
800,001 ~ 1,000,000	21	18,874,346	0.37%
Over 1,000,001	232	4,636,039,877	90.11%
Total	97,543	5,145,016,557	100.00%

1.5 Preferred Share: None

1.6 Major Shareholders

Book closure date: 30 April 2014

Shareholders	Total shares owned	Ownership %
Asia Cement Corporation	1,222,873,016	23.77%
Oriental Institute of Technology	247,646,678	4.81%
Far Eastern Medical Foundation	185,361,828	3.60%
Far Eastern Memorial Foundation	153,637,220	2.99%
Yuan Ze University	140,878,714	2.74%
Funds of Saudi Arabia Central Bank at the discretionary account of Morgan Stanley Asset Management, in custody of JP Morgan Chase Bank	126,008,509	2.45%
Chunghwa Post Co., Ltd.	103,583,630	2.01%
Shinkong Life Insurance Corporation	91,265,030	1.77%
Nan Shan Life Insurance Corporation	88,876,687	1.73%
China Life Insurance Corporation	82,769,393	1.61%

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

Items		Year	2013	2012	From Jan 1 2014 to Mar 31 2014
Market price per share	Highest		34.75	35.30	33.95
	Lowest		30.00	26.43	30.70
	Average		32.71	31.48	31.98
Net worth per share	Before distribution		21.93	21.88	37.80
	After distribution		(Note 3)	20.17	(Note 3)
Earnings per share	Weighted average shares (thousand shares)		5,145,017	5,044,134	5,145,017
	Adjusted diluted earnings per share (Note 1)		1.50	1.02	0.39
Dividends per share (Note 2)	Cash dividend		1.3	1.7	Not applicable
	Stock dividend	From retained earnings	0.2	0.3	
		From capital surplus	-	-	
	Accumulated undistributed dividend		-	-	
Return on Investment	Price / Earnings ratio (Note 4)		21.81	18.19	20.50
	Price / Dividend ratio (Note 5)		25.16	18.52	Not applicable
	Cash Dividend yield (Note 6)		3.97	5.40	

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

Note 2 : Distribution of profit generated from the preceding year.

Note 3 : To be resolved by Year 2014 Shareholders' Meeting.

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

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

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

1.8 Dividend Policy and its Execution Results

- 1.8.1 Dividend policy under the Articles of Incorporation: The distribution of dividends shall take into consideration the changes in the outlook for the Company's businesses, the lifespan of the various products or services that have an impact on future capital needs and taxation. Dividends shall be distributed at the ratio set forth in these Articles of Incorporation aimed to maintain 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, cash dividends shall not be less than 10% of the aggregate sum of dividends and bonuses distributed in the same year.
- 1.8.2 Proposed distribution of 2013 profits to be approved at the Shareholders' Meeting: Cash dividend of NT\$ 1.30 per share and stock dividend from capital surplus of NT\$ 0.2 per share (dividend 20 shares for each thousand shares owned). In total, NT\$ 1.5 per share is proposed to be distributed.

Operational Highlights

1.9 Effects on Business Performance and EPS Resulting from Stock Dividend Distribution Proposed by 2014 Annual General Shareholders' Meeting


NT\$ thousands

Items		Year	2014 (pro forma basis)		
Paid-in Capital (Beginning of the year)			51,450,165		
Stock & cash dividend to be distributed	Cash Dividend		NT\$1.3/share		
	Stock dividend from retained earnings		-		
	Stock dividend from capital surplus		20 shares for each thousand shares owned		
Variance in business performance	Operating income		Not applicable (Note)		
	% change in operating income				
	Net income				
	% change in net income				
	EPS				
	% change in EPS				
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		Not applicable (Note)	
		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			Not applicable (Note)
		Pro forma average annual return on investment			

Note: FENC neither prepares nor discloses financial forecasts for 2014, 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.

Chairman 

President 

Chief Accountant 

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 19 March 2014, the amount of bonuses being paid to employees, Directors, and Supervisors, respectively, are listed below:

- a. (1) Employee cash bonus: NT\$ 287,678,345, employee stock bonus: NT\$ 0, remuneration for Directors and Supervisors: NT\$ 215,758,759.
 - (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 2012 as approved at June 25, 2013 annual general shareholders' meeting are as follows:

- 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 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 2012 (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\$ 244,070,994. The dollar amount actually being paid is NT\$ 136,000,000.
- b. Employee bonus: Resolved amount is NT\$ 325,427,992. The dollar amount actually being paid is NT\$ 325,427,992.

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 2013 and in year 2014 as of 30 April.

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2. Corporate Bonds

Book closure date: 30 April 2014

Corporate Bond Type	1 st Unsecured Bond 2009	1 st Unsecured Bond 2010	2 nd Unsecured Bond 2010	1 st Unsecured Bond 2011
Issue Date	29 Oct 2009	27 May 2010	16 Sep 2010	27 May 2011
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\$ 3,000,000,000	NT\$ 5,500,000,000	NT\$ 6,000,000,000	NT\$ 3,800,000,000
Coupon rate	1.85%	1.68%	1.59%	1.50%
Maturity	5 years Maturity date: 29 Oct 2014	5 years Maturity date: 27 May 2015	5 years Maturity date: 16 Sep 2015	5 years Maturity date: 27 May 2016
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 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.	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\$ 3,000,000,000	NT\$ 5,500,000,000	NT\$ 6,000,000,000	NT\$ 3,800,000,000
Redemption or early repayment clause	None	None	None	None
Covenant applicable	None	None	None	None
Credit rating	Received a rating of "twAA-" from Taiwan Ratings Corp. on 10 Dec 2013	Received a rating of "twAA-" from Taiwan Ratings Corp. on 10 Dec 2013	Received a rating of "twAA-" from Taiwan Ratings Corp. on 10 Dec 2013	Received a rating of "twAA-" from Taiwan Ratings Corp. on 10 Dec 2013
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

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Book closure date: 30 April 2014

Corporate Bond Type	2 nd Unsecured Bond 2011	3 rd Unsecured Bond 2011	1 st Unsecured Bond 2012	2 nd Unsecured Bond 2012
Issue Date	29 Sep 2011	15 Feb 2012	07 Jun 2012	26 Nov 2012
Face value	NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000
Issuance and listing	OTC	OTC	OTC	OTC
Offering rate	Par	Par	Par	Par
Total amount	NT\$ 2,200,000,000	NT\$ 6,000,000,000	NT\$ 3,200,000,000	NT\$ 4,200,000,000
Coupon rate	1.55%	1.36%	1.35%	1.30%
Maturity	5 years Maturity date: 29 Sep 2016	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	Bank SinoPac
Underwriter	-	-	-	-
Legal counsel	N. C. Liao	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	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.	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\$ 2,200,000,000	NT\$ 6,000,000,000	NT\$ 3,200,000,000	NT\$ 4,200,000,000
Redemption or early repayment clause	None	None	None	None
Covenant applicable	None	None	None	None
Credit rating	Received a rating of "twAA-" from Taiwan Ratings Corp. on 10 Dec 2013	Received a rating of "twAA-" from Taiwan Ratings Corp. on 10 Dec 2013	Received a rating of "twAA-" from Taiwan Ratings Corp. on 10 Dec 2013	Received a rating of "twAA-" from Taiwan Ratings Corp. on 10 Dec 2013
Other rights of bond holders	Amount converted in, exchanged, or subscribed to common shares, ADRs or other securities Conversion rights	None	None	None
Dilution and other effects on existing shareholders	None	None	None	None
Custodian	None	None	None	None

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Book closure date: 30 April 2014

Corporate Bond Type	1 st Unsecured Bond 2013 (Tranche A)	1 st Unsecured Bond 2013 (Tranche B)	2 nd Unsecured Bond 2013	3 rd Unsecured Bond 2013
Issue Date	16 May 2013	16 May 2013	28 Aug 2013	23 Dec 2013
Face value	RMB 1,000,000	JPY 10,000,000	NT\$ 1,000,000	NT\$ 1,000,000
Issuance and listing	OTC	OTC	OTC	OTC
Offering rate	Par	Par	Par	Par
Total amount	RMB 500,000,000	JPY 5,000,000,000	NT\$ 3,000,000,000	NT\$ 2,800,000,000
Coupon rate	2.95%	3-month JPY Libor + 1.10%	1.39%	1.45%
Maturity	3 years Maturity date: 16 May 2016	3 years Maturity date: 16 May 2016	3.5 years Maturity date: 28 Feb 2017	5 years Maturity date: 23 Dec 2018
Guarantor	-	-	-	-
Trustee	CTBC Bank	CTBC Bank	Bank SinoPac	Bank SinoPac
Underwriter	-	-	-	-
Legal counsel	N. C. Liao	N. C. Liao	N. C. Liao	N. C. Liao
CPA	Ming Hsing Cho Shu Chieh Huang	Ming Hsing Cho Shu Chieh Huang	Ming Hsing Cho Shu Chieh Huang	Ming Hsing Cho Shu Chieh Huang
Repayment	These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.	These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.	These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.	These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.
Outstanding amount	RMB 500,000,000	JPY 5,000,000,000	NT\$ 3,000,000,000	NT\$ 2,800,000,000
Redemption or early repayment clause	None	None	None	None
Covenant applicable	None	None	None	None
Credit rating	Received a rating of "twAA-" from Taiwan Ratings Corp. on 10 Dec 2013	Received a rating of "twAA-" from Taiwan Ratings Corp. on 10 Dec 2013	Received a rating of "twAA-" from Taiwan Ratings Corp. on 10 Dec 2013	Received a rating of "twAA-" from Taiwan Ratings Corp. on 10 Dec 2013
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

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		89,976,60 Units (on 30 April 2014)	
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
2013	US\$15.71	US\$14.97	US\$15.23
30 April 2014	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

Far Eastern New Century and its subsidiaries have diversified businesses ranging from petrochemical, polyester, textile, telecommunication, property development, investments, and others. Please refer to page 1 of "Letter to Shareholders" for more business information.

1.1.1 Sales Breakdown of Main Business Segments

Unit: NT\$ thousands

Business Segment	Year	2013		2012	
		Amount	% of sales	Amount	% of sales
Petrochemical		50,954,029	19	54,110,667	20
Polyester		77,112,023	29	77,785,133	29
Textile		34,292,453	13	31,614,664	12
Telecommunication		89,670,579	33	86,665,697	32
Property		8,069,809	3	11,821,088	5
Investment & Others		9,522,803	3	5,658,300	2

1.1.2 Current Products and Services Provided by the Company and Subsidiaries

- Pure Terephthalate Acid (PTA)
- Polyester chip, polyester staple fiber, polyester filament, solid-state polymer, drawn textured yarn, high denier industrial yarn, PET bottle preforms, PET bottles, PET sheets, and polyester shrinkage films
- Cotton yarn, CVC yarn, polyester yarn, OE yarn and functional yarn
- Cotton fabrics, cotton blended fabrics, yarn-dyed fabrics, polyester fabrics, knitted fabrics and industrial fabrics
- Business suits from Hart Schaffner Mark(H.S.M), John Henry; shirts from Manhattan, beddings from Tonia Nicole, Charisma, La Mode; undergarments from FET, Active, Paul Simon, and men's undergarments from Punto Blanco
- Mobile services, internet access services, fixed line communications, sales of mobile communications equipment and accessories, maintenance services and logistics
- Shopping malls, residential buildings, public infrastructure, civil engineering and construction of roads, bridges, subways and electrical routing
- SavDerm wound care products, NuROs[®] bone graft substitutes, and Next Fill dental materials

1.1.3 Products and Services Planned to be Developed and Launched by the Company and Subsidiaries

- Functional fiber, fabrics made of specialty materials, waterproof and moisture-permeable films, bio-degradable plastic materials, high gas barrier plastic materials, functional bio-medical wound dressing, environmental friendly polyester shrinkage films, and key materials used in the optoelectronics industry.
- Digital video, digital music, digital books, new payment platform(NFC), e-stores, new media & e-Commerce, and "Wearable Tech Products"
- Construct quality residential products for sale, mass rapid transit (MRT), and expressways

1.2 Business Environment

1.2.1 Current Industry Situation and Prospects

1.2.1.1 Petrochemical business - Pure Terephthalate Acid (PTA)

In 2013, the global PTA supply was 52.56 million tons (Source on PTA: PCI), up by 6% or 3.15 million tons compared to 2012. On the other hand, the global PTA demand in 2013 reached 52.47 million tons, up by 5% or 2.66 million tons compared to 2012. This year, the PTA industry was influenced by a modest global economic recovery along with an increase in demand from the downstream polyester industry. On top of that, the PTA capacity expansion increased significantly and influenced the overall utilization rate in the industry.

The majority of the global PTA supply comes from Asia, with the top three countries, ranked in terms of production volume, being China, South Korea, and India, respectively. These three countries comprise roughly 68% of the global production volume. In 2013, China's annual PTA production capacity increased by 4.9 million tons or 23%, totaling 26 million, resulting in China commanding half of the global PTA output. As a result, PTA producers in Taiwan were significantly influenced by an industry-wide loss, as well as an overall decrease in utilization rates of PTA plants. In response, Taiwanese producers have reduced their

production volume starting from year 2012, with a decrease of 24% YoY in 2012; and further decreased their production volume by 1.34 million tons in 2013, or a 31% decrease YoY, reducing their annual output to 2.90 million tons. At the same time, Taiwan dropped two places, from being the 3rd largest global PTA producer, in terms of volume, to the 5th.

1.2.1.2 Polyester business

In 2013, global polyester production volume maintained a steady growth rate of 5% for a total polyester output of 61.33 million tons. (Source on polyester: PCI) During the same time period, China increased its production volume by 2.23 million tons, maintaining its position as a global leader in the industry. Polyester is used to produce PET resins and polyester fibers (polyester filament and polyester staple fibers). According to 2013 statistics, 70% of the demand of polyester was used for polyester fibers, 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. Since the 1970s, food grade PET resins have been used to produce PET bottles that are capable of holding water, carbonated drinks, juice, and tea. It can also be used to produce containers for fresh, frozen, and microwavable food.

Industrial grade PET resins are widely used in automotive, agricultural, fishery, electronics, healthcare, and transportation industries. Primary products include seatbelts, airbags, tire cords, conveyer belts, packaging material for electronic products, geotextiles, medical protection items, fish nets, and more.

■ Polyester fibers

According to statistics by Japan Chemical Fibers Association, chemical fibers account for 68% of the global fiber output in 2013, with the remaining being natural fibers (cotton, wool, silk, etc.). Chemical fibers saw a 3% increase in production volume over the past year. Polyester fibers, with 45.28 million tons of output worldwide, represent the majority of the chemical fibers. Polyester fibers can be further divided into two main categories: polyester filament and polyester staple fibers.

In 2013, the global production volume for polyester filament increased by 7% to 30.50 million tons, with Asian countries representing 95% of the global output. China alone produced nearly 76% of the global volume, or 23.18 million tons, an increase of 8% YoY. On the other hand, the production volume of polyester filaments in Taiwan was 0.95 million tons, with a slight increase of 3% YoY, representing 3% of the global production.

The global production volume of polyester staple fibers in 2013 stood at 14.78 million tons, an increase of 2% YoY. Again, Asian countries dominated the global polyester staple fibers market by producing 85% of the global production output. China accounted for 62% of the global production volume with 9.16 million tons, an increase of 2% YoY. In Taiwan, the production volume decreased by 3% YoY to 0.56 million tons, representing 4% of the global output.

1.2.1.3 Textile business

■ Cotton yarn and spinning business

Over the last two years, global production volume for cotton weakened while consumption volume grew at a moderate pace. Despite the trend, production volume was still greater than the consumption volume. In the 2012/2013 harvest season, global production volume decreased by 3% resulting in a total output of 26.80 million tons while consumption volume increased by 3% to 23.16 million tons. As a result, cotton stock grew by 22% to 19.41 million tons (Source of cotton information: United States Department of Agriculture — USDA). In 2013, price volatilities of cotton were limited for the first three quarters, but a price rebound could be seen in the fourth quarter. This sudden surge in cotton prices is primarily due to the expected changes on the Chinese cotton reserve policy as well as the downward trend of cotton stock in the US.

On the demand side, output for global cotton spindles was 262 million in 2013, an increase of 7% YoY. China produced 129 million cotton spindles, up by 1% YoY. Although Chinese cotton spindles account for 50% of the global production, actual utilization rate of Chinese cotton mills was only about 65%. Taiwan maintained its production of 1.2 million cotton spindles.

■ Knitted fabrics and apparels

China is currently the global leader in the production of fabrics and apparel in terms of volume and they show no signs of slowing down. In 2013, China's fabrics production grew 5% to 68.3 billion meters, while its apparel production grew 1% to 27.1 billion pieces (Source: National Bureau of Statistics of China). This uneven rate of growth between the sales volume of fabrics and apparel could be attributed to the

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decelerating growth of domestic demand, uninterrupted surge of production elements in China, the appreciation of RMB, and the changes in competitive advantages of other emerging countries.

In 2013, China's total fabric and apparel export value hits a record high of US\$ 284 billion, a significant increase of 11% YoY compared to a stunted growth of 3% in 2012 (Source: Chinese Customs). On an individual basis, the export value of fabrics and apparel were US\$ 106.9 billion (12% growth) and US\$ 177.1 billion (11% growth), respectively.

China's major fabrics and apparel export markets in 2013 were the EU, US, and Association of Southeast Asian Nations (ASEAN) countries, accounting for 46% of the combined export value. During this period, ASEAN countries have officially replaced Japan as China's third largest export region. Propelled by the global economic recovery, China's export value to the EU and the US market increased by 9% and 7%, respectively, while exports to ASEAN countries maintained a high growth rate of 40%. Export value to Japan, however, decreased by 1% due to the significant depreciation of Japanese currency.

1.2.1.4 Telecommunication Business

■ Personal mobile communication

Deregulation and loosened government controls have allowed domestic telecommunications industry to move towards liberalization and increased competition. Currently, the total Mobile Phone Account Penetration Rate in Taiwan exceeds 127%. This is the result of customers applying for multiple mobile accounts due to the differences in services, promotions and handset programs among.

With the development of fiber-optic communication, FTTx will gradually replace ADSL as the platform for broadband networks. FTTx will be able to provide users with a more stable and faster internet connection, with download speeds ranging from 50 to 100M. These various value added services are becoming the focal point for ISPs in this age of fiber-optic communication. Demand for wireless internet access has also increased considerably as smartphones and tablet PCs saturate the market. In response, ISPs are expected to provide better and faster services like the 4G LTE, on top of the 3.5G HSPA service that is currently being offered.

■ Corporate mobile communication

The sale of smart mobile devices has boomed over the last two years with mobile applications becoming more and more prevalent; smart-watches, smart glasses and other wearable tech are heating up in the market as well. These innovative technologies and programs could bring about new opportunities for the telecommunication industry.

Over the next few years, we will focus on the integration of 4G mobile and cloud technology. We will provide customers with a greater variety of integrated service plans in order to meet customer demand for ubiquity, mobility and real-time capability, thereby helping to improve the competitiveness of our corporate clients.

1.2.1.5 Property Business

The property market faced several challenges and setbacks throughout 2013. QE tapering was slower than the market's expectations, adjustments in luxury tax rates in Taiwan, and other unfavorable macroeconomic conditions all had a major influence on the domestic housing market. With the GDP growth rate constantly being revised downwards, only new residential property deals are seeing some activities; Taipei's grade A commercial office rents and total net absorption remained stable in most districts. As a result, transaction volume decreased by 12% to NT\$ 88.3 billion compared to 2012. Looking ahead to 2014, uncertainty remains due to the unwinding of QE3, causing a slight decline in money supply and increasing interest rates. Furthermore, as China's economic growth starts to slow, Taiwan's economy may start to falter; however, domestic exports could increase as market conditions begin to rebound in the US and Europe. Moving forward, domestic property market will be significantly influenced by the following factors: international institutional investor's interests in Asia's property market, ambiguity in economic policies concerning domestic and international macroeconomic issues, and the ability of cross-strait service trade agreements and exchanges to attract capital investments from China. In light of this, relatively low mortgage rates combined with an increase in supply will be beneficial for investors who are looking to purchase property for personal use. Residential property market will still see stable prices and volume; however, institutional investors are expected to be conservative regarding commercial property as uncertainty remains high, with the exception of cross-strait business travels. The market for cross-strait business travel is expected to grow, thus investments regarding hotels can be expected to grow on both ends.

1.2.1.6 Investment & Others Business

Due to the expansionary monetary policy implemented by the central bank of Taiwan in 2013 to stimulate economic growth, interest rate and inflation have maintained steady. Looking forward, we believe the global economy will expand at a modest to moderate pace; however, there are still countless uncertainties in the global economy. To name a few, the US are tapering its quantitative easing (QE) policies, China has begun its economic reforms and slowed down its high-speed GDP growth rate, the increase of Japanese consumption tax, and the Ukraine political crises. In consideration of the domestic and global economic condition, we will continue to review and analyze the performance of our long-term investments regularly, manage and minimize the interest rate and exchange risk carefully, and exploit new business opportunities by uplifting and utilizing our group's synergies and resources. By doing so, we will maximize investment income and share the profits with our shareholders.

1.2.2 The Supply Chain Analysis

Originally, the textile industry's sole purpose was to provide the necessities of daily life. Today, this industry serves a greater purpose by infusing fashion, technology, and art, to cater to demands beyond our basic clothing needs. In the upstream of the supply chain lies polyester polymers which consume chemicals derived from crude oil. Moving down to the mid-stream, there are spinning, weaving, fabricating, dyeing and finishing production processes. And further down are the apparels, garments, and home furnishings end products. Please refer to pages 59-60 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 8% or 4.17 million tons, to 56.73 million tons in 2014. On the other hand, worldwide PTA demand is expected to grow by 7% to 56 million tons. Demand from China is expected to increase by 5%, to 29.68 million tons. And due to the production of newly added capacity, China's import volume is expected to decline to roughly 1.74 million tons in 2014 from 2.77 million tons in 2013.

2013 marked the height of an expansion of global PTA capacity, with 9.82 million tons of new capacity. In 2014, another 3.3 million tons is expected to be added to the market. Given that the PTA demand will increase by merely 3 to 4 million tons per year, it will take several years before the newly added PTA capacity can be fully absorbed.

1.2.3.2 Polyester business

■ PET resins

The downstream applications of PET resin are constantly evolving, and the demand from emerging markets continues to grow as well. Moving forward, we will experience growth in both the food and industrial grade PET markets. The 2014 global PET resin production volume is expected to reach 19.71 million tons, or a 7% increase compared to 2013. Since the beginning of 2013, producers of commodity PET products have begun facing increasing operational pressures stemming from the massive capacity expansion. FENC was the first company in Asia to enter the PET industry and are currently the main provider of food and industrial grade PET in Asia. We have also gradually adjusted our product mix to include more value-added PET products. Regarding food grade PET, we have launched waste reduction and energy-saving products. In addition, we are the industry leader in Recycle-PET and Bio-PET resins. In terms of industrial grade PET, we have fully committed all of our resources to develop transportation use fabrics, such as tire cords and seat belts, geotextiles, and conveyor belts for food and manufacturing industries.

■ Polyester fibers

In 2014 the production volume of global polyester fiber is expected to increase by 7%, or 2.96 million tons, to 46.76 million tons. Among the expected growth, China alone accounts for 66% or 1.97 million tons of new capacity.

Our company is the second largest producer of polyester staple fibers in the world. We own multiple production lines in Taiwan and China and provide raw materials for high value-added products in medical supplies, healthcare, sports, automotive, and household appliances to customers with internationally renowned brands.

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FENC is also a major producer of polyester filament yarns in Taiwan. We own multiple production, marketing, and sales sites in Taiwan and China. We have a very comprehensive product portfolio that includes but are not limited to, POY, DTY, HDI, etc. Furthermore, we are also the main supplier of nylon 6,6 filament in the Asian market. As part of our competitive product portfolio, we have developed functional materials such as TopCool+[®], TopHeat+[®], outlast fiber (thermal management fiber), dope dyed black fiber, and cationic dyeable black fiber. Additionally, we have successfully achieved a leading position regarding environmentally friendly fibers such as Bio-TopCool+[®], polylactic acid (PLA) fibers, and Top Green[®] recycled fibers, which are made of bio-based 1,4 butanediol, corn, and post-consumed PET bottles, respectively.

1.2.3.3 Textile spinning business

■ Cotton yarn and spinning business

Changes in the Chinese cotton reserve policy have crippled Chinese farmer's interests in cotton plantation. We expect this change to lower production volume by 10% in the 2013/2014 harvest season. As a result, global cotton production will drop to 25.4 million, 1.4 million tons less than previous harvest season. The demand for cotton is estimated to be 23.78 million tons, and the ending stock volume is estimated to reach 21.07 million tons, a relatively high level (Source: United States Department of Agriculture — USDA). Overall, the Chinese cotton reserve policy will narrow the price gap between Chinese domestic and international markets, benefiting producers in the cotton yarn and spinning industry.

■ Knitted fabrics and apparels

After the European sovereign debt crisis in 2012 and 2013, we expect the global economy to gradually recover in 2014, particularly the US and the EU. Consensus shows that economic growth in major developed countries could bring forth growth momentum in textiles and apparel exports. Meanwhile, we remain cautious about the Chinese domestic market (the second largest economy). In 2013, China's production volume for apparel maintained stable while sales volume experienced decreasing growth in the domestic market but increasing growth in exports. This situation can be expected to reappear in 2014.

1.2.3.4 Telecommunication Business

■ Good 3G network booms mobile internet access and enters into new era of 4G

The increasing 3G coverage and number of high-speed downlink/uplink packet access (HSDPA/HSUPA) base stations significantly accelerates the speed of internet access for mobile phone users and leads to rapid growth in smartphone penetration. In addition to internet access, FET will continue to develop the relevant value-added services, and therefore, mobile users can enjoy more services with ease of use from the customer's perspective.

After the 4G LTE license auction, high speed 4G base stations will be massively deployed and lead to a significant rise in mobile Internet speeds, which will then further boost the mobile broadband applications. Consequently, mobile video/audio and high-bandwidth demanding services will gradually become the main contributors of traffic volume.

■ Telecommunication business turns from the voice-centric era into the multi-service integration era

As popularity of various smart handsets and tablets with high usage on instant-messaging apps and social-networking apps, it shows customers' needs of always-on-line communication and convenient way to keep in touch with others. This drives telecommunication operators to offer various devices and a variety of services over their network and service platforms and to integrate connections, devices, and applications.

■ Digital convergence and application services will be the key to sustain development for the industry

The development of networking and the mobility capability of consumer electronics are stimulating the creation of more communication services and applications, which also greatly influences the development of the telecommunication industry. From the fact of notebook PCs with built-in mobile broadband modules and emergence of more and more communication applications for entry-level PCs, navigation devices, gaming devices and even camera products, it can be foreseen that terminal device support will continuously affect the future development of the telecommunication industry.

From the achievement of 48 billion downloads from Google Play, exceeding 50 billion downloads from Apple Store with over 850,000 Apps, and more than US\$10 billion of revenue gained by App developers, revenue and growth from application services will undoubtedly rise as smartphones and tablets become more prevalent. Therefore, telecommunication service providers will have to provide faster wireless networks and better coverage to cater to the needs of new subscribers. It is expected there will be more diversified customer devices, multiple wireless networks, an increase in bandwidth consumption, and more application services available in the future.

Based on development trends, digital convergence will encompass the convergence of services, networks and end devices. Therefore, in this wave of digitalization, the government, the industry, academia, and research institutions will all be looking forward to consolidating independent or separate industries into a larger integrated industry, in order to capture greater business and development opportunities.

- Developing diversified services and integrating new payment tool and mobile e-commerce

Nowadays, people become busier and they all hope the consumption processes can become much easier from anywhere; Consumers expect a “one-stop-shopping” experience. FarEasTone provides not only diversified digital entertainment content services but keeps developing more aspects of services integration to fulfill “one-stop-shopping”. As one of the leading telecom companies for 4G, FarEasTone has continued enhancing customer experience and personal, interactive and flexible service designs. FarEasTone is aimed at a variety of applications (App Market Place) and consumer needs. Moreover, FarEasTone is planning to provide mobile e-commerce for realizing “one-stop-shopping” and fulfilling customer satisfaction. In addition, with FarEasTone’s thousands of retail stores and great brand image, we have formed 13 strategic partnerships to launch NFC services, which will be commercialized this year. “FarEasTone NFC All Around Services” is going to integrate credit cards, EasyCards, Merchant’s Loyalty Cards (Happy Go Card), Merchant’s top-up Cards (Dante E Card), Door Access Cards and e-coupon Cards that make consumers’ life much easier and more convenient.

1.2.3.5 Property Business

By uplifting and utilizing our group’s synergies and resources, we will exploit new business opportunities to accelerate our land development plan and further diversify our existing businesses. Recently, our priority is to develop both the high technology oriented Banciao Tpark and the leisure oriented Ilan Spa Resort projects. By doing so, we will gradually unlock the hidden land value.

1.2.3.6 Investment &Others Business

Leveraging the Company’s resources, we have invested in other businesses, such as cement and retail markets. Asia Cement Corporation (ACC) is a world class cement producer with capacity across the Taiwan Straits. While maintaining its stable market share in Taiwan, ACC has seen remarkable revenue growth in the China market due to its current capacity expansion. Moreover, ACC signed a strategic partnership agreement with Anhui Conch Cement, and targets a top ten ranking among cement companies in China by taking advantage of China’s urbanization policy. Far Eastern Department Stores Ltd. (FEDS), with the innovative transformation of their long-term strategy, has been transforming its business model from traditional department stores to new-style shopping malls, which have more restaurants, cinemas and other recreational facilities to offer customers a holistic leisure experience. In order to protect its leading position in the retail business, FEDS continues its strategic plans to open new stores in Taiwan and China, concurrently developing its online shopping by implementing an online-to-offline retail strategy. With these bright business outlooks from our affiliates, we expect to generate consistent profits within this diversified investment portfolio.

1.3 Technology Innovation and R&D Overview

1.3.1 R&D Expense in the Recent Years

R&D expenses in 2013 & 2012 were NT\$675.902 million and NT\$700.375 million, respectively.

1.3.2 Successful Technology or Products from the Development

1.3.2.1 Petrochemical, Polyester & Textile Business

Development of anti-fog hard coat resin; development of 2nd generation flexographic resin; development of Fluorine-free water repellent agent; enhancement of anti-fog APET sheet; film type pattern retarder film for 3D liquid crystal display; CNT transparent conductive film have patterned invisible property; acne dressing; dental bone graft.

1.3.2.2 Telecommunication Business

Upgrade for mobile communication core network technology and its equipment; enhancing the network management system function; improving data servicing technology and the value-added services platform; VOD (Video On Demand); S-Mart; digital-FET Music (Omusic); FET eBook town; ring back tone; FarEasTone NFC All Around Services; FETnet; payment platform upgrade; Far EasTone Philippines – one card two numbers; upgrade to FarEasTone’s cloud corporate email service; IIPVPN QoS Service.

1.3.2.3 Property Business

We implemented the latest construction technology, which will reduce construction time, enhance construction quality, while reducing construction costs.

Operational Highlights

1.4 Long-term and Near-term Business Plans

1.4.1 Near-term Business Plan

1.4.1.1 Adjust the Product Structure

In recent years, some of our competitors have increased their capacity drastically, leading to severe price competition for mass market products. In response, we will adjust our product structure and increase the ratio of self-consumed production and deep processing transit to maintain good operating results.

1.4.1.2 Broaden the Base of Good Customers

Our company has been cooperating and established stable relationship with renowned companies in R&D, production, sales and marketing for a long time. Through solid client relationships in the supply chain, we are able to secure orders and maintain a stable utilization rates. Moreover, as international brands raise their product quality requirements, it becomes more difficult for our competitors to enter this market due to the higher barriers. To this end, our company will continue to strengthen our relationships and cooperate with outstanding customers to increase our profit margin.

1.4.1.3 Immerse Ourselves Deeper in the Potential Markets

In light of the imbalance in industries and the unfair competition that results from free trade agreements signed by rival nations, we will continue to immerse deeper in potential markets with value-added products.

1.4.2 Long-term Business Plan

1.4.2.1 Expand Capacity in Niche Products

Our company plans to expand our niche products capacity to avoid the severe price competition in the mass market products. In the upcoming years, the Company will look to add new production lines for niche products in China, Taiwan, and Japan.

1.4.2.2 Promote Green Products

As threats from global warming and climate change intensifies, we preoccupy ourselves with concerns of lowering the demand for petrochemical raw material and offering more green products to our customers – issues that have become vital to operations worldwide. Our company is currently focusing on two main categories of green products, Recycle-PET and Bio-PET. In the future we will expand these applications to existing products and increase sales of relevant products.

1.4.2.3 Actively Promote R&D

Far Eastern Group R&D Center currently has five distinct divisions covering Polyester Fiber & Textile, Polymer, Optoelectronics, BioTech and Green Materials. Besides our own R&D projects, our R&D teams collaborate with well-known international or domestic research institutes, as well as internationally famous brands. They accelerate the development of high value-added products with core technologies, and aggressively focus on products with the greatest market potential.

1.4.2.4 Capitalize the Opportunities from the Rapid Growth of E-Commerce

The Company will develop more payment functionalities for physical distribution channels through the development of NFC mobile phones, paired with the optimization of cash flow service platform for online distribution channels to deliver optimized convenience and versatility for consumers. In addition, Far EasTone will also continue to improve the process of user interaction with various interfaces of multi-screen cloud and user experience to take full advantage of opportunities from digital merchandize distribution channels.

1.4.2.5 Develop Taipei Far Eastern Telecom Park

By utilizing our group's synergies and resources, FENC and its affiliates plan to construct and develop the Taipei Far Eastern Telecom Park (Tpark) in Banciao. We aim to integrate government, businesses, academia, and research institutes within Tpark to foster a professional R&D atmosphere for the telecommunications industry.

1.4.2.6 Exploit New Business Opportunities in Investments

FENC will further diversify our existing businesses by exploiting new business opportunities in investments. We will monitor and adjust our investment portfolio from periodically to maintain a stable and optimal return on investments. Moreover, we will invest more aggressively in overseas markets to diversify our operational and political risks across countries.

2. Overview of Market, Production, and Sales Market Analysis

2.1 Market Analysis

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

The major export regions and the percentage sales of petrochemical, polyester, and textile are: Asia (60%), America (25%), Europe (11%), and others (4%).

2.1.2 Domestic Market Share of Major Products (KPI Value)

Items \ Products	PTA		Polyester Staple Fiber		Polyester Filament	
	Production	Sales	Production	Sales	Production	Sales
FENC & Subsidiaries(tons)	725,582	721,839	231,632	225,627	90,141	67,159
Taiwan (tons)	2,933,732	2,929,514	553,593	524,679	896,595	560,393
Market Share(%)	24.7%	24.6%	41.8%	43.0%	10.1%	12.0%

Source: Department of Statistics, Ministry of Economic Affairs

2013 Market share of mobile subscribers by carriers: Chunghwa Telecom at 36.7%, Taiwan Mobile at 24.9%, Far EasTone at 24.9%, Asia Pacific Telecom at 7.5%, and VIBO Telecom at 6.0%.

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

2.1.3.1 Petrochemical, Polyester & Textile Business

The core of our company's operational structure lies in the polyester industry. We have successfully integrated our supply chain from upstream raw materials to downstream applications. Therefore, future polyester supply, demand, and growth will be crucial to our company's long-term development. Looking forward, we expect the recovery of our global economy to drive up the demand of polyester. Polyester demand growth from 2014 to 2016 is expected to increase by 6%, roughly twice of the global GDP growth rate.

The applications of polyester products continue to expand from clothing to household use. Additionally, industries such as automotive, electronics, logistics, farming, fishing, and construction have gradually adopted products related to polyester. On top of that, rapid growth in emerging countries will further add to the surge in demand for polyester.

2.1.3.2 Telecommunication Business

As the market matures, operators usually place the focus on value-added services and heavy users. Take leading international mobile operator Vodafone for example – with market growth slowing, it decided to shift its focus from general consumers to enterprise customers. Far EasTone is also striving to develop enterprise ICT convergent services, cloud applications and applications for internet of things with the enterprise application service providers of each industry.

2.1.3.3 Property Business

Raw material prices have been steadily increasing, and domestic land prices have also reached historic highs. This housing trend is expected to continue for the foreseeable future. On the off chance that housing market does weaken, prime real estate locations and locations surrounding transportation infrastructures will be most resilient. In addition, market supply have adjusted accordingly, targeting second-time home owners over first-time home buyers.

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

Operational Highlights

(3) Our ability to innovate and engage in R&D of applications in multiple fields

B. Positive factors

(1) Population and economic growth from emerging markets pulls along demand

(2) Increasing environmental awareness

(3) Increasing applications of various functional products

C. Negative factors

(1) Rising production costs

(2) Excessive capacity to be absorbed in this industry

(3) Barriers to free trade in all forms, such as free trade zones or anti-dumping policies

D. Company's measures to counteract negative factors

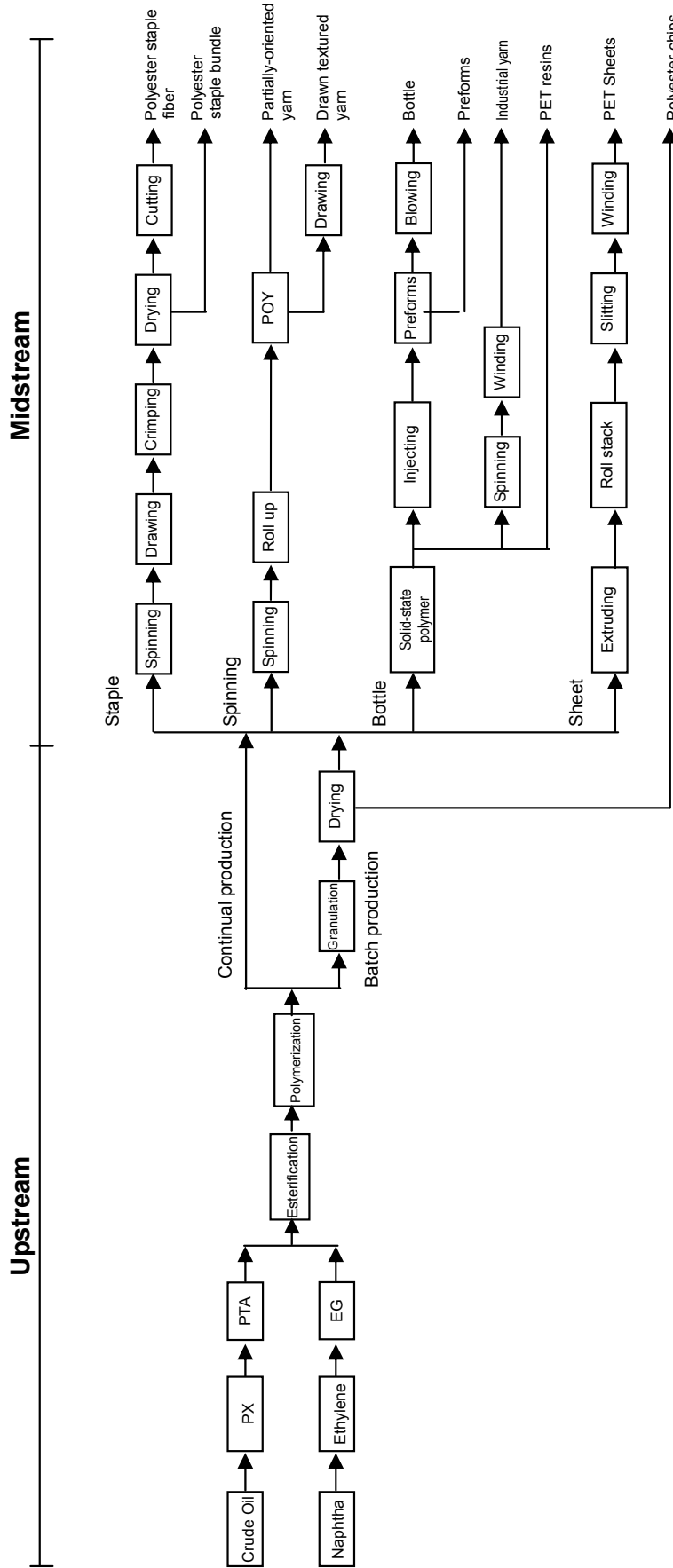
(1) Adjust our product structures. Avoid competition in mass market products

(2) Strengthen our collaboration and cooperation with customers of international brands

(3) Accelerate R&D. Increase the percentage of non-textile product sales

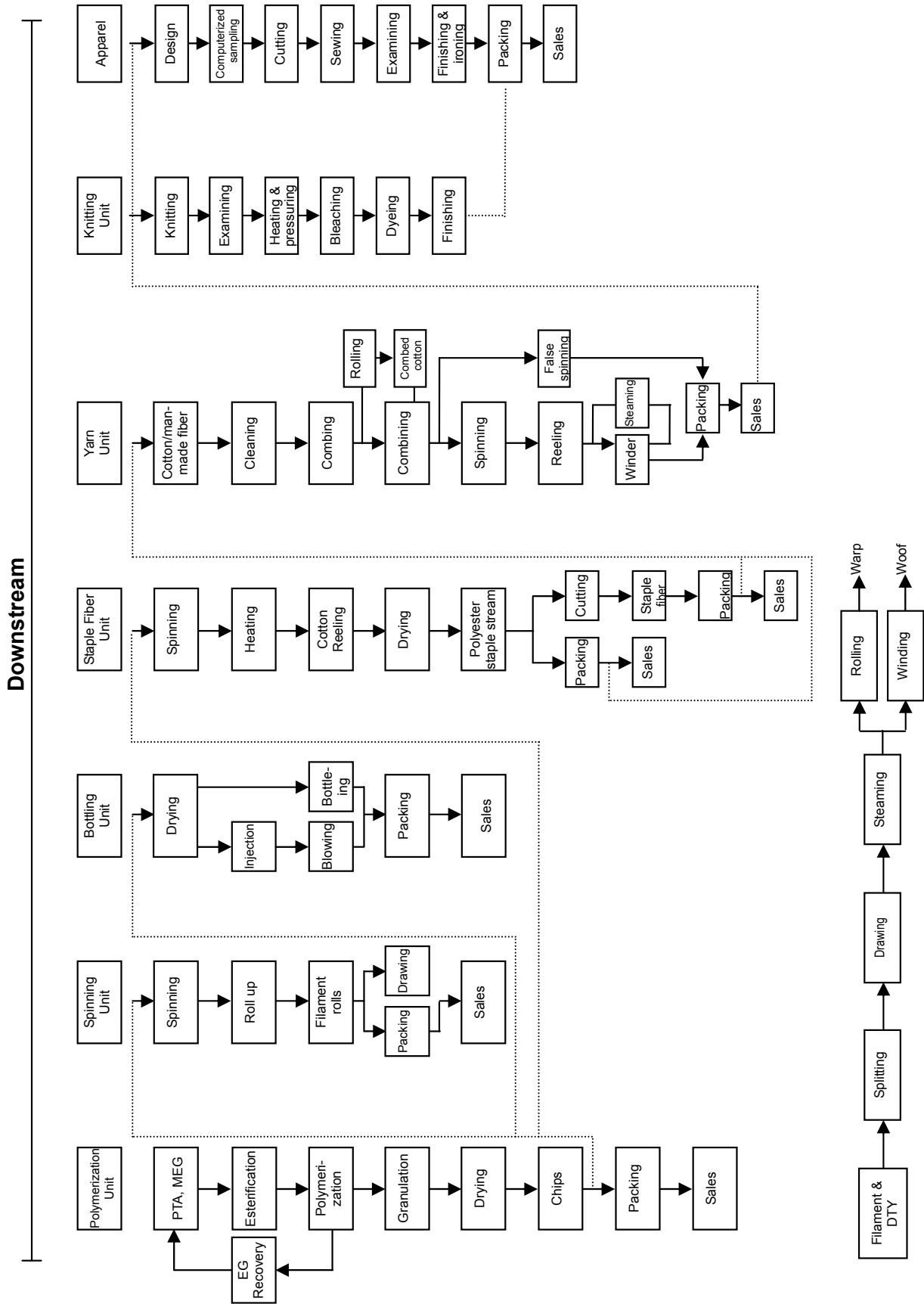
(4) Raise production efficiency and conserve energy to reduce manufacturing cost

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..

Operational Highlights



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

2.3 Sources of Major Raw Materials

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

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

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

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

2.5 Quantity and Value of the Production in Preceding Two Years

Unit: NT\$ thousands

Main Products			2013			2012		
			Production Capacity	Production Quantity	Production Value	Production Capacity	Production Quantity	Production Value
Petro-chemical	PTA	MT	1,630,000	1,471,072	50,006,034	1,593,705	1,577,634	53,707,327
	Polyester							
	Polyester Chip	MT	1,865,200	1,557,664	65,474,685	1,587,928	1,547,506	64,337,075
	Solid-State Polymer	MT	1,256,265	1,049,350	44,873,233	1,044,450	1,051,342	44,681,812
	PET Bottle Preform	Thousand pieces	3,076,000	2,175,797	2,665,586	2,700,467	2,147,910	2,627,790
	PET Sheet	MT	106,800	89,860	4,500,242	93,700	87,169	4,380,736
	Polyester Staple Fiber	MT	450,000	325,923	16,353,049	402,600	325,772	16,050,175
	PET Film	MT	5,040	5,040	406,872	4,800	4,088	312,555
	Pre-oriented Yarn	MT	151,810	111,730	6,121,789	151,810	120,365	6,508,439
	Drawn Textured Yarn	MT	39,576	38,253	2,848,683	38,921	36,128	2,929,060
	Nylon 6,6	MT	17,095	16,138	2,187,174	13,744	12,507	1,870,412
Textile	Yarn	Spindles	513,398	491,408	8,244,336	513,398	457,408	8,187,799
	Knitting Fabrics	MT	20,974	16,451	3,736,856	17,500	13,051	2,889,089
	Industrial Fabrics	MT	18,240	18,240	1,857,532	20,290	13,085	1,395,960
	Industrial Yarn	MT	96,700	77,978	5,448,826	96,700	76,759	5,256,717
	Apparel	Thousand dozens	6,798	6,018	7,011,521	7,897	5,237	5,416,558

Operational Highlights

2.6 Sales Quantity and Revenue in Preceding Two Years

Unit: NT\$ thousands

Main Products			2013				2012			
			Domestic sales		Export sales		Domestic sales		Export sales	
			Quantity	Revenue	Quantity	Revenue	Quantity	Revenue	Quantity	Revenue
Petro-chemical	PTA	MT	1,393,638	45,682,080	78,269	2,622,657	1,379,094	45,195,159	196,856	6,395,147
	Polyester									
	Polyester Chip (Note)	MT	63,109	2,673,411	55,462	2,349,351	75,438	3,336,125	46,173	1,921,390
	Solid-State Polymer	MT	259,109	11,114,310	633,661	29,343,170	320,177	13,831,653	592,118	27,757,719
	PET Bottle Preform	Thousand pieces	1,087,982	1,361,312	629,362	1,130,501	1,201,880	1,317,506	512,767	1,014,123
	PET Sheet	MT	63,139	3,278,912	27,060	1,440,964	63,053	3,328,523	24,368	1,325,913
	Polyester Staple Fiber	MT	108,302	5,844,940	214,223	12,135,146	104,719	5,509,668	217,549	12,143,783
	PET Film	MT	4,909	504,743	820	78,935	4,011	429,998	551	54,341
	Pre-oriented Yarn	MT	55,487	2,986,244	15,929	888,099	65,538	3,496,882	15,819	896,292
	Drawn Textured Yarn	MT	26,936	2,065,028	7,078	578,926	29,181	2,140,373	7,536	593,624
	Nylon 6,6	MT	15,005	2,182,822	1,614	285,344	11,460	1,693,902	1,874	321,778
Textile	Yarn	Spindles	239,557	5,071,903	253,620	4,250,937	265,481	5,412,351	198,655	3,391,992
	Knitting Fabrics	MT	6,279	1,512,860	12,066	3,441,652	7,134	1,509,597	8,848	2,565,980
	Industrial Fabrics	MT	6,817	756,962	14,448	1,685,402	5,432	614,419	9,038	1,092,360
	Industrial Yarn	MT	19,082	1,129,892	36,050	2,503,663	14,335	841,334	40,942	2,784,204
	Apparel	Thousand dozens	305	822,561	4,992	8,169,100	443	969,720	3,441	6,564,880

Note: Mainly for internal consumption

3. Information about Employees

Year		2013	2012	Mar 31, 2014
Number of employees		27,451	28,557	30,748
Average age		34	33	33
Average years of service		8.41	8.82	8.73
Breakdown of educational level (Note)	Ph.D	0.1%	0.1%	0.1%
	Master	5.9%	5.5%	6.0%
	College	42.0%	40.0%	41.8%
	High school and below	52.0%	54.4%	52.1%

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	2013	2012	From Jan 1, 2014 to Apr 30, 2014
Pollution Event	Air and water pollution	Air and water pollution	Air pollution
Penalty or Regulatory Authority	Environmental Protection Administration	Environmental Protection Administration	Environmental Protection Bureau
Damage Claim or Other Claims	NT\$851,000	NT\$1.225 million	NT\$102,000
Other Losses	None	None	None

4.2 Specific Measures to Conserve the Environment

4.2.1 Planned Specific Measures

A. Contents of planed purchase for anti-pollution equipments or other expenses:

The Company has planned to invest NT\$80.281 million to improve the waste water treatment equipment 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.
- (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\$8.028 million in 2014.
- (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, but are not limited to, employee outings and hiking trips. The Company also organizes rhythmic gymnastics club, yoga club, badminton club, softball club, bowling club, mountain climbing club, biking club, basketball club, all are held on regular basis. Meanwhile, the Company provides free health checkup, children education scholarships, holiday bonuses for birthday, wedding, funeral, child birth, and traditional festival holiday for employees. A variety of group insurance programs are also provided for employees to choose.

5.1.2 Advanced Training:

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

The establishment of Human 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, printing and dyeing, as well as apparel divisions.

Facing the rapid change environment in the global economy, lifelong learning is the key to maintain and reinforce personal and Far Eastern Group's competitiveness. Besides the routine professional training courses, adhere to the needs of long-term management training, to develop supervisors or team leaders' management skills, the Company further collaborates with Yuan Ze University to develop 13 series of management courses, which provide customized courses and workshops designed to meet Far Eastern Group's needs. In the second half this year, the Center has designed and will offer the six series of 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.

With respect to talent management, the Company has kicked off the NCLDC plan in 2013 and completed the talent database for managers in each department. In the future, the Center will provide customized training plan, cross-function courses and project management training opportunities. Our goal is to tightly link talent management and strategic development of the Company, increasing the Company's management effectiveness and overall competitiveness.

Operational Highlights

Regarding to the lifelong learning of our employees, the Company has developed diversified and various training systems: Talent/ career development plan, core competence training, personal training in professionalism in the workplace, personal development plan and new employee/management skills training. In 2013, the Center provided 1,277 training courses, with the total cost of NT\$ 34.074 million, and 151,286 attendants participated.

5.1.3 Pension and Retirement Plan:

Pension fund and all other employee retirement related affairs are managed in compliance with the Labor Standards Act. "The Supervisory Committee of Employees' Pension Fund" 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 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 set up Labor Safety & Health Department and 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 checkups 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 checkups.

C. Emergency courses and drills:

In order to minimize the damage and protect the labors' safety if material accident happens, our company provides emergency evacuation training courses for all employees. These courses educate our employees to learn how to organize and evacuation effectively when fires, typhoons, earthquake or other emergencies may require evacuation of the workplace. Moreover, workplace safety trainings are mandatory for new employees and periodic thereafter for all employees, including post-class quizzes are taken to check the attendants' understanding. Emergency evacuation response plans will change per season (staff grouping, response procedures, evacuation route, etc) and emergency evacuation drills will be held periodically.

D. Safety management:

Workplace health and safe has been discussed during monthly meetings where supervisors assess current problems for continual improvement to ensure an effective system. The Company purchases group insurance for its employees. In addition, contractors are required to complete mandatory safety training classes periodically in accordance with our standards. The workplace safety trainings are held periodically, including post-class quizzes are taken to check the attendants' understanding.

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	Company	Counter Party	Duration Period	Major Contents	Covenants
Technology Cooperation	FENC	Far Eastern Memorial Hospital	2013.06~ 2014.05	The clinical trial of scar gel for scar treatment	None
		Taiwan Textile Research Institute	2013.07~ 2014.05	The outdoor and sports textile development project	
		Yuanpei University	2013.12~ 2014.11	The animal model (Pig) test of injectable bone graft substitute	
	DDIM	Far Eastern International Bank (FEIB)	2009.09~ Present	FEDirect HGI IC Card Agreement	No marketing for HGI card holders without prior approval of the parties.
		FEIB Formosaoil Corporation	2011.08~ 2016.07	Tripartite Co-Branded Card Agreement	No co-branded with other gas station companies.
Citibank Taiwan		2010.04~ 2018.04	Co-Branded Card Agreement	Except FEIB, no cooperating with other financial institutions without prior approval of Citibank.	
Long-Term Supply Contract	FENC	SABIC	2011.01~ Present	EG supply agreement	None
	OPTC	A to F (total six companies)	2013.01~ Present	PX supply agreement	
	Far Eastern Industries (Shanghai)	SABIC	2013.01~ 2018.12	EG supply agreement	
	Far Eastern Fibertech	Invista	2014.01~ 2016.12	Flake supply agreement	
	Far EasTone	Ericsson Taiwan	1996.12~ Present	Purchase for 2G/3G/4G cell site, mobile phone system and network equipment, software, installation, system construction and technical service	Confidential Clause
		XunWei Tech	2009.12~ Present	Frame Agreement For 3G & 3.5G RAN Acquisition and technical support	
		Apple Asia	2010.01~ Present	Procurement contract for iPhone	
	Chaintel Technology	2014.04~ Present	Procurement Agreement for LTE cell phone antenna system		
	NCIC	Taiwan International Standard Electronics	2013.01~ Present	Procurement Agreement for network equipment, software, installation, system implementation and technical services	
	ARCOA	Samsung Electronics Taiwan	2012.01~ Present	Procurement Agreement for Samsung cell phone and tablet.	
		HTC	2013.01~ Present	Procurement Agreement for HTC cell phone	
		Far EasTone	2011.07~ Present	Purchasing Agency Agreement for specific cell phones and related products	
		Synnex Technology International	2013.06~ Present	Procurement Agreement for cell phone Synnex is agent for, or made and distributed by Synnex.	
	Sony Ericsson Mobile Communications AB	2004.07~ Present	Procurement Agreement for Sony cell phone		
Construction Agreement	Far Eastern General Contractor	Far Eastern Department Stores	2003.04~ 2014.06	Construction of Far Eastern Mega City Shopping Mall in Banciao	None
		Far Eastern Construction			
		Far Eastern Memorial Hospital	2009.12~ 2015.12	Phase II Expansion of Far Eastern Memorial Hospital	
Long-Term Borrowing Contract	Far Eastern Ishizuka Green PET	Mizuho Bank	2013.08~ 2018.09	New plant construction	

Financial Information

VI. Financial Information

1. Five-Year Financial Summary

1.1 Condensed Balance Sheets & Statements of Income - R.O.C. GAAP (The financial statements under IFRS reporting method is disclosed on page 68-69)

1.1.1 Condensed Balance Sheets (Stand-alone)

Unit: NT\$ thousands

Year		2012	2011	2010	2009
Item					
Current assets		21,334,414	21,770,291	22,941,610	18,578,752
Funds & investments		143,193,480	139,609,011	122,861,543	113,066,432
Fixed assets		19,833,482	19,024,998	14,422,982	13,361,364
Intangible assets		20,332	21,965	23,439	8,976
Other assets		1,531,983	791,809	1,202,454	1,527,708
Total assets		185,913,691	181,218,074	161,452,028	146,543,232
Current liabilities	Before distribution	17,631,021	16,845,019	16,878,906	15,739,025
	After distribution	24,188,395	25,170,289	26,388,066	21,798,784
Long-term liabilities		55,204,042	49,794,014	43,910,634	36,170,340
Reserve for land value increment tax		1,519,896	1,519,896	1,018,899	1,018,899
Other liabilities		1,207,854	1,508,482	1,094,978	1,103,780
Total liabilities	Before distribution	75,562,813	69,667,411	62,903,417	54,032,044
	After distribution	82,120,187	77,992,681	72,412,577	60,091,803
Capital stock		50,441,338	48,972,173	47,545,799	46,613,529
Capital surplus		10,079,867	10,361,728	10,228,131	10,181,403
Retained earnings	Before distribution	26,445,968	27,572,678	27,290,233	21,308,981
	After distribution	19,888,594	19,247,408	17,781,073	15,249,222
Other stockholders' equity		23,383,705	24,644,084	13,484,448	14,407,275
Total stockholders' equity	Before distribution	110,350,878	111,550,663	98,548,611	92,511,188
	After distribution	103,793,504	103,225,393	89,039,451	86,451,429

1.1.2 Condensed Statements of Income (Stand-alone)

Unit: NT\$ thousands, except earnings per share

Year		2012	2011	2010	2009
Item					
Revenues		60,682,495	61,556,945	53,758,879	41,940,078
Gross profit		4,950,198	5,174,066	5,999,195	3,449,668
Operating income (loss)		16,608	447,256	774,853	(832,784)
Nonoperating income and gains		10,203,097	12,549,582	13,775,287	10,396,075
Nonoperating expenses and losses		1,588,098	1,135,236	1,540,940	1,427,584
Income before income tax		8,631,607	11,861,602	13,009,200	8,135,707
Net income		8,713,177	11,087,496	12,850,170	8,088,696
EPS (NT\$/share, Note)		1.69	2.15	2.50	1.57

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

1.1.3 Condensed Consolidated Balance Sheets

Unit: NT\$ thousands

Item	Year	2012	2011	2010	2009
Current assets		99,192,032	101,495,775	93,143,997	73,862,832
Funds & investments		52,242,280	49,665,112	47,947,480	56,036,521
Properties		152,557,507	151,446,354	126,537,583	111,483,905
Intangible assets		19,212,395	19,852,579	19,755,338	19,512,706
Other assets		15,943,352	6,545,367	6,323,104	6,888,812
Total assets		339,147,566	329,005,187	293,707,502	267,784,776
Current liabilities	Before distribution	79,372,296	85,360,368	80,943,288	69,961,020
	After distribution	85,929,670	93,685,638	90,452,448	76,020,779
Long-term liabilities		73,958,033	61,451,353	52,066,152	45,788,520
Reserve for land value increment tax		8,660,653	8,660,653	6,299,417	6,310,976
Other liabilities		5,331,487	5,122,589	4,350,621	4,216,490
Total liabilities	Before distribution	167,322,469	160,594,963	143,659,478	126,277,006
	After distribution	173,879,843	168,920,233	153,168,638	132,336,765
Capital stock		50,441,338	48,972,173	47,545,799	46,613,529
Capital surplus		10,079,867	10,361,728	10,228,131	10,181,403
Retained earnings	Before distribution	26,445,968	27,572,678	27,290,233	21,308,981
	After distribution	19,888,594	19,247,408	17,781,073	15,249,222
Other stockholders' equity		23,383,705	24,644,084	13,484,448	14,407,275
Minority interest		61,474,219	56,859,561	51,499,413	48,996,582
Total stockholders' equity of parent company	Before distribution	171,825,097	168,410,224	150,048,024	141,507,770
	After distribution	165,267,423	160,084,954	140,538,864	135,448,011

1.1.4 Condensed Consolidated Income Statements

Unit: NT\$ thousands, except earnings per share

Item	Year	2012	2011	2010	2009
Operating revenues		240,417,022	235,561,246	200,204,228	166,973,367
Gross profit		48,405,042	46,311,605	47,435,228	38,993,906
Operating income		16,299,930	17,777,070	21,809,327	15,641,789
Nonoperating income and gains		4,737,692	6,225,664	4,774,562	5,629,084
Nonoperating expenses and losses		3,408,228	2,733,379	3,668,150	3,184,689
Consolidated income before income tax		17,629,394	21,269,355	22,915,947	18,086,184
Consolidated net income		14,988,716	17,674,403	19,928,792	14,623,769
EPS (NT\$/share, Note)		1.69	2.15	2.50	1.57

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 Sheets & Statements of Comprehensive Income – IFRS

1.2.1 Condensed Balance Sheets (Stand-alone)

Unit: NT\$ thousands

Year		Dec 31, 2013	Dec 31, 2012
Item			
Current assets		30,633,722	21,334,414
Property, plant and equipment		21,969,289	19,962,782
Intangible assets		16,392	20,332
Other assets		149,606,139	145,440,594
Total assets		202,225,542	186,758,122
Current liabilities	Before distribution	23,342,137	17,719,219
	After distribution	(Note)	24,276,593
Non-current liabilities		66,051,675	59,055,072
Total liabilities	Before distribution	89,393,812	76,774,291
	After distribution	(Note)	83,331,665
Common stock		51,450,165	50,441,338
Capital surplus		4,681,042	4,744,045
Retained earnings	Before distribution	52,091,485	52,393,086
	After distribution	(Note)	45,835,712
Other equity		4,634,101	2,430,425
Treasury stocks		(25,063)	(25,063)
Total equity attributable to owners of the Company	Before distribution	112,831,730	109,983,831
	After distribution	(Note)	103,426,457

Note: The distribution of 2013 earnings is subject to the approval at the upcoming 2014 Annual General Shareholders' Meeting.

1.2.2 Condensed Consolidated Balance Sheets

Unit: NT\$ thousands

Year		Dec 31, 2013	Dec 31, 2012	Mar 31, 2014 (Note 1)
Item				
Current assets		97,662,114	99,279,158	102,158,434
Property, plant and equipment		129,620,260	116,637,790	130,927,414
Intangible assets		53,847,039	20,890,391	54,787,763
Other assets		105,226,043	104,281,576	194,606,124
Total assets		386,355,456	341,088,915	482,479,735
Current liabilities	Before distribution	85,777,937	79,900,492	85,906,639
	After distribution	(Note 2)	86,457,866	(Note 2)
Non-current liabilities		124,896,860	89,960,597	135,679,184
Total liabilities	Before distribution	210,674,797	169,861,089	221,585,823
	After distribution	(Note 2)	176,418,463	(Note 2)
Common stock		51,450,165	50,441,338	51,450,165
Capital surplus		4,681,042	4,744,045	4,681,042
Retained earnings	Before distribution	52,091,485	52,393,086	134,411,678
	After distribution	(Note 2)	45,835,712	(Note 2)
Other equity		4,634,101	2,430,425	3,952,470
Treasury stocks		(25,063)	(25,063)	(25,063)
Total equity attributable to owners of the Company		112,831,730	109,983,831	194,470,292
Non-controlling interests		62,848,929	61,243,995	66,423,620
Total equity	Before distribution	175,680,659	171,227,826	260,893,912
	After distribution	(Note 2)	164,670,452	(Note 2)

Note 1: The financial data of Mar 31, 2014 has only been reviewed by the independent auditor.

Note 2: The distribution of 2013 earnings is subject to the approval at the upcoming 2014 Annual General Shareholders' Meeting.

1.2.3 Condensed Statements of Comprehensive Income (Stand-alone)

Unit: NT\$ thousands, except earnings per share

Item \ Year	2013	2012
Operating revenues	61,919,082	60,682,495
Gross profit	4,214,594	4,958,547
Profit (loss) from operations	(440,304)	28,050
Nonoperating income (expenses)	7,720,856	4,809,893
Income before income tax	7,280,552	4,837,943
Net income	7,207,081	4,917,568
Other comprehensive income	2,333,275	(1,573,149)
Total comprehensive income	9,540,356	3,344,419
EPS (NT\$/share)	1.50	1.02

1.2.4 Condensed Consolidated Statements of Comprehensive Income

Unit: NT\$ thousands, except earnings per share

Item \ Year	2013	2012	For the three months ended Mar 31, 2014 (Note)
Operating revenues	238,840,657	236,792,347	58,243,539
Gross profit	46,483,917	44,293,105	11,936,925
Operating income	13,307,949	12,216,600	3,589,418
Nonoperating income (expenses)	3,200,071	1,211,358	716,591
Income before income tax	16,508,020	13,427,958	4,306,009
Net income	14,284,539	11,201,464	3,592,372
Other comprehensive income (net of income tax)	2,321,112	(1,599,998)	(373,317)
Total comprehensive income	16,605,651	9,601,466	3,219,055
Net income attributable to owner of the Company	7,207,081	4,917,568	1,860,989
Net income attributable to non-controlling interests	7,077,458	6,283,896	1,731,383
Total comprehensive income attributable to owner of the Company	9,540,356	3,344,419	1,159,772
Total comprehensive income attributable to non-controlling interests	7,065,295	6,257,047	2,059,283
EPS (NT\$/share)	1.50	1.02	0.39

Note: The financial data of Mar 31, 2014 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	
		Consolidated	Stand-alone
2013	Cho Ming Hsing & Huang Shu Chieh	Unqualified opinion	Unqualified opinion
2012	Cho Ming Hsing & Huang Shu Chieh	Modified Unqualified opinion	Modified Unqualified opinion
2011	Benjamin Shih & Huang Shu Chieh	Modified Unqualified opinion	Modified Unqualified opinion
2010	Benjamin Shih & Huang Shu Chieh	Modified Unqualified opinion	Modified Unqualified opinion
2009	Benjamin Shih & Huang Shu Chieh	Modified Unqualified opinion	Modified Unqualified opinion

Financial Information

2. Financial Ratio Analysis for the Preceding Five Years

2.1 Financial Ratio Analysis- R.O.C. GAAP

(The 2013 financial ratios under IFRS reporting method has disclosed on page 73-74)

2.1.1 Financial Ratio Analysis (Stand-alone)

Item		Year				
		2012	2011	2010	2009	
Financial Structure	Ratio of liabilities to assets (%)	40.6	38.4	39.0	36.9	
	Ratio of long-term capital to fixed assets (%)	834.7	848.1	987.7	963.1	
Liquidity Analysis	Current ratio (%)	121.0	129.4	135.9	118.0	
	Quick ratio (%)	83.4	82.1	100.9	85.8	
	Interest coverage ratio (times)	11.8	19.4	23.1	14.6	
Operating Ability	Accounts receivable turnover (times)	6.5	6.9	7.3	6.1	
	Average collection period (days)	56.5	52.9	49.9	59.8	
	Inventory turnover (times)	8.0	8.5	9.5	7.7	
	Average sales days (days)	45.7	42.9	38.5	47.7	
	Accounts payable turnover (times)	15.0	14.6	15.1	14.7	
	Fixed assets turnover (times)	3.1	3.2	3.7	3.1	
	Total assets turnover (times)	0.3	0.3	0.3	0.3	
Profitability Analysis	Return on total assets (%)	5.2	6.9	8.7	6.0	
	Return on shareholders' equity (%)	7.9	10.6	13.5	9.1	
	Ratio to paid-in capital (%)	Operating profit	0.0	0.9	1.6	(1.8)
		Pre-tax income	17.1	24.2	27.4	17.5
	Ratio of net income to sales (%)	14.4	18.0	23.9	19.3	
EPS (NT\$/share, Note)	1.69	2.15	2.50	1.57		
Cash Flow	Cash flow ratio (%)	54.2	32.9	49.7	49.3	
	Cash flow adequacy ratio (%)	83.0	86.7	117.5	120.9	
	Cash reinvestment ratio (%)	0.6	-	1.2	2.4	
Leverage	Operating leverage	303.0	12.0	7.6	-	
	Financial leverage	-	-	4.2	-	

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

- (1) Decrease at the 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, the return on shareholders' equity, the 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.

2.1.2 Financial Ratio Analysis (Consolidated)

Item		Year	2012	2011	2010	2009	
Financial Structure	Ratio of liabilities to assets (%)		49.3	48.8	48.9	47.2	
	Ratio of long-term capital to fixed assets (%)		834.7	848.1	987.7	177.4	
Liquidity Analysis	Current ratio (%)		125.0	118.9	115.1	105.6	
	Quick ratio (%)		100.2	93.7	95.9	87.4	
	Interest coverage ratio (times)		13.5	16.8	22.3	13.5	
Operating Ability	Accounts receivable turnover (times)		8.1	8.2	8.4	7.3	
	Average collection period (days)		44.9	44.5	43.3	50.0	
	Inventory turnover (times)		9.5	10.4	11.2	9.8	
	Average sales days (days)		38.6	35.2	32.7	37.2	
	Accounts payable turnover (times)		9.3	9.7	10.7	11.4	
	Fixed assets turnover (times)		1.6	1.6	1.6	1.5	
	Total assets turnover (times)		0.7	0.7	0.7	0.6	
Profitability Analysis	Return on total assets (%)		4.9	6.1	7.5	6.0	
	Return on shareholders' equity (%)		13.5	16.8	16.6	10.7	
	Ratio to paid-in capital (%)	Operating profit		32.3	36.3	45.9	33.6
		Pre-tax income		35.0	43.4	48.2	38.8
	Ratio of net income to sales (%)		6.2	7.5	9.9	8.8	
	EPS (NT\$/share, Note)		1.69	2.15	2.50	1.57	
Cash Flow	Cash flow ratio (%)		40.8	37.2	45.0	43.0	
	Cash flow adequacy ratio (%)		96.2	98.0	103.0	98.9	
	Cash reinvestment ratio (%)		3.7	3.8	6.4	6.0	
Leverage	Operating leverage		3.0	2.7	2.3	2.7	
	Financial leverage		1.1	1.1	1.1	1.1	
Analysis of variations exceeding 20% of the numbers in previous year for 2011 and 2012:							
(1) Decrease at the 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, the return on shareholders' equity, the ratio of net income to sales and EPS: the 2012 net income 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

2.2.1 Financial Ratio Analysis (Stand-alone)

Item		Year	2013	2012	
Financial structure	Ratio of liabilities to assets (%)		44.2	41.1	
	Ratio of long-term capital to property, plant and equipment (%)		814.2	846.8	
Liquidity analysis	Current ratio (%)		131.2	120.4	
	Quick ratio (%)		100.9	82.9	
	Interest coverage ratio (times)		9.5	7.0	
Operating ability	Receivables turnover(times)		6.7	6.1	
	Average collection period (days)		54.1	60.3	
	Inventory turnover (times)		8.9	8.0	
	Average sales days (days)		41.0	45.7	
	Payables turnover (times)		12.2	11.8	
	Property, plant and equipment turnover (times)		2.8	3.0	
	Total assets turnover (times)		0.3	0.3	
Profitability analysis	Return on total assets (%)		4.1	3.0	
	Return on shareholders' equity (%)		6.5	4.4	
	Ratio to paid-in capital (%)	Operating profit		(0.9)	0.1
		Pre-tax income		14.2	9.6
	Ratio of net income to sales (%)		11.6	8.1	
Cash flow	EPS (NT\$/share)		1.50	1.02	
	Cash flow ratio (%)		46.2	53.9	
	Cash flow adequacy ratio (%)		80.5	83.5	
Leverage	Cash reinvestment ratio (%)		1.9	0.6	
	Operating leverage		-	172	
	Financial leverage		-	-	

Analysis of variations exceeding 20% of the numbers in previous year for 2012 and 2013:

- (1) Increase at the quick ratio: the 2013 cash and cash equivalents and other receivables increased.
- (2) Increase at the interest coverage ratio and the ratio of pre-tax income to paid-in capital: the 2013 pre-tax income increased.
- (3) Decrease at the ratio of operating profit to paid-in capital: The 2013 operating profit declined.
- (4) Increase at the return on total assets, the return on shareholders' equity and the ratio of net income to sales: the 2013 net income increased.

Financial Information

2.2.2 Financial Ratio Analysis (Consolidated)

Item		Year	2013	2012	March 31 2014
Financial structure	Ratio of liabilities to assets (%)		54.5	49.8	45.9
	Ratio of long-term capital to property, plant and equipment (%)		231.9	223.9	302.9
Liquidity analysis	Current ratio (%)		113.9	124.3	118.9
	Quick ratio (%)		81.2	93.7	88.0
	Interest coverage ratio (times)		12.5	10.5	10.6
Operating ability	Receivables turnover(times)		8.5	7.7	8.3
	Average collection period (days)		43.1	47.4	43.9
	Inventory turnover (times)		8.4	8.4	8.0
	Average sales days (days)		43.5	43.2	45.5
	Payables turnover (times)		10.3	9.2	11.3
	Property, plant and equipment turnover (times)		1.8	2.0	1.8
	Total assets turnover (times)		0.6	0.7	0.5
Profitability analysis	Return on total assets (%)		4.3	3.7	3.3
	Return on shareholders' equity (%)		8.2	6.6	5.6
	Ratio to paid-in capital (%)	Operating profit	25.9	24.2	27.9
		Pre-tax income	32.1	26.6	33.5
	Ratio of net income to sales (%)		6.0	5.7	6.2
EPS (NT\$/share)		1.50	1.02	0.39	
Cash flow	Cash flow ratio (%)		31.2	40.5	16.2
	Cash flow adequacy ratio (%)		87.9	104.7	81.6
	Cash reinvestment ratio (%)		3.0	4.3	3.2
Leverage	Operating leverage		3.5	3.7	4.7
	Financial leverage		1.1	1.1	1.1
<p>Analysis of variations exceeding 20% of the numbers in previous year for 2012 and 2013:</p> <p>(1) Increase at the interest coverage ratio and the ratio of pre-tax income to paid-in capital: the 2013 pre-tax income increased.</p> <p>(2) Increase at the ratio of net income to sales: the 2013 net income increased.</p>					

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)

Financial Information

3. Supervisors' Report

To the 2014 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 2013 which had been audited by Deloitte & Touche, and found them in order.

T. H. Chang



Alice Hsu



Champion Lee



20 May 2014

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

None

5. Financial Consolidated Report in Recent Year

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

2013 Independent Auditors' Report (English Translation of a Report Originally Issued in Chinese)

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 its subsidiaries (collectively referred to as the "Group") as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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, evidence 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 provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2013, December 31, 2012 and January 1, 2012, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Far Eastern New Century Corporation as of and for the years ended December 31, 2013 and 2012 on which we have issued an unqualified report.

March 24, 2014

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 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 26,645,574	7	\$ 30,645,166	9	\$ 19,305,661	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,191,688	-	1,058,519	-	954,871	-
Available-for-sale financial assets - current (Notes 4, 8 and 36)	989,348	-	2,272,149	1	3,496,456	1
Held-to-maturity financial assets - current (Notes 4 and 9)	99,962	-	100,000	-	-	-
Derivative financial assets for hedging - current (Notes 4 and 10)	4,442	-	21,962	-	1,500	-
Financial assets carried at cost - current (Notes 4 and 11)	42,587	-	-	-	-	-
Bond investments with no active market (Notes 4, 6 and 12)	2,606,689	1	3,145,035	1	9,025,221	3
Notes and accounts receivable, net (Notes 4 and 13)	26,884,947	7	27,892,166	8	32,168,924	10
Notes and accounts receivable from related parties (Notes 4 and 35)	856,754	-	731,426	-	684,104	-
Amounts due from customers for construction contracts (Notes 4 and 15)	1,473,786	-	1,551,686	1	1,572,245	1
Other receivables	1,641,758	1	1,837,097	1	966,369	-
Other receivables from related parties (Note 35)	1,258,834	-	1,283,844	-	1,084,665	-
Current tax assets (Notes 4, 5 and 29)	48,216	-	114,392	-	99,293	-
Inventories (Notes 4, 14 and 36)	24,184,972	6	21,617,120	6	23,946,055	7
Prepayments	3,799,470	1	2,817,079	1	3,338,837	1
Other financial assets - current (Note 36)	3,946,576	1	2,874,067	1	3,187,326	1
Guarantee deposits - current	52,292	-	48,207	-	65,174	-
Other current assets	1,934,219	1	1,269,243	-	1,601,868	1
Total current assets	<u>97,662,114</u>	<u>25</u>	<u>99,279,158</u>	<u>29</u>	<u>101,498,569</u>	<u>31</u>
NONCURRENT ASSETS						
Available-for-sale financial assets - non-current (Notes 4, 8 and 36)	5,257,220	2	4,489,491	1	4,032,047	1
Held-to-maturity financial assets - non-current (Notes 4 and 9)	-	-	99,871	-	199,768	-
Financial assets carried at cost - non-current (Notes 4 and 11)	926,908	-	1,130,424	-	1,038,213	-
Bond investment with no active market - non-current (Notes 4 and 12)	-	-	256,508	-	261,384	-
Investments accounted for using the equity method (Notes 4, 16 and 36)	47,683,367	12	46,677,090	14	44,512,553	13
Property, plant and equipment (Notes 4, 5, 17 and 36)	129,620,260	34	116,637,790	34	116,968,528	35
Investment properties, net (Notes 4, 18 and 36)	35,307,315	9	36,155,930	11	35,365,567	11
Concession (Note 20)	37,734,135	10	5,090,449	1	5,608,938	2
Goodwill (Notes 4 and 19)	11,928,782	3	11,980,944	4	11,982,600	4
Other intangible assets (Notes 4, 20 and 36)	4,184,122	1	3,818,998	1	3,369,539	1
Deferred tax assets (Notes 4, 5 and 29)	2,812,572	1	1,834,329	1	1,402,473	-
Prepayment for equipment (Note 17)	944,727	-	2,881,210	1	1,585,957	1
Guarantee deposits	576,314	-	582,788	-	499,731	-
Other financial assets - non-current (Note 36)	4,071,707	1	7,543,319	2	115,805	-
Long-term prepayments for lease (Note 36)	7,406,266	2	2,315,715	1	1,737,843	1
Other non-current assets	239,647	-	314,901	-	182,192	-
Total noncurrent assets	<u>288,693,342</u>	<u>75</u>	<u>241,809,757</u>	<u>71</u>	<u>228,863,138</u>	<u>69</u>
TOTAL	<u>\$ 386,355,456</u>	<u>100</u>	<u>\$ 341,088,915</u>	<u>100</u>	<u>\$ 330,361,707</u>	<u>100</u>

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LIABILITIES AND EQUITY	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
CURRENT LIABILITIES						
Short-term borrowings (Notes 21 and 35)	\$ 28,053,848	7	\$ 25,807,392	8	\$ 27,995,384	8
Short-term bills payable (Note 21)	5,117,694	1	6,286,740	2	10,765,090	3
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	590	-	619	-	4,708	-
Derivative financial liabilities for hedging - current (Notes 4 and 10)	-	-	-	-	2,667	-
Notes and accounts payable (Note 4)	17,452,151	5	19,253,330	6	21,823,881	7
Notes and accounts payable to related parties (Notes 4 and 35)	261,571	-	292,283	-	432,078	-
Amounts due to customers for construction contracts (Notes 4 and 15)	412,498	-	160,779	-	504,941	-
Payables to suppliers of machinery and equipment	3,133,810	1	4,012,183	1	2,210,448	1
Other payable	12,595,337	3	11,243,873	3	9,687,831	3
Other payable to related parties (Note 35)	75,977	-	43,119	-	27,971	-
Current tax liabilities (Notes 4, 5 and 29)	3,115,500	1	2,688,208	1	1,700,572	-
Provisions - current (Notes 4 and 22)	193,328	-	160,425	-	171,474	-
Guarantee deposits received - current	334,939	-	401,798	-	504,806	-
Receipts in advance (Note 35)	1,199,481	-	1,107,451	-	2,153,720	1
Unearned revenue	2,667,808	1	2,643,111	1	2,895,090	1
Current portion of long-term liabilities (Note 23)	8,845,696	2	3,991,578	1	2,525,144	1
Other current liabilities	<u>2,317,709</u>	<u>1</u>	<u>1,807,603</u>	<u>1</u>	<u>2,432,120</u>	<u>1</u>
Total current liabilities	<u>85,777,937</u>	<u>22</u>	<u>79,900,492</u>	<u>24</u>	<u>85,837,925</u>	<u>2</u>
NONCURRENT LIABILITIES						
Derivative financial liabilities for hedging - non-current (Notes 4 and 10)	421,280	-	287,522	-	-	-
Bonds payable (Notes 23 and 34)	65,638,787	17	41,726,021	12	28,327,158	9
Long-term borrowings (Notes 23 and 34)	43,622,704	12	32,232,012	10	33,124,195	10
Provisions - non-current (Notes 4 and 22)	705,863	-	654,791	-	509,799	-
Deferred tax liabilities (Notes 4, 5 and 29)	10,454,464	3	10,267,307	3	10,305,320	3
Accrued pension liabilities (Note 25)	2,781,776	1	3,392,655	1	3,000,773	1
Guarantee deposits received - non-current (Note 35)	645,013	-	739,923	-	630,861	-
Deferred credit-gains on inter-related parties accounts (Note 35)	150,185	-	150,738	-	151,296	-
Other non-current liabilities	<u>476,788</u>	<u>-</u>	<u>509,628</u>	<u>-</u>	<u>604,723</u>	<u>-</u>
Total noncurrent liabilities	<u>124,896,860</u>	<u>33</u>	<u>89,960,597</u>	<u>26</u>	<u>76,654,125</u>	<u>23</u>
Total liabilities	<u>210,674,797</u>	<u>55</u>	<u>169,861,089</u>	<u>50</u>	<u>162,492,050</u>	<u>49</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)						
Capital stock						
Common stock	<u>51,450,165</u>	<u>13</u>	<u>50,441,338</u>	<u>15</u>	<u>48,972,173</u>	<u>15</u>
Capital surplus	<u>4,681,042</u>	<u>1</u>	<u>4,744,045</u>	<u>1</u>	<u>940,486</u>	<u>-</u>
Retained earnings						
Legal reserve	12,687,509	3	11,820,720	3	10,710,699	3
Special reserve	25,448,036	7	25,471,594	8	25,472,605	8
Unappropriated earnings	<u>13,955,940</u>	<u>4</u>	<u>15,100,772</u>	<u>4</u>	<u>21,637,279</u>	<u>7</u>
Total retained earnings	<u>52,091,485</u>	<u>14</u>	<u>52,393,086</u>	<u>15</u>	<u>57,820,583</u>	<u>18</u>
Other equity	<u>4,634,101</u>	<u>1</u>	<u>2,430,425</u>	<u>1</u>	<u>3,495,446</u>	<u>1</u>
Treasury stocks	<u>(25,063)</u>	<u>-</u>	<u>(25,063)</u>	<u>-</u>	<u>(25,063)</u>	<u>-</u>
Total equity attributable to owners of the company	112,831,730	29	109,983,831	32	111,203,625	34
NON-CONTROLLING INTERESTS (Note 26)						
	<u>62,848,929</u>	<u>16</u>	<u>61,243,995</u>	<u>18</u>	<u>56,666,032</u>	<u>17</u>
Total equity	<u>175,680,659</u>	<u>45</u>	<u>171,227,826</u>	<u>50</u>	<u>167,869,657</u>	<u>51</u>
TOTAL	<u>\$ 386,355,456</u>	<u>100</u>	<u>\$ 341,088,915</u>	<u>100</u>	<u>\$ 330,361,707</u>	<u>100</u>

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

Financial Information

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4 and 35)				
Net sales	\$ 155,953,627	65	\$ 156,365,608	66
Telecommunications service income	68,147,021	29	67,674,377	29
Gain on disposal of investments, net	530,650	-	103,530	-
Construction income	6,046,806	3	5,209,748	2
Other operating revenue	<u>8,162,553</u>	<u>3</u>	<u>7,439,084</u>	<u>3</u>
Total operating revenues	<u>238,840,657</u>	<u>100</u>	<u>236,792,347</u>	<u>100</u>
OPERATING COSTS (Notes 4, 14, 28 and 35)				
Cost of sales	155,962,513	65	154,617,223	65
Cost of telecommunications services	27,151,232	11	29,231,099	12
Construction cost	5,745,691	2	4,475,708	2
Other operating cost	<u>3,497,304</u>	<u>2</u>	<u>4,175,212</u>	<u>2</u>
Total operating costs	<u>192,356,740</u>	<u>80</u>	<u>192,499,242</u>	<u>81</u>
GROSS PROFIT	<u>46,483,917</u>	<u>20</u>	<u>44,293,105</u>	<u>19</u>
REALIZED CONSTRUCTION INCOME	<u>555</u>	<u>-</u>	<u>556</u>	<u>-</u>
OPERATING EXPENSES (Notes 4, 28 and 35)				
Selling and marketing	22,052,202	9	22,262,649	10
General and administrative	10,448,419	5	9,114,037	4
Research and development	<u>675,902</u>	<u>-</u>	<u>700,375</u>	<u>-</u>
Total operating expenses	<u>33,176,523</u>	<u>14</u>	<u>32,077,061</u>	<u>14</u>
OPERATING INCOME	<u>13,307,949</u>	<u>6</u>	<u>12,216,600</u>	<u>5</u>
NONOPERATING INCOME AND EXPENSES				
Share of the profit of associates (Note 16)	4,197,698	2	3,057,869	1
Interest income	448,607	-	450,906	-
Other income - other	1,184,876	1	937,482	-
Exchange gain, net	310,965	-	-	-
Gain on financial assets (liabilities) at fair value through profit or loss, net (Note 7)	402,456	-	171,068	-
Interest expense (Note 28)	(1,432,622)	(1)	(1,414,201)	-
Other expense	(338,228)	-	(407,442)	-
Loss on disposal of property, plant and equipment, net (Note 17)	(1,356,800)	(1)	(1,105,548)	-

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	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
(Loss) gain on disposal of investment properties, net (Note 18)	(518)	-	1,075	-
Loss on disposal of intangible properties, net (Note 20)	(1,912)	-	(604)	-
Exchange loss, net (Note 4)	-	-	(276,387)	-
Impairment loss on assets (Notes 4, 11 and 19)	(214,451)	-	(202,860)	-
Total nonoperating income and expenses	<u>3,200,071</u>	<u>1</u>	<u>1,211,358</u>	<u>1</u>
INCOME BEFORE INCOME TAX	16,508,020	7	13,427,958	6
INCOME TAX EXPENSE (Notes 4 and 29)	(2,223,481)	(1)	(2,226,494)	(1)
NET INCOME	<u>14,284,539</u>	<u>6</u>	<u>11,201,464</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations	2,474,593	1	(1,987,566)	(1)
Unrealized gain on available-for-sale financial assets (Note 4)	515,409	-	167,070	-
Loss from cash flow hedges	(132,503)	-	(200,397)	-
Actuarial gain (loss) arising from defined benefit plans (Note 25)	128,401	-	(618,813)	-
Share of the other comprehensive (loss) income of associates and joint venture	(644,214)	-	938,029	-
Income tax (loss) gain relating to components of other comprehensive income	(20,574)	-	101,679	-
Total other comprehensive income (loss)	<u>2,321,112</u>	<u>1</u>	<u>(1,599,998)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 16,605,651</u>	<u>7</u>	<u>\$ 9,601,466</u>	<u>4</u>
NET INCOME ATTRIBUTABLE TO:				
Owner of the Company	7,207,081	3	4,917,568	2
Non-controlling interests	<u>7,077,458</u>	<u>3</u>	<u>6,283,896</u>	<u>3</u>
	<u>\$ 14,284,539</u>	<u>6</u>	<u>\$ 11,201,464</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	9,540,356	4	3,344,419	1
Non-controlling interests	<u>7,065,295</u>	<u>3</u>	<u>6,257,047</u>	<u>3</u>
	<u>\$ 16,605,651</u>	<u>7</u>	<u>\$ 9,601,466</u>	<u>4</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 27)				
Basic	<u>\$ 1.50</u>		<u>\$ 1.02</u>	
Diluted	<u>\$ 1.49</u>		<u>\$ 1.02</u>	

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

(Concluded)

Financial Information

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars, Except dividend per share)

	Equity Attributable to				
	Common Stock (Note 26)	Capital Surplus (Notes 4 and 26)	Legal Reserve (Note 26)	Special Reserve (Note 26)	Unappropriated Earnings (Note 26)
BALANCE AT JANUARY 1, 2012	\$ 48,972,173	\$ 940,486	\$ 10,710,699	\$ 25,472,605	\$ 21,637,279
Appropriation of the 2011 earnings					
Legal reserve	-	-	1,110,021	-	(1,110,021)
Cash dividends - NT\$1.7 per share	-	-	-	-	(8,325,270)
Stock dividends - NT\$0.3 per share	1,469,165	-	-	-	(1,469,165)
Cash dividends distributed by subsidiaries	-	-	-	-	-
Net income for the year ended December 31, 2012	-	-	-	-	4,917,568
Other comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	(508,128)
Total comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	4,409,440
Change in equity in associates	-	-	-	(17)	(10,087)
Partial acquisition (disposal) of interests in subsidiaries	-	3,802,347	-	(163)	(32,235)
Increase in non-controlling interest	-	-	-	-	-
Change in capital surplus from dividends distributed to subsidiaries	-	1,212	-	-	-
Reversal of special reserve	-	-	-	(831)	831
BALANCE AT DECEMBER 31, 2012	50,441,338	4,744,045	11,820,720	25,471,594	15,100,772
Appropriation of the 2012 earnings					
Legal reserve	-	-	866,789	-	(866,789)
Cash dividends - NT\$1.3 per share	-	-	-	-	(6,557,374)
Stock dividends - NT\$0.2 per share	1,008,827	-	-	-	(1,008,827)
Cash dividends distributed by subsidiaries	-	-	-	-	-
Net income for the year ended December 31, 2013	-	-	-	-	7,207,081
Other comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	129,599
Total comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	7,336,680
Change in equity in associates	-	-	-	-	(67,027)
Disposal of investment in associates	-	404	-	(9,952)	8,532
Increase in non-controlling interest	-	-	-	-	-
Change in capital surplus from dividends distributed to subsidiaries	-	955	-	-	-
Partial acquisition (disposal) of interests in subsidiaries	-	(64,362)	-	-	(3,633)
Reversal of special reserve	-	-	-	(13,606)	13,606
BALANCE AT DECEMBER 31, 2013	<u>\$ 51,450,165</u>	<u>\$ 4,681,042</u>	<u>\$ 12,687,509</u>	<u>\$ 25,448,036</u>	<u>\$ 13,955,940</u>

Owners of the Company

Other Equity							
Exchange Differences on Translating Foreign Operations (Notes 4 and 26)	Unrealized Gain (Loss) on Available-for-sale Financial Assets (Notes 4 and 26)	Cash Flow Hedges (Notes 4 and 26)	Treasury Shares (Note 26)	Total	Non-controlling Interests (Note 26)	Total Equity	
\$ -	\$ 3,500,409	\$ (4,963)	\$ (25,063)	\$ 111,203,625	\$ 56,666,032	\$ 167,869,657	
-	-	-	-	-	-	-	
-	-	-	-	(8,325,270)	-	(8,325,270)	
-	-	-	-	-	(6,547,666)	(6,547,666)	
-	-	-	-	4,917,568	6,283,896	11,201,464	
<u>(2,534,967)</u>	<u>1,538,270</u>	<u>(68,324)</u>	<u>-</u>	<u>(1,573,149)</u>	<u>(26,849)</u>	<u>(1,599,998)</u>	
<u>(2,534,967)</u>	<u>1,538,270</u>	<u>(68,324)</u>	<u>-</u>	<u>3,344,419</u>	<u>6,257,047</u>	<u>9,601,466</u>	
-	-	-	-	(10,104)	-	(10,104)	
-	-	-	-	3,769,949	3,167,668	6,937,617	
-	-	-	-	-	1,700,914	1,700,914	
-	-	-	-	1,212	-	1,212	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
(2,534,967)	5,038,679	(73,287)	(25,063)	109,983,831	61,243,995	171,227,826	
-	-	-	-	-	-	-	
-	-	-	-	(6,557,374)	-	(6,557,374)	
-	-	-	-	-	(7,716,375)	(7,716,375)	
-	-	-	-	7,207,081	7,077,458	14,284,539	
<u>2,814,699</u>	<u>(565,947)</u>	<u>(45,076)</u>	<u>-</u>	<u>2,333,275</u>	<u>(12,163)</u>	<u>2,321,112</u>	
<u>2,814,699</u>	<u>(565,947)</u>	<u>(45,076)</u>	<u>-</u>	<u>9,540,356</u>	<u>7,065,295</u>	<u>16,605,651</u>	
-	-	-	-	(67,027)	-	(67,027)	
-	-	-	-	(1,016)	(28)	(1,044)	
-	-	-	-	-	2,186,778	2,186,778	
-	-	-	-	955	-	955	
-	-	-	-	(67,995)	69,264	1,269	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>\$ 279,732</u>	<u>\$ 4,472,732</u>	<u>\$ (118,363)</u>	<u>\$ (25,063)</u>	<u>\$ 112,831,730</u>	<u>\$ 62,848,929</u>	<u>\$ 175,680,659</u>	

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

Financial Information

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 16,508,020	\$ 13,427,958
Adjustments for:		
Depreciation	14,241,311	14,958,320
Amortization	2,440,269	2,049,305
Allowance for doubtful accounts	182,216	270,219
Interest expenses	1,432,622	1,414,201
Interest income	(448,607)	(450,906)
Dividend revenue	(219,921)	(207,151)
Loss on disposal of property, plant and equipment, net	1,356,800	1,105,548
Loss (gain) on disposal of investment properties, net	518	(1,075)
Loss on disposal of intangible assets, net	1,912	604
Share of the profit of associates	(4,197,698)	(3,057,869)
Gain on disposal of investments, net	(538,642)	(109,143)
Impairment loss on assets	214,451	202,860
Realized construction income	(555)	(556)
Net (gain) loss on unrealized foreign currency exchange	(87,999)	4,876
Deferred loss on derivative assets for hedging	18,802	63,995
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(133,169)	(103,648)
Notes and accounts receivable	820,686	4,006,539
Notes and accounts receivable from related parties	(125,328)	(47,322)
Amounts due from customers for construction contracts	77,900	20,559
Other receivables	624,521	(874,428)
Other receivables from related parties	(31,630)	(35,425)
Inventories	(2,567,852)	2,327,854
Prepayments	(974,120)	(194,987)
Other current assets	(664,976)	418,308
Financial liabilities at fair value through profit or loss	(29)	(4,089)
Notes and accounts payable	(1,801,179)	(2,570,551)
Notes and accounts payable to related parties	(30,712)	(139,795)
Amounts due to customers for construction contracts	251,719	(344,162)
Other payables	1,274,408	1,523,968
Other payables to related parties	32,858	15,148
Provisions	83,975	133,943
Receipts in advance	92,030	(1,046,269)
Other current liabilities	510,106	(624,517)
Accrued pension liabilities	(498,747)	(133,081)
Unearned revenue	24,697	(251,979)

(Continued)

	For the Year Ended December 31	
	2013	2012
Cash generated from operations	27,868,657	31,747,252
Interest received	461,392	453,958
Dividend received	2,368,646	3,199,261
Interest paid	(1,398,487)	(1,324,756)
Income tax paid	<u>(2,525,131)</u>	<u>(1,715,997)</u>
Net cash generated from operating activities	<u>26,775,077</u>	<u>32,359,718</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(893,414)	(254,280)
Proceeds of the disposal of available-for-sale financial assets	2,501,734	1,204,552
Decrease in bond investments with no active market	805,353	5,880,186
Proceeds of redemption of held-to-maturity financial assets at maturity	100,000	-
Acquisition of financial assets carried at cost	(100,012)	(126,000)
Proceeds of the disposal of financial assets carried at cost	117,256	980
Proceeds from capital reduction of financial assets carried at cost	33,693	-
Acquisition of investments accounted for using equity-method	(568,919)	(1,577,163)
Proceeds of the disposal of investments accounted for using equity-method	854,693	-
Net cash outflow on acquisition of subsidiaries	(42,758)	-
Acquisition of property, plant, equipment and prepayment for equipments	(24,988,218)	(17,536,874)
Proceeds of the disposal of property, plant and equipment	106,151	236,663
Decrease (increase) in guarantee deposits	2,389	(72,430)
Decrease (increase) in other receivable from related parties	56,640	(163,754)
Acquisition of intangible assets	(1,532,655)	(1,391,874)
Proceeds of the disposal of intangible assets	-	38
Proceeds of disposal of investment properties	-	21,045
Acquisition of investment properties	(1,550)	(305,361)
Increase in prepayments for lease	(4,993,200)	-
Increase in concession	(33,756,959)	(501,599)
Decrease (increase) in other financial assets	2,399,103	(7,114,255)
Decrease (increase) in other non-current assets	<u>60,240</u>	<u>(143,563)</u>
Net cash used in investing activities	<u>(59,840,433)</u>	<u>(21,843,689)</u>

(Continued)

Financial Information

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	2,246,456	(2,187,992)
Decrease in short-term bills payables	(1,169,000)	(4,479,000)
Proceeds of the issue of bonds	32,776,500	16,400,000
Repayments of bonds payable	(2,980,000)	(1,899,000)
Proceeds of long-term borrowings	151,627,266	124,426,002
Repayment of long-term borrowings	(141,160,125)	(124,918,277)
(Decrease) increase in guarantee deposits received	(161,769)	6,054
Decrease in other non-current liabilities	(32,840)	(95,095)
Dividends paid	(14,264,363)	(14,929,534)
Increase in non-controlling interest	<u>2,188,047</u>	<u>8,633,494</u>
Net cash generated from financing activities	<u>29,070,172</u>	<u>956,652</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>(4,408)</u>	<u>(133,176)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,999,592)	11,339,505
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>30,645,166</u>	<u>19,305,661</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 26,645,574</u>	<u>\$ 30,645,166</u>

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

(Concluded)

6. Financial Report in Recent Year

Independent auditors' report

(English Translation of a Report Originally Issued in Chinese)

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, 2013 and 2012 and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. These financial statements are the responsibility of the Far Eastern New Century Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Far Eastern New Century Corporation as of December 31, 2013, December 31, 2012 and January 1, 2012, and its financial performance and its cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

The accompanying schedules of major accounting items of Far Eastern New Century Corporation as of and for the year ended December 31, 2013 are presented for the purpose of additional analysis. Such schedules have been subjected to the auditing procedures described in the second paragraph. In our opinion, such schedules are consistent, in all material respects, with the financial statements required to in the first paragraph.

March 24, 2014

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

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

ASSETS	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 9,542,173	5	\$ 4,381,262	2	\$ 2,444,308	2
Financial assets at fair value through profit or loss - current (Notes 4, 5 and 7)	46,516	-	25,345	-	48,308	-
Bond investments with no active market - current (Note 8)	145,947	-	-	-	-	-
Notes and accounts receivable, net (Notes 4, 5 and 9)	7,788,958	4	8,716,108	5	10,079,388	6
Notes and accounts receivable from related parties (Notes 4 and 26)	1,060,411	1	789,766	1	470,140	-
Other receivables	220,365	-	210,325	-	188,667	-
Other receivables from related parties (Note 26)	4,401,485	2	338,194	-	282,919	-
Current tax assets	2,314	-	45,593	-	27,722	-
Inventories (Notes 4, 5 and 10)	6,605,481	3	6,363,829	3	7,597,423	4
Prepayments	467,163	-	275,259	-	226,754	-
Other current assets	<u>352,909</u>	-	<u>188,733</u>	-	<u>404,662</u>	-
Total current assets	<u>30,633,722</u>	<u>15</u>	<u>21,334,414</u>	<u>11</u>	<u>21,770,291</u>	<u>12</u>
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current (Notes 4 and 12)	902,112	1	804,484	-	737,481	1
Financial assets carried at cost - non-current (Notes 4 and 13)	-	-	53,667	-	53,667	-
Investments accounted for using equity method (Notes 4, 11 and 27)	147,078,649	73	142,834,850	77	138,930,049	77
Property, plant and equipment, net (Notes 4, 5 and 14)	21,969,289	11	19,962,782	11	18,879,533	10
Investment properties, net (Notes 4 and 15)	822,587	-	816,604	1	231,699	-
Other intangible assets (Note 4)	16,392	-	20,332	-	21,965	-
Deferred tax assets (Notes 4, 5 and 23)	291,062	-	344,910	-	241,552	-
Prepayments for equipment (Note 14)	327,575	-	298,135	-	505,097	-
Guarantee deposits	62,792	-	67,515	-	53,517	-
Other financial assets - non-current (Note 27)	34,381	-	34,381	-	34,381	-
Other non-current assets	<u>86,981</u>	-	<u>186,048</u>	-	<u>112,579</u>	-
Total non-current assets	<u>171,591,820</u>	<u>85</u>	<u>165,423,708</u>	<u>89</u>	<u>159,801,520</u>	<u>88</u>
TOTAL	<u>\$ 202,225,542</u>	<u>100</u>	<u>\$ 186,758,122</u>	<u>100</u>	<u>\$ 181,571,811</u>	<u>100</u>

LIABILITIES AND EQUITY	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
CURRENT LIABILITIES						
Short-term borrowings (Note 16)	\$ 6,260,388	3	\$ 6,116,442	3	\$ 5,472,199	3
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	272	-	619	-	4,708	-
Notes and accounts payable	4,145,447	2	3,449,797	2	3,970,075	2
Notes and accounts payable to related parties (Note 26)	948,175	-	933,977	1	1,108,388	1
Payables to suppliers of machinery and equipment	1,173	-	790	-	5,143	-
Other payable	3,644,611	2	3,783,002	2	3,396,188	2
Provisions - current (Note 18)	12,171	-	2,581	-	44,795	-
Receipt in advance	328,753	-	374,931	-	364,251	-
Current portion of long-term liabilities (Note 17)	7,246,540	4	2,380,000	1	1,878,631	1
Other current liabilities	<u>754,607</u>	-	<u>677,080</u>	-	<u>688,837</u>	-
Total current liabilities	<u>23,342,137</u>	<u>11</u>	<u>17,719,219</u>	<u>9</u>	<u>16,933,215</u>	<u>9</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 17)	34,790,061	17	32,343,579	18	21,344,014	12
Long-term borrowings (Note 17)	27,961,684	14	22,860,463	12	28,450,000	16
Deferred tax liabilities (Notes 4, 5 and 23)	2,000,684	1	2,015,496	1	2,143,414	1
Accrued pension liabilities (Notes 4, 5 and 19)	1,245,392	1	1,777,425	1	1,441,042	1
Guarantee deposit received (Note 25)	3,059	-	2,259	-	615	-
Deferred credit - gain on inter-related parties account (Note 26)	<u>50,795</u>	-	<u>55,850</u>	-	<u>55,886</u>	-
Total non-current liabilities	<u>66,051,675</u>	<u>33</u>	<u>59,055,072</u>	<u>32</u>	<u>53,434,971</u>	<u>30</u>
Total liabilities	<u>89,393,812</u>	<u>44</u>	<u>76,774,291</u>	<u>41</u>	<u>70,368,186</u>	<u>39</u>
EQUITY						
Capital stocks						
Common stocks	<u>51,450,165</u>	<u>26</u>	<u>50,441,338</u>	<u>27</u>	<u>48,972,173</u>	<u>27</u>
Capital surplus	<u>4,681,042</u>	<u>2</u>	<u>4,744,045</u>	<u>3</u>	<u>940,486</u>	-
Retained earnings						
Legal reserve	12,687,509	6	11,820,720	6	10,710,699	6
Special reserve	25,448,036	13	25,471,594	14	25,472,605	14
Unappropriated earnings	<u>13,955,940</u>	<u>7</u>	<u>15,100,772</u>	<u>8</u>	<u>21,637,279</u>	<u>12</u>
Total retained earnings	<u>52,091,485</u>	<u>26</u>	<u>52,393,086</u>	<u>28</u>	<u>57,820,583</u>	<u>32</u>
Other equity	4,634,101	2	2,430,425	1	3,495,446	2
Treasury shares	<u>(25,063)</u>	-	<u>(25,063)</u>	-	<u>(25,063)</u>	-
Total equity	<u>112,831,730</u>	<u>56</u>	<u>109,983,831</u>	<u>59</u>	<u>111,203,625</u>	<u>61</u>
TOTAL	<u>\$ 202,225,542</u>	<u>100</u>	<u>\$ 186,758,122</u>	<u>100</u>	<u>\$ 181,571,811</u>	<u>100</u>

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

Financial Information

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 26)				
Net sales	\$ 61,905,623	100	\$ 60,669,847	100
Other operating revenue	<u>13,459</u>	<u>-</u>	<u>12,648</u>	<u>-</u>
Total operating revenue	<u>61,919,082</u>	<u>100</u>	<u>60,682,495</u>	<u>100</u>
OPERATING COSTS (Notes 22 and 26)				
Cost of goods sold	57,691,879	93	55,713,636	92
Other operating cost	<u>12,609</u>	<u>-</u>	<u>10,312</u>	<u>-</u>
Total operating costs	<u>57,704,488</u>	<u>93</u>	<u>55,723,948</u>	<u>92</u>
GROSS PROFIT	<u>4,214,594</u>	<u>7</u>	<u>4,958,547</u>	<u>8</u>
OPERATING EXPENSES (Notes 22 and 26)				
Selling and marketing	2,786,486	5	3,049,602	5
General and administrative	1,204,129	2	1,258,164	2
Research and development	<u>664,283</u>	<u>1</u>	<u>622,731</u>	<u>1</u>
Total operating expenses	<u>4,654,898</u>	<u>8</u>	<u>4,930,497</u>	<u>8</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(440,304)</u>	<u>(1)</u>	<u>28,050</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates (Note 11)	8,012,097	13	6,014,527	10
Interest income	82,448	-	8,828	-
Rental income	21,954	-	11,820	-
Dividend income	15,883	-	19,549	-
Other income - other	580,288	1	232,823	-
Gain on disposal of property plant and equipment	20,181	-	31,680	-
Gain on disposal of investment	5,626	-	36	-
Gain on financial assets (liabilities) at fair value through profit or loss, net (Note 7)	189,620	-	78,728	-
Interest expense	(860,591)	(1)	(801,151)	(1)
Other expense	(248,823)	(1)	(340,250)	(1)
Exchange loss, net (Note 4)	(89,281)	-	(281,737)	-
Impairment loss on assets	<u>(8,546)</u>	<u>-</u>	<u>(164,960)</u>	<u>-</u>
Total non-operating income and expenses	<u>7,720,856</u>	<u>12</u>	<u>4,809,893</u>	<u>8</u>
INCOME BEFORE INCOME TAX	7,280,552	11	4,837,943	8

(Continued)

	For the Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
INCOME TAX (EXPENSE) BENEFIT (Notes 4, 5 and 23)	\$ <u>(73,471)</u>	—	\$ <u>79,625</u>	—
NET INCOME	<u>7,207,081</u>	<u>11</u>	<u>4,917,568</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME				
Unrealized gain on available-for-sale financial assets	97,628	-	66,179	-
Actuarial gain (loss) arising from defined benefit plans	60,778	-	(576,948)	(1)
Share of other comprehensive income of associates	2,185,201	4	(1,160,461)	(2)
Income tax (loss) gain relating to components of other comprehensive income	<u>(10,332)</u>	<u>-</u>	<u>98,081</u>	<u>1</u>
Other comprehensive income, net of income tax	<u>2,333,275</u>	<u>4</u>	<u>(1,573,149)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 9,540,356</u>	<u>15</u>	<u>\$ 3,344,419</u>	<u>6</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 21)				
Basic	<u>\$ 1.50</u>		<u>\$ 1.02</u>	
Diluted	<u>\$ 1.49</u>		<u>\$ 1.02</u>	

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

(Concluded)

Financial Information

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars; Except Dividend Per Share)

	Common Stock (Note 20)	Capital Surplus (Notes 4 and 20)	Legal Reserve (Note 20)	Special Reserve (Note 20)
BALANCE AT JANUARY 1, 2012	\$ 48,972,173	\$ 940,486	\$ 10,710,699	\$ 25,472,605
Appropriation of the 2011 earnings				
Legal reserve	-	-	1,110,021	-
Cash dividends - NT\$1.7 per share	-	-	-	-
Stock dividends - NT\$0.3 per share	1,469,165	-	-	-
Net income for the year ended December 31, 2012	-	-	-	-
Other comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-
Change in equity in associates	-	3,679,776	-	(17)
Partial acquisition (disposal) of interests in subsidiaries	-	122,571	-	(163)
Change in capital surplus from dividends distributed to subsidiaries	-	1,212	-	-
Reversal of special reserve	-	-	-	(831)
BALANCE, DECEMBER 31, 2012	50,441,338	4,744,045	11,820,720	25,471,594
Appropriation of the 2012 earnings				
Legal reserve	-	-	866,789	-
Cash dividends - NT\$1.3 per share	-	-	-	-
Stock dividends - NT\$0.2 per share	1,008,827	-	-	-
Net income for the year ended December 31, 2013	-	-	-	-
Other comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-
Change in equity in associates	-	(63,958)	-	(9,952)
Change in capital surplus from dividends distributed to subsidiaries	-	955	-	-
Reversal of special reserve	-	-	-	(13,606)
BALANCE, DECEMBER 31, 2013	\$ 51,450,165	\$ 4,681,042	\$ 12,687,509	\$ 25,448,036

Unappropriated Earnings (Note 20)	Other Equity			Treasury Stocks (Note 20)	Total Equity
	Exchange Differences on Translating Foreign Operations (Notes 4 and 20)	Unrealized Gain (Loss) on Available-for-sale Financial Assets (Notes 4 and 20)	Unrealized Loss on Cash Flow Hedge (Notes 4 and 20)		
\$ 21,637,279	\$ -	\$ 3,500,409	\$ (4,963)	\$ (25,063)	\$ 111,203,625
(1,110,021)	-	-	-	-	-
(8,325,270)	-	-	-	-	(8,325,270)
(1,469,165)	-	-	-	-	-
4,917,568	-	-	-	-	4,917,568
<u>(508,128)</u>	<u>(2,534,967)</u>	<u>1,538,270</u>	<u>(68,324)</u>	<u>-</u>	<u>(1,573,149)</u>
<u>4,409,440</u>	<u>(2,534,967)</u>	<u>1,538,270</u>	<u>(68,324)</u>	<u>-</u>	<u>3,344,419</u>
(42,322)	-	-	-	-	3,637,437
-	-	-	-	-	122,408
-	-	-	-	-	1,212
<u>831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
15,100,772	(2,534,967)	5,038,679	(73,287)	(25,063)	109,983,831
(866,789)	-	-	-	-	-
(6,557,374)	-	-	-	-	(6,557,374)
(1,008,827)	-	-	-	-	-
7,207,081	-	-	-	-	7,207,081
<u>129,599</u>	<u>2,814,699</u>	<u>(565,947)</u>	<u>(45,076)</u>	<u>-</u>	<u>2,333,275</u>
<u>7,336,680</u>	<u>2,814,699</u>	<u>(565,947)</u>	<u>(45,076)</u>	<u>-</u>	<u>9,540,356</u>
(62,128)	-	-	-	-	(136,038)
-	-	-	-	-	955
<u>13,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 13,955,940</u>	<u>\$ 279,732</u>	<u>\$ 4,472,732</u>	<u>\$ (118,363)</u>	<u>\$ (25,063)</u>	<u>\$ 112,831,730</u>

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

Financial Information

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<u>For the Years Ended December 31</u>	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 7,280,552	\$ 4,837,943
Adjustments for:		
Depreciation	1,618,620	1,414,029
Amortization	9,223	8,910
Interest expenses	860,591	801,151
Interest income	(82,448)	(8,828)
Dividend income	(15,883)	(19,549)
Gain on disposal of property, plant and equipment	(20,181)	(31,680)
Share of the profit of associates	(8,012,097)	(6,014,527)
Gain on disposal of investment	(5,626)	(36)
Impairment loss on assets	8,546	164,960
Causality loss	-	9,350
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(21,171)	22,963
Notes and accounts receivable	927,150	1,363,280
Notes and accounts receivable from related parties	(270,645)	(319,626)
Other receivables	(10,040)	(23,240)
Other receivables from related parties	(97,288)	(55,275)
Inventories	(241,652)	1,233,594
Prepayments	(191,904)	(48,505)
Other current assets	(164,176)	215,929
Financial liabilities at fair value through profit or loss	(347)	(4,089)
Notes and accounts payable	695,650	(520,278)
Notes and accounts payable to related parties	14,198	(174,411)
Other payables	(178,426)	250,863
Receipts in advance	(46,178)	10,680
Other current liabilities	77,527	(11,757)
Accrued pension liabilities	(471,255)	(240,565)
Cash generated from operations	1,662,740	2,861,286
Interest received	15,445	8,828
Dividend received	9,900,829	7,380,414
Interest paid	(791,918)	(674,016)
Income tax paid	(1,488)	(25,092)
Net cash generated from operating activities	<u>10,785,608</u>	<u>9,551,420</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in bond investments with no active market	(145,947)	-
Proceeds of the disposal of financial assets carried at cost	36,953	-
Proceeds of capital reduction from financial assets carried at cost	17,285	-
Acquisition of investments accounted for using equity-method	(4,066,530)	(3,547,717)

(Continued)

	For the Years Ended December 31	
	2013	2012
Proceeds of the disposal of investments accounted for using equity-method	\$ -	\$ 235,491
Proceeds of capital reduction from equity-method investment	-	616,092
Acquisition of property, plant, equipment and prepayment for equipments	(3,688,496)	(3,058,937)
Proceeds of the disposal of property, plant and equipment	48,510	48,334
(Increase) decrease in guarantee deposits	4,723	(13,998)
Increase in other receivable from related parties	(3,899,000)	-
Acquisition of intangible assets	(5,283)	(7,277)
Decrease (increase) in other non-current assets	<u>90,521</u>	<u>(85,070)</u>
Net cash used in investing activities	<u>(11,607,264)</u>	<u>(5,813,082)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	143,946	644,243
Proceeds of the issue of bonds	9,673,938	13,366,500
Repayments of bonds payable	(2,380,000)	(1,899,000)
Proceeds of long-term borrowings	132,077,235	112,528,296
Repayment of long-term borrowings	(126,976,014)	(118,117,833)
Increase in guarantee deposits received	800	1,644
Dividends paid	<u>(6,557,338)</u>	<u>(8,325,234)</u>
Net cash generated from (used in) financing activities	<u>5,982,567</u>	<u>(1,801,384)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,160,911	1,936,954
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>4,381,262</u>	<u>2,444,308</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 9,542,173</u>	<u>\$ 4,381,262</u>

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

(Concluded)

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

1. Review and Analysis of Financial Conditions

Financial Conditions Analysis (on a consolidated basis)

Unit: NT\$ thousands

Item	Year	2013	2012	Variance	
				Amount	%
Current assets		97,662,114	99,279,158	(1,617,044)	(1.63)
Property, plant and equipment		129,620,260	116,637,790	12,982,470	11.13
Intangible assets		53,847,039	20,890,391	32,956,648	157.76
Other assets		105,226,043	104,281,576	944,467	0.91
Total assets		386,355,456	341,088,915	45,266,541	13.27
Current liabilities		85,777,937	79,900,492	5,877,445	7.36
Non-current liabilities		124,896,860	89,960,597	34,936,263	38.84
Total liabilities		210,674,797	169,861,089	40,813,708	24.03
Common stock		51,450,165	50,441,338	1,008,827	2.00
Capital surplus		4,681,042	4,744,045	(63,003)	(1.33)
Retained earnings		52,091,485	52,393,086	(301,601)	(0.58)
Other equity		4,634,101	2,430,425	2,203,676	90.67
Treasury stocks		(25,063)	(25,063)	-	-
Total equity attributable to owners of the Company		112,831,730	109,983,831	2,847,899	2.59
Non-controlling interests		62,848,929	61,243,995	1,604,934	2.62
Total equity		175,680,659	171,227,826	4,452,833	2.60

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

- (1) Increase in the intangible assets: mainly for the acquisition of the 4G concessions of Far EasTone.
- (2) Increase in the non-current liabilities: mainly for the increase of the bonds payable and the long-term borrowings.
- (3) Increase in the other equity: mainly for the increase of the exchange differences on translating foreign operations.

2. Review and Analysis of Financial Performances

Unit: NT\$ thousands

Item	Year	2013	2012	Variance	
				Amount	%
Operating revenues		238,840,657	236,792,347	2,048,310	0.87
Operating costs		192,356,740	192,499,242	(142,502)	(0.07)
Gross profit		46,483,917	44,293,105	2,190,812	4.95
Realized construction income		555	556	(1)	(0.18)
Operating expenses		33,176,523	32,077,061	1,099,462	3.43
Operating income		13,307,949	12,216,600	1,091,349	8.93
Nonoperating income (expenses)		3,200,071	1,211,358	1,988,713	164.17
Income before income tax		16,508,020	13,427,958	3,080,062	22.94
Income tax expenses		2,223,481	2,226,494	(3,013)	(0.14)
Net income		14,284,539	11,201,464	3,083,075	27.52
Other comprehensive income (net of income tax)		2,321,112	(1,599,998)	3,921,110	N/A
Total comprehensive income		16,605,651	9,601,466	7,004,185	72.95
<p>1. Analysis of variance:</p> <p>a. Nonoperating income (expenses) and net income: mainly for the increase of share of the profit of associates.</p> <p>b. Other comprehensive income: mainly for the increase of the exchange differences on translating foreign operations.</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>Please refer to the "Letter to Shareholders".</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
30,645,166	26,775,077	(81,762,800)	(24,342,557)	6,667,034	44,321,097
<p>1. Cash Flow Analysis for year 2013:</p> <p>(1) Operating activities : mainly from the inflow of operating activities and cash dividends received from invested companies.</p> <p>(2) Investing activities : mainly for increasing capital expenditures and acquisition of intangible assets.</p> <p>(3) Financing activities : mainly for cash dividend payout and repayments of bonds payable.</p> <p>2. Remedy plans for insufficient liquidity for year 2013: to dispose long-term equity investments, issue corporate bonds, and borrow from banks.</p>					
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	
26,645,574	31,056,000	(61,199,000)	(3,497,426)	Investment plan	Financing plan
				-	11,000,000
<p>3. 2014 Estimated Cash Flow Analysis of variance in cash flow balance:</p> <p>(1)The Company expects the affiliate earnings booked from each subsidiary through equity method in 2014 could exceed those in 2013. When including the cash dividends received from the aforesaid subsidiaries, the Company expects the net cash inflows from operating activities in 2014 to increase compared to those in 2013.</p> <p>(2)When taking into consideration of the planned capital expenditures and the proposed cash dividends distribution, 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.</p>					

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 2012	2013	2014	2015	2016
Expansion of a PTA production line (capacity: 1.5 million tons/year)	Retained earnings and bank borrowings	Dec 2015	17,663,000	4,691,000	4,205,000	7,825,000	942,000	-
A new PTA plant in Yangzhou, China		Under the environmental evaluations	11,955,600	599,400	936,000	3,570,000	6,850,200	-
A new MEG plant in Yangzhou, China		Mar 2015	5,980,705	118,590	901,086	4,380,292	580,737	-
A new polymer plant in Yangzhou, China		Feb 2016	3,994,538	260,246	493,344	868,131	2,372,817	-
Expansion of PET production line (capacity: 400,000 tons/year)		Nov 2015	2,987,000	-	-	1,805,000	882,000	300,000
2 nd phase of expansion plan of OTIZ		Jul 2013	2,625,070	2,513,410	96,300	15,360	-	-
Coal water mixture (CWM) project		Jul 2014	2,007,650	3,000	1,195,000	809,650	-	-
Expansion of production line for continuing polyester shrinkage films		Aug 2014	1,115,000	-	1,010,000	105,000	-	-
A-mart store at Gueising road in Banciao		May 2015	988,000	146,000	610,000	232,000	-	-

Note: Working capital is not included.

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
2014	Polyester tire cords	Ton	8,000	8,000	944,000	118,000
	High modulus low shrinkage yarn	Ton	15,000	Internal consumption	Internal consumption	Internal consumption
	High denier industrial fabric	Ton	4,200	4,200	487,000	58,000
	Solid statement polymer (SSP)	Ton	35,500	35,500	1,274,000	13,000
	Coal water mixture (CWM)	Ton	132,000	132,000	590,000	96,000
	Polyester shrinkage films	Ton	10,800	10,800	1,080,000	368,000
2015	Polyester tire cords	Ton	12,000	12,000	1,416,000	191,000
	High modulus low shrinkage yarn	Ton	18,000	Internal consumption	Internal consumption	Internal consumption
	High denier industrial fabric	Ton	4,200	4,200	487,000	58,000
	Solid statement polymer (SSP)	Ton	35,500	35,500	1,274,000	13,000
	Coal water mixture (CWM)	Ton	222,000	222,000	961,000	186,000
	Polyester shrinkage films	Ton	14,400	14,400	1,440,000	493,000
	PET resins	Ton	66,667	61,180	2,814,000	184,000

4.2.2 Other Expected Benefits: 1) Using CWM to replace heavy oil during the production process is expected to reduce energy costs by 40-50%. 2) The rental income of A-mart store at Gueising road in Banciao is expected to reach 80 to 110 million/year.

5. Investment Policies in Recent Years

5.1 Investment Policies :

The Company co-ordinates all resources in the Far Eastern Group to achieve two targets: 1) explore new business opportunities and extend the business territory of the 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 2013 was NT\$4.4 billion, and the profit generated by invested subsidiaries remained stable.

5.3 Future Investment Plan : (Please refer to page 56)

The 1st five year strategy is to achieve a vertical integration in the production process, from the upstream petrochemical, mid-stream polyester to the downstream textile business segments.

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 In 2013, due to the expansionary monetary policy implemented by the Taiwan central bank to stimulate economic growth, interest rate and inflation maintained at a steady level. According to the Directorate-General of Budget of Taiwan Executive Yuan report in May 2013, 2013 GDP growth rate was forecasted to be 2.09% and CPI was expected to be increased by 0.79%; 2014 GDP growth rate was projected to be 2.98%, and CPI was forecasted to grow by 1.53%. Looking forward in 2014, we believe the global economy will expand at a modest to moderate pace; however, since the US tapering of its quantitative easing (QE) policies and signaling the rise of interest rate in 2015, some capital have been seen to be redirected from emerging markets to the US market. Such inflows of capital may increase the interest rate for various countries. In addition, China has begun economic reforms and slowed down its high-speed GDP growth rate policy. The Japanese government increased its consumption tax which may take a toll on its economy. The political crises in the Ukraine have caught the world by surprise. These political and economical concerns have undoubtedly caused ripple effects throughout the world and may cause severe complications for the global economy. Under Taiwan's moderate economic growth and mild inflation outlook in the domestic economy and lingering uncertainties in the global economy, we believe the Taiwan central bank would maintain its expansionary monetary policy and interest rate fluctuations will be limited. However, the US interest rate is expected to be on an upward trend due to the decreasing scale of QE policy. In response to the domestic and global economic conditions we aim to reduce interest rate risk by managing the duration of our overall interest-bearing debts while issuing long-term fixed rate corporate bonds to lock-in the current low borrowing cost. By doing so, we believe we can maintain 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 and its subsidiaries export most of its products and import its major raw materials, thus the majority of its account receivables and account payables is denominated in US dollars. Based on the foreign currency net position basis, foreign currency asset minus foreign currency liability, the Finance Department will enter into spot or forward positions to minimize foreign exchange risk. And it is in the Company's best interest to continue this policy to minimize its 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 or hyper-leveraged investments. 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 are not naked positions. Therefore, the risks of trading derivatives are minimized and can be effectively controlled. Gains or losses, if occurred, often resulting from reasons such as investment horizon miss-matches, are therefore, little and negligible. The Company will maintain this policy, and will not proactively engage in naked positions of high-risk or hyper-leveraged derivative products. All trading of derivative products will be managed in

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

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 the regulatory authority, and the said bylaw has been submitted to the Board of Directors and has also received approval from the Shareholders’ Meeting. All matters regarding fund lending to others shall comply with the said bylaw to avoid any likely negative impact on the Company.

6.2.3 The Company has established a bylaw on the “Procedures for Endorsements 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 2014 budgets :

(1) The Company: Based on current global environmental trends, we predict that new applications of conventional petrochemical products will be limited. Therefore, the Company has launched R&D projects in renewable and environmental-friendly materials. An estimate of NT\$ 400 million is expected to be invested in our R&D Center of six distinct divisions (Polymer, Polyester Fiber & Textile, Optoelectronic, Biotech, and Green Materials).

(2) Subsidiaries (mainly FarEasTone and New Century InfoComm Tech): An estimate of NT\$ 600 million is expected to be invested in various plans (strategic, systematic, e-commerce, and multimedia digital contents).

6.3.2 R&D procedures and progress:

Research phase→Trial run→Scale-up production process development→ Commercial operation & promotion

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

(1) Product quality stability after the scaling-up production process

(2) 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

(3) Good customer services and solid downstream client relationship

(4) Production technology and 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 and evaluates the changes and impacts of policies and regulations in domestic and overseas markets on the Company. Responsive measures will be planned and implemented accordingly.

6.5 Technology Developments and Impacts on the Company

The innovation and breakthrough of technology have changed the world in several ways, be it good or bad. The innovation of plastics is one such example. Plastic products provide convenience in our daily lives, but generate pollution as well, stemming from inappropriate disposals of plastic wastes. Therefore, developing a new material that is as convenient as plastic but more environmentally 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.

Given that the usage of plastic products is constrained by the Taiwanese government while green products are being promoted in globally, the Company believes that the applications of conventional petrochemical products will be limited. Therefore, the Company vows to be a pioneer to create more environmentally friendly materials, in hopes of enjoying the first-mover advantages. The Company has already engaged in the production of several bio-based or bio-degradable products such as polylactic acid (PLA), a material made from the fermentation process of corn. A wide range of products mix have been created via this or similar technologies and more applications are currently being innovated.

At this time, non-textile products account for more than 60% of the Company’s sales. To name but a few, 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 are all considered non-textile products. 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 one of the largest providers of these 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 98

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

In order to secure the supplies of raw materials, the Company invested in Oriental Petrochemical (Shanghai) Corporation and Oriental Petrochemical (Taiwan) Co., Ltd. and actively integrated upward its production process; the Company's products are sold worldwide with a diversified client portfolio.

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:

None

6.13 Other Major Risks: None

7. Others

7.1 Valuation techniques and Assumptions Applied to Measure Fair Value of the Company and Subsidiaries:

7.1.1 The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined by referring to quoted market prices. If these prices are not available, valuation techniques are applied.

7.1.2 The fair values of derivative instruments are calculated using quoted prices. If these prices are not available, a discounted cash flow analysis is made using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

7.1.3 The fair values of other financial assets and financial liabilities (i.e., excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

7.1.4 Categories of financial instruments:

(1) Financial assets: Fair value through profit or loss - held for trading, derivative instruments in designated hedge accounting relationships, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

(2) Financial liabilities: Fair value through profit or loss - held for trading, derivative instruments in designated hedge accounting relationships, amortized cost

7.2 Estimated Impairment of Notes and Accounts Receivable: When there is objective evidence of impairment loss, the Company and subsidiaries take into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If the actual future cash flows are less than expected, a material impairment loss may arise.

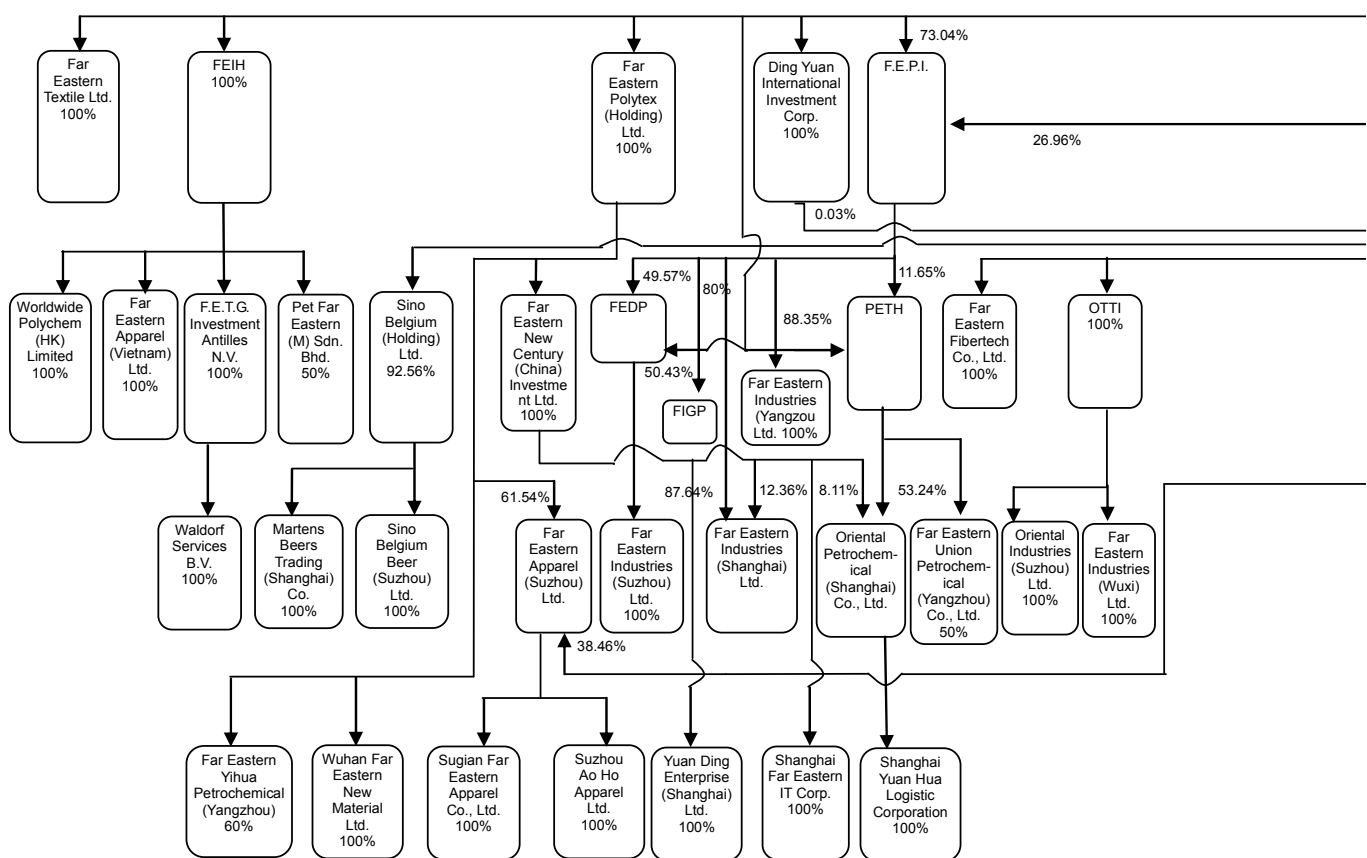
Special Disclosure

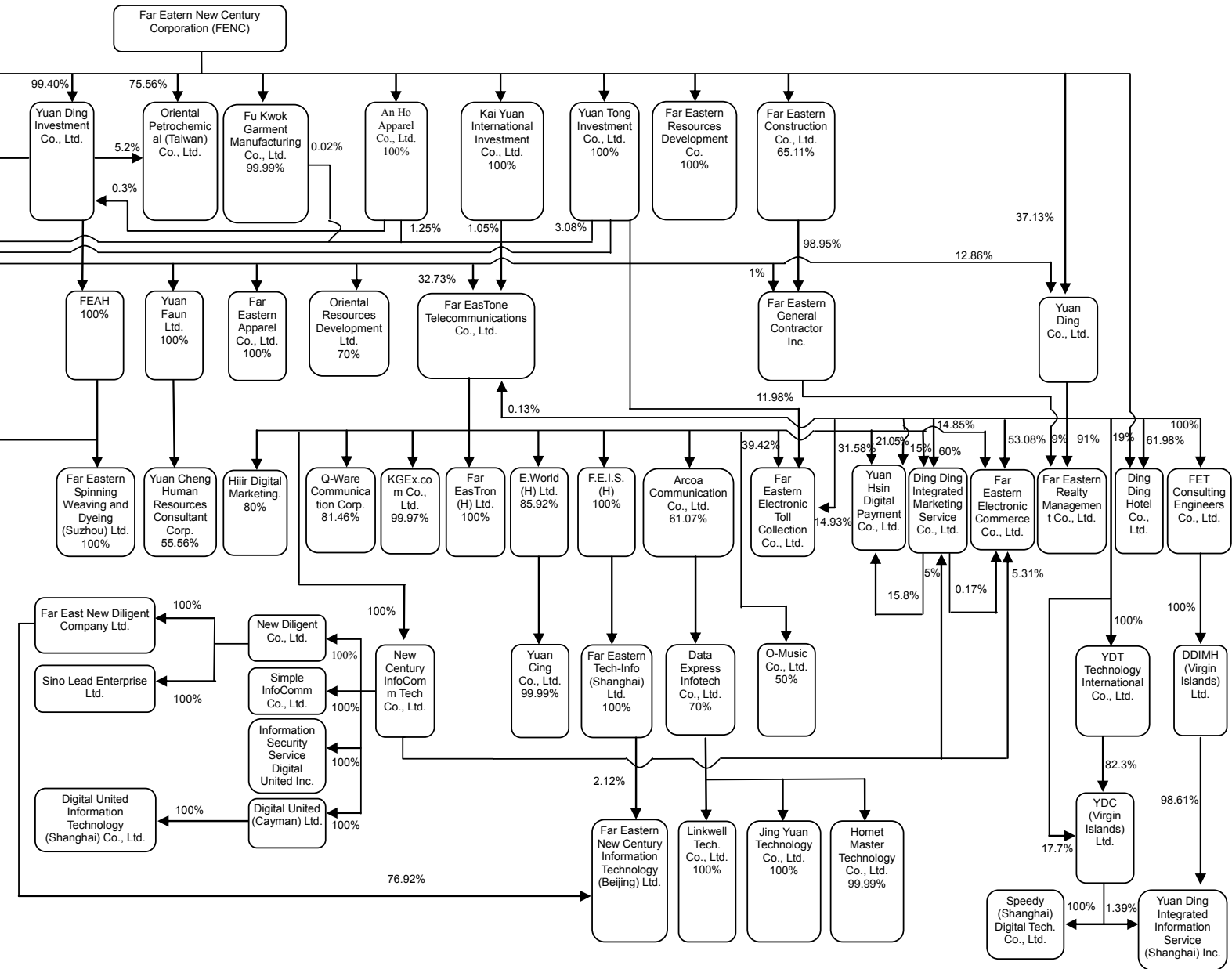
VIII. Special Disclosure

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
0	Far Eastern New Century Corp.	1954/1/13	36F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	51,450,165	Petrochemical and polyester materials, semi-finished products, finished goods, woven and knitted garments
1	Yuan Ding Investment Co., Ltd.	1986/11/7	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	18,338,262	Investment
2	Oriental Petrochemical (Taiwan) Co., Ltd.	1987/1/26	47, Jingjian 4th Road, Kuanyin Industrial Park, Kuanyin, Taoyuan, Taiwan	11,660,930	Production and sales of PTA
3	Yuan Tong Investment Co., Ltd.	1999/12/3	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	7,051,468	Investment
4	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
5	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
6	Kai Yuan International Investment Co., Ltd.	1998/10/6	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	3,028,434	Investment
7	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
8	Ding Yuan International Investment Co., Ltd.	1998/10/2	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	2,050,000	Investment
9	Far Eastern General Contractor Inc.	1982/10/4	5F, 267, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	1,399,771	Construction of housing and public infrastructures.
10	Far Eastern Fibertech Co., Ltd.	1995/4/10	No.17, Gongye 5th Rd., Guanyin Township, Taoyuan County, Taiwan	792,409	Production of nylon fibers
11	An Ho Garment Co., Ltd.	1977/1/24	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	663,462	Garment and apparel production
12	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
13	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
14	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
15	Fu Kwok Knitting & Garment Co., Ltd.	1971/3/6	No.110, Neihuan S. Rd., Nanzi District, Kaohsiung City 811, Taiwan	40,000	Garment production and sales
16	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
17	Far Eastern Textile Ltd.	2011/12/28	34F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	1,000	Garment production and sales
18	Far Eastern Investment (H) Ltd.	1989/8/29	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	506 US\$17	Investment
19	Far Eastern Polychem Industries Ltd.	1995/4/13	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	438 HK\$114	Investment
20	FEDP(H) Ltd.	2002/3/20	Clarendon House 2 Church street Hamilton HM 11, Bermuda	161 US\$5	Investment
21	PET Far Eastern(H) Ltd.	1996/10/1	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	89 US\$3	Investment
22	Far Eastern Polytex (H) Ltd.	2006/3/22	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	36 US\$1.2	Investment

	Company	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
23	Far Eastern Apparel (H) Ltd.	1996/10/1	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	33 US\$1.1	Investment
24	Oriental Textile (H) Ltd.	2002/7/15	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	27 US\$0.9	Investment
25	Sino Belgium (H) Ltd.	2007/8/15	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	9 US\$0.3	Investment
26	Far Eastern Industries (Shanghai) Ltd.	1996/9/25	No.198 Baisha Road, Spark Development Zone, Pudong, Shanghai, China	9,242,161 RMB 1,880,399	Production and sales of polyester staple, filament, and resins.
27	Oriental Petrochemical (Shanghai) Corp.	2003/1/21	Suite 3201, 32F, No. 800, Dongfang Road, Pudong New Area, Shanghai, China	7,381,689 RMB 1,501,869	Production and sales of PTA
28	Far Eastern New Century (China) Investment Co., Ltd.	2007/6/18	Suite 3301, 33F, No. 800, Dongfang Road, Pudong New Area, Shanghai, China	1,821,900 RMB 370,682	Investment
29	Martens Beers (Shanghai) Ltd.	2007/10/26	Suite 2701, 27F, No. 800, Dongfang Road, Pudong New Area, Shanghai, China	355,355 RMB 72,300	Trading of beer and relevant beverages
30	Shanghai Yuan Hua Logistic Corp.	2006/3/2	No.198 Baisha Road, Spark Development Zone, Pudong, Shanghai, China	93,385 RMB 19,000	Transportation and storage
31	Shanghai Far Eastern IT Corp.	2003/4/15	Suite 1801, No. 800, Dongfang Road, Pudong New Area, Shanghai, China	62,470 RMB 12,710	Software development, equipment maintenance and consulting services
32	Yuan Ding Enterprise (Shanghai) Limited	2013/8/20	No. 17, Lane 855, Chengshan Road, Pudong New Area, Shanghai, China	29,490 RMB 6,000	Chemical products; wholesale of machineries and lubricants; agency commission; importing, exporting of goods and other complimentary businesses
33	Wuhan Far Eastern New Material Ltd.	2003/7/9	No.93, Zhushanhu Rd., Wuhan Economical-Technical Development Zone, Hubei, Wuhan, China	840,699 RMB 171,048	Production and sales of PET sheet, chip, filament, staple fibers, and apparels
34	Oriental Industries (Suzhou) Ltd.	2005/6/24	No.1588, Yin Zhong South Road, HeDong Industrial Park, Wu Zhong Economic Development District, Suzhou, China	4,113,101 RMB 836,847	Production and sales of polyester resins and industrial fabrics.
35	Far Eastern Industries (Suzhou) Ltd.	2004/3/22	No.6, Hengshan Road, New District, Suzhou, Jiangsu Province, China	1,938,327 RMB 394,370	Production and sales of polyester products
36	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	2003/10/22	No.1588, Yin Zhong South Road, Wu Zhong Economic Development District, Suzhou, China	1,814,977 RMB 369,273	Spinning, weaving and dyeing of high-end apparels, and sales and production of specialty garments
37	Sino-Belgium Beer (Suzhou) Ltd.	2007/9/4	No.6, Hengshan Road, New District, Suzhou, Jiangsu Province, China	1,572,569 RMB 319,953	Development of beer brewing technology
38	Far Eastern Apparel (Suzhou) Co., Ltd.	1996/10/24	No.88, Tian ling Rd. Wu Zhong District Economic Development Zone, Suzhou	1,005,496 RMB 204,577	Production of knitted and woven garments and beddings
39	Suqian Far Eastern Apparel Ltd.	2011/7/5	East of Fumin Avenue and North of Jinji Lake Road, Economic Development Zone, Jiangsu, China	117,960 RMB24,000	Production and sales of knitted and woven garments, accessories, and beddings
40	Suzhou An He Apparel Ltd.	2008/1/31	No.88, Tian Ling Rd. Wu Zhong District Economic Development Zone, Suzhou	4,915 RMB 1,000	Production and sales of knitting and weaving garments
41	Far Eastern Industries (Wuxi) Ltd.	2002/5/28	WinZhouLoad 89, WuXi, Jiangsu, China	2,366,428 RMB 481,471	Production of cotton yarn, other natural fibers, and chemical fibers
42	Far Eastern Yihua Petrochemical (Yangzhou) Corp.	2011/12/9	No.9, Won Nien South Road, Yangzhou Industrial Park, Yangzhou, Jiangsu Province, China	7,143,221 RMB1,453,351	PTA and its by-product production and sale

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	Company	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
43	Far Eastern Union Petrochemical (Yangzhou) Ltd.	2012/5/23	No.8, Yadong Road, Yizheng City, Jiangsu Province, China	2,927,462 RMB595,618	Manufacture and distribution of EG and its by-products
44	Far Eastern Industries (Yangzhou) Ltd.	2012/5/10	No.9, Won Nien South Road, Yangzhou, Jiangsu Province, China	1,518,255 RMB308,902	Production and sales of polyester products
45	Far Eastern Ishizuka Green PET Corporation.	2012/5/11	880, Aza-Semino, Ohaza-Shimokobashi, Sakai-Machi, Sashima-Gun, Ibaraki-Pref. Japan	425,850 JPY1,500,000	Recycled PET production and sale
46	Far Eastern Apparel (Vietnam) Ltd.	2002/7/4	No. 46 Dai Lo Tu Do, Vietnam Singapore IndustrialPark, Thuan An District, Binh Duong Province, Vietnam	268,110 US\$9,000	Apparel production
47	PET Far Eastern (M) Sdn Bhd	1995/7/22	Plot 69 ,Kawasan Perindustrian Senai 3, 81400 Senai, Johor Bahru, Johor Malaysia	139,712 MYR 16,000	Production of PET bottles and preforms
48	Worldwide Polychem (HK) Limited	2011/8/30	11/F, Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong	103,133 US\$3,462	Investment
49	Waldorf Services B.V.	1990/1/10	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	575 US\$19	Investment
50	FETG Investment Antilles N.V.	1989/10/5	Kaya W.F.G. Mensing 14, Curacao	179 US\$6	Investment
51	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
52	New Century InfoComm Tech Co., Ltd.	1989/6/1	1-11Fl., No.218, Ruei-Guang Rd., Neihu, Taipei, Taiwan	21,000,000	Type I & II telecom services
53	KGEx.com Co., Ltd.	2000/8/9	4F, No.468, Ruei-Guang Rd., Neihu, Taipei, Taiwan	1,124,080	Type II telecommunications service
54	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
55	New Diligent Co., Ltd.	2001/5/2	1F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan	800,000	Investment
56	Q-Ware Communication Corp.	2007/2/13	8F, No.220, Kang Chien Road, Neihu, Taipei, Taiwan	417,149	Type II telecommunications services
57	Yuan Cing Co., Ltd.	2000/8/5	28F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan.	193,500	Phone subscriber service
58	Data Express Infotech Co., Ltd.	2004/7/22	6F-1, No. 778, Ba Der Road, Sec. 4, Taipei, Taiwan	177,036	Sale of communication products
59	Information Security Service Digital United	2004/12/22	2F, No.218, Ruei-Guang Rd., Neihu, Taipei, Taiwan	148,777	Security and monitoring services via Internet
60	Hiiir Co., Ltd.	2013/8/8	10 F, No. 220, Gangqian Rd., Nei Hu, Taipei, Taiwan	100,000	Electronic information providing services
61	Omusic Co., Ltd.	2010/10/5	12F, No.468, Ruei-Guang Rd., Neihu, Taipei, Taiwan	50,000	Electronic information providing services
62	Linkwell Tech Co., Ltd.	2005/4/8	6F-1, No. 778, Sec. 4, Bade Rd., Taipei, Taiwan,	39,204	Sales of communication products
63	Simple InfoComm Co., Ltd.	2001/10/23	12F, No.468, Ruei-Guang Rd., Neihu, Taipei, Taiwan	34,000	Type II telecommunications services
64	Home Master Technology Ltd	2011/8/11	5F, No. 778, Sec. 4, Bade Rd., Taipei, Taiwan	10,000	Sales of communication products
65	Jing Yuan Technology Ltd	2011/9/5	6F-1, No. 778, Ba Der Road, Sec. 4, Taipei, Taiwan	10,000	Data processing
66	E. World (H) Ltd.	2000/4/7	4F, One Capital Place, P.O. Box 847 G.T., Grand, Cayman Island	208,530 US\$7,000	International investments
67	Far Eastern New Diligence Ltd.	2010/7/27	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	134,055 USD4,500	Investment

	Company	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
68	Far EasTron Holding Ltd.	2005/8/30	Marguee Place, Suite 300, 430 West Bay Road, P.O. Box30691 SMB, Grand Cayman, Cayman Islands, British West Indies	133,667 US\$4,487	International investments
69	Digital United (Cayman) Ltd.	2000/8/16	P.O. Box 2681, Zephyr House, Mary Street, George Town, Grand Cayman, British West Indies	128,693 US\$4,320	Investment
70	Far Eastern Info Service (H) Ltd.	2002/7/17	Clarendon House 2 Church Street Hamilton HM11 Bermuda	357 US\$12	International investments
71	Sino Lead Enterprise Ltd.	2006/4/11	Hong Kong Trade Center, 7/F, 161-167, Des Voeux Road, Central, Hong Kong	125 HK\$30	Telecommunication services
72	Far Eastern New Century Information Technology (Beijing) Limited	2010/7/23	11F, 9 Building, Wanda Square No.93, Jian Guo Street, Chaoyang District, Beijing, China	157,548 RMB32,054	Electronic information providing services
73	Digital United Information Technology (Shanghai) Ltd.	2000/10/8	Room 22301-918, Building No. 14, Pudong Software District, No. 498, Guoshoujing Rd., Jhangjiang High Tech District, Pudong Sin Section, Shanghai, China.	115,761 RMB 23,553	Design and research of computer system
74	Far Eastern Tech-Info Ltd. (Shanghai)	2002/11/18	3F, Building No. 23, Pudong Software District, No. 498, Guoshoujing Rd., Jhangjiang High Tech District, Pudong Sin Section, Shanghai, China	101,618 RMB 20,675	Computer software, data processing and internet content providing services
75	Yuan-Ding Co., Ltd.	1984/10/1	23F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan	5,034,046	Hotel management
76	Ding Ding Hotel Co., Ltd.	1983/3/22	1-5F, 201&203, Tun Hwa South Road, Sec.2, Taipei, Taiwan	1,040,470	Hotel management
77	Yuan Hong Electric Co., Ltd.	1999/12/13	23F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan	850,000	Corporate management consulting, pipe & cable installment and replacement
78	Far Eastern Electronic Commerce Co., Ltd.	2010/12/10	12F, 268, Fuxing South Road, Sec.2, Taipei, Taiwan	450,500	Online retail service
79	Ding Ding Integrated Marketing Service Co., Ltd.	2004/10/22	23F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan	142,943	Market research and advertisement
80	YDT Technology International Co., Ltd.	1989/8/4	23F, 207, Tun Hwa South Road, Sec.2, Taipei, Taiwan	139,920	Sale of communication products
81	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
82	DDIM (Virgin Islands) Ltd.	2011/8/31	P.O.Box.957 Offshore Incorporations Centre, Road Town Tortola, British Virgin Islands.	382,712 USD12,847	Business activities not prohibited by law
83	YDC (Virgin Islands) Ltd.	1998/2/11	Columbus Centre Building, Wickhams Cay, Road Town, Tortola, British Virgin Islands.	33,663 USD1,130	Business activities not prohibited by law
84	Yuan Ding Integrated Information Service Inc. (Shanghai)	2011/8/10	Room 1506, 719, Yan'an West Road, Changning District, Shanghai, China	389,231 RMB80,653	Software development and internet service design, sale of computer equipment
85	Speedy (Shanghai) digital Tech. Co., Ltd.	2004/4/27	Room 1502, 719, Yan'an West Road, Changning District, Shanghai, China	31,557 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, Polyester, Textile, Garment and apparel, Investment, Construction, General Contractor, Leasing, Management consulting, Human resources consulting, Wireless telecommunication services, mobile virtual network operator services, wholesale and retail sale of telecom related products and equipments etc. Please refer the aforesaid table of "Information of Far Eastern New Century and Subsidiaries and Affiliates" for major business activities of the Company's affiliates.

Special Disclosure

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

Unit: Number of shares; %

	Company	Title	Name or representative	Registered shares owned		
				Shares	%	
0	Far Eastern New Century Corp.	Directors	Douglas Tong Hsu (Chairman)	59,350,922	1.15	
			Asia Cement Corp.	1,222,873,016	23.77	
			Peter Hsu, Shaw Y. Wang, Raymond Hsu, Richard Yang	-	-	
			Yue Ding Industry Co., Ltd.	6,416,914	0.12	
			Johnny Shih	19,189,130	0.37	
		Independent Directors Supervisors	Far Eastern Department Stores Ltd.	-	-	
			Kuan Tao Li, Tonia Katherine Hsu	-	-	
			Shen Bing, Bao-Shuh Paul Lin, Johnsee Lee	-	-	
			U-Ming Marine Transport Corp.	29,970,656	0.58	
			T.H. Chang, Alice Hsu	-	-	
President	Far Eastern Y.Z. Hsu Science & Technology Memorial Foundation Rep.	8,163,435	0.16			
	Champion Lee	-	-			
1	Yuan Ding Investment Co., Ltd.	Directors	Y.H. Tseng, Eric Hu, K.S. Wu, Humphrey Cheng	-	-	
		Supervisors	Far Eastern New Century Corp.	1,822,822,005	99.40	
			Douglas Tong Hsu (Chairman), Johnny Shih, Peter Hsu, Shaw Y. Wang, C.S. Tu, Alan Tsai, David Wang	-	-	
2	Oriental Petrochemical (Taiwan) Co., Ltd.	Supervisors	Da Ju Fiber Co., Ltd.	5,502,000	0.30	
		President	Humphrey Cheng, Mark Lu	-	-	
			C.S. Tu	-	-	
3	Yuan Tong Investment Co., Ltd.	Directors	Far Eastern New Century Corp.	881,078,366	75.56	
		Supervisors	Douglas Tong Hsu (Chairman), Johnny Shih, K.S. Wu, H.D. Zhou, David Shih	-	-	
			Oriental Union Chemical Corp.	209,998,386	18.01	
		President	Justin Tsai	60,590,019	5.20	
4	Far Eastern Electronic Toll Collection Co., Ltd.	Supervisors	Yuan Ding Investment Co., Ltd.	-	-	
			David Wang, Humphrey Cheng	-	-	
			Eric Chueh	-	-	
4	Far Eastern Electronic Toll Collection Co., Ltd.	Directors	Far Eastern New Century Corp.	705,146,840	100.00	
			David Wang (Chairman), Humphrey Cheng, Bill Yang	-	-	
			Supervisors	Far Eastern New Century Corp.	705,146,840	100.00
			Alan Tsai	-	-	
			President	David Wang	-	-
		Supervisors	Far EastTone Telecommunications Co., Ltd.	254,239,581	39.42	
			Douglas Tong Hsu (Chairman), Jan Nilsson, Y.C. Chang	-	-	
			Yuan Tong Investment Co., Ltd.	77,257,271	11.98	
			Champion Lee	-	-	
			SYSTEX Corporation	54,315,614	8.42	
President	S.C. Yang	-	-			
	MITAC Information Technology Corp.	59,606,802	9.24			
	Kuo Yun	-	-			
	TECO Electric & Machinery Co.,Ltd.	70,906,802	10.99			
	Sophia Chiu	-	-			
Supervisors	S.J. Hsu	-	-			
	F.C. Lee	-	-			
	T.Y. Yin	-	-			
	W.C. Yeh	-	-			
	Ching Pu Investment Corporation	16,581,188	2.57			
President	J.H. Lai	-	-			
	He Li Investment	11,300,000	1.75			
			Simon Chiang	-	-	
			Y.C. Chang	-	-	

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	Company	Title	Name or representative	Registered shares owned	
				Shares	%
5	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	-	-
6	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	-	-
7	Far Eastern Construction Co., Ltd.	Directors	Far Eastern New Century Corp. S.S Hsu (Chairman), Douglas Tong Hsu, Shaw Y. Wang, D.F. Yang, B.S. Hong, Lin Kuo, C.Y. Lee, C.M. Chen, Peter Hsu, S.F. Cheng, T.Z. Chang	188,875,441	65.11
		Supervisors	Der Ching Investment Co., Ltd. Charles Wang, H.K. Ni	97,938,574	33.55
8	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
9	Far Eastern General Contractor Inc	Directors	Far Eastern Construction Co., Ltd. S.S Hsu (Chairman), Douglas Tong Hsu, Shaw Y. Wang, S.F. Cheng, Lin Kuo, Ying Wei, D.F. Yang, T.C. Lin You, Z.C. Ku	138,506,858	98.95
		Supervisors	Yuan Ding Investment Co., Ltd. Jackson Wu, Y.M. Shih	1,400,145	1.00
10	Far Eastern Fibertech Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd. Douglas Tong Hsu (Chairman), Johnny Shih, Fred Chu, Humphrey Cheng, Eric 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	-	-
11	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
12	Oriental Resources Development Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd. Y.H. Tseng (Chairman), Donald Fan, Ru Yu Wu, Fanny Liao, C.T. Peng, Justin Tsai, Y.K. Pan	34,242,298	70.00
		Supervisors	Oriental Union Chemical Corporation H.S. Yu, Judy Wang	14,675,271	30.00
		President	Fanny Liao	-	-
13	Far Eastern Apparel Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd. Benjamin Shih (Chairman), C.S. Tu, Eric Hu, Austin Lee, 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
14	Yuan Faun Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd. K.S. Wu (Chairman), Y.H. Tseng, Eric Hu, David Wang, Humphrey Cheng	5,000,000	100.00
		Supervisors	Yuan Ding Investment Co., Ltd. Alan Tsai, Emily Wu	5,000,000	100.00
15	Fu Kwok Knitting & Garment Co., Ltd.	Directors	Far Eastern New Century Corp. Raymond Hsu (Chairman), Eric Hu, Austin Lee, Stanley Hu	3,999,475	99.99
		Supervisors	Alan Tsai	-	-
		President	Raymond Hsu	-	-

Special Disclosure

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
16	Yuan Cheng Human Resources Consultant Corp.	Directors	Yuan Faun Co., Ltd. Benjamin Shih(Chairman), Li-Chi Chen, Emily Wu, David Wang, B.T. Cheng, C.Y. Lin	745,000	55.19
		Supervisors	Chang Cheng Human Resources Consultant Co., Ltd. J.C. Wang, M.L. Yan, C.C. Wang, Da Ju Fiber Co., Ltd. H.S. Yu	600,000 5,000	44.44 0.37
17	Far Eastern Textile Ltd.	Directors	Far Eastern New Century Corp. Douglas Tong Hsu (Chairman), 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	-	-
18	Far Eastern Investment (H) Ltd.	Directors	Far Eastern New Century Corp. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Champion Lee, C.S. Tu	1,700,000	100.00
19	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, Champion Lee, C.S. Tu	306,643,943 830,814,727	26.96 73.04
		Directors	Far Eastern Polychem Industries Ltd. Far Eastern New Century Corp. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Peter Hsu, C.S. Tu	240,304 244,480	49.57 50.43
20	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	34,793 263,863	11.65 88.35
21	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	115,850	100.00
22	Far Eastern Polytex(H) Ltd.	Directors	Far Eastern New Century Corp. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Peter Hsu, C.S. Tu	111,200	100.00
23	Far Eastern Apparel (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
24	Oriental Textile(H) Ltd.	Directors	Yuan Ding Investment Co., Ltd. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Peter Hsu, C.S. Tu	30,025 2,415	92.60 7.40
25	Sino Belgium (H) Ltd.	Directors	Yuan Tong Investment Co., Ltd. Martens HK Limited Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, Peter Hsu, C.S. Tu, Jan Martens	-	-
26	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 12.36
		Supervisors	Yvonne Lee	-	-
		President	C.Y. Dai	-	-
27	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, Justin Tsai	-	53.24 38.65 8.11
		Supervisors	R.H. Shao	-	-
		President	Paul Chuang	-	-
28	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	-	-

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
29	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	-	-
30	Shanghai Yuan Hua Logistic Corp.	Directors	Oriental Petrochemical (Shanghai) Corp. L.T. Chang (Chairman), Austin Lee, M.J. Wu, W.Y. Yun, K.S. Wu	-	100.00
		Supervisors	Y.P. Hung, Brian Lee	-	-
		President	Paul Chuang	-	-
31	Shanghai Far Eastern IT Corp.	Directors	Far Eastern New Century (China) Investment Co., Ltd. L.T. Chang (Chairman), Austin Lee, M.J. Wu, Mike Wu, Emily Wu	-	100.00
		Supervisors	Y.P. Hung, Brian Lee	-	-
		President	Austin Lee	-	-
32	Yuan Ding Enterprise (Shanghai) Limited	Directors	Far Eastern New Century (China) Investment Co., Ltd. Humphrey Cheng (Chairman), David Wang, R.H. Shao, Peter Hsu, T.H. Tsou	-	100.00
		Supervisors	Alan Tsai D.C. Wu	-	-
33	Oriental Industries (Suzhou) Ltd.	Directors	Oriental Textile (H) Ltd. Eric Hu (Chairman), Humphrey Cheng, M.J. Wu, David Wang, K.J. Chen, Steve Liu, T.H. Tsai	-	100.00
		Supervisors	Steve Liu, T.H. Tsai	-	-
		President	Emily Wu M.J. Wu	-	-
34	Far Eastern Industries (Suzhou) Ltd.	Directors	FEDP (H) Ltd. Eric Hu (Chairman), Humphrey Cheng, S.Y. Lai, Benjamin Shih, David Wang, Steve Liu, M.J. Wu	-	100.00
		Supervisors	Alan Tsai	-	-
		President	S.Y. Lai	-	-
35	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Directors	Far Eastern Apparel (H) Ltd. Eric Hu (Chairman), Kwen Lin Ho, Humphrey Cheng, David Wang, Benjamin Shih, Bill Yang, Steve Liu,	-	100.00
		Supervisors	Brian Lee	-	-
		President	Kwen Lin Ho	-	-
36	Sino-Belgium Beer (Suzhou) Ltd.	Directors	Sino Belgium (H) Ltd. Eric Hu (Chairman), David Wang, Humphrey Cheng	-	100.00
		Supervisors	Alan Tsai	-	-
		President	Donald Fan	-	-
37	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	Brian Lee	-	-
		President	Austin Lee	-	-
38	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	Brian Lee	-	-
		President	Austin Lee	-	-

Special Disclosure

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
39	Far Eastern Yihua Petrochemical (Yangzhou) Corp.	Directors	Far Eastern Polytex (H) Ltd. K.S. Wu (Chairman), Humphrey Cheng, H.D. Zhou	-	60.00
		Supervisors	Sinopec Yizheng Chemical Fibre Co. Ltd. W.Z. Siao, S.G. Shen	-	40.00
		President	S.M. Peng, Y. Tzao W.Z. Siao	-	-
				-	-
40	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, Justin Tsai, S.M. Peng, C.K. Tsai	-	50.00
		Supervisors		-	50.00
		President	Mike Wu, Judy Wang H.D. Zhou	-	-
				-	-
41	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	Alan Tsai	-	-
		President	C.Y. Dai	-	-
				-	-
42	Far Eastern Industries (Wuxi) Ltd.	Directors	Oriental Textile (H) Ltd. Eric Hu (Chairman), Benjamin Shih, Humphrey Cheng, David Wang, Bill Yang, Mingo A. Chen	-	100.00
		Supervisors	Brian Lee	-	-
				-	-
				-	-
43	Wuhan Far Eastern New Material Ltd.	Directors	Far Eastern Polytex(H) Ltd. L.T. Chang (Chairman), C.Y. Dai, M.C. Chu, M.J. Wu, Donald Fan, M.Y. Yeh, B.C. Chang	-	100.00
		Supervisors	Brian Lee	-	-
		President	C.Y. Dai	-	-
				-	-
44	Far Eastern Ishizuka Green PET Corporation	Directors	Far Eastern Polychem Industries Ltd. Y.H. Tseng (Chairman), Humphrey Cheng, Donald Fan, Y.J. Lo	-	80.00
		Supervisors	Ishizuka Glass Co., Ltd. Akihiro Yamahaka, Nobuyuki Nagashima	-	20.00
		President	Alan Tsai Akihiro Yamahaka	-	-
				-	-
45	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	Brian Lee	-	-
		President	Austin Lee	-	-
				-	-
46	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	Alan Tsai	-	-
		President	S.N. Jeme	-	-
				-	-
47	PET Far Eastern (M) SDN BHD	Directors	Far Eastern Investment (H) Ltd. Y.H. Tseng (Chairman), Donald Fan, David Wang, Chuck Tseng, Daniel Tsai, Leong Siew Foong	8,000,000	50.00
		President	Donald Fan	-	-
48	Worldwide Polychem (HK) Limited	Directors	Far Eastern Investment (H) Ltd. Y.J. Lou, Mike Wu, Alan Tsai	2,700,000	100.00
49	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
				-	-
50	FETG Investment Antilles N.V.	Directors	Far Eastern Investment (H) Ltd. Douglas Tong Hsu, Johnny Shih, Shaw Y. Wang, C.S. Tu, Champion Lee	6,000	100.00
			Orangefield Trust (Caribbean) N.V.	-	-

	Company	Title	Name or representative	Registered shares owned			
				Shares	%		
51	Far EasTone Telecommunications Co., Ltd.	Directors	Yuan-Ding Co., Ltd. Douglas Tong Hsu (Chairman), Johnny Shih Yuan Ding Investment Co., Ltd. Jan Nilsson, Champion Lee, Toon Lim	4,163,500 1,066,657,614	0.13 32.73		
		Independent Directors Supervisors	Ding Yuan International Investment Co., Ltd. Peter Hsu	919,653 -	0.03 -		
			U-Ming Marine Transport Corp. Michiya Shinagawa	331,000 -	0.01 -		
			Lawrence Juen-Yee Lau, Kurt Roland Hellström Far Eastern International Leasing Co., Ltd.	26,650,908 -	0.82 -		
			Eli Hong Asia Investment Corporation	986,303 -	0.03 -		
			C. K. Ong Chen-en Ko	- -	- -		
			Yvonne Li	-	-		
			President				
		52	New Century InfoComm Tech Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Douglas Tong Hsu (Chairman), Yvonne Li, Jeffrey Gee	2,100,000,000 -	100.00 -
				Supervisors	Far EasTone Telecommunications Co., Ltd.	2,100,000,000	100.00
President	T.Y. Yin Jeffrey Gee			- -	- -		
53	KGEx.com Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Jeffrey Gee (Chairman), S.C. Lee, P.L. Chiang, Jessica Chen, Hae-Shung Ju	112,391,414 -	99.99 -		
		Supervisors	T.Y. Yin	-	-		
		President	Jeffrey Gee	-	-		
54	ARCOA Communication Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Yvonne Li (Chairman), Alan Tsai, Maxwell Cheng, Guang-Ruey Chiang, A.Y. Deng Wan-Shih-Shin Co., Ltd. Gary Lin (Vice Chairman)	82,009,242 470,325 1,122,979	61.07 0.35 0.84		
		Supervisors	Taiwan Incubator SME Development Co. Far EasTone Telecommunications Co., Ltd. Li-Chi Chen, David Tsai, Sharon Lin	82,009,242 -	61.07 -		
		President	Guang-Ruey Chiang	-	-		
		55	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 -
56	Q-ware Communication Corp.	Directors	Far EasTone Telecommunications Co., Ltd. Yvonne Li, Jeffrey Gee, Maxwell Cheng, James Lin, Andy Wu	33,982,812 4,172,422	81.46 10.00		
		Supervisors	President Chain Store Co., Ltd. Chia Hua Chang, Hsing Jou Shen Uni-President Enterprises Co., Ltd. Jin Xing Chen	3,337,192 -	8.00 -		
57	Yuan Cing Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Eton Shu (Chairman), Samuel Yuan, Jessica Chen	19,349,995 -	99.99 -		
		Supervisors President	T.Y. Yin Maggie Mei	- -	- -		
58	Data Express Infotech Co., Ltd.	Directors	ARCOA Communications Co., Ltd. Charlene Lin (Chairman), Eric Li, Brian Chao Jing Ho Tech Grace Chu	12,392,494 3,362,164	70.00 18.99		
		Supervisors	ARCOA Communications Co., Ltd. Ann Chang	12,392,494	70.00		
		President	Grace Chu	-	-		

Special Disclosure

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
59	Information Security Service Digital United	Directors	New Century InfoComm Tech Co., Ltd. Mike Lee (Chairman), Jeffrey Gee, Eric Li	14,877,747	100.00
		Supervisors	New Century InfoComm Tech Co., Ltd. T.Y. Yin	14,877,747	100.00
		President	Alan Chang	-	-
60	Hiir Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Charlene Hung (Chairman), Magdalena Lin,	8,000,000	80.00
		Supervisors	Joann Chang, Belinda Chen, John Yeh	8,000,000	80.00
		President	Far EasTone Telecommunications Co., Ltd. T. Y. Yin John Yeh	2,000,000	20.00
61	O-music Co., Ltd.	Directors	Universal Music Ltd. Sunny Chang (Chairman)	225,000	4.50
		Supervisors	Far EasTone Telecommunications Co., Ltd. Yvonne Li, Jeffrey Gee, Charlene Hung, Eton Shu	2,500,000	50.00
			Sony Music Entertainment Taiwan Ltd.	225,000	4.50
			Forward Music Co., Ltd. Barry Lee	-	-
			T.Y. Yin	700,000	14.00
			Otiga Technologies Limited Ipang Lin	225,000	4.50
President	HIM International Music Inc. Lydia Ho Belung Chang	-	-		
62	Linkwell Tech. Co., Ltd.	Directors	Data Express Infotech Co., Ltd. Grace Chu (Chairman)	-	100.00
		President	Grace Chu	-	-
63	Simple InfoComm Co., Ltd.	Directors	New Century InfoComm Tech Co., Ltd. Jeffrey Gee (Chairman), P.L. Chiang, Mark Lee	3,400,000	100.00
		Supervisors	New Century InfoComm Tech Co., Ltd. T.Y. Yin	3,400,000	100.00
		President	Jeffrey Gee	-	-
64	Home Master Technology Ltd	Directors	Grace Chu (Chairman)	-	0.01
		President	Grace Chu	-	-
65	Jing Yuan Technology Ltd.	Directors	Data Express Infotech Co., Ltd. Grace Chu (Chairman)	-	100.00
		President	Grace Chu	-	-
66	E. World (H) Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Douglas Tong Hsu (Chairman), Champion Lee, Jordan M. Roderick, Joseph O'Konek	6,014,622	85.92
67	Far Eastern New Diligence Corporation	Directors	New Diligent Co., Ltd. Jeffrey Gee	-	100.00
			New Diligent Co., Ltd. T.Y. Yin	-	100.00
			New Diligent Co., Ltd. Mike Lee	-	100.00
68	Far EasTron Holding Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. T.Y. Yin (Chairman)	4,486,988	100.00
69	Digital United (Cayman) Ltd.	Directors	New Century InfoComm Tech Co., Ltd. Jeffrey Gee (Chairman), T.Y. Yin	4,320,000	100.00
70	Far Eastern Info Service (H) Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Yvonne Li (Chairman), T.Y. Yin, Eton Shu, Robert Liu, Maggie Mei	1,200	100.00
		President	Yvonne Li	-	-
71	Sino Lead Enterprise Limited	Directors	New Diligent Co., Ltd. Mike Lee	-	100.00

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
72	Far Eastern New Century Information Technology (Beijing) Limited	Directors	Far Eastern Tech-Info (Shanghai) Ltd. Jeffrey Gee (Chairman), L.T. Chang, T.Y. Yin, Eton Shu	-	2.12
		Supervisors	Yuan Dong New Century Company Ltd. Jack Deng	-	1.73
			Far Eastern Tech-Info (Shanghai) Ltd. Alton Wang	-	2.12
			President Jack Deng	-	-
73	Digital United Information Technology (Shanghai) Ltd.	Directors	Digital United (Cayman) Ltd. Jeffrey Gee (Chairman), Larry Liu, Eric Li	-	100.00
		Supervisors	Digital United (Cayman) Ltd. T.Y. Yin	-	100.00
		President	Larry Liu	-	-
74	Far Eastern Tech-info Ltd. (Shanghai)	Directors	Far Eastern Info Service (H) Ltd. Yvonne Li (Chairman), T.Y. Yin, Eton Shu, Robert Liu, Maggie Mei	-	100.00
		President	Alton Wang	-	-
75	Yuan-Ding Co., Ltd.	Directors	Douglas Tong Hsu (Chairman)	3,144	-
			Far Eastern New Century Corp. Morton Mate Huang, Alan Tsai, Humphrey Cheng	186,928,831	37.13
			Asia Cement Corp. K.Y. Lee, Peter Hsu, X.Y. Kuo	178,707,648	35.50
		Supervisors	Far Eastern Department Stores Ltd. Nancy Hsu	2,796	-
			U-Ming Commerce Co., Ltd. David Wang	12,585	-
			Yuan Ding Investment Co., Ltd. Shaw Y. Wang	64,758,813	12.86
President	Der Ching Investment Co., Ltd. Y.F. Chang Humphrey Cheng	72,989,090	14.50		
76	Ding Ding Hotel Co., Ltd.	Directors	Yuan-Ding Co., Ltd. Douglas Tong Hsu (Chairman), Champion Lee, T.Z. Chang	17,572,276	61.98
			Far Eastern New Century Corp. Johnny Shih, T. H. Chang	5,386,500	19.00
			Der Ching Investment Co., Ltd. C.H. Chen	1,494,865	5.27
		Supervisors	Asia Cement Corp. K.Y. Lee	3,891,637	13.73
			Asia Cement Corp. C.T. Wang	3,891,637	13.73
77	Yuan Hong Electric Co., Ltd.	Directors	Yuan-Ding Co., Ltd. Humphrey Cheng (Chairman), D.H. Xiong, Z.K. Dai	85,000,000	100.00
		Supervisors	Yuan-Ding Co., Ltd. M.G. Chang	85,000,000	100.00
78	Far Eastern Electronic Commerce Co., Ltd.	Directors	Far Eastone Telecommunications Co., Ltd. Yvonne Li (Chairman)	6,691,000	14.85
			Yuan-Ding Co., Ltd. Humphrey Cheng, G.L. Liang, D.H. Xiong, K.L. Zhuang	23,913,000	53.08
			Far Eastern Department Stores Co., Ltd. K.W. Hsieh	-	-
			Pacific Sogo Co., Ltd. K.L. Lee	4,985,000	11.07
		Supervisors	New Century InfoComm Tech Co., Ltd. C.X. Liu	4,985,000	11.07
				2,392,000	5.31
				-	-
				-	-

Special Disclosure

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
79	Ding Ding Integrated Marketing Service Co., Ltd.	Directors	Yuan-Ding Co., Ltd.	6,900,000	60.00
			Douglas Tong Hsu (Chairman), Humphrey Cheng, D.H. Xiong, T.C. Zhou	-	-
			Far EastTone Telecommunications Co., Ltd.	1,725,000	15.00
		Supervisors	Jeffey Gee	-	-
			Far Eastern Department Stores Ltd.	1,150,000	8.05
			Nancy Hsu	-	-
			Pacific Sogo Co., Ltd.	1,150,000	8.05
J.W. Huang	-	-			
New Century InfoComm Tech Co., Ltd.	575,000	5.00			
T.Y. Yin	-	-			
80	YDT Technology International Co., Ltd.	Directors	Yuan-Ding Co., Ltd.	13,992,000	100.00
		T.Y. Yin, D.H. Xiong, Z.K. Dai	-	-	
81	Far Eastern Technical Consultants Co., Ltd.	Supervisors	Yuan-Ding Co., Ltd.	4,550,000	91.00
			Humphrey Cheng(Chairman), D.H. Xiong, T.Z. Chang, Z.K. Dai, L.H. Huang	-	-
		Far Eastern General Contractor Inc.	450,000	9.00	
82	DDIMH (Virgin Islands) Ltd.	Directors	S.F. Cheng	-	-
			T.Z. Chang	-	-
83	YDC (Virgin Islands) Ltd.	Directors	Yuan-Ding Co., Ltd.	-	-
			Humphrey Cheng, D.H. Xiong, Z.K. Dai	-	-
84	Yuan Ding Tech-Info Ltd. (Shanghai)	Supervisors	Yuan-Ding Co., Ltd.	200,000	17.70
			Humphrey Cheng, D.H. Xiong, Z.K. Dai	-	-
		President	G.L. Liang	-	-
85	Far Info Digital Technology Ltd. (Shanghai)	Directors	Yuan-Ding Co., Ltd.	-	-
			F.H. Ho	-	-
85	Far Info Digital Technology Ltd. (Shanghai)	Supervisors	Yuan-Ding Co., Ltd.	-	-
			D.H. Xiong	-	-

1.1.6 Operation Results of Each Subsidiary and Affiliate

Unit: NT\$ thousands, unless stated otherwise

	Name	Paid-in Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income (loss)	Net Income (loss)	EPS (NT\$)
0	Far Eastern New Century Corp.	51,450,165	386,355,456	210,674,797	175,680,659	238,840,657	13,307,949	7,207,081	1.50
1	Yuan Ding Investment Co., Ltd.	18,338,262	65,190,363	24,914,955	40,275,408	23,615,922	5,965,931	5,875,625	3.20
2	Oriental Petrochemical (Taiwan) Co., Ltd.	11,660,930	19,972,655	11,197,693	8,774,962	23,609,797	(1,413,842)	(1,267,186)	(1.09)
3	Yuan Tong Investment Co., Ltd.	7,051,468	8,687,032	720,753	7,966,279	410,874	407,083	279,284	0.42
4	Far Eastern Electronic Toll Collection Co., Ltd.	6,450,000	9,553,102	7,416,990	2,136,112	1,589,502	(283,872)	(258,552)	(0.40)
5	Far Eastern Resources Development Co., Ltd.	5,573,540	34,193,171	8,453,553	25,739,618	503,356	(169,418)	(158,586)	(0.28)
6	Kai Yuan International Investment Co., Ltd.	3,028,434	5,819,432	964,666	4,854,766	429,018	428,604	408,227	1.35
7	Far Eastern Construction Co., Ltd.	2,900,908	9,000,707	4,609,028	4,391,679	353,580	150,976	386,894	1.33
8	Ding Yuan International Investment Co., Ltd.	2,050,000	2,664,719	285	2,664,434	159,625	142,826	145,908	0.71
9	Far Eastern General Contractor Inc.	1,399,771	3,864,275	1,988,835	1,875,440	4,042,515	210,214	240,853	1.72
10	Far Eastern Fibertech Co., Ltd.	792,409	2,053,486	1,000,272	1,053,214	2,408,166	247,306	203,534	2.56
11	An Ho Garment Co., Ltd.	663,462	2,095,962	356,411	1,739,551	854	(384)	210,870	3.18
12	Oriental Resources Development Co., Ltd.	489,176	564,147	57,975	506,172	584,688	15,049	16,090	0.33
13	Far Eastern Apparel Co., Ltd.	247,364	723,455	345,700	377,755	1,337,178	10,956	11,558	0.47
14	Yuan Faun Co., Ltd.	50,000	111,926	693	111,233	1,966	2,321	4,305	0.86
15	Fu Kwok Knitting & Garment Co., Ltd.	40,000	445,105	286,633	158,472	2,227,136	11,953	11,778	2.94
16	Yuan Cheng Human Resources Consultant Corp.	13,500	37,446	14,614	22,832	367,275	3,486	5,029	3.73
17	Far Eastern Textile Ltd.	1,000	1,351	116	1,235	863	(149)	92	0.92
18	Far Eastern Investment (H) Ltd.	506 USD 17	7,934,435 266,346	1,024,150 34,379	6,910,285 231,967	2,400,130 80,856	295,089 9,941	497,877 16,773	292.88 9.87
19	Far Eastern Polychem Industries Ltd.	438 HKD 114	15,923,215 4,144,512	5,311,507 1,382,485	10,611,708 2,762,027	9,487,252 2,479,031	9,143,269 2,389,148	(155,313) (40,583)	(13.65) (3.57)
20	FEDP (H) Ltd.	161 USD 5	1,137,427 38,337	279,385 9,378	858,042 28,959	-	(339,111) 11,421	(315,157) (10,802)	(19,574.97) (659.45)
21	PET Far Eastern (H) Ltd.	89 USD 3	9,547,068 1,942,435	2,998,189 610,008	6,548,879 1,332,427	4,784,206 990,724	4,745,424 982,693	(341,321) (70,682)	(1,013.95) (209.97)
22	Far Eastern Polytex(H)Ltd.	36 USD 1.2	10,062,063 337,766	1,763,238 59,188	8,298,825 278,578	(28,257) (952)	(30,042) (1,012)	(38,653) (1,302)	(309.26) (8.59)
23	Far Eastern Apparel (H) Ltd.	33 USD 1.1	3,522,965 118,260	1,195,610 38,691	2,370,355 79,569	1,107,777 37,319	2,493 84	(6,526) (220)	(3,225.89) (108.67)
24	Oriental Textile (H) Ltd.	27 USD 0.9	10,037,353 336,937	3,444,629 115,630	6,592,724 221,307	3,824,783 128,850	3,743,360 126,107	457,939 15,427	4,535.42 152.79
25	Sino Belgium (H) Ltd.	9 USD 0.3	268,275 9,006	235,405 7,903	32,870 1,103	(187,447) (6,315)	(202,727) (6,830)	(221,938) (7,477)	(6,841.49) (230.48)
26	Far Eastern Industries (Shanghai) Ltd.	9,242,161 RMB 1,880,399	16,447,713 3,346,432	7,997,231 1,627,107	8,450,482 1,719,325	27,778,200 5,752,371	(2,501) (518)	273,883 56,716	NA NA
27	Oriental Petrochemical (Shanghai) Corp.	7,381,689 RMB 1,501,869	16,428,616 3,342,546	6,852,418 1,394,184	9,576,198 1,948,362	24,720,417 5,119,158	(1,150,448) (238,237)	(640,780) (132,694)	NA NA
28	Far Eastern New Century (China) Investment Co., Ltd.	1,821,900 RMB 370,682	6,736,528 1,370,606	4,791,592 974,892	1,944,936 395,714	-	(1,215) (252)	20,552 4,256	NA NA
29	Martens Beers (Shanghai) Ltd.	355,355 RMB 72,300	26,038 5,298	8,351 1,699	17,687 3,599	25,391 5,258	(16,210) (3,357)	(16,371) (3,390)	NA NA
30	Shanghai Yuan Hua Logistic Corp.	93,385 RMB 19,000	129,257 26,299	14,677 2,985	114,580 23,314	146,108 30,256	8,305 1,720	6,475 1,341	NA NA
31	Shanghai Far Eastern IT Corp.	62,470 RMB 12,710	72,940 14,840	7,719 1,570	65,221 13,270	80,196 16,607	(499) (103)	67 14	NA NA
32	Yuan Ding Enterprise (Shanghai) Limited	29,490 RMB 6,000	4,810,119 978,661	4,780,629 972,661	29,490 6,000	-	-	-	NA NA
33	Wuhan Far Eastern New Material Ltd.	840,699 RMB 171,048	1,472,386 299,570	524,428 106,699	947,958 192,871	2,409,042 498,870	(2,151) (445)	358 74	NA NA
34	Oriental Industries (Suzhou) Ltd.	4,113,101 RMB 836,847	8,816,473 1,793,787	5,143,664 1,046,523	3,672,809 747,264	6,679,184 1,383,140	223,238 46,229	357,432 74,018	NA NA
35	Far Eastern Industries (Suzhou) Ltd.	1,938,327 RMB 394,370	3,211,627 653,434	2,577,345 524,383	634,287 129,051	4,093,456 847,682	(367,878) (76,181)	(326,865) (67,688)	NA NA
36	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	1,814,977 RMB 369,273	3,309,484 673,344	1,196,925 243,525	2,112,559 429,819	2,934,477 607,678	73,097 15,137	61,765 12,790	NA NA
37	Sino-Belgium Beer (Suzhou) Ltd.	1,572,569 RMB 319,953	816,442 166,112	751,161 152,830	65,281 13,282	46,702 9,671	(155,822) (32,268)	(171,076) (35,427)	NA NA
38	Far Eastern Apparel (Suzhou) Co., Ltd.	1,005,496 RMB 204,577	3,425,638 696,976	2,106,731 428,633	1,318,907 268,343	3,766,929 780,064	(42,119) (8,722)	(52,195) (10,809)	NA NA
39	Suqian Far Eastern Apparel Ltd.	117,960 RMB 24,000	110,494 22,481	60,199 12,248	50,295 10,233	121,971 25,258	(33,711) (6,981)	(71,020) (14,707)	NA NA
40	Suzhou An He Apparel Ltd.	4,915 RMB 1,000	133,772 27,217	89,836 18,278	43,936 8,939	360,229 74,597	7,253 1,502	6,492 1,344	NA NA

Special Disclosure

	Name	Paid-in Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income (loss)	Net Income (loss)	EPS (NT\$)
41	Far Eastern Industries (Wuxi) Ltd. Ltd.	2,366,428 RMB 481,471	4,691,300 954,487	1,276,443 259,704	3,414,857 694,783	3,983,651 824,943	179,216 37,113	173,979 36,028	NA NA
42	Far Eastern Yihua Petrochemical (Yangzhou) Corp.	7,143,221 RMB 1,453,351	7,517,259 1,529,452	331,189 67,383	7,186,070 1,462,069	821,279 170,072	(23,262) (4,817)	796 165	NA NA
43	Far Eastern Union Petrochemical (Yangzhou)	2,927,462 RMB 595,618	3,107,301 632,504	295,361 60,094	2,811,940 572,410	-	(69,379) (14,367)	(96,215) (19,924)	NA NA
44	Far Eastern Industries (Yangzhou) Ltd.	1,518,255 RMB 308,902	1,511,000 307,426	7,413 1,508	1,503,587 305,918	-	(29,692) (6,149)	2,038 422	NA NA
45	Far Eastern Ishizuka Green PET Corporation	425,850 JPY 1,500,000	667,511 2,351,220	288,603 1,016,567	378,908 1,334,653	-	(49,219) (161,638)	(49,985) (164,155)	(333.23) (1,094.37)
46	Far Eastern Apparel (Vietnam) Ltd.	268,110 USD 9,000	699,976 23,497	421,558 14,151	278,418 9,346	754,241 25,409	1,989 67	3,449 116	NA NA
47	PET Far Eastern (M) SDN BHD	139,712 MYR 16,000	1,393,866 159,629	1,072,848 122,864	321,018 36,765	1,938,985 214,262	88,153 9,741	69,689 7,703	4.36 0.48
48	Worldwide Polychem(HK) Limited	103,133 USD 3,462	966,715 32,452	880,652 29,562	86,063 2,890	2,408,233 81,129	(1,751) (59)	(18,694) (630)	NA NA
49	Waldorf Services B.V.	575 USD 19	660,208 22,162	22,711 762	637,497 21,400	82,290 2,772	80,990 2,728	71,520 2,409	40,868.38 1,376.78
50	FETG Investment Antilles N.V.	179 USD 6	639,846 21,478	106 4	639,740 21,474	71,520 2,409	71,322 2,403	71,384 2,405	11,897.26 400.80
51	Far EasTone Telecommunications Co., Ltd.	32,585,008	118,656,094	45,862,888	72,793,206	73,954,595	13,411,215	11,770,520	3.61
52	New Century InfoComm Tech Co., Ltd.	21,000,000	26,223,967	3,232,367	22,991,600	13,057,229	1,592,484	1,853,999	0.87
53	KGEx.com Co., Ltd.	1,124,080	1,106,057	253,388	852,669	676,745	(21,719)	(12,078)	(0.11)
54	ARCOA Communication Co., Ltd.	1,342,800	4,259,493	2,519,411	1,740,082	19,259,583	283,674	267,556	1.99
55	New Diligent Co., Ltd.	800,000	691,765	120	691,645	-	(180)	(21,877)	(0.27)
56	Q-Ware Communication Corp.	417,149	491,041	527,013	(35,972)	269,010	(22,477)	(42,701)	(1.02)
57	Yuan Cing Co., Ltd.	193,500	121,011	9,648	111,363	42,449	10,883	10,121	0.52
58	Data Express Infotech Co., Ltd.	177,036	942,636	739,932	202,704	2,361,025	75	15,322	0.87
59	Information Security Service Digital United	148,777	164,090	65,655	98,435	209,555	993	1,265	0.09
60	Hiiir Co., Ltd.	100,000	119,629	39,965	79,664	40,942	(19,683)	(20,336)	(2.03)
61	O-music Co., Ltd.	50,000	55,089	55,394	(305)	101,334	(16,989)	(16,163)	(3.23)
62	Linkwell Tech Co., Ltd.	39,204	276,907	233,006	43,901	1,229,371	13,944	1,945	NA
63	Simple InfoComm Co., Ltd.	34,000	20,887	-	20,887	-	(43)	157	0.05
64	Home Master Technology Ltd	10,000	83,585	70,696	12,889	290,244	6,649	5,824	NA
65	Jing Yuan Technology Ltd.	10,000	9,345	15	9,330	-	(642)	(665)	NA
66	E. World (H) Ltd.	208,530 USD 7,000	108,455 3,641	-	108,455 3,641	-	(184) (6)	3,256 110	0.47 0.02
67	Far Eastern New Diligence Corporation	134,055 USD 4,500	84,724 2,844	310 10	84,414 2,834	-	(125) (4)	(28,711) (967)	NA NA
68	Far EasTron Holding Ltd.	133,667 USD 4,487	25,591 859	-	25,591 859	-	(196) (7)	485 16	0.11 0.01
69	Digital United (Cayman) Ltd.	128,693 USD 4,320	50,346 1,690	71 2	50,275 1,688	-	(274) (9)	(8,029) (269)	(1.84) (0.06)
70	Far Eastern Info Service (H) Ltd.	357 USD 12	54,319 1,823	70 2	54,249 1,821	-	(329) (11)	(139,274) (4,692)	(642,256.08) (3,519.82)
71	Sino Lead Enterprise Limited	125 HKD 30	67,126 17,472	66,809 17,389	317 83	119,538 31,235	(93) (24)	(82) (21)	NA NA
72	Far Eastern New Century Information Technology (Beijing) Limited	157,548 RMB 32,054	286,524 58,296	195,982 39,874	90,542 18,422	102,148 21,153	(36,315) (7,520)	(38,961) (8,075)	NA NA
73	Digital United Information Technology (Shanghai) Ltd.	115,761 RMB 23,553	32,061 6,523	1,515 308	30,546 6,215	5,449 1,128	(8,133) (1,684)	8,211 (1,694)	NA NA
74	Far Eastern Tech-info Ltd. (Shanghai)	101,618 RMB 20,675	162,111 32,983	108,876 22,152	53,235 10,831	43,661 9,041	(48,975) (10,142)	(119,963) (24,842)	NA NA
75	Yuan-Ding Co., Ltd.	5,034,046	11,936,796	3,341,971	8,594,825	1,676,746	328,078	538,683	1.07
76	Ding Ding Hotel Co., Ltd.	1,040,470	1,423,370	576,868	846,502	1,597,077	(163,903)	(164,448)	(1.58)
77	Yuan Hong Electric Co., Ltd.	850,000	557,736	45	557,691	-	(293)	(178,702)	(2.10)
78	Far Eastern Electronic Commerce Co., Ltd.	450,500	442,639	273,739	168,900	1,700,154	(128,491)	(125,440)	(2.79)
79	Ding Ding Integrated Marketing Service Co., Ltd.	142,943	366,012	171,826	194,186	288,817	59,906	46,864	3.26
80	YDT Technology International Co., Ltd.	139,920	653,933	277,715	376,218	521,393	119,696	109,515	7.82
81	Far Eastern Technical Consultants Co., Ltd.	50,000	125,610	59,433	66,177	84,969	4,013	9,579	1.92
82	DDIMH (Virgin Islands) Ltd.	382,712 USD 12,847	81,088 2,722	-	81,088 2,722	-	(30) (1)	(181,574) (6,117)	(14.13) (0.48)
83	YDC (Virgin Islands) Ltd.	33,663 USD 1,130	42,889 1,440	-	42,889 1,440	-	-	(631) (21)	(0.55) (0.02)
84	Yuan Ding Tech-Info Ltd. (Shanghai)	389,231 RMB 80,653	144,093 29,317	62,897 12,797	81,196 16,520	18,172 3,763	(184,106) (38,125)	(184,101) (38,124)	NA NA
85	Far Info Digital Technology Ltd. (Shanghai)	31,557 RMB 6,539	53,696 10,925	13,162 2,678	40,534 8,247	35,937 7,442	33,344 6,905	1,968 411	NA NA

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, 2013 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, 2013. 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 19, 2014

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	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	Creation of pledge	Amount of loan guaranteed by the Company	Amount of loan lent by the Company
Yuan-Ding Co., Ltd.	NT\$ 5,034.046 million	-	37.13%	-	-	-	-	Shares: 749,000 Amount: NT\$ 25.063 million	-	-	-

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

None.



FAR EASTERN NEW CENTURY

36F, Taipei Metro Tower 207, Tun Hwa South Rd., Sec.2, Taipei, Taiwan, R.O.C
Tel +886 2 2733-8000