

Far Eastern Textile Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2007 and 2006 and
Independent Auditors' Report**

REPRESENTATION LETTER

The affiliates of Far Eastern Textile Ltd. (FETL) that should have been included in the combined financial statements of FETL and its affiliates as of and for the year ended December 31, 2007 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 FETL and its subsidiaries as of and for the year ended December 31, 2007. 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 FETL and its affiliates for the same period is not needed.

Very truly yours,

FAR EASTERN TEXTILE LTD.

By

DOUGLAS TONG HSU
Chairman

March 10, 2008

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Far Eastern Textile Ltd.

We have audited the accompanying consolidated balance sheets of Far Eastern Textile Ltd. and subsidiaries as of December 31, 2007 and 2006 and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. However, we did not audit the financial statements of certain consolidated subsidiaries. These subsidiaries' total assets, as shown in their financial statements, were 2.08% (NT\$5,670,484 thousand, or US\$174,853 thousand) and 1.14% (NT\$2,861,515 thousand, or US\$88,237 thousand) of the consolidated total assets as of December 31, 2007 and 2006, respectively. Their total net operating revenues were 0.63% (NT\$1,026,337 thousand, or US\$31,648 thousand) and 0.10% (NT\$140,446 thousand, or US\$4,331 thousand) of the consolidated net operating revenues in 2007 and 2006, respectively. We also did not audit the financial statements of certain equity-method investees, as shown in the accompanying consolidated financial statements. The carrying values of these investments were 1.00% (NT\$2,715,202 thousand, or US\$83,725 thousand) and 1.26% (NT\$3,169,877 thousand, or US\$97,745 thousand) of the consolidated total assets as of December 31, 2007 and 2006, respectively. The Company's equity in their net loss was (0.97%) (NT\$200,641 thousand, or US\$6,187 thousand) and the equity in their net income was 0.19% (NT\$35,687 thousand, or US\$1,100 thousand) of the consolidated income before income tax in 2007 and 2006, respectively. The financial statements of the foregoing consolidated subsidiaries and equity-method investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the consolidated subsidiaries and other equity-method investees, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Far Eastern Textile Ltd. and subsidiaries as of December 31, 2007 and 2006 and the results of their operations and their cash flows for the years then ended, in conformity with Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As disclosed in Note 3 to the financial statements, on January 1, 2007, the Company and subsidiaries adopted the newly released ROC Statements of Financial Accounting Standards (“Statements” or SFAS) No. 37 - “Accounting for Intangible Assets” and related revisions of previously released Statements. In addition, on January 1, 2006, the Company and subsidiaries adopted ROC SFAS No. 34 - “Financial Instruments: Recognition and Measurement” and No. 36 - “Financial Instruments: Disclosure and Presentation” and the revisions of previously issued Statements, which were revised to harmonize with SFAS Nos. 34 and 36.

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

March 10, 2008

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 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 financial statements shall prevail.

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2007 AND 2006
(In Thousands, Except Par Value)

	New Taiwan Dollars			U.S. Dollars (Note 4)		
	Amount	%	2007	Amount	%	2006
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Notes 2 and 5)	\$ 24,206,234	9	\$ 746,415	\$ 541,789	7	\$ 17,497,734
Financial assets at fair value through profit or loss (Notes 2, 3, 6 and 30)	901,379	-	27,795	20,011	1	3,060,630
Available-for-sale financial assets - current (Notes 2, 7 and 30)	1,831,135	-	56,527	24,108	-	401,668
Held-to-maturity financial assets - current (Notes 2 and 30)	3,000	-	3,505	108	-	21,601
Bonds carried at amortized cost - current (Notes 2 and 8)	22,457,546	8	692,492	522,346	3	6,832,517
Notes and accounts receivable, net (Notes 2, 22, 25, 29 and 30)	13,300,065	5	407,704	70,901	1	2,814,170
Receivables from related parties, net (Notes 2, 22 and 29)	16,098,606	6	496,247	377,260	1	1,661,599
Accounts receivable from related parties, net (Notes 2 and 22)	620,013	-	19,119	2,330	-	833,648
Available for construction - land (Notes 2, 10, 22 and 30)			75,555		1	1,975,374
Construction-in-progress (net of billings on construction-in-progress) (Notes 2, 11, 22 and 30)	2,854,944	1	88,034	130,999	-	624,729
Other financial assets - current (Notes 11, 28 and 30)	11,065,169	4	8,929	26,783	-	122,801
Prepaids and other current assets (Notes 2, 11, 13 and 29)	3,565,739	1	109,932	100,442	-	999,361
Total current assets	76,003,109	28	2,343,605	1,855,352	24	63,598,485
FUNDS AND INVESTMENTS (Notes 2, 3, 7, 12, 13, 29 and 30)						
Available-for-sale investments - non-current	117,335	-	3,619	6,708	-	71,069
Equity method investments	56,201,529	20	1,733,010	1,304,918	16	37,587,710
Financial assets carried at cost - non-current	1,988,240	1	61,307	239,666	5	1,743,753
Total funds and investments	58,307,004	21	1,797,926	1,551,312	21	55,449,212
PROPERTIES (Notes 2, 14, 26, 29 and 30)						
Cost	4,017,593	1	123,885	108,569	-	187,703
Land	16,624,668	6	512,632	469,918	6	1,171,859
Machinery and equipment	10,898,470	4	3,197,598	3,089,160	38	5,228
Computer equipment	15,036,200	5	464,270	442,529	2	2,041
Leasehold improvements	1,737,225	1	53,568	52,887	-	2,007,764
Miscellaneous equipment	6,098,700	2	187,965	154,518	-	1,711,859
Total cost	21,212,047	78	6,349,919	6,083,051	1	51,111
Accumulated depreciation	(12,314,767)	(5)	(3,497,027)	(3,460,464)	(1)	(14,462)
Total cost and depreciation	23,417,786	86	2,852,892	2,622,587	-	14,462
Less: Accumulated depreciation	(12,619,641)	(47)	(3,935,234)	(3,699,653)	-	100,409
Construction in progress and prepayments for business facilities	106,488,155	39	3,283,630	3,383,133	1	3,347,245
Net properties	9,145,700	4	282,014	289,099	1	4,006,026
Other intangible assets	115,633,855	43	3,568,644	3,572,232	48	1,341,305
INTANGIBLE ASSETS						
Deferred pension costs (Notes 2 and 28)	6,463	-	199	12,416	17	43,498,513
Goodwill (Notes 2 and 15)	10,596,637	4	326,754	325,085	-	28,764
Land leasehold rights (Notes 2 and 30)	9,988,252	4	295,538	272,262	3	258,602
Other intangible assets	192,369	-	5,933	539	-	769
Total intangible assets	19,794,804	7	610,294	635,687	3	287,655
OTHER ASSETS						
Nonoperating properties, net (Notes 2, 14 and 30)	11,969,927	1	36,908	36,595	3	217,735
Deferred income taxes - noncurrent (Notes 2 and 24)	124,634	-	3,843	16,385	1	93,579
Refundable deposits (Note 29)	482,291	-	14,872	14,519	4	408,489
Consolidation debits	599,810	-	18,496	18,842	2	719,803
Deferred charges, net (Notes 2 and 26)	269,651	-	8,037	10,570	-	845,490
Miscellaneous (Notes 28, 29 and 30)	169,692	-	5,234	6,066	-	(2,157)
Total other assets	3,110,666	1	98,921	111,951	-	(2,157)
TOTAL	\$ 222,846,518	100	\$ 8,413,400	\$ 7,726,534	100	\$ 250,571,441

	New Taiwan Dollars			U.S. Dollars (Note 4)		
	Amount	%	2007	Amount	%	2006
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES						
Short-term bank loans (Notes 18, 29 and 30)	\$ 17,497,734	7	\$ 17,497,734	\$ 17,497,734	7	\$ 539,554
Financial liabilities at fair value through profit or loss - current	3,060,630	2	426,269	943,377	2	131,233
Financial liabilities at fair value through profit or loss - non-current	401,668	-	14,391	-	-	444
Held-to-maturity financial assets - current (Notes 2, 3 and 6)	21,601	-	21,601	-	-	666
Notes and accounts payable, net (Notes 2, 3 and 6)	9,171,884	3	6,832,517	28,821	3	210,685
Accounts and notes payable to related parties (Notes 22 and 29)	3,644,544	1	2,814,170	112,382	1	86,777
Income tax payable (Notes 2 and 24)	1,661,599	1	1,661,599	51,236	1	62,539
Accrued expenses - current	833,648	3	248,559	248,559	3	23,905
Payables to suppliers of machinery and equipment	531,229	1	1,975,374	531,229	3	32,982
Sales revenue received in advance	616,119	-	624,729	18,998	-	11,688
Advances on land and building (Notes 2, 11 and 22)	122,801	-	379,056	3,787	-	19,865
Revenue received in advance (Notes 2 and 29)	999,361	-	1,082,025	30,816	-	33,465
Biological assets	71,069	-	4,144	2,191	-	128
Current portion of long-term liabilities (Notes 21 and 30)	13,604,156	5	9,336,301	419,493	4	297,891
Other current liabilities (Notes 2 and 14)	1,928,988	1	1,948,304	1,272	1	60,477
Total current liabilities	63,598,485	23	56,279,153	1,961,100	23	1,749,279
LONG-TERM LIABILITIES, NET OF CURRENT PORTION (Notes 2, 14, 21 and 30)						
Long-term debts payable	42,933,380	16	37,587,710	1,591,041	15	5,228
Long-term lease obligations - noncurrent	13,178,829	5	1,877,023	416,856	7	1,814
Derivative financial liabilities for hedging - noncurrent (Notes 2 and 3)	661,186	-	187,703	2,041	-	5,288
Total long-term liabilities	56,549,894	21	55,449,212	1,743,753	21	1,711,859
RESERVE FOR LAND VALUE INCREMENT TAX (Note 14)	6,660,699	3	6,660,699	200,764	3	205,387
OTHER LIABILITIES						
Accrued pension cost (Notes 2 and 28)	1,657,518	1	1,914,193	51,111	1	59,025
Accrued interest on long-term debts payable (Notes 2 and 29)	1,488,346	-	488,127	1,488,346	-	14,462
Miscellaneous (Notes 2 and 13)	468,996	-	-	-	-	14,462
Total other liabilities	3,256,256	1	3,347,245	100,409	1	103,231
Total liabilities	129,015,417	48	122,232,309	4,006,026	49	3,769,266
STOCKHOLDERS' EQUITY OF PARENT COMPANY						
Capital stock - NT\$10.00 par value	44,803,469	17	43,498,513	1,381,544	17	1,341,305
Issued and outstanding - 4,480,347 thousand shares in 2007; 4,480,347 thousand shares in 2006	932,814	-	838,646	28,764	-	28,764
Capital surplus - thousand shares in 2006	8,719	-	8,719	269	-	212,106
Paid-in capital in excess of par value	9,329,297	3	7,891,117	287,655	3	241,139
Equity in capital surplus reported by investees	7,061,162	3	6,231,874	217,735	3	192,164
Others	3,378,890	1	3,378,890	93,579	1	104,189
Total capital surplus	13,247,308	5	9,864,900	304,191	5	600,334
Legal reserve	23,343,326	9	19,475,624	719,803	9	600,334
Special reserve	1,706,254	1	845,490	52,613	1	26,071
Unappropriated earnings	(69,966)	-	(69,966)	(2,157)	-	(1,875)
Total retained earnings	4,268,337	1	1,824,497	131,617	1	56,229
Other comprehensive adjustments	8,848,640	3	8,848,640	272,827	3	272,827
Net loss not recognized as pension cost	11,438,661	3	11,438,661	464,321	3	333,472
Unrealized valuation gains on financial instruments	-	-	-	-	-	-
Unrealized revaluation increment on properties	-	-	-	-	-	-
Total other stockholders' equity	91,945,967	34	82,290,875	2,835,213	33	2,536,290
Total stockholders' equity of parent company	50,983,134	18	46,083,257	1,572,161	18	1,421,088
MINORITY INTEREST	142,931,101	52	128,334,132	4,403,274	51	3,967,268
Total stockholders' equity	142,931,101	52	128,334,132	4,403,274	51	3,967,268
TOTAL	\$ 222,846,518	100	\$ 8,413,400	\$ 7,726,534	100	\$ 250,571,441

The accompanying notes are an integral part of the consolidated financial statements.
 (With Deloitte & Touche audit report dated March 10, 2008)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

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

	New Taiwan Dollars				U.S. Dollars (Note 4)	
	2007		2006		2007	2006
	Amount	%	Amount	%	Amount	Amount
REVENUES (Notes 2 and 29)						
Net sales	\$ 98,605,628	60	\$ 76,068,677	53	\$ 3,040,568	\$ 2,345,627
Telecommunications service income, net	58,242,827	36	59,831,749	42	1,795,955	1,844,951
Income from sale of investments	1,998,549	1	3,181,590	2	61,627	98,106
Net construction income	3,457,963	2	2,734,074	2	106,629	84,307
Rental income	469,972	-	461,542	-	14,492	14,232
Other income	<u>1,037,867</u>	<u>1</u>	<u>1,131,267</u>	<u>1</u>	<u>32,003</u>	<u>34,883</u>
Total revenues	<u>163,812,806</u>	<u>100</u>	<u>143,408,899</u>	<u>100</u>	<u>5,051,274</u>	<u>4,422,106</u>
COSTS OF REVENUES (Notes 2, 26 and 29)						
Cost of sales	91,023,371	56	72,064,231	50	2,806,764	2,222,147
Cost of telecommunications services	27,017,579	16	27,429,567	19	833,105	845,808
Construction cost	3,023,976	2	2,345,144	2	93,246	72,314
Rental cost	238,395	-	325,124	-	7,351	10,025
Other cost	<u>1,010,633</u>	<u>1</u>	<u>1,000,922</u>	<u>1</u>	<u>31,164</u>	<u>30,864</u>
Total costs of revenues	<u>122,313,954</u>	<u>75</u>	<u>103,164,988</u>	<u>72</u>	<u>3,771,630</u>	<u>3,181,158</u>
GROSS PROFIT EXCLUDING REALIZED CONSTRUCTION INCOME	41,498,852	25	40,243,911	28	1,279,644	1,240,948
REALIZED CONSTRUCTION INCOME (Notes 2 and 29)	<u>556</u>	<u>-</u>	<u>556</u>	<u>-</u>	<u>17</u>	<u>17</u>
GROSS PROFIT	<u>41,499,408</u>	<u>25</u>	<u>40,244,467</u>	<u>28</u>	<u>1,279,661</u>	<u>1,240,965</u>
OPERATING EXPENSES (Notes 2, 26 and 29)						
Marketing	15,252,698	9	13,997,840	10	470,327	431,632
General and administrative	7,866,284	5	7,370,026	5	242,562	227,260
Research and development	<u>809,058</u>	<u>-</u>	<u>756,663</u>	<u>-</u>	<u>24,948</u>	<u>23,332</u>
Total operating expenses	<u>23,928,040</u>	<u>14</u>	<u>22,124,529</u>	<u>15</u>	<u>737,837</u>	<u>682,224</u>
OPERATING INCOME	<u>17,571,368</u>	<u>11</u>	<u>18,119,938</u>	<u>13</u>	<u>541,824</u>	<u>558,741</u>
NONOPERATING INCOME AND GAINS						
Investment income recognized under the equity method (Notes 2 and 13)	4,473,374	3	3,268,918	2	137,939	100,799
Interest (Note 29)	481,910	-	299,801	-	14,860	9,245
Foreign exchange gain, net (Note 2)	701,978	1	268,949	-	21,646	8,293
Gain on disposal of properties, net (Notes 2 and 29)	135,211	-	64,997	-	4,169	2,004
Cash dividends	439,725	-	28,738	-	13,559	886
Rental (Note 29)	25,040	-	25,507	-	772	787
Reversal of loss on inventories	91,047	-	-	-	2,807	-
Gain on valuation of financial assets (Notes 2 and 6)	189,847	-	34,350	-	5,854	1,059
Other (Note 29)	<u>839,772</u>	<u>1</u>	<u>748,657</u>	<u>1</u>	<u>25,895</u>	<u>23,085</u>
Total nonoperating income and gains	<u>7,377,904</u>	<u>5</u>	<u>4,739,917</u>	<u>3</u>	<u>227,501</u>	<u>146,158</u>
NONOPERATING EXPENSES AND LOSSES						
Interest (Notes 14 and 29)	2,372,921	2	1,776,676	1	73,170	54,786
Impairment loss on financial assets (Notes 2, 7 and 12)	135,740	-	627,756	1	4,186	19,357
Loss on disposal of properties	649,529	-	411,860	-	20,029	12,700
Loss on decline in inventory market value	-	-	66,619	-	-	2,054

(Continued)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

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

	New Taiwan Dollars				U.S. Dollars (Note 4)			
	2007		2006		2007		2006	
	Amount	%	Amount	%	Amount	%	Amount	%
Impairment loss on nonoperating properties	\$ 81,978	-	\$ 53,254	-	\$ 2,528		\$ 1,642	
Valuation loss on financial liabilities, net (Notes 2 and 6)	49,579	-	24,456	-	1,529		754	
Others (Notes 15, 29 and 31)	<u>1,020,294</u>	<u>1</u>	<u>1,494,970</u>	<u>1</u>	<u>31,461</u>		<u>46,098</u>	
Total nonoperating expenses and losses	<u>4,310,041</u>	<u>3</u>	<u>4,455,591</u>	<u>3</u>	<u>132,903</u>		<u>137,391</u>	
INCOME BEFORE INCOME TAX	20,639,231	13	18,404,264	13	636,422		567,508	
INCOME TAX (Notes 2 and 24)	<u>3,307,947</u>	<u>2</u>	<u>3,385,977</u>	<u>3</u>	<u>102,000</u>		<u>104,410</u>	
INCOME BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	17,331,284	11	15,018,287	10	534,422		463,098	
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES (Note 3)	-	-	30,509	-	-		941	
CONSOLIDATED NET INCOME	<u>\$ 17,331,284</u>	<u>11</u>	<u>\$ 15,048,796</u>	<u>10</u>	<u>\$ 534,422</u>		<u>\$ 464,039</u>	
BELONG TO:								
Stockholders of parent company	\$ 11,367,097	7	\$ 8,337,183	6	\$ 350,512		\$ 257,082	
Minority interest	<u>5,964,187</u>	<u>4</u>	<u>6,711,613</u>	<u>4</u>	<u>183,910</u>		<u>206,957</u>	
	<u>\$ 17,331,284</u>	<u>11</u>	<u>\$ 15,048,796</u>	<u>10</u>	<u>\$ 534,422</u>		<u>\$ 464,039</u>	

	New Taiwan Dollars				U.S. Dollars (Note 4)			
	2007		2006		2007		2006	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
EARNINGS PER SHARE (Note 27)								
Basic	<u>\$ 2.52</u>	<u>\$ 2.54</u>	<u>\$ 1.85</u>	<u>\$ 1.86</u>	<u>\$ 0.08</u>	<u>\$ 0.08</u>	<u>\$ 0.06</u>	<u>\$ 0.06</u>

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

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

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

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

	Capital Stock Issued and Outstanding (Note 23)		Capital Surplus (Note 25)		Retained Earnings (Notes 2, 23 and 24)		Unappropriated Earnings		Total		Other Adjustments				Total Stockholders' Equity
	Shares in Thousands	Amount	Legal Reserve	Special Reserve	Special Reserve	Unappropriated Earnings	Unappropriated Earnings	Unappropriated Earnings	Unappropriated Earnings	Unappropriated Earnings	Unrealized Valuation Gain (Loss) on Financial Instruments (Note 2)	Cumulative Translation Adjustments (Note 2)	Unrealized Revaluation Increment on Properties (Note 14)	Net Loss not Recognized as Pension Cost (Note 14)	
BALANCE, JANUARY 1, 2006	4,103,633	\$ 41,056,333	\$ 5,410,930	\$ 3,535,789	\$ 9,296,039	\$ 18,242,758	\$ (632,230)	\$ 707,385	\$ 8,847,006	\$ (419,240)	\$ 45,846,157	\$ 121,675,043			
Reversal of special reserve to unappropriated earnings	-	-	-	(156,939)	156,939	-	-	-	-	-	-	-	-	-	-
Appropriation of the 2006 earnings:															
Legal reserve	246,218	-	820,944	-	(820,944)	(2,462,180)	-	-	-	-	-	-	-	-	-
Stock dividends - NT\$0.6 per share	-	2,462,180	-	-	(2,462,180)	(4,103,633)	-	-	-	-	-	-	-	-	-
Cash dividends - NT\$1.0 per share	-	-	-	-	(4,103,633)	(494,201)	-	-	-	-	-	-	-	-	(4,103,633)
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	(494,201)	-	-	-	-	-	-	-	-	-	(494,201)
Balance after appropriations	4,349,851	43,498,513	6,231,874	3,378,850	1,572,020	11,182,744	(632,230)	707,385	8,847,006	(419,240)	45,846,157	117,077,209			
Consolidated net income in 2006	-	-	-	-	8,337,183	8,337,183	-	-	-	-	-	15,048,796			
Adjustments due to changes in investors' equity in long-term investments	-	-	-	-	(44,303)	(44,303)	2,544,726	273,454	1,425	8,289	-	2,579,314			
Effect of changes in ownership percentage due to investors' issuance of capital stock for cash	-	-	-	-	-	-	-	-	-	-	-	(22,480)			
Translation adjustment on foreign-currency equity-method investments	-	-	-	-	-	-	-	(78,361)	-	-	-	(78,361)			
Reversal of net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	-	350,154			
Unrealized loss on cash flow hedge	-	-	-	-	-	-	(88,999)	(56,988)	-	-	-	(88,999)			
Adjustments on stockholders' equity for sale of long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	(56,988)			
Increase in minority interest	-	-	-	-	-	-	-	-	-	-	-	386,490			
Cash dividends distributed by subsidiaries to the minority interest	-	-	-	-	-	-	-	-	-	-	(6,861,003)	(6,861,003)			
BALANCE, DECEMBER 31, 2006	4,349,851	43,498,513	6,231,874	3,378,850	9,864,900	19,475,624	1,823,497	845,490	8,848,431	(60,797)	46,083,257	128,334,132			
Provision for special reserve	-	-	-	(344,084)	344,084	-	-	-	-	-	-	-			
Appropriation of the 2006 earnings:															
Legal reserve	-	-	829,288	-	(829,288)	(1,304,956)	-	-	-	-	-	-			
Stock dividends - NT\$0.3 per share	130,496	1,304,956	-	-	(1,304,956)	(5,654,807)	-	-	-	-	-	(5,654,807)			
Cash dividends - NT\$1.3 per share	-	-	-	-	(5,654,807)	(523,853)	-	-	-	-	-	(523,853)			
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-	-	-	-	-	-	-	-			
Balance after appropriations	4,480,347	44,803,469	7,061,162	3,034,766	1,896,680	11,992,008	1,823,497	845,490	8,848,431	(60,797)	46,083,257	122,155,472			
Consolidated net income in 2007	-	-	-	-	11,367,097	11,367,097	-	-	-	-	-	5,964,187			
Adjustments due to changes in investors' equity in long-term investments	-	-	-	-	(15,869)	(15,869)	2,419,658	750,972	(281,791)	(9,169)	-	4,371,681			
Unrealized loss on cash flow hedge	-	-	-	-	-	-	25,182	-	-	-	-	25,182			
Translation adjustment on foreign-currency equity-method investments	-	-	-	-	-	-	-	109,792	-	-	-	109,792			
Increase in minority interest	-	-	-	-	-	-	-	-	-	-	-	5,804,461			
Cash dividends distributed by subsidiaries to the minority interest	-	-	-	-	-	-	-	-	-	-	(6,866,771)	(6,866,771)			
BALANCE, DECEMBER 31, 2007	4,480,347	\$ 44,803,469	\$ 7,061,162	\$ 3,034,766	\$ 13,247,308	\$ 23,343,236	\$ 4,268,337	\$ 1,706,254	\$ 8,566,640	\$ (69,906)	\$ 50,985,134	\$ 142,931,101			

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated March 10, 2008)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

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

	Capital Stock Issued and Outstanding (Note 23)		Capital Surplus (Note 25)		Retained Earnings (Notes 2, 23 and 24)		Unappropriated Earnings		Unrealized Valuation Gain (Loss) on Financial Instruments (Note 2)		Other Adjustments		Total Stockholders' Equity
	Shares in Thousands	Amount	Legal Reserve	Special Reserve	Special Reserve	Unappropriated Earnings	Total	Unrealized Valuation Gain (Loss) on Financial Instruments (Note 2)	Cumulative Translation Adjustments (Note 2)	Unrealized Revaluation Increment on Properties (Note 14)	Net Loss not Recognized as Pension Cost (Note 14)	Minority Interests	
BALANCE, JANUARY 1, 2006	4,103,633	\$ 1,265,382	\$ 166,850	\$ 109,028	\$ 286,649	\$ 562,527	\$ (19,495)	\$ 21,813	\$ 272,803	\$ (12,928)	\$ 1,413,696	\$ 3,751,929	
Reversal of special reserve to unappropriated earnings	-	-	-	(4,839)	4,839	-	-	-	-	-	-	-	
Appropriation of the 2006 earnings:													
Legal reserve	-	-	25,314	-	(25,314)	-	-	-	-	-	-	-	
Stock dividends - NT\$0.6 per share	246,218	75,923	-	-	(75,923)	-	-	-	-	-	-	-	
Cash dividends - NT\$1.0 per share	-	-	-	-	(126,538)	-	-	-	-	-	-	(126,538)	
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	(15,238)	-	-	-	-	-	-	(15,238)	
Balance after appropriations	4,349,851	1,341,305	192,164	104,189	48,475	344,828	(19,495)	21,813	272,803	(12,928)	1,413,696	3,610,153	
Consolidated net income in 2006	-	-	-	-	257,082	257,082	-	-	-	-	-	206,957	
Adjustments due to changes in investees' equity in long-term investments	-	-	(6,299)	-	(1,366)	(1,366)	78,468	8,432	44	256	-	79,535	
Effect of changes in ownership percentage due to investees' issuance of capital stock for cash	-	-	-	-	-	-	-	-	-	-	-	(693)	
Translation adjustment on foreign-currency equity-method investments	-	-	-	-	-	-	-	(2,417)	-	-	-	(2,417)	
Reversal of net loss not recognized as pension cost	-	-	-	-	-	-	(2,744)	-	-	10,797	-	10,797	
Unrealized loss on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	(2,744)	
Adjustments on stockholders' equity for sale of long-term equity investments	-	-	-	-	-	-	-	(1,757)	-	-	-	(1,757)	
Increase in minority interest	-	-	-	-	-	-	-	-	-	-	11,918	11,918	
Cash dividends distributed by subsidiaries to the minority interest	-	-	-	-	-	-	-	-	-	-	(211,563)	(211,563)	
BALANCE, DECEMBER 31, 2006	4,349,851	1,341,305	192,164	104,189	304,191	600,544	56,229	26,071	272,847	(1,875)	1,421,008	3,957,268	
Provision for special reserve	-	-	-	(10,610)	10,610	-	-	-	-	-	-	-	
Appropriation of the 2006 earnings:													
Legal reserve	-	-	25,571	-	(25,571)	-	-	-	-	-	-	-	
Stock dividends - NT\$0.3 per share	130,496	40,239	-	-	(40,240)	-	-	-	-	-	-	(1)	
Cash dividends - NT\$1.3 per share	-	-	-	-	(174,371)	-	-	-	-	-	-	(174,371)	
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	(16,153)	-	-	-	-	-	-	(16,153)	
Balance after appropriations	4,480,347	1,381,544	217,735	93,579	58,466	369,780	56,229	26,071	272,847	(1,875)	1,421,008	3,766,743	
Consolidated net income in 2007	-	-	-	-	350,512	350,512	-	-	-	-	-	183,910	
Adjustments due to changes in investees' equity in long-term investments	-	-	46,496	-	(489)	(489)	74,612	23,157	(8,689)	(282)	-	534,422	
Unrealized loss on cash flow hedge	-	-	-	-	-	-	776	-	-	-	-	776	
Translation adjustment on foreign-currency equity-method investments	-	-	-	-	-	-	-	3,385	-	-	-	3,385	
Increase in minority interest	-	-	-	-	-	-	-	-	-	-	178,984	178,984	
Cash dividends distributed by subsidiaries to the minority interest	-	-	-	-	-	-	-	-	-	-	(211,741)	(211,741)	
BALANCE, DECEMBER 31, 2007	4,480,347	\$ 1,381,544	\$ 217,735	\$ 93,579	\$ 408,489	\$ 719,803	\$ 131,617	\$ 52,613	\$ 264,158	\$ (2,157)	\$ 1,572,161	\$ 4,407,374	

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated March 10, 2008)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2007 AND 2006

(In Thousands)

	New Taiwan Dollars		U.S. Dollars (Note 4)	
	2007	2006	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Consolidated net income	\$ 17,331,284	\$ 15,048,796	\$ 534,422	\$ 464,039
Cumulative effect of changes in accounting principles	-	(30,509)	-	(941)
Adjustments to reconcile net income to net cash provided by operating activities:				
Amortization of 3G concession	730,707	730,707	22,532	22,532
Depreciation and amortization	15,276,180	15,530,437	471,051	478,891
(Reversal of allowance) provision for losses on inventories	(91,047)	66,619	(2,807)	2,054
Gain on sale of investments in share of stock, net	(2,005,667)	(3,206,754)	(61,846)	(98,882)
Bad-debt expense	687,244	571,060	21,192	17,609
Cash dividends received on equity-method investments	2,547,124	2,500,628	78,542	77,108
Provision for impairment losses on properties and idle properties	81,978	53,254	2,528	1,642
Equity in net income of investees, net	(4,473,374)	(3,268,918)	(137,939)	(100,799)
Impairment loss on long-term investments	135,740	627,756	4,186	19,357
Loss on disposal of properties, net	514,318	346,863	15,859	10,696
Realized deferred rental income	(46,647)	(46,647)	(1,438)	(1,438)
Provision for pension costs, net	138,573	199,954	4,273	6,166
Deferred income taxes	649,898	167,907	20,040	5,178
Others	(556)	(13,760)	(17)	(424)
Net changes in operating assets and liabilities				
Financial assets held for trading	(252,437)	329,087	(7,784)	10,148
Financial liabilities held for trading	387,277	14,391	11,942	444
Accounts and notes receivable	(6,205,120)	(2,049,857)	(191,339)	(63,209)
Accounts and notes receivable - related parties	1,044,986	(1,247,856)	32,223	(38,478)
Inventories	(3,761,778)	(491,154)	(115,997)	(15,145)
Real estate for sale	(20,070)	-	(619)	-
Available for construction - land	(544,458)	-	(16,789)	-
Construction in progress, net	1,393,352	(1,368,119)	42,965	(42,187)
Other financial assets - current	(181,826)	(350,220)	(5,607)	(10,799)
Prepayments and other current assets	(65,030)	(985,532)	(2,006)	(30,391)
Accounts and notes payable	2,339,367	814,010	72,136	25,101
Accounts and notes payable - related parties	(194,743)	8,578	(6,005)	265
Income taxes payable	(356,806)	38,012	(11,002)	1,172
Accrued expenses	1,223,756	(792,030)	37,735	(24,423)
Advances from customers	(8,660)	209,296	(267)	6,454
Unearned revenues from selling real estate	(256,255)	123,795	(7,902)	3,817
Unearned revenues	(82,664)	(17,282)	(2,549)	(533)
Unearned revenues from construction in progress, net	66,925	(131,230)	2,064	(4,047)
Other current liabilities	(19,316)	(176,867)	(596)	(5,454)
Net cash provided by operating activities	<u>25,982,255</u>	<u>23,204,415</u>	<u>801,181</u>	<u>715,523</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in receivables from related parties	(65,688)	(567,847)	(2,026)	(17,510)
(Increase) decrease in restricted assets	(58,236)	19,864	(1,796)	613
Proceeds of the sale of available-for-sale financial assets - current	1,706,177	2,060,329	52,611	63,532
Increase in available-for-sale financial assets - current	(2,523,962)	(1,305,000)	(77,828)	(40,240)
Proceeds of sale of financial assets carried at cost	17,378	167,865	536	5,177
Increase in financial assets carried at cost	(150,000)	(100,000)	(4,625)	(3,084)
Proceeds of disposal of properties	152,507	574,285	4,703	17,708
Acquisition of properties	(16,436,714)	(12,526,678)	(506,837)	(386,268)
Proceeds of sale of investments in shares of stock	3,979,247	5,470,333	122,703	168,681
Acquisition of investments in shares of stock	(714,631)	(2,811,604)	(22,036)	(86,698)

(Continued)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2007 AND 2006

(In Thousands)

	New Taiwan Dollars		U.S. Dollars (Note 4)	
	2007	2006	2007	2006
Cash received on subsidiaries' capital decrease	\$ 1,235,900	\$ 84,618	\$ 38,110	\$ 2,609
(Increase) decrease in refundable deposits	(11,452)	7,220	(353)	223
Increase in deferred charges	(83,309)	(72,762)	(2,569)	(2,244)
Increase in intangible assets	(126,506)	(129,188)	(3,901)	(3,984)
Increase in other assets	<u>(95,329)</u>	<u>(28,723)</u>	<u>(2,940)</u>	<u>(886)</u>
Net cash used in investing activities	<u>(13,174,618)</u>	<u>(9,157,288)</u>	<u>(406,248)</u>	<u>(282,371)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of cash dividends, remuneration to directors and supervisors and bonus to employees	(13,321,780)	(11,620,353)	(410,786)	(358,321)
Increase in short-term bank loans	123,108	2,279,655	3,796	70,294
Repayment of commercial paper issued	(1,204,669)	(1,303,577)	(37,147)	(40,197)
Proceeds (repayment) of long-term bank loans and bonds issued	5,543,525	(2,189,066)	170,938	(67,501)
Decrease in guarantee deposits	(171,768)	(152,070)	(5,297)	(4,689)
Increase in payable to related parties	1,025,117	955,992	31,610	29,479
Cash received on issuing common stock	867,586	370,000	26,753	11,409
Decrease in minority interest	-	(142)	-	(4)
Payments on merger with KG Telecommunications Co., Ltd.	(495,855)	-	(15,290)	-
Increase (decrease) in other liabilities	<u>124,575</u>	<u>(33,031)</u>	<u>3,841</u>	<u>(1,019)</u>
Net cash used in financing activities	<u>(7,510,161)</u>	<u>(11,692,592)</u>	<u>(231,582)</u>	<u>(360,549)</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>841,695</u>	<u>173,322</u>	<u>25,954</u>	<u>5,345</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,139,171	2,527,857	189,305	77,948
CASH AND CASH EQUIVALENTS ON A MERGER INVOLVING KG TELECOMMUNICATIONS CO., LTD.	496,860	-	15,321	-
EFFECT OF LOSING CONTROL OVER CERTAIN SUBSIDIARIES	-	(289,308)	-	(8,920)
EFFECT OF FIRST INCLUSION FOR CONSOLIDATION OF CERTAIN SUBSIDIARIES	-	659	-	20
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>17,570,203</u>	<u>15,330,995</u>	<u>541,789</u>	<u>472,741</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 24,206,234</u>	<u>\$ 17,570,203</u>	<u>\$ 746,415</u>	<u>\$ 541,789</u>
SUPPLEMENTARY CASH FLOW INFORMATION				
Interest paid	\$ 3,069,029	\$ 2,342,499	\$ 94,635	\$ 72,232
Less: Capitalized interest	<u>233,293</u>	<u>325,005</u>	<u>7,194</u>	<u>10,022</u>
Interest paid (excluding capitalized interest)	<u>\$ 2,835,736</u>	<u>\$ 2,017,494</u>	<u>\$ 87,441</u>	<u>\$ 62,210</u>
Income tax paid	<u>\$ 3,067,403</u>	<u>\$ 3,174,553</u>	<u>\$ 94,585</u>	<u>\$ 97,889</u>
NONCASH FINANCING ACTIVITIES				
Current portion of long-term liabilities	<u>\$ 13,604,156</u>	<u>\$ 9,336,301</u>	<u>\$ 419,493</u>	<u>\$ 287,891</u>

(Continued)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2007 AND 2006

(In Thousands)

	New Taiwan Dollars		U.S. Dollars (Note 4)	
	2007	2006	2007	2006
CASH PORTION OF PROCEEDS OF DISPOSAL OF PROPERTIES				
Proceeds of the disposal of properties	\$ 147,612	\$ 549,864	\$ 4,552	\$ 16,955
(Increase) decrease in receivables from related parties	(4,608)	27,147	(142)	837
Decrease (increase) in receivables from disposal of properties	<u>9,503</u>	<u>(2,726)</u>	<u>293</u>	<u>(84)</u>
	<u>\$ 152,507</u>	<u>\$ 574,285</u>	<u>\$ 4,703</u>	<u>\$ 17,708</u>

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

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

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2007 AND 2006

(In Thousands, Except Amounts Per Share)

1. ORGANIZATION AND OPERATIONS

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

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

Following are FETL’s consolidated subsidiaries:

Far EasTone Telecommunications Co., Ltd. (“Far EasTone”) was incorporated in the Republic of China on April 11, 1997 and began commercial operations on January 20, 1998. Far EasTone’s shares began to be traded on the ROC Over-the-Counter Securities Exchange (known as Gre Tai Securities Market) on December 10, 2001. Later, Far EasTone’s shares ceased to be traded on the OTC exchange and became listed on the ROC Taiwan Stock Exchange on August 24, 2005. Far EasTone provides wireless communications, leased circuit, Internet and international simple resale (ISR) services and also sells cellular phone equipment and accessories.

KG Telecom, formerly Yuan Ho Telecommunications Co., Ltd., was incorporated in the ROC on September 25, 2003. It is a wholly owned subsidiary of Far EasTone. After its incorporation, KG Telecom merged with the former KG Telecommunications Co., Ltd. (the “former KGT”) through a two-step merger agreement. The merger was completed on May 20, 2004 after the registration of the shares with the Ministry of Economic Affairs.

The former KGT provides wireless communications services under a type I license - GSM1800 for the northern region of Taiwan issued by the Directorate General of Telecommunications (DGT). The license allows the former KGT to provide services for 15 years from 1997, with an annual license fee at 2% of total wireless communications service revenues. Moreover, the merger of former KGT with TUNTEX (with a license of 2G to provide wireless communications service under a type I license - GSM1800 for the central and southern regions of Taiwan issued by the DGT) took effect on January 1, 2000. Thus, the former KGT provided island-wide 2G wireless communications services under a type I license - GSM1800. The DGT also issued the former KGT a type I license, allowing it to provide local/domestic long distance land cable leased-circuit services for 15 years from September 2000, with an annual license fee of 1% of leased-circuit service revenues.

In 2002, Yuan-Ze Telecom received from the DGT the 3G (third-generation wireless communications system) concession, with a bidding price of NT\$10,169,000 thousand, included in intangible assets - 3G concession. On January 24, 2005, the DGT issued to Yuan-Ze Telecom a 3G license, which is valid through December 31, 2018. Through the completion of the merger with Yuan-Ze Telecom, Far EasTone became licensed to provided 3G wireless communications service and began commercial operations on July 13, 2005.

Q-ware Com. was incorporated on February 13, 2007. It mainly provides Type II telecommunications services. On February 14, 2007, the board of directors of Far EasTone approved a cooperation plan with Q-ware System Inc. (“Q-ware”) to operate WiFly and other businesses agreed upon by both Far EasTone and Q-ware. After obtaining the authorities’ approval of this agreement, Far EasTone, as a specific person, subscribed for 36,460 thousand newly issued shares (NT\$13.60 per share) of Q-ware Com. for NT\$495,855 thousand (US\$15,290 thousand) on July 2, 2007. On July 3, 2007, Q-ware spun off its WiFly business, with a net worth of NT\$349,301 thousand (US\$10,771 thousand), to Q-ware Com. and received 34,930 thousand new shares of Q-ware Com. for this spin-off. Q-ware Com. got the right to provide WiFly business in Taipei City through this spin-off until September 7, 2013, with an annual fee at 3% of total WiFly revenues. Moreover, the NCC issued to Q-ware Com. a Type II license, allowing it to provide Internet services for three years from 2007 for a fixed annual license fee based on Q-ware Com.’s paid-in capital. After the completion of this spin-off, Far EasTone owned approximately 51% of Q-ware Com.’s common stock and thus became its parent company.

On July 26, 2007, the National Communications Commission (NCC) awarded Far EasTone a license to have operations in worldwide interoperability for microwave access (WiMAX) in southern Taiwan. On August 30, 2007, Far EasTone paid a guarantee deposit of NT\$40,000 thousand (US\$1,233 thousand) and a minimum advance payment of NT\$210,000 thousand (US\$6,475 thousand) for the license fee through a guarantee provided by a bank. On October 1, 2007, Far EasTone got the NCC’s permission to start preparations for the construction of WiMAX networks.

To enhance the return of stockholders’ equity, Far EasTone’s board of directors proposed on April 30, 2007 to reduce capital by returning NT\$7,745,326 thousand (NT\$238,832 thousand) in cash to stockholders and decreasing common stock by 774,533 thousand shares. This capital reduction was approved at the stockholders’ meeting on June 12, 2007. However, since Far EasTone issued 160,370 thousand shares to exchange for New Century InfoComm Tech Co., Ltd.’s common shares held by Infocom Holding Company Pte Ltd. and SingTel Taiwan Limited on December 31, 2007, there were decreases in the capital reduction ratio from 20% to 19.204715% and in the cash return per share from NT\$2.00 to NT\$1.9204715. The paid-in capital was NT\$32,585,008 thousand (US\$1,004,780 thousand) after the capital reduction on January 15, 2008. On January 22, 2008, this capital reduction was registered with the MOEA. Far EasTone’s board of directors resolved that March 17, 2008 would be the share exchange date of the capital reduction, which had been approved by the authority.

ARCOA was incorporated in the ROC on May 4, 1981. ARCOA’s shares have been listed as emerging market stock on the OTC exchange since December 27, 2002. ARCOA sells cellular phone units and other telecommunications equipment or accessories and provides related maintenance services. The DGT issued to ARCOA a Type II license, allowing it to provide mobile virtual network operator services for three years from July 2006 for a fixed annual fee based on ARCOA’s pain-in capital.

On December 22, 2004, the Board of Directors of ARCOA decided to withdraw its stock from the OTC exchange and became a private company. Far EasTone became ARCOA’s parent company since February 2005. As of December 31, 2006, Far EasTone owns 59.10% of ARCOA’s common stock.

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

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

On August 11, 2006, The Company announced a proposal to withdraw from FETC by unconditionally donating its FETC stockholding to the Government. Far EasTone and Yuan Tong Investment Corp.'s Board of Directors approved this proposal on August 22, 2006. However, the TANFB already replied officially to Far EasTone and Yuan Tong Investment Corp. not to accept the donation on August 17, 2007.

The Company issued new shares to acquire 100% equity in Far Eastern Resources Development Co., Ltd. (FERD), a spin-off of the Company's real estate development business, including some fixed assets, nonoperating assets and farmland for investment purposes. FERD aims to carry out the following projects:

- a. Taipei Far Eastern Telecom Park Project: FERD has an approximately 73.7 thousand pings land located in Banciao. To use this property productively, FERD signed a public construction BOO (build-own-operate) contract with the Ministry of Economic Affairs of the ROC. It is the first private-development BOO project in the telecom field in northern Taiwan. The Taipei Far Eastern Telecom Park plans to recruit tenants of new generation CPE (customer premises equipment), broadband service and equipment providers, digital content service providers, and broadband equipment providers. This project has been approved by the Urban Planning Commission of the Ministry of the Interior of the ROC and is now under review.
- b. The Wugu shopping mall project: This project, which involves land rezoning so that industrial/commercial areas can be established, had been approved by the Taipei County Government and proposed to the Ministry of Interior of the ROC.
- c. The Yilan Jiaosi Resort hotel project: This project involves land rezoning so that industrial/commercial areas can be established. The project now is under a land rezoning process.

As of December 31, 2006, Oriental Resources Development Ltd. (ORDL, the former TRC) accumulated deficit had reached NT\$119,531 thousand (US\$3,686 thousand), which is over half of its capital. In their general meeting on June 30, 2006, ORDL's stockholders resolved to reduce ORDL's capital by NT\$105,780 thousand (US\$3,262 thousand) to cover its losses and increase capital in cash by NT\$50,000 thousand (US\$1,542 thousand) to replenish its working capital and thus improve its financial structure. After ORDL's capital reduced, Yuan Ding Investment corp. bought all other stockholders' outstanding shares and participated in the raising capital in cash to buy all shares. The registration was finished on August 17, 2006. Respectively on December 3 and 11, 2007, ORDL conducted a stock reduction to offset the deficit of NT\$20,000 thousand (US\$617 thousand) and a capital increase of NT\$250,000 thousand (US\$7,709 thousand). Since Yuan Ding Investment Corp. acquired 16,000 thousand shares under the premise of non-proportional investment in ORDL's increase in capital, the percentage of ownership was decreased from 100% to 70.32%.

To simplify investment structure, integrate investment resources and management, and control the subsidiaries in China, the board of directors of the Company made the resolution on December 21, 2007 to acquire the shares of the existing off-shore investment companies through subsidiaries and affiliates. Related proposal is as follows:

- a. Acquired 63 thousand shares of Far Eastern Apparel (Holding) Ltd. from Yuan Ding Investment Corp. totaling US\$34,513 thousand with each share priced at US\$546.09.
- b. Acquired 487 thousand shares of F.E.D.P (Holding) Ltd. totaling US\$49,961 thousand from Yuan Tong Investment Corp., Far Eastern Polychem Industries Ltd., and Far Eastern Polytex (Holding) Ltd. with each share priced at US\$102.65.
- c. Acquired 119 thousand shares of PET Far Eastern (Holding) Ltd. totaling US\$50,945 thousand from Ding Yuan International Investment Corp., Far Eastern Polychem Industries Ltd., and affiliate Oriental Union Chemical Corporation with each share priced at US\$426.6.

On December 21, 2007, the board of directors of Yuan Ding Investment Corp. approved the resolution that to dispose of 20 thousand shares totaling US\$16,921 thousand of Pacific Petrochemical (Holding) Ltd. to Oriental Union Chemical Corporation with each share priced at US\$858.95.

The above transactions are expected to be approved by Investment Commission (MOEA) in 2008 to finalize the transfer procedure. The actual transaction amount, however, will be adjusted by the present net value of the shares of the acquiring or the acquired companies.

Far Eastern Textile Ltd. and its consolidated subsidiaries (collectively, the “Group”) had 18,434 and 17,597 employees as of December 31, 2007 and 2006, respectively.

The intercompany relationships, percentages of ownership and major operations of subsidiaries as of December 31, 2006 are shown in Schedules A and B.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

For the convenience of readers, 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 financial statements shall prevail.

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

Consolidation

FETL’s direct and indirect subsidiaries (i.e., investees with more than 50% of their voting shares owned by FETL) are included in the consolidated financial statements. For subsidiaries acquired during the reporting period, their revenues and expenses generated before the acquisition date need not be consolidated. If FETL loses control over its subsidiaries during the reporting period, their revenues and expenses generated after the control lose date need not be consolidated.

Yuan Ding Investment has been elected to have more than 50% of the seats of the board of directors by the stockholders of Taiwan Recycling Corp. (TRC) in their meeting on June 30, 2006. Then, on August 17, 2006, Yuan Ding Investment acquired 100% of TRC’s voting shares. Thus, TRC was included in the 2006 consolidated financial statements.

The Company held less than 50% of voting rights of these investees: Da Ju Fiber Co., Ltd., Ding Ding Management Consulting Ltd. and Malaysia Garment Manufactures PTE Ltd. in 2006. Thus, these companies were not consolidated in 2006.

All significant intercompany transactions and balances were excluded from the consolidation.

In the consolidation, the financial statements of the foreign subsidiaries are translated from their respective functional currencies into New Taiwan dollars as follows:

- a. All assets and liabilities at the exchange rates prevailing on the balance sheet date;
- b. Share capital, retained earnings and/or accumulated deficit at their historical exchange rates; and
- c. All items in the statement of income at the average exchange rates for the periods.

The cumulative effects of the above translation are included in the cumulative translation adjustments in stockholders' equity.

The entities in the "Consolidated Financial Statements of Far EasTone and Affiliates" are the same as those in the consolidated financial statements as required under ROC SFAS No. 7 - "Consolidated Financial Statements", thus, no consolidated financial statements of Far EasTone and affiliates will be compiled. That is, the information needed in the combined financial statements of Far EasTone and affiliates is enclosed in the consolidated financial statements.

Current and Noncurrent Assets and Liabilities

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

Far Eastern Construction Co., Ltd. (FECC) authorizes constructors to build houses for sale or rent. Far Eastern General Contractor Inc. engages in civil engineering construction. The terms of the two corporations' contracts are typically over one year. Thus, the contract-related assets and liabilities are classified as current or noncurrent depending on the terms of the contracts.

Cash Equivalents

Commercial paper and bonds purchased under resell agreements with original maturities of no more than three months are classified as cash equivalents.

Financial Instruments at Fair Value through Profit or Loss

Financial instruments at fair value through profit or loss include financial assets or liabilities held for trading and those designated on initial recognition as measured at fair value with fair value changes in profit or loss. The regular purchase or sale of financial instruments is recognized or de-recognized using trade date accounting.

On initial recognition, the financial instruments are measured at fair value, with transaction costs capitalized currently. Subsequent changes in fair value are recognized as current gain or loss. Cash dividends received within a year from the investment acquisition date and received in subsequent years are all accounted for as investment income. When the financial instruments are sold, the difference between selling price and book value is recognized as current gain or loss.

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

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

Available-for-sale Financial Assets

On initial recognition, available-for-sale financial assets are recorded at fair values plus transaction costs directly attributable to the acquisition of the assets. Gain or loss due to changes in fair value is recognized as adjustments to stockholders' equity, and the related cumulative gain or loss should be recognized in the current period when the financial asset is de-recognized. The regular purchase or sale of financial assets is recognized or de-recognized using trade date accounting.

The fair values of listed securities and mutual funds are determined at their closing prices and net asset values, respectively, as of the balance sheet date.

Any cash dividends received are recognized as income on the date of the stockholders' meeting or on the ex-dividend date, but dividends declared from earnings before investment acquisition are recognized as a reduction of the carrying value of the investments. Stock dividends received are accounted for only as an increase in the number of shares held but are not recognized as investment income. The carrying amount of shares held is recalculated on the basis of the total number of shares held after stock dividends are received.

An impairment loss should be recognized if there is objective evidence that a financial asset is impaired. This impairment loss can be reversed to the extent of the original carrying value and recognized as an adjustment to stockholders' equity.

Held-to-maturity Financial Assets

Held-to-maturity financial assets or instruments are measured at cost amortized by the straight-line method. They are recorded at fair value plus the instrument acquisition or issue cost, and gain or loss is recognized when they are devalued or amortized.

An impairment loss should be recognized if there is objective evidence that a financial asset is impaired. If the impairment is later determined as no longer existing or diminished, the impairment loss can be reversed to the extent that the reversal would not exceed the asset carrying amount had no impairment loss been recognized for the asset in prior years.

Revenue Recognition, Accounts Receivable and Allowance for Doubtful Accounts

Revenue is recognized when the earnings process is completed or virtually completed and the revenue is realizable and measurable. The costs of providing services are recognized as incurred. Usage revenues (equal to the excess of minutes of traffic included in the fixed monthly service fees) from wireless services and mobile virtual network operator services, international simple resale services, Internet and data services and interconnection calls, net of any applicable discount, are billed according to customers' usage and are recognized on the basis of minutes of traffic processed. Other revenues are recognized as follows: (a) fixed monthly service fees and leased-circuit service revenues are accrued each month; (b) prepaid call and Internet card services are recognized as income based upon customer usage; (c) one-time commission and subsidy revenue of a bundled contract (which covers both the purchase price of a cellular phone unit and a mobile phone number) or merely sales of mobile phone number as an agent for the telecommunications providers are accrued as activated; and (d) commission revenues are accrued monthly on the basis of related airtime revenue.

The amount received at the start of a bundled contract (which covers both the purchase price of a cellular phone unit and service fees for an equivalent number of minutes of traffic each month throughout the validity period of the contract) is deferred and recognized as revenue over the validity period of the contract using the straight-line method. If the sum of the cost of the cellular phone unit and the commission paid to the dealers (the "customer acquisition cost") exceeds the amount received at the beginning of the contract, the excess is charged to marketing expense. The portion of the customer acquisition cost equivalent to the amount received at the beginning of the contract is deferred and amortized as marketing expense over the validity period of the contract using the straight-line method.

Operating revenues are measured at fair values based on the prices negotiated between the Group and the customers. Since the future values of operating revenues resulting from receivables within one year approximate the fair values of these receivables, the fair values are not recalculated using the pro forma interest rate method.

The Company and Far Eastern Apparel Co. do not recognize as sales those transactions involving the delivery of materials to subcontractors for further processing since these transactions do not involve a transfer of ownership of materials.

An allowance for doubtful accounts is provided on the basis of the a review of the collectibility of accounts receivable. The Group assesses the probability of collections of accounts receivable by examining the aging analysis of the outstanding receivables and assessing the value of the collateral provided by customers.

Promotion Expenses

Commissions and cellular phone equipment subsidy costs related to the Group's promotions are treated as marketing expenses or cost of telecommunications service in the year when the service to subscriber is activated.

Inventories

Inventories are stated at the lower of cost or market value (net realizable value). Cost is determined using the weighted-average method. Losses on disposal of inventory are evaluated on the basis of the changes in marketing strategy. Losses on decline in value of inventory are evaluated on the basis of market demand and should be recognized when the net realizable value is lower than the cost.

Bonds Carried at Amortized Cost

Bonds with fixed or determinable payments and with no quoted prices in an active market are measured at amortized cost. Bonds should be measured at original cost plus transaction cost on initial recognition. Gains or losses are recognized when de-recognition, impairment loss or amortization occurs. The regular purchase or sale of bonds is recognized and de-recognized using trade date accounting. An impairment loss should be recognized if there is objective evidence that a financial asset is impaired. If the impairment is determined as no longer existing or diminished, the impairment loss can be reversed to the extent that the reversal will not exceed bond carrying value had no impairment loss been recognized for the asset in prior years.

Financial Assets Carried at Cost

Investments in equity instruments without quoted market prices in an active market, including investments in unlisted stocks and emerging stocks, are measured at cost upon initial recognition. Any cash dividends received are recognized as income on the date of the meeting of stockholders or on the ex-dividend date, but dividends declared from earnings before investment acquisition are recognized as a reduction of the carrying value of the investments. Stock dividends received are accounted for only as an increase in the number of shares held but are not recognized as investment income. The carrying amount of shares held is recalculated on the basis of the total number of shares held after stock dividends are received. An impairment loss should be recognized as a charge to current income if there is objective evidence that a financial asset is impaired. This loss cannot be reversed.

Real Estate

FETL's subsidiary, FECC, uses the completed-contract method for its construction projects. Pre-sold real estate is recognized as advances on land and building. After completion of the construction, the ownership is transferred to a proprietor or owner, and the proceeds of this transfer are recognized as current revenues. The calculation of the construction cost is based on the size of the land used, the actual size of the house and the construction cost incurred. House ownership fully or partly transferred to customers is recognized as current construction cost; any remaining construction costs are recognized as available for sale - building and land.

Pre-sold property under the percentage-of-completion method of FECC is recognized in the balance sheet and is calculated on an accrual basis. If the accumulated construction gain exceeds total construction gain, the excess will be recognized as current revenues; otherwise, current loss is recognized. If the construction is estimated to result in a loss, the full loss has to be recognized immediately. But, if the estimated loss decreases, the cumulative loss recognized in excess of the estimated loss will be recognized as revenues.

Of FECC, construction is recognized by the percentage-of-completion method, the construction account is calculated depending on the construction cost actually incurred (such as construction land, costs and capitalized interests) plus or minus the estimated construction revenues or losses. After each construction completion, the sold parts of construction and related advances on land and building are netted out; the net amount is recognized as operating revenue. The parts unsold under the current construction program will be recognized as real estate ready for sale.

FECC classified its property as available for sale - building and land or available for construction - land is calculated at the lower of cost or market.

FECC treated its marketing expenses for pre-sold real estate as deferred marketing expenses first and recognized as current expenses when the construction is completed if the real estate ownership has not yet been transferred to customers.

Long-term Construction Contracts

Revenues and costs of long-term construction contracts of FECC are recognized by the percentage-of-completion method. Under this method, the stage of completion of each contract is measured as a ratio of cumulative construction costs to total estimated contract costs. If contract price or construction contract costs cannot be reasonably estimated, the completed method is required.

Construction revenues and costs for the current year of FECC are the cumulative construction revenue and costs, determined using the percentage-of-completion method, in excess of the cumulative construction revenue and costs recognized in prior years. An estimated loss on a construction contract is recognized currently; any adjustment of this loss is recognized as either income or loss in the year of adjustment. The adjustment of the construction contract price of the prior year's completed construction is added to or deducted from the construction profit or loss of the current year. Under the completed-contract method, when construction is completed, the balance of billings on construction-in-progress and construction-in-progress will be charged to construction revenue and costs.

Long-term construction in progress of FECC is carried at cost plus estimated construction profit or less estimated losses. Installment payments or collections received on construction projects are credited to advances from construction. Upon completion of each project, these advances are offset against construction-in-progress.

At year-end, the balances of construction-in-progress and advances on construction of FECC are netted out, and the result is classified as current asset or current liability.

Equity-method Investments

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

On the acquisition date or the adoption of the equity method for the first time, the difference between investment cost and underlying equity in net assets is amortized using the straight-line method over 3 to 20 years. As required, however, by the revised ROC Statement of Financial Accounting Standards No. 5 - "Long Term Investments in Equity Securities," starting on January 1, 2006, the cost of acquisition is subjected to an initial analysis. The investment cost in excess of the fair value of identifiable net assets is recognized as goodwill. Goodwill is no longer amortized and instead tested annually for impairment. An impairment test is also required when there is evidence indicating that goodwill might be impaired because of an event or a change in the economic environment. If the fair value of identifiable net assets acquired exceeds the cost of investments, the excess should be assigned to noncurrent assets in proportion to their respective fair values (except for financial assets not under the equity method, assets for disposal, deferred income tax assets and prepaid pension costs or other retirement benefit costs). If these assets are all reduced to zero, the remaining excess should be recognized as extraordinary gain. Starting on January 1, 2006, the unamortized balance of the investment cost in excess of the equity in investee's net assets is no longer amortized and is instead subject to the same accounting treatment as that for goodwill; the negative goodwill previously acquired should be amortized over the remaining estimated economic lives.

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

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

For both equity-method and cost-method investments, stock dividends received are accounted for as increases in the number of shares held, which result in lower carrying value per share.

The costs of investments sold are determined as follows: (i) by the Company - weighted average method and (ii) by subsidiaries - moving-average method.

Properties and Rental Assets

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

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

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

Depreciation expenses are computed over service lives originally estimated as follows: buildings and equipment, 3 to 55 years; machinery and equipment, 5 to 15 years; and operating equipment, 2 to 15 years; computer equipment, 3 to 10 years; and leasehold improvements and miscellaneous equipment, 3 to 15 years. Depreciation on appreciation is computed over the remaining service lives of the assets on the revaluation date. When properties and rental assets reach their residual value and are still being used, they are further depreciated over their newly estimated service lives.

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

Equipment covered by capital lease agreements are stated at the lower of (1) the fair value of the equipment at the beginning of the lease or (2) the total present value of future lease payments and the bargain purchase price. Implicit interest included in the periodic lease payments is treated as current interest expenses.

Idle Assets

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

Intangible Assets

Goodwill is the difference (the source of which cannot be identified) between investment costs and the equity in investees' net assets, which is amortized using the straight-line method over 3 to 15 years. However, under the revised ROC Statement of Financial Accounting Standards No. 5 - "Long-term Investments in Equity Securities," goodwill is no longer amortized starting on January 1, 2006.

The 3G concession, which was stated at cost, is amortized on a straight-line basis from January 24, 2005, the issuance date of the concession license, until the license expiry on December 31, 2018.

Land leasehold rights are amortized over 50 years.

Technical know-how is amortized over 10 years.

Patents and computer software costs were stated at cost and amortized over 3 to 5 years on a straight-line basis.

Deferred Charges

Deferred charges, which are derived mainly from costs of retail store renovation of Far EasTone are amortized using the straight-line method over the terms of lease. The cost of issuing convertible bonds before December 31, 2005 should be amortized by the straight-line method between the issuance date and the redemption date at the option of the bondholder. Other deferred charges are amortized by the straight-line method over five to seven years.

Impairment Loss

An impairment loss should be recognized if the carrying value of assets (including properties, rental assets, idle properties, 3G concession, goodwill, deferred charges and equity-method investments) exceeds their recoverable amount, and this impairment loss should be charged to current income. For investees which Far EasTone exercises significant influence but not control, the recoverable amount is calculated based on investee's individual investment value. For investees which Far EasTone has control, the recoverable amount is assessed under the consideration of taking the consolidated financial statement as a whole. The accumulated impairment loss of an asset recognized in prior years can be reversed if, later on, the estimate of the asset's recoverable amount later has changed so as to increase the recoverable amount. Then, the asset's carrying amount can be increased to its recoverable amount; however, the recoverable amount should not exceed the carrying amount that would have been after the deduction of depreciation or amortization if it had not been impaired.

To test for impairment, goodwill should be allocated to each of the cash-generating units that are expected to benefit from the synergies of the combinations. A cash-generating unit should be tested for impairment at least annually by comparing the carrying amount of the unit with its recoverable amount. If the carrying amount exceeds the recoverable amount of the unit, the impairment loss is allocated to reduce the carrying amount of the unit in the following order: (a) reduce the carrying amount of any goodwill allocated to the unit; and (b) reduce the carrying amounts of other assets of the unit proportionally. A reversal of an impairment loss on goodwill is disallowed.

Deferral of Unrealized Intercompany Profit

The entire gains or losses from FETL's sales of products to its subsidiaries are deferred and included in deferred income. In addition, FETL classifies deferred income as current or noncurrent on the basis of the length of the gain realization period.

FETL defers gains or loss on its product sales in proportion to ownership percentages for sales to equity-method investees that are not majority owned.

FETL defers its gains or losses on the subsidiaries' sales of products to FETL or on the sale among subsidiaries in proportion to its equity in the subsidiaries.

The unrealized profit due from selling stocks in the open market by the Company, then the stocks was bought by equity-method investees or the Company sells the stocks to intercompanies or equity-method investees directly, is recognized as revenue when it is realized. The profit of selling shares of interest to the Company due to organization reassemble is recognized as additional paid-in-capital, and loss is deducted from additional paid-in-capital or retained earnings if additional paid-in-capital is not enough.

Deferred gain on disposal of land is recognized as revenue when the buyer has resold it. Deferred gain on disposal of building is recognized as revenue using the straight-line method over the estimated useful lives of the building or is recognized the rest as revenue when the building is resold.

All of the deferred gains and losses are realized on the subsequent sale of related items to third parties.

Convertible Bonds

Far EasTone issued overseas convertible bonds at par value and without any discount or premium. It gave the bondholders the right to redeem the convertible bonds in cash at par value plus the interest-premium on a specific date. The interest-premium of puttable convertible bonds, which is the difference between the specified put price and the par value, is amortized using the interest method and is recognized as a liability from the issuance date of the bonds to the expiry date of the put option. The direct and necessary costs (included in other assets - miscellaneous) of issuing convertible bonds are amortized using the straight-line method over the same period as that for interest-premium.

When the bondholder exercises the conversion option, the Group uses the book-value approach. Under this approach, the Group writes off the unamortized issuance costs, recognized interest-premium and par value of the convertible bonds. The common stock exchange certificate (capital stock) should be valued at its carrying amount net of the amounts written off, and the amount in excess of the par value of the common stock exchange certificate (capital stock) is recognized as additional paid-in capital.

Pension Costs

The Group has two types of pension plans: Defined benefit and defined contribution.

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

Under government regulations, subsidiaries established in China have defined contribution pension plans. They make monthly contributions to a pension fund at a fixed percentage of salaries and recognize these contributions as pension costs. However, holding companies do not have pension plans because they do not have any employees.

Income Tax

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

Deferred tax liabilities cannot be recognized if they are the temporary difference arising from the financial accounting and tax accounting for the undistributed earnings of foreign subsidiaries.

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

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

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

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

The Income Basic Tax Act (the "IBT Act"), which took effect on January 1, 2006, requires that the income basic tax should be 10% of the sum of the taxable income calculated in accordance with the Income Tax Act plus tax benefit regulated by the Income Tax Act or other laws. The tax payable of the current year would be the higher of the income basic tax and income tax payable calculated in accordance with the Income Tax Act. The effect of the IBT Act on the Group's income tax is already included in the current tax expense.

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

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

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

The prevailing exchange rates mentioned above are based on the average values of banks in association.

Hedging Derivative Financial Instruments

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

Hedge Accounting

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

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

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

Reclassifications

Certain accounts in the consolidated financial statements as of and for the year ended December 31, 2006 have been reclassified to be consistent with the presentation of the consolidated financial statements as of and for the year ended December 31, 2007.

3. CHANGES IN ACCOUNTING PRINCIPLES

On January 1, 2007, the Company and its subsidiaries adopted the newly released ROC Statements of Financial Standards ("Statements" or SFAS) No. 37 - "Accounting for Intangible Assets" and related revisions of previously released statements, and reevaluated the useful lives and depreciation methods of recognized intangible assets on the same date. This accounting change does not affect the combined income before income tax, combined net income, and earning per share after income tax.

On January 1, 2006, the Group adopted the new ROC Statements of Financial Standards ("Statements" or SFAS) No. 34 - "Accounting for Financial Instruments" and ROC SFAS No. 36 - "Disclosure and Presentation of Financial Instruments" and related revisions of previously released Statements.

Effects of accounting changes

On the basis of the accounting changes, the Group reclassified financial assets and financial liabilities (including derivative instruments). The cumulative effect of the accounting changes should be recognized in the current period for adjustments to the carrying values of the financial assets at fair value through profit or loss. Available-for-sale financial instruments measured at fair value or the assets or derivatives under the cash flow hedge are recognized as adjustments to stockholders' equity. In addition, an adjustment from assets or liabilities deferred from profit or loss under the cash flow hedge to stockholders' equity should be made for derivative instruments.

The amounts pertaining to the effects of the accounting changes were as follows:

	As Cumulative Effect of Changes in Accounting Principle (After Tax)		As Adjustments to Stockholders' Equity (After Tax)	
	NT\$	US\$	NT\$	US\$
Financial assets at fair value through profit or loss - current				
- Far Eastern General Contractor	\$ 1,007	\$ 31	\$ -	\$ -
- Yuan Tong Investment	22,127	682	-	-
Available-for-sale financial assets - current				
- FETL	-	-	41,090	1,266
- Yuan Ding Investment	-	-	692,884	21,366
- Far Eastern Construction	-	-	39,324	1,213
- Yuan Tong Investment	-	-	8,036	248
- Far Eastern General Contractor	-	-	12,082	373
Available-for-sale financial assets - noncurrent				
- Kai Yuan International Investment	-	-	6,983	215
- Ding Yuan International Investment	-	-	(145)	(4)
Hedging derivative financial liabilities - noncurrent				
- FETL	-	-	(85,465)	(2,635)
- Far EasTone	-	-	68,446	2,110
- Yuan Ding Investment	-	-	(37,949)	(1,170)
- ARCOA	-	-	900	27
	<u>\$ 23,134</u>	<u>\$ 713</u>	<u>\$ 746,186</u>	<u>\$ 23,009</u>

The above accounting changes resulted in increases of NT\$824 thousand (US\$25 thousand) in continuing operations' income (after tax), NT\$23,958 thousand (US\$739 thousand) in net income and NT\$0.01 (US\$0.0003) in earnings per share after tax in the year ended December 31, 2006.

The Group adopted the revised ROC SFAS No. 1 - "Conceptual Framework for Financial Accounting and Preparation of Financial Statements"; No. 5 - "Long-term Investments in Equity Securities"; and No. 25 - "Business Combinations - Accounting Treatment under the Purchase Method." These revisions stated that the difference between the cost of an investment and the amount of the underlying equity in net assets of an investee should no longer be amortized and instead should be tested for impairment loss periodically. The adoption of the revised standards resulted in increases of NT\$1,223,331 thousand (US\$37,722 thousand) in consolidated net income before income tax expense without any cumulative changes in accounting principles and of NT\$0.28 (US\$0.0086) in basic earnings per share after income tax in the year ended December 31, 2006.

4. TRANSLATION INTO U.S. DOLLARS

The consolidated financial statements are stated in New Taiwan dollars. The translations of the New Taiwan dollars into U.S. dollars are included solely for the convenience of readers, using the exchange rate as of December 31, 2007 of NT\$32.43 to US\$1.00 published by the Bank of Taiwan as of December 31, 2007. The convenience translations should not be construed as representations that the New Taiwan dollar amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other exchange rate.

5. CASH AND CASH EQUIVALENTS

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Cash				
Cash on hand	\$ 23,477	\$ 27,768	\$ 724	\$ 856
Savings and checking accounts	5,452,000	4,089,767	168,116	126,111
Time deposits: Interest - 1.705%-5.33% in 2007 and 1.24%-5.33% in 2006	<u>9,182,390</u>	<u>6,383,174</u>	<u>283,145</u>	<u>196,829</u>
	<u>14,657,867</u>	<u>10,500,709</u>	<u>451,985</u>	<u>323,796</u>
Cash equivalents				
Commercial paper purchased under agreements to resell: Interest - 1.91%-2% in 2007 and 1.61%-1.65% in 2006	6,207,204	6,903,070	191,404	212,860
Treasury bills purchased under agreement to resell: Interest - 1.625%-1.95% in 2007 and 1.465%-1.560% in 2006	<u>3,148,125</u>	<u>141,682</u>	<u>97,074</u>	<u>4,369</u>
	<u>9,355,329</u>	<u>7,044,752</u>	<u>288,478</u>	<u>217,229</u>
Management discretionary accounts	<u>193,038</u>	<u>24,742</u>	<u>5,952</u>	<u>764</u>
	<u>\$ 24,206,234</u>	<u>\$ 17,570,203</u>	<u>\$ 746,415</u>	<u>\$ 541,789</u>

As of December 31, 2007, demand deposits in foreign banks were as follows:

Deposits in Foreign Bank	New Taiwan Dollars	U.S. Dollars (Note 4)
Belgium (US\$516 thousand)	\$ 16,734	\$ 516
China - Hong Kong (US\$16 thousand)	519	16
U.S.A. - New York (US\$11 thousand)	<u>344</u>	<u>11</u>
	<u>\$ 17,597</u>	<u>\$ 543</u>

As of December 31, 2006, demand deposits in foreign banks were as follows:

Deposits in Foreign Bank	New Taiwan Dollars	U.S. Dollars (Note 4)
Belgium (US\$1,025 thousand)	\$ 33,413	\$ 1,030
China - Hong Kong (US\$22 thousand)	717	22
U.S.A. - New York (US\$11 thousand)	<u>359</u>	<u>11</u>
	<u>\$ 34,489</u>	<u>\$ 1,063</u>

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

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

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Financial assets held for trading</u>				
Marketable equity securities	\$ 727,682	\$ 393,357	\$ 22,439	\$ 12,129
Exchangeable bonds collection right	104,500	-	3,222	-
Cotton futures contracts	44,286	27,694	1,366	854
Mutual funds - beneficiary certificates	<u>24,911</u>	<u>227,891</u>	<u>768</u>	<u>7,028</u>
	<u>\$ 901,379</u>	<u>\$ 648,942</u>	<u>\$ 27,795</u>	<u>\$ 20,011</u>
<u>Financial liabilities held for trading</u>				
Exchangeable bonds exchange right	\$ 347,750	\$ -	\$ 10,723	\$ -
Exchangeable bonds redemption right	31,000	-	956	-
Forward exchange contracts	<u>22,918</u>	<u>14,391</u>	<u>707</u>	<u>444</u>
	<u>\$ 401,668</u>	<u>\$ 14,391</u>	<u>\$ 12,386</u>	<u>\$ 444</u>

Starting in 2007, Yuan Ding Investment Corp. and KG Telecom, while Yuan Tong Investment Corp. in 2006, respectively contracted with and fully authorized Oriental Securities Investment Advisory Co., Ltd. (trustee) to manage discretionary funds. As of December 31, 2007 and 2006, the capital fully authorized to the trustee were totaled NT\$1,050,000 thousand (US\$32,377 thousand) and NT\$450,000 thousand (US\$13,876 thousand). Investment target excluded shares of related parties, and deposits among those fully authorized were totaled NT\$193,038 thousand (US\$5,952 thousand) and NT\$24,742 thousand (US\$763 thousand), respectively in 2007 and 2006, classified under cash equivalents (Note 5).

The Company used cotton futures contracts and forward exchange contracts to hedge the fluctuation of cotton prices and exchange rates on account receivables and payables in the years ended December 31, 2007 and 2006. The strategy is to hedge the Company's market risk exposure. Since these transactions do not meet the criteria for hedge accounting, they were classified as held for trading.

The outstanding cotton futures contracts held by FETL as of December 31, 2007 and 2006 are summarized as follows:

Outstanding Derivative Contract	December 31, 2007		
	Maturity	Units	Contract Amount (Thousands)
Cotton futures contracts	March 2008	110	US\$3,593/NT\$116,521
	May 2008	40	US\$1,308/NT\$42,418
Outstanding Derivative Contract	December 31, 2006		
	Maturity	Units	Contract Amount (Thousands)
Cotton futures contracts	May 2007	50	US\$1,346/NT\$43,784
	July 2007	50	US\$1,376/NT\$44,760

The Company has no outstanding forward exchange contracts as of December 31, 2006; while the outstanding forward exchange contracts as of December 31, 2007 are as follows:

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2007</u>			
Sell	EUR/USD	2008.2.27	EUR2,000/USD2,871
Sell	USD/NTD	2008.1.4-2008.3.12	USD77,000/NTD2,481,255

The Company profits from call options on royalties and the difference between exchange rates fluctuations. The Company has no outstanding option contracts as of December 31, 2007 and 2006, respectively.

FEIW authorized FEIH to trade cotton futures contracts in order to hedge overall fluctuations on cotton price. Since the related trading documents of FEIH did not meet the requirements of hedge accounting, these transactions can only be classified under held for trading. As of December 31, 2007 and 2006, there were no outstanding cotton futures contracts held by FEIH.

F.E.I.H. traded forward exchange contracts to hedge against the exchange rate risk on foreign currency assets and liabilities as authorized by affiliates O.T.I.Z., F.E.I.S., F.E.I.W., and Sino Belgium in 2007 and by O.T.I.Z. and F.E.I.W. in 2006.

As of December 31, 2007 and 2006, FEIH has trusted outstanding forward exchange contracts as follows:

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2007</u>			
Sell	USD/CAD	2008.1.25-2008.3.25	USD10,000/CAD9,779
Sell	USD/JPY	2008.1.30	USD7,000/JPY752,737
Buy	USD/EUR	2008.1.30	USD5,954/EUR4,000

December 31, 2006

Sell	USD/JPY	2007.3.12-2007.3.20	USD24,900/JPY2,879,506
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On the exchangeable bonds issued in 2007, the Company separately recognized the embedded derivatives and the host debt instruments. In addition, the derivatives were measured at fair value and recognized as financial assets and liabilities at fair value through profit or loss.

The Group's net gains on derivative financial instruments were NT\$132,513 thousand (US\$4,086 thousand) in 2007 and NT\$3,351 thousand (US\$103 thousand) in 2006.

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current				
Marketable equity securities	\$ 500,277	\$ 103,848	\$ 15,427	\$ 3,202
Open-end mutual funds - beneficiary certificates	<u>1,332,878</u>	<u>704,647</u>	<u>41,100</u>	<u>21,728</u>
	1,833,155	808,495	56,527	24,930
Noncurrent				
Marketable equity securities	<u>117,355</u>	<u>217,513</u>	<u>3,619</u>	<u>6,708</u>
	<u>\$ 1,950,510</u>	<u>\$ 1,026,008</u>	<u>\$ 60,146</u>	<u>\$ 31,638</u>

The amounts of available-for-sale financial assets assessed as non-recoverable and permanent losses were NT\$25,349 thousand (US\$782 thousand) and NT\$91,641 thousand (US\$2,826 thousand), respectively in 2007 and 2006.

8. BONDS CARRIED AT AMORTIZED COST - CURRENT

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Bond - Ta Chong Commercial Bank	\$ <u>3,000</u>	\$ <u>3,000</u>	\$ <u>93</u>	\$ <u>93</u>

On July 16, 2004, ARCOA bought a five-year corporate bond at par value, amounting to NT\$3,000 thousand (US\$93 thousand) with coupon interest rate of 2.55%. The interest is payable on July 16 annually. The maturity date of the bond is July 16, 2009.

9. INVENTORIES

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Merchandise	\$ 1,270,459	\$ 1,459,388	\$ 39,175	\$ 45,001
Finished goods	6,640,632	4,106,946	204,768	126,640
Work in process	2,393,029	1,986,651	73,791	61,260
Raw materials	5,882,253	4,919,179	181,383	151,686
Supplies	<u>1,001,759</u>	<u>789,793</u>	<u>30,890</u>	<u>24,354</u>
	17,188,132	13,261,957	530,007	408,941
Less: Allowance for losses	<u>1,090,064</u>	<u>1,016,714</u>	<u>33,613</u>	<u>31,351</u>
	<u>\$ 16,098,068</u>	<u>\$ 12,245,243</u>	<u>\$ 496,394</u>	<u>\$ 377,590</u>

10. AVAILABLE FOR CONSTRUCTION - LAND

	Area (Square Meters)	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Guang Ming Section No. 201, Shi Tuen, Taichung	12,036	\$ 411,629	\$ -	\$ 12,693	\$ -
Bai An Section No. 877, Ta Chih, Taipei	472	125,099	-	3,858	-
B5 Xin Yi section	199	75,555	75,555	2,330	2,330
Jen Ai Section No. 732, Taipei	19	<u>7,730</u>	<u>-</u>	<u>238</u>	<u>-</u>
		<u>\$ 620,013</u>	<u>\$ 75,555</u>	<u>\$ 19,119</u>	<u>\$ 2,330</u>

11. CONSTRUCTION-IN-PROGRESS (NET OF BILLINGS ON CONSTRUCTION-IN-PROGRESS)

Construction-in-progress, advances on land and building and deferred marketing expenses (these expenses are classified under current assets) of Far Eastern Construction Co., Ltd. as of December 31, 2007 and 2006 were as follows:

Project by Accounting Method	Contract Price	Estimated Construction Cost	Construction-in-Progress			Deferred Marketing Expense	Billings on Construction-in-progress	Percentage of Completion	Expected Year of Completion	
			Land	Construction Cost	Recognized Cumulative (Loss) Profit					Total
<u>December 31, 2007</u>										
Completed-contract method										
Shi Lin Quang Hua - Section No. 1043-1045	\$ 567,730	\$ 459,980	\$ 297,105	\$ 12,107	\$ -	\$ 309,212	\$ 32,714	\$ 122,801	61	2008
Ban Ciao - New Section No. 9	-	-	675,792	272,516	-	948,308	-	-	-	2012
Ban Shin Headquarter	-	-	-	396,790	-	396,790	-	-	-	2010
			<u>\$ 972,897</u>	<u>\$ 681,413</u>	<u>\$ -</u>	<u>\$ 1,654,310</u>	<u>\$ 32,714</u>	<u>\$ 122,801</u>		
<u>December 31, 2006</u>										
Percentage-of-completion method										
Ban Ciao Ya Dong Section No. 1078, 1078-1, 1078-2	\$ 1,779,800	\$ 1,248,310	\$ 442,851	\$ 48,030	\$ 344,467	\$ 835,348	\$ 33,897	\$ 280,434	75	2007
Completed-contract method										
Shi Lin Quang Hua - Section No. 1043-1045	567,730	459,980	296,439	6,493	-	302,932	32,706	98,622	6	2008
Ban Ciao - New section No. 9	-	-	658,225	173,187	-	831,412	-	-	11	-
			<u>\$ 1,397,515</u>	<u>\$ 227,710</u>	<u>\$ 344,467</u>	<u>\$ 1,969,692</u>	<u>\$ 66,603</u>	<u>\$ 379,056</u>		

The land in section number 9 of the new station in Ban Ciao ("Ban Ciao Zhong Ben") was developed using the joint construction and allocation of housing units method for FECC and Far Eastern Department Store. The allocation of housing units was based on percentages of land ownership (36.07% for FECC and 63.93% for Far Eastern Department Store).

In the years ended December 31, 2007 and 2006, FECC's capitalized interest which generally referred to construction-in-progress and prepaid construction, was NT\$38,118 thousand (US\$1,175 thousand) and NT\$26,522 thousand (US\$818 thousand), respectively. The capitalization rates were 1.658%-2.8908% in 2007 and 1.32% to 2.64% in 2006.

Construction-in-progress (net of billings on construction-in-progress) of FECC as of December 31, 2007 and 2006 was as follows:

Project by Accounting Method	Contract Price	Estimated Construction Cost	Construction-in-progress	Billings on Construction-in-progress	Percentage of Completion	Expected Year of Completion	Recognized Cumulative (Loss) Gain
<u>December 31, 2007</u>							
Percentage of completion method							
Kaohsiung Rapid Transit	\$ 7,457,051	\$ 6,658,861	\$ 7,313,450	\$ 6,873,851	98	2008	\$ 782,227
Min Yin Camp (1)	388,557	399,720	392,152	381,052	-	2008	(11,163)
Min Yin Camp (2)	484,010	498,016	485,674	463,368	-	2008	(14,006)
Er-chung flood spillway bridge	130,133	132,381	135,380	130,366	-	2009	(2,248)
Yuan-Yang new station	750,688	713,153	58,721	-	93	2008	34,024
Tainan science park - Taipower Company	792,381	788,340	738,194	551,138	93	2008	3,758
Zhong-Ben	1,857,059	1,800,378	342,397	204,507	18	2012	6,591
Yuan-Yang famous building	140,815	136,714	86,317	-	61	2008	-
Zhong-Long Storage	225,000	213,493	92,403	53,558	41	2009	4,718
Zhong-Long fireplace	258,800	255,014	189,160	105,415	73	2009	2,764
			<u>9,833,848</u>	<u>8,763,255</u>			

(Continued)

Project by Accounting Method	Contract Price	Estimated Construction Cost	Construction -in-progress	Billings on Construction -in-progress	Percentage of Completion	Expected Year of Completion	Recognized Cumulative (Loss) Gain
Completed-contract method							
Bin-Chiang market	\$ -	\$ -	\$ 141,634	\$ 24,819	-	2008	\$ -
Sin-ban Co-construct	-	-	23,868	23,643	-	2008	-
Taichung C706	3,086,000	-	7,860	-	-	2011	-
Miscellaneous	-	-	9,591	4,450	-	2008	-
			<u>182,953</u>	<u>52,912</u>			
			<u>10,016,801</u>	<u>\$ 8,816,167</u>			<u>\$ 806,665</u>
			<u>\$ 1,200,634</u>				

December 31, 2006

Percentage of completion method

Kaohsiung Rapid Transit	\$ 6,628,499	\$ 5,933,261	\$ 6,308,723	\$ 4,996,521	95	2007	\$ 660,476
Min Yi Camp (1)	388,557	399,720	391,157	381,052	99	2007	(11,163)
Min Yi Camp (2)	484,010	498,016	485,674	463,368	99	2007	(14,006)
Hua Jiang Express	1,767,619	1,842,857	1,205,641	1,147,715	69	2008	(75,238)
Er-chung flood spillway bridge	130,133	132,381	135,231	130,366	-	2007	(2,248)
Shopping Mall	34,616	32,685	27,819	26,661	80	-	1,545
Bei Men Yu Jing	1,296,864	1,346,989	1,167,184	1,102,319	90	2007	(50,125)
Yuan-Yang new station	667,620	648,175	501,366	-	75	2007	12,189
Zhong-Xiao Fu-Sing	290,476	279,392	234,890	207,254	80	2007	8,867
Tainan science park - Taipower Company	792,381	784,457	351,145	336,788	44	2007	3,487
Zhong-Ben	1,822,443	1,718,169	200,441	116,549	11	-	7,333
Yuan-Yang famous building	140,815	136,714	7,837	-	-	2008	-
Zhong-Long Storage	225,000	211,386	381	-	-	2009	-
Zhong-Long fireplace	258,800	254,569	565	-	-	2009	-
			<u>11,018,054</u>	<u>8,908,593</u>			
Completed-contract method							
Bin-Chiang market	-	-	140,742	-	-	2007	-
Sin-ban Co-construct	-	-	23,260	-	-	2010	-
Miscellaneous	-	-	9,591	4,450	-	2007	-
			<u>173,593</u>	<u>4,450</u>			
			<u>11,191,647</u>	<u>\$ 8,913,043</u>			<u>\$ 541,117</u>
			<u>\$ 2,278,604</u>				

(Concluded)

FEGC obtained a Kaohsiung MRT project contract and signed a syndicate loan contract with syndicate banks, with China Trust Commercial Bank as the lead and managing bank. According to the appointment, the cash project fund appropriated by Kaohsiung Rapid Transit Corporation (KRTC, the proprietor) should be deposited to the lead bank's special account. Before moving and setting aside the project fund, FEGC must submit a detailed statement of expenditures to the managing bank, which will appropriate the project fund after processing and approving this statement. When the fund exceeds a certain amount, FEGC can buy bond fund or time deposit, but FEGC should pledge the above bond fund or time deposit as security for the managing bank. The contract was due in October 2007 and the special account was not restricted by then. As of December 31, 2006, remaining amount of the special account was NT\$74 thousand (US\$2 thousand), the account arranged under other financial assets - restricted assets.

12. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	<u>New Taiwan Dollars</u>				<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>		<u>2006</u>		<u>2007</u>	<u>2006</u>
	<u>Carrying Value</u>	<u>% of Ownership</u>	<u>Carrying Value</u>	<u>% of Ownership</u>	<u>Carrying Value</u>	<u>Carrying Value</u>
With no quoted market prices						
Yue Yuan Investment Corp.	\$ 637,577	19	\$ 637,577	19	\$ 19,660	\$ 19,660
Kai Yuang Fund	271,471	-	333,890	-	8,371	10,296
Kaohsiung Rapid Transit Corporation	200,000	2	200,000	2	6,167	6,167
Alberia & Orient Glycol Company Ltd.	195,430	25	224,483	25	6,026	6,922
Hantech Venture Capital Corp.	104,714	7	136,802	7	3,229	4,219
Chung Nan Textile Corp.	81,405	5	81,405	5	2,510	2,510
Nippon Parison Co.	70,424	10	12,615	10	2,172	389
Yi Tong Fiber Co., Ltd.	28,519	4	28,519	4	879	879
YaLi Precast and Pressed Concrete Industries Corp.	25,142	16	25,142	16	775	775
Taiwan Stock Exchange	22,493	-	22,493	-	694	694
VIBO Telecom Inc.	20,000	-	20,000	-	617	617
Ya Li Transport Corp.	16,240	10	16,240	10	501	501
Universal Venture Capital Investment Corporation	14,000	1	14,000	1	432	432
Thi Consultants Inc.	13,729	18	13,729	18	423	423
Overseas Investment Corp.	10,000	1	10,000	-	308	308
New Century InfoComm Tech Co. (NCIC)	-	-	5,833,978	16	-	179,894
Taiwan Fixed Network Co., Ltd.	-	-	21,000	-	-	648
Ideaculture Limited	-	-	14,076	18	-	434
Others	<u>27,056</u>		<u>27,056</u>		<u>834</u>	<u>834</u>
	1,738,200		7,673,005		53,598	236,602
Domestic private mutual fund	<u>250,000</u>		<u>100,000</u>		<u>7,709</u>	<u>3,084</u>
	<u>\$ 1,988,200</u>		<u>\$ 7,773,005</u>		<u>\$ 61,307</u>	<u>\$ 239,686</u>

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

Investment in Alberia & Orient Glycol Company Ltd. was accounted for by the cost method since the Group could not exercise significant influence over this investee although the Group owned more than 20% of his investees' voting stock.

The value of the cost-method investees had been considered impaired and the chance for recovery is little. Thus, a permanent decline loss on these investments was recognized in 2007 and 2006, as follows:

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
NCIC	\$ 48,879	\$ 536,115	\$ 1,507	\$ 16,531
Kai Yuang Trust Fund	<u>61,512</u>	<u>-</u>	<u>1,897</u>	<u>-</u>
	<u>\$ 110,391</u>	<u>\$ 536,115</u>	<u>\$ 3,404</u>	<u>\$ 16,531</u>

On December 29, 2005, the board of directors of Tai Ya International Telecommunications Co., Ltd. (TYIT) resolved to merge Mobitai communications Ltd. ("Mobitai") with TYIT, as the survivor company, in accordance with Article 19 of the Business Mergers and Acquisitions Act and set January 1, 2006 as the record date of the merger. Under the resolution of TYIT's board, the Company received NT\$167,863 thousand (US\$5,176 thousand) from Mobitai in exchange for Mobitai's 11,469 common shares (NT\$14.68 (US\$0.45) per share) held by the Company. The Company wrote off the investment in Mobitai and recognized a disposal gain of NT\$31,814 thousand (US\$981 thousand). However, the Company regarded Mobitai's purchase price as too low and raised an objection to Mobitai. Afterwards, the Company filed a lawsuit against TYIT. As of March 10, 2008, the date of the accompanying accountants' report, the lawsuit was pending before the Taipei district court.

New Century InfoComm Tech (NCIC) conducted stock reduction in August 2007. NT\$1,198,873 thousand (US\$36,968 thousand) was returned to the Company and its subsidiaries.

Hantech Venture Capital Corp. conducted stock reduction in November 2007. NT\$32,088 thousand (US\$989 thousand) was returned to the Company and its subsidiaries.

Far EasTone issued common shares to exchange for NCIC's common shares, and this share swap took place after NCIC's capital reduction. The Group thus indirectly gained significant influence on NCIC and changed the accounting method for its investment in NCIC into the equity method on December 31, 2007.

On September 25, 2006, Gallery Management Corp. made a stock reduction amounting to NT\$6,485 thousand (US\$200 thousand) and returned this amount to the Group.

13. EQUITY-METHOD INVESTMENTS

	New Taiwan Dollars				U.S. Dollars (Note 4)	
	2007		2006		2007	2006
	Carrying Value	% of Ownership	Carrying Value	% of Ownership	Carrying Value	Carrying Value
With quoted market prices						
Asia Cement Corp. (ACC)	\$ 15,368,690	27	\$ 14,032,631	30	\$ 473,903	\$ 432,705
Far Eastern Department Stores (FEDS)	4,965,770	21	4,597,627	23	153,123	141,771
Oriental Union Chemical Corp. (OUCC)	3,057,746	23	2,812,324	23	94,288	86,720
Far Eastern International Commercial Bank (FEIB)	2,470,668	12	2,577,519	14	76,185	79,479
Everest Textile Co., Ltd. (Everest Textile)	<u>1,292,905</u>	26	<u>1,228,416</u>	26	<u>39,867</u>	<u>37,879</u>
	<u>27,155,779</u>		<u>25,248,517</u>		<u>837,366</u>	<u>778,554</u>
With no quoted market prices						
New Century InfoComm Tech Co., Ltd. (NCIC) (Note 12)	10,648,225	40	-	-	328,345	-
Oriental Securities Corp.	5,725,845	46	5,360,166	46	176,560	165,284
Yuang Ding Co., Ltd.	4,376,870	50	3,474,308	50	134,964	107,133
Pacific Liu Tong Investment Co., Ltd.	2,651,420	40	2,432,902	41	81,759	75,021
Far Eastern International Leasing Corp. (FEILC)	1,729,247	33	1,405,774	32	53,323	43,349
Liquid Air Far East Co., Ltd.	1,113,303	35	1,089,099	35	34,329	33,583
Invista Far Eastern Co., Ltd.	959,542	21	1,415,538	21	29,588	43,649
Far Eastern-Invista Co., Ltd.	391,345	50	423,964	50	12,067	13,073
Far Eastern Leasing Corp.	382,207	46	382,344	46	11,786	11,790
Kowloon Cement Corp.	365,113	49	353,609	49	11,258	10,904
Freudenberg Far Eastern Spunweb Co., Ltd.	251,011	30	241,276	30	7,740	7,440
Da Ju Fiber Corp.	141,874	42	187,872	42	4,375	5,793
Yu Ding Industry Co., Ltd.	104,305	28	121,582	28	3,216	3,749
Ding Ding Hotel Corp.	58,939	19	53,748	19	1,817	1,657
Yue Ming Corp.	65,024	46	34,159	46	2,005	1,053
Com 2B Corp.	30,097	20	29,448	20	928	908
Ding Ding Integrated Marketing Service Co., Ltd.	17,300	15	26,790	15	533	826
iScreen	26,534	40	20,998	40	818	647
Other	<u>7,549</u>		<u>16,381</u>	-	<u>233</u>	<u>505</u>
	<u>29,045,750</u>		<u>17,069,958</u>		<u>895,644</u>	<u>526,364</u>
	<u>\$ 56,201,529</u>		<u>\$ 42,318,475</u>		<u>\$ 1,733,010</u>	<u>\$ 1,304,918</u>

Investments in Far Eastern International Commercial Bank, Ding Ding Hotel Corp., and Ding Ding Integrated Marketing Service Co. were accounted for by the equity method since the Group exercised significant influence over them although the Group owned less than 20% of each of these investees' voting stock.

The financial statements as of and for the years ended December 31, 2007 and 2006 that were used as the basis for calculating the carrying values of and related equity in net gains or losses of the foregoing equity-method investments had all been audited, except those of Hi Information Co., Ltd. (“HI”) as of and for the year ended December 31, 2006.

The market prices of equity-method investments in listed companies were NT\$54,429,317 thousand (US\$1,678,363 thousand) and NT\$36,956,944 thousand (US\$1,139,591 thousand) as of December 31, 2007 and 2006, respectively. They were calculated by the average closing prices on December 31, 2007, and the average closing prices of December 2006, respectively.

On January 23, 2007, Yuan Ding Investment Corp. (YDI, a Company subsidiary) sold to an unrelated party its holding of 84,000 thousand shares of Asia Cement Co., Ltd. (ACC) for NT\$2,734,372 thousand (US\$84,316 thousand), or about NT\$32.65 (US\$1) per share, to participate in ACC’s global depository receipts offering. Additionally in 2007, YDI disposed of 13,013 thousand shares of ACC for NT\$472,410 thousand (US\$14,567 thousand) and of 7,620 thousand shares of Far Eastern Department Store for NT\$298,408 thousand (US\$9,202 thousand).

In February, 2007, the Company and subsidiaries acquired 19,644 thousand shares totalling NT\$235,733 thousand (US\$7,269 thousand) through the issuance of stock by cash of Far Eastern Leasing Corp (F.E.L.C.). Thus, the combined ownership percentage of F.E.L.C. increased from 31.87% to 32.77%.

In their special meeting on October 5, 2006, the stockholders of Hi Information Co., Ltd. (“HI”) resolved to liquidate the company in accordance with the Company Law. The liquidation was completed on May 1, 2007. After HI’s first distribution of a cash capital return of NT\$4,939 thousand (US\$152 thousand) to ARCOA, HI still had non-cash assets held for sale amounting to NT\$3,980 thousand (US\$123 thousand). ARCOA estimated that the remaining recoverable capital was about NT\$1,087 thousand (US\$34 thousand), included in other current assets.

Far EasTone issued 100,637 thousand and 59,733 thousand common shares to exchange for 615,179 thousand and 365,137 thousand, respectively, of NCIC’s common shares. (This share swap took place after NCIC’s capital reduction, which resulted in the decrease in the equity of Infocom Holding Company Pte Ltd. and SingTel Taiwan Limited in NCIC.). The record date of the share swap was December 31, 2007, and the swap ratio was 1:6.11282174, with “1” pertaining to Far EasTone. The share swap was approved by the Financial Supervisory Commission under the Executive Yuan on December 26, 2007 and registered with the Ministry of Economic Affairs on January 14, 2008.

The difference between investment cost and equity in the investees’ net assets as of December 31, 2007 and 2006 is as follows:

	New Taiwan Dollars			
	Beginning Balance	Increase	Decrease	Ending Balance
<u>2007</u>				
Goodwill	\$ 620,698	\$ 209,938	\$ -	\$ 830,636
Amortizable assets	-	924,029	-	924,029
	<u>\$ 620,698</u>	<u>\$ 1,133,967</u>	<u>\$ -</u>	<u>\$ 1,754,665</u>
<u>2006</u>				
Goodwill	<u>\$ 557,130</u>	<u>\$ 63,610</u>	<u>\$ 42</u>	<u>\$ 620,698</u>

	U.S. Dollars (Note 4)			
	Beginning Balance	Increase	Decrease	Ending Balance
<u>2007</u>				
Goodwill	\$ 19,140	\$ 6,474	\$ -	\$ 25,614
Amortizable assets	<u>-</u>	<u>28,493</u>	<u>-</u>	<u>28,493</u>
	<u>\$ 19,140</u>	<u>\$ 34,967</u>	<u>\$ -</u>	<u>\$ 54,107</u>
<u>2006</u>				
Goodwill	<u>\$ 17,179</u>	<u>\$ 1,961</u>	<u>\$ 1</u>	<u>\$ 19,139</u>

14. PROPERTIES

a. Accumulated depreciation consisted of:

	New Taiwan Dollars		U.S. Dollars (Note 4)	
	2007	2006	2007	2006
Cost				
Buildings and equipment	\$ 5,970,601	\$ 5,752,813	\$ 184,107	\$ 177,392
Machinery and equipment	39,205,767	35,836,006	1,208,935	1,105,026
Operating equipment	64,537,629	56,087,808	1,990,059	1,729,504
Computer equipment	11,926,346	10,672,285	367,757	329,087
Leasehold improvements	1,280,754	1,148,623	39,493	35,419
Miscellaneous equipment	<u>4,264,608</u>	<u>3,658,179</u>	<u>131,502</u>	<u>112,802</u>
	<u>127,185,705</u>	<u>113,155,714</u>	<u>3,921,853</u>	<u>3,489,230</u>
Appreciation				
Buildings and equipment	246,222	145,585	7,592	4,489
Machinery and equipment	181,378	185,542	5,593	5,721
Miscellaneous equipment	<u>6,336</u>	<u>6,337</u>	<u>196</u>	<u>195</u>
	<u>433,936</u>	<u>337,464</u>	<u>13,381</u>	<u>10,405</u>
Total accumulated depreciation	<u>\$ 127,619,641</u>	<u>\$ 113,493,178</u>	<u>\$ 3,935,234</u>	<u>\$ 3,499,635</u>

Under government regulations, the Company revalued certain properties (excluding land) in 1983 and certain land in 1994 (including land presented as part of properties and properties leased to others - Note 11). The resulting appreciation was accounted for as an increase in the carrying value of the properties and properties leased to others. A reserve for land value increment tax was also recognized and the net appreciation was credited to unrealized revaluation increment on properties.

The Company and Asia Cement Corporation (ACC) co-own a parcel of land located on Tun-Hwa South Road in Taipei. Under an agreement with the Company and ACC dated March 31, 1989, Yuan Ding Investment Corporation ("Yuan Ding") constructed a building on this land. The parties further agreed that Yuan Ding use the land for 30 years. In exchange, the Company and ACC each received 12% of the usable area of the building. Upon expiration of the agreement, the Company and ACC will acquire from Yuan Ding the remaining 76% usable area of the building, with the acquisition price based on the book value of the building by that time.

On September 2, 2003, the Company transferred the real estate development rights (including those on operating and nonoperating properties and farmland) from investment department to its wholly owned subsidiary, Far Eastern Resources Development Co., Ltd., a newly set up company. When the contract described in the preceding paragraph is terminated, the Company and AAC will request Yuan Ding to transfer the property right of the co-owned building along with the real estate development right to Far Eastern Resources Development Co., Ltd.

b. Far Eastern Apparel Company (FEAC) rents copy machines under a capital lease agreement for three to four years. Total annual lease payments were NT\$1,045 thousand (US\$32 thousand) in 2007 and NT\$738 thousand (US\$23 thousand) in 2006.

c. The contracts of capital lease were summarized as follows:

Lessor	Properties	Payment Terms	Rental Paid			
			New Taiwan Dollars		U.S. Dollars (Note 4)	
			2007	2006	2007	2006
Far Eastern International Leasing Corp. - Far EasTone	Computer equipment	July 2004-June 2009 \$15,414 thousand annually	\$ 15,414	\$ 15,414	\$ 475	\$ 475
Far Eastern International Leasing Corp. - Far EasTone	Computer equipment	March 2006-February 2011 \$5,063 thousand annually	5,063	5,063	156	156
Far Eastern International Leasing Corp. - KG Telecom	Computer equipment	July 2004-June 2009 \$15,414 thousand annually	15,414	15,414	475	475
Far Eastern International Leasing Corp. - KG Telecom	Computer equipment	March 2006-February 2011 \$5,063 thousand annually	5,063	5,063	156	156
Far Eastern International Leasing Corp. - KGEx.com	Office equipment	November 2005-October 2008 \$16 thousand monthly	192	192	6	6
Far Eastern International Leasing Corp. - KGEx.com	Office equipment	September 2006-August 2009 \$5 thousand monthly	60	20	2	1
Taiwan Telecommunication Network Services Co., Ltd. - KGEx.com	Computer equipment	July 2005-June 2008 \$55 thousand monthly	660	660	21	21
			<u>\$ 41,866</u>	<u>\$ 41,826</u>	<u>\$ 1,291</u>	<u>\$ 1,290</u>

d. Capitalized interest on properties was as follows:

	New Taiwan Dollars		U.S. Dollars (Note 4)	
	2007	2006	2007	2006
Total interest expense	\$ 2,606,214	\$ 2,101,681	\$ 80,364	\$ 63,989
Less: Interest capitalized - interest rate: 1.56%-6.02% in 2007 and 1.32%-5.99% in 2006	<u>195,175</u>	<u>298,483</u>	<u>6,018</u>	<u>9,204</u>
Interest expense, net of amounts capitalized	<u>\$ 2,411,039</u>	<u>\$ 1,803,198</u>	<u>\$ 74,346</u>	<u>\$ 54,785</u>

Depreciation expenses were NT\$14,885,634 thousand (US\$459,008 thousand) in 2007 and NT\$14,961,795 thousand (US\$461,357 thousand) in 2006.

15. GOODWILL

If an investment acquisition cost exceeds the fair value of identifiable net assets acquired, and the source of this excess cannot be identified, this excess should be recorded as goodwill.

Under Statement of Financial Accounting Standards No. 35 - "Accounting for Asset Impairment," the Far EasTone and its subsidiaries are divided into three identifiable cash-generating units starting on January 1, 2005: Far EasTone, KG Telecom, ARCOA and Q-Ware Communication Corp. (Q-Ware).

On December 31, 2007, the carrying value of the tangible and intangible assets used by Far EasTone and its subsidiaries were NT\$68,221,128 thousand (US\$2,103,643 thousand). Far EasTone's management estimated the recoverable amount of core assets at their expected useful lives and thus based the cash flow forecast on discount rates of 13.38% (Far EasTone), 14.48% (KG Telecom), 15.6% (ARCOA) and 10.00% (Q-Ware). The operating revenue forecast is based on the expected future growth rate of the telecom industry along with the prospective advancement of the business. On the basis of the anticipated effective customer base and sales predictions, Far EasTone's management believes that the carrying amounts of these tangible and intangible assets will not exceed their recoverable amounts even if there are changes in the basic assumptions used to estimate recoverable amounts as long as these changes are reasonable.

The principal assumptions and the relevant measurement of the recoverable amounts of Far EastOne and its subsidiaries are summarized as follows:

- a. Expected future growth rate of the telecommunications industry
 - 1) Mobile voice service (MVS): The anticipated MVS growth rate is based on the actual effective customer base of the previous years and on assumptions that the 2G telecommunications services market is mature and there would be increased use of 3G telecommunications services. Therefore, the growth rate is expected to be stable.
 - 2) Mobile data service (MDS): The demand for MDS is expected to grow. However, given the cycle in the industry, the growth rate for MDS will gradually decrease annually.
 - 3) Business of selling cellular phone units: Based on past experience, plans and the trend in the overall market, the anticipated growth rate is expected to decrease.
- b. Expected ratio of service EBITDA (earnings before interest, taxes, depreciation and amortization) to operating revenue: The ratio was around 50% in 2007; this ratio is expected to decrease in future years.

As of December 31, 2007, recognized impairment loss of NT\$10,211 thousand (US\$315 thousand) was classified under nonoperating expenses and losses - others.

16. INTANGIBLE ASSETS - 3G CONCESSION, NET

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Cost	\$ 10,169,000	\$ 10,169,000	\$ 313,568	\$ 313,568
Accumulated amortization				
Beginning balance	1,400,521	669,814	43,186	20,654
Amortization	<u>730,707</u>	<u>730,707</u>	<u>22,532</u>	<u>22,532</u>
Ending balance	<u>2,131,228</u>	<u>1,400,521</u>	<u>65,718</u>	<u>43,186</u>
Intangible assets, net	<u>\$ 8,037,772</u>	<u>\$ 8,768,479</u>	<u>\$ 247,850</u>	<u>\$ 270,382</u>

17. FARMLAND

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Cost	\$ 232,121	\$ 248,104	\$ 7,158	\$ 7,650
Appreciation	<u>44,540</u>	<u>44,540</u>	<u>1,373</u>	<u>1,374</u>
Total cost and appreciation	<u>\$ 276,661</u>	<u>\$ 292,644</u>	<u>\$ 8,531</u>	<u>\$ 9,024</u>

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

18. SHORT-TERM BANK LOANS

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Unsecured loans: Interest - 1.85% to 6.57% in 2007 and 1.7300% to 6.9132% in 2006	\$ 12,851,042	\$ 13,021,852	\$ 396,270	\$ 401,537
Secured loans: Interest - 1.8%-2.965% in 2007 and 1.750% to 6.334% in 2006	2,781,538	2,465,479	85,771	76,025
Warrant loans: Interest - 1.732% to 6.48% in 2007 and 0.88%-6.08% in 2006	<u>1,865,154</u>	<u>1,887,295</u>	<u>57,513</u>	<u>58,196</u>
	<u>\$ 17,497,734</u>	<u>\$ 17,374,626</u>	<u>\$ 539,554</u>	<u>\$ 535,758</u>

19. COMMERCIAL PAPER

Commercial paper was issued at discounts ranging from 1.838% to 2.548% in 2007 and from 1.79% to 1.94% in 2006.

20. BILLINGS ON CONSTRUCTION-IN-PROGRESS (NET OF CONSTRUCTION-IN-PROGRESS)

Billings on construction-in-progress of Far Eastern General Contractor Inc. were as follows:

Contract Name	<u>New Taiwan Dollars</u>						
	<u>Contract Price</u>	<u>Estimated Construction Cost</u>	<u>Construction in Progress</u>	<u>Billings on Construction-in-progress</u>	<u>Percentage of Completion</u>	<u>Expected Completion Year</u>	<u>Recognized Cumulative Construction Profit (Loss)</u>
<u>December 31, 2007</u>							
Completed-contract method							
Hua Jiang Express	\$ 2,404,129	\$ 2,478,835	\$ 1,827,240	\$ 1,827,389	77	2009	\$ (74,706)
Zhong-Xiao Fu-Sing	311,638	292,940	274,706	294,998	88	2008	16,454
Ban-Shin	3,687,619	3,514,324	<u>1,037,215</u>	<u>1,087,843</u>	28	2010	<u>48,523</u>
			<u>\$ 3,139,161</u>	<u>3,210,230</u>			<u>\$ (9,729)</u>
				<u>\$ 71,069</u>			
<u>December 31, 2006</u>							
Completed-contract method							
Ya-Qi	\$ -	\$ -	\$ 9,444	\$ 9,761	-	2007	\$ -
Kaohsiung MRT Co-Construct	-	-	16,144	19,411	-	2007	-
Zhong-long	-	-	<u>13,423</u>	<u>13,983</u>	-	2007	-
			<u>\$ 39,011</u>	<u>43,155</u>			<u>\$ -</u>
				<u>\$ 4,144</u>			

U.S. Dollars (Note 4)

Contract Name	Contract Price	Estimated Construction Cost	Construction in Progress	Billings on Construction-in-progress	Percentage of Completion	Expected Completion Year	Recognized Cumulative Construction Profit
<u>December 31, 2007</u>							
Completed-contract method							
Hua Jiang Express	\$ 74,133	\$ 76,436	\$ 56,344	\$ 56,349	77	2009	\$ (2,304)
Zhong-Xiao Fu-Sing	9,610	9,033	8,471	9,096	88	2008	507
Ban-Shin	113,710	108,366	31,983	33,544	28	2010	1,497
			<u>\$ 96,798</u>	<u>98,989</u>			<u>\$ (300)</u>
				<u>\$ 2,191</u>			
<u>December 31, 2006</u>							
Completed-contract method							
Ya-Qi	\$ -	\$ -	\$ 290	\$ 299	-	2007	\$ -
Kaohsiung MRT Co-Construct	-	-	495	597	-	2007	-
Zhong-long	-	-	412	429	-	2007	-
			<u>\$ 1,197</u>	<u>1,325</u>			<u>\$ -</u>
				<u>\$ 128</u>			

21. LONG-TERM LIABILITIES

	New Taiwan Dollars			U.S. Dollars (Note 4)		
	Current	Long-term	Total	Current	Long-term	Total
<u>December 31, 2007</u>						
Long-term debts						
Bank loans	\$ 4,234,156	\$ 38,889,179	\$ 43,123,335	\$ 130,563	\$ 1,199,173	\$ 1,329,736
Commercial paper	-	4,044,201	4,044,201	-	124,706	124,706
	<u>4,234,156</u>	<u>42,933,380</u>	<u>47,167,536</u>	<u>130,563</u>	<u>1,323,879</u>	<u>1,454,442</u>
Bonds						
Nonconvertible bonds (local)	9,370,000	11,096,619	20,466,619	288,930	342,172	631,102
Exchange bonds	-	2,500,000	2,500,000	-	77,089	77,089
Exchange bonds discount	-	(274,320)	(274,320)	-	(8,459)	(8,459)
	-	2,225,680	2,225,680	-	68,630	68,630
	<u>9,370,000</u>	<u>13,322,299</u>	<u>22,692,299</u>	<u>288,930</u>	<u>410,802</u>	<u>699,732</u>
	<u>\$ 13,604,156</u>	<u>\$ 56,255,679</u>	<u>\$ 69,859,835</u>	<u>\$ 419,493</u>	<u>\$ 1,734,681</u>	<u>\$ 2,154,174</u>
<u>December 31, 2006</u>						
Long-term debts						
Bank loans	\$ 1,726,301	\$ 36,588,253	\$ 38,314,554	\$ 53,232	\$ 1,128,222	\$ 1,181,454
Commercial paper	-	999,457	999,457	-	30,819	30,819
	<u>1,726,301</u>	<u>37,587,710</u>	<u>39,314,011</u>	<u>53,232</u>	<u>1,159,041</u>	<u>1,212,273</u>
Bonds						
Nonconvertible bonds (local)	7,610,000	17,665,474	25,275,474	234,659	544,726	779,385
	<u>\$ 9,336,301</u>	<u>\$ 55,253,184</u>	<u>\$ 64,589,485</u>	<u>\$ 287,891</u>	<u>\$ 1,703,767</u>	<u>\$ 1,991,658</u>

The loan agreements provide for various repayment terms (quarterly or semiannual or lump sum on maturity), with all payments due by December 2010. Bank interest rates were 2.297% to 7.35% in 2007 and 1.5700% to 6.2525% in 2006.

Yuan Ding Investment corp. signed a revolving credit agreement with financial institutions to issue commercial papers in fixed interest rate on August 10, 2006. They reached an agreement to allow Yuan Ding Investment to reissue commercial papers within credit lines in three years, with 2.2% fixed interest rate.

Commercial paper with one-year maturity had floating interest rates ranging from 2.462% to 2.571% and as of December 31, 2007. Under a revolving credit agreement, a consortium of banks guaranteed the commercial paper to be reissued by the Group.

FETL issued five-year nonconvertible bonds (68th tranche) on June 26, 2002. The total face value of the bonds is NT\$2,000,000 thousand (US\$61,671 thousand), with each bond having a face value of NT\$1,000 thousand (US\$31 thousand). These bonds are repayable in lump sum on maturity. Interests are calculated quarterly at a single interest rate and repayable annually. The bonds were due and paid in June 2007.

FETL issued five-year nonconvertible bonds (69th tranche) on January 28, 2003. These bonds have an aggregate face value of NT\$1,000,000 thousand (US\$30,836 thousand), with each unit having a face value of NT\$1,000 thousand (US\$31 thousand). They are repayable in lump sum on maturity, with 0% interest calculated semiannually and paid annually.

The Company issued five-year nonconvertible bonds (70th tranche) on August 4 to 6, 2003. These bonds have an aggregate face value of NT\$2,000,000 thousand (US\$61,671 thousand), with each unit having a face value of NT\$10,000 thousand (US\$308 thousand). They are repayable in one lump sum on maturity, with 0% interest calculated semiannually and paid semiannually.

The Company issued five-year nonconvertible bonds (71st tranche) on October 22, 2003. These bonds have an aggregate face value of NT\$1,000,000 thousand (US\$30,836 thousand), with each unit having a face value of NT\$1,000 thousand (US\$31 thousand). They are repayable in one lump sum on maturity, with 0% interest calculated semiannually and paid annually.

FETL issued five-year nonconvertible bonds (72th tranche) on August 13, 2004. The total face value of the bond is NT\$1,500,000 thousand (US\$46,253 thousand), with each unit having a face value of NT\$10,000 thousand (US\$308 thousand). These bonds are repayable in lump sum on maturity, with 1.68% interest. Interest is calculated seasonally and paid annually.

To hedge the risk of interest rate fluctuation of nonconvertible bonds (69th, 70th, 71st and 72nd tranches), the Company entered into the interest rate swap contracts for nonconvertible bonds payable.

On September 14, 2007 the Company issued five-year unsecured exchangeable bonds amounting to NT\$2,500,000 thousand (US\$77,089 thousand), with 0% coupon rate and maturity on September 14, 2012. The bond is repayable in lump sum on maturity at a 2.512% interest rate. Under the Statement of Financial Accounting Standards No. 36 - "Financial Instruments: Disclosure and Presentation", the Company recognized the exchangeable call and put options and the liability on these bonds as separate assets (Note 6) and liabilities.

Other bond issuance terms are as follows:

a. Exchangeable period:

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

b. Exchange price

- 1) The exchange price was NT\$57.88 (US\$2.00) per share on the issuance date.

2) The exchange price of the issued bonds will be adjusted in any one of these situations: (a) if the convertible securities issued by ACC are exchanged into common stock; (b) if the common shares issued by ACC increase because of new share issuance for cash, appropriation of stock dividends from retained earnings, transfer of stock dividends to common stock from additional paid-in capital, stock bonus of employees, new share issuance due to mergers, stock splits, issuance of overseas depository receipts; etc.; (c) if securities with conversion rights or stock rights have a lower conversion or exercise price than the market price of ACC's stocks; (d) if the number of ACC's common shares decreases for reasons other than the write-off of treasury shares; or (e) if the ratio of cash dividends to the market value of the common stock is higher than 1.5%. The original exchange price of NT\$57.88 (US\$1.77) was unchanged as of December 31, 2007.

c. Call option:

If the closing price of ACC's shares on the Taiwan Stock Exchange for each of the 30 consecutive trading days is at least 150% of the exchange price between October 15, 2007, the 30th day after the ACC's share issuance date, and August 5, 2012, the 40th day before the maturity date of the exchangeable bond, the Company may redeem all the outstanding bonds at their principal amount within 30 trading days after this increase in closing price by sending to the bondholders a registered redemption notice, which is valid for one month from the date of the notice. However, if the bond principal amount is less than NT\$250,000 thousand (US\$7,709 thousand, 10% of the principal amount) the Company may redeem the outstanding bonds at any time after this decrease by also using the registered redemption notice.

d. Put option:

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

e. As of December 31, 2007, the amount of the outstanding exchangeable bonds, i.e., not yet exchanged into ACC's common shares, was still NT\$2,500,000 thousand (US\$77,089 thousand).

The Company made a two-part bond issuance, with the first issuance of three-year unsecured bonds on October 31, 2007. The bonds have an aggregate face value of NT\$800,000 thousand (US\$24,669 thousand), with each unit having a face value of NT\$1,000 thousand (US\$31 thousand). The bonds are repayable in lump sum on maturity, with 2.62% interest calculated and paid annually.

The Company made the second issuance on November 22, 2007. The bonds have an aggregate face value of NT\$2,000,000 thousand (US\$61,671 thousand), with each unit having a face value of NT\$1,000 thousand (US\$31 thousand). The bonds are repayable in lump sum on maturity, with 2.80% interest calculated and paid annually.

Yuan Ding Investment issued five- and seven-year nonconvertible bonds (6th tranche) on July 23 to 27, 2001, which have aggregate face values of NT\$1,000,000 thousand (US\$30,836 thousand) and NT\$1,000,000 thousand (US\$30,836 thousand), respectively, and each unit having a face value of NT\$1,000 thousand (US\$31 thousand). Redemptions are at a percentage of the face amount of the bonds, as follows: Type I (five-year) bond were due and paid, type II (seven-year) bond - 80% in July 2005 and 20% in July 2007, with interest rates of 4.0%, compounded annually.

Yuan Ding Investment issued five-year nonconvertible bonds (7th tranche) on July 8 to 9, 2002. These bonds have aggregate face values of NT\$1,000,000 thousand (US\$30,836 thousand), NT\$500,000 thousand (US\$15,418 thousand) and NT\$800,000 thousand (US\$24,669 thousand), with each unit having a face value of NT\$1,000 thousand (US\$31 thousand), semiannual interest of 3.7165% (NT\$1,000,000 thousand and NT\$500,000 thousand) and annual interest of 3.775% (NT\$800,000 thousand). Redemption are at a percentage of the face amount of the bonds, as follows: Type I (NT\$1,000,000 thousand) and Type II (NT\$500,000 thousand) - 15% in January 2006, 35% in January 2007, and 35% in July 2007; Type III (NT\$800,000 thousand) - 100% in 2007. Type I, Type II, and Type III bonds were paid and due as of December 31, 2007.

Yuan Ding Investment issued five-year nonconvertible bonds (8th tranche) on July 28 to 31, 2003. These bonds have aggregate face values of NT\$200,000 thousand (US\$6,167 thousand), NT\$200,000 thousand (US\$6,167 thousand), NT\$300,000 thousand (US\$9,251 thousand) and NT\$300,000 thousand (US\$9,251 thousand), with each unit having a face value of NT\$1,000 thousand (US\$31 thousand). They are repayable in lump sum on maturity, with 1.23% interest calculated and paid annually.

Yuan Ding Investment issued five-year nonconvertible bonds (9th tranche) on June 10, 2004. These bonds have an aggregate face value of NT\$500,000 thousand (US\$15,418 thousand) and NT\$500,000 thousand (US\$15,418 thousand), with each unit having a face value of NT\$10,000 thousand (US\$308 thousand). They are repayable in one lump sum on maturity, with 0% interest quarterly calculated and paid semiannually.

To hedge the risk of interest rate fluctuations of nonconvertible bonds (9th tranche), Yuan Ding Investment entered into the interest rate swap contracts for nonconvertible bonds payable.

Yuan Ding Investment issued three-year nonconvertible bonds (1st tranche) on January 20, 2005. These bonds have aggregate face values of NT\$500,000 thousand (US\$15,418 thousand), NT\$500,000 thousand (US\$15,418 thousand) and NT\$500,000 thousand (US\$15,418), with each unit having a face value of NT\$10,000 thousand (US\$308 thousand), annual interest of 1.984%, 1.985% and 1.986%, respectively and paid annually.

Yuan Ding Investment issued five-year nonconvertible bonds (2nd tranche) on June 13 to 16, 2005. These bonds have aggregate face values of NT\$500,000 thousand (US\$15,418 thousand), NT\$500,000 thousand (US\$15,418 thousand), NT\$500,000 thousand (US\$15,418 thousand) and NT\$500,000 thousand (US\$15,418 thousand), with each unit having a face value of NT\$10,000 thousand (US\$308 thousand), annual interest of 2.01% and paid annually.

Yuan Ding Investment issued three-year nonconvertible bonds (3rd tranche) on January 16, 2006. These bonds have aggregate face values of NT\$1,000,000 thousand (US\$30,836 thousand), with each unit having a face value of NT\$1,000 thousand (US\$31 thousand), annual interest of 2.0455% and paid annually.

Yuan Ding Investment issued three-year nonconvertible bonds (4th tranche) on June 22, 2006. These bonds have aggregate face values of NT\$800,000 thousand (US\$24,669 thousand), with each unit having a face value of NT\$1,000 thousand (US\$31 thousand), annual interest of 2.29% and paid annually.

Yuan Ding Investment issued five-year nonconvertible bonds (5th tranche) on October 11, 2006. These bonds, which are repayable annually, have an aggregate face value of NT\$2,000,000 thousand (US\$61,671 thousand), with each unit having a face value of NT\$1,000 thousand (US\$31 thousand) and annual interest of 2.30%. Maturity will be in 2010 and 2011, i.e., in two batches at NT\$1,000,000 thousand (US\$30,836 thousand) each.

Far EasTone's issuance of domestic bonds is summarized as follows:

a. Domestic unsecured bonds - 2nd - Far EasTone

These are five-year domestic unsecured bonds issued at par value from March 28, 2003 to April 3, 2003. The total face value of the bonds is NT\$1,470,000 thousand (US\$45,328 thousand), with a face value of NT\$1,000 thousand (US\$31 thousand) and interest rate of 2.6% in the first year and 3.2% minus USD six-month LIBOR rate from the second year to maturity, payable semiannually.

b. Domestic unsecured bonds - 3rd - Far EasTone

Three-year, four-year and five-year domestic unsecured bonds were issued at par value on December 12, 2003. The total face value of the bonds is NT\$3,000,000 thousand (US\$92,507 thousand), with a face value of NT\$5,000 thousand (US\$154 thousand) and annual interest rates of 1.83% (three-year bonds) and 1.92% (four-year bonds). The interest rate for five-year bonds is 5.2% minus USD six-month LIBOR rate if the LIBOR rate is greater than 1.05%; otherwise, the interest is at the LIBOR rate plus 1%, payable semiannually. Far EasTone should redeem the full amount when the bonds become due in 2006, 2007 and 2008. Far EasTone already repaid NT\$900,000 thousand (US\$27,752 thousand) on December 12, 2007 and 2006, respectively.

On January 4, 2007, a Company subsidiary, Far Eastern Construction Co., Ltd., entered into a NT\$4,000,000 thousand (US\$123,343 thousand) credit agreement with China Trust and seven other financial institutions. Far Eastern Construction Co., Ltd. mortgaged its land (Ban Ciao - New Section No. 9) amounting to NT\$4,800,000 thousand (US\$148,011 thousand) as first mortgage to the creditor banks. The agreement terms are as follows:

	Credit Line	Period	Interest Rate	Redemption
A	NT\$2,000,000 thousand (US\$ 61,671 thousand)	Three or six months after use of the credit	Reference interest rate plus 0.35%-0.40%	Revolving credit within the period, and redemption at lump sum on maturity
B	NT\$1,000,000 thousand (US\$ 30,836 thousand)	One year after use of the credit	Reference interest rate plus 0.30%	Revolving credit within the period, and redemption at lump sum on maturity
C	NT\$1,000,000 thousand (US\$ 30,836 thousand)	Three or six months after use of the credit	Reference interest rate plus 0.35%-0.40%	Not revolving credit within the period, and redemption at lump sum on maturity

Note: The reference interest rate is based on Taiwan's second market 90 days' commercial paper fixing rate on page 6165 of the monitor at 11:00 AM of Telerate.

As of December 31, 2007, FETL and its subsidiaries had unused credit lines aggregating NT\$55,017,164 thousand (US\$1,696,490 thousand), including NT\$1,800,000 thousand (US\$55,504 thousand) shared with Yuan Ding Investment Corp.

22. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The contract-related assets and liabilities of Far Eastern Construction Co., Ltd. and Far Eastern General Contractor Inc. are classified as current or noncurrent depending on the operating cycle.

Amounts expected to be received or paid within one year or less were as follows:

New Taiwan Dollars			
December 31, 2007			
	Within One Year	Over One Year	Total
Assets			
Accounts and notes receivable	\$ 113,509	\$ -	\$ 113,509
Receivable from related parties	44,131	-	44,131
Available-for-sale - land and building	20,070	-	20,070
Available for construction - land	-	620,013	620,013
Construction in progress, net	1,236,492	1,618,452	2,854,944
Liabilities			
Accounts and notes payable	795,514	5,685	801,199
Payable to affiliates	41,152	-	41,152
Advances on land and building	122,801	-	122,801
Billings on construction-in-progress method, net off construction-in-progress	20,292	50,777	71,069

New Taiwan Dollars			
December 31, 2006			
	Within One Year	Over One Year	Total
Assets			
Accounts and notes receivable	\$ 37,267	\$ -	\$ 37,267
Receivable from related parties	160	-	160
Available for construction - land	-	75,555	75,555
Construction in progress, net	2,938,933	1,309,363	4,248,296
Liabilities			
Accounts and notes payable	568,605	9,844	578,449
Payable to affiliates	109,183	-	109,183
Advances on land and building	280,434	98,622	379,056
Billings on construction-in-progress method, net off construction-in-progress	4,144	-	4,144

U.S. Dollars (Note 4)			
December 31, 2007			
	Within One Year	Over One Year	Total
Assets			
Accounts and notes receivable	\$ 3,500	\$ -	\$ 3,500
Receivable from affiliates	1,361	-	1,361
Available-for-sale - land and building	619	-	619
Available for construction - land	-	19,119	19,119
Construction in progress, net	38,128	49,906	88,034
Liabilities			
Accounts and notes payable	24,530	175	24,705
Payable to affiliates	1,269	-	1,269
Advances on land and building	3,787	-	3,787
Billings on construction-in-progress method, net off construction-in-progress	626	1,566	2,192

	U.S. Dollars (Note 4)		
	December 31, 2006		
	Within One Year	Over One Year	Total
Assets			
Accounts and notes receivable	\$ 1,149	\$ -	\$ 1,149
Receivable from affiliates	5	-	5
Available for construction - land	-	2,330	2,330
Construction in progress, net	90,624	40,375	130,999
Liabilities			
Accounts and notes payable	17,533	304	17,837
Payable to affiliates	3,367	-	3,367
Advances on land and building	8,647	3,041	11,688
Billings on construction-in-progress method, net off construction-in-progress	128	-	128

23. STOCKHOLDERS' EQUITY

Under government regulations, capital surplus from equity-method investments cannot be used to offset a deficit or be capitalized. In addition, capital surplus (including both paid-in capital in excess of par value and that arising from business combination and treasury stock) may be used to offset a deficit or transferred to capital as a stock dividend, with the transfer to be made within prescribed limits only.

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

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

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

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

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

The appropriation and distribution of the 2006 and 2005 earnings were approved by the stockholders on June 21, 2007 and June 13, 2006, respectively.

	New Taiwan Dollars			
	Appropriation and Distribution		Dividend Per Share (Dollars)	
	2006	2005	2006	2005
Legal reserve	\$ 829,288	\$ 820,944		
Cash dividend	5,654,807	4,103,633	\$1.3	\$1.0
Stock dividend	1,304,956	2,462,180	0.3	0.6
Remuneration of directors and supervisors	224,508	211,800		
Bonus of employees	<u>299,345</u>	<u>282,401</u>		
	<u>\$ 8,312,904</u>	<u>\$ 7,880,958</u>		

	U.S. Dollars (Note 4)			
	Appropriation and Distribution		Dividend Per Share (Dollars)	
	2006	2005	2006	2005
Legal reserve	\$ 25,572	\$ 25,314		
Cash dividend	174,371	126,538	\$0.04	\$0.03
Stock dividend	40,240	75,923	0.01	0.02
Remuneration of directors and supervisors	6,923	6,530		
bonus of employees	<u>9,230</u>	<u>8,708</u>		
	<u>\$ 256,336</u>	<u>\$ 243,013</u>		

As of December 31, 2007, stock dividend of NT\$1,304,956 thousand (US\$40,240 thousand) was included in stock dividend to be distributed. The effective date of this distribution is August 31, 2007 and it has registered for changes on September 19, 2007.

Had the above bonuses for employees and directors been distributed in cash and retroactively charged to net income in 2006 and 2005, the basic earnings per share (after tax) would have decreased from NT\$1.92 (US\$0.06) to NT\$1.80 (US\$0.06) for 2006 and from NT\$2.04 (US\$0.06) to NT\$1.92 (US\$0.06) for 2005.

As of March 10, 2007, the date of the accompanying auditors' report, the board of directors had not approved the proposal on the distribution of the 2006 earnings. Information on the appropriation of earnings can be accessed online through the Market Observation Post System on the Web site of the Taiwan Stock Exchange Corporation (<http://mops.tse.com.tw>).

Under the Income Tax Law, individual ROC resident stockholders are entitled to income tax credits upon the distribution of dividends from earnings generated starting January 1, 1998. The income tax credit is based on a creditable tax ratio determined on the date of dividend distribution.

24. INCOME TAX

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

Since 2005, the Company adopted the linked tax system for tax filing with subsidiary Far Eastern Resources Development Co., Ltd. The Company and Far Eastern Resources Development Co., Ltd. were included in this tax group in 2006.

Certain income tax information is as follows:

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
a. Income tax expense components:				
Income tax expenses - current	\$ 2,633,644	\$ 3,352,870	\$ 81,210	\$ 103,388
Income tax benefits - deferred	649,898	167,611	20,040	5,168
Prior year's adjustments	(9,530)	(34,889)	(294)	(1,076)
Income on short-term negotiable instruments subject to separate income tax 20%	34,617	15,448	1,066	477
10% undistributed earnings tax	5886	138,355	181	4,266
Investment tax credit	<u>(6,568)</u>	<u>(253,418)</u>	<u>(203)</u>	<u>(7,813)</u>
Income tax expense - current	<u>\$ 3,307,947</u>	<u>\$ 3,385,977</u>	<u>\$ 102,000</u>	<u>\$ 104,410</u>
b. Deferred income taxes:				
Deferred income tax assets - current, net (included in other current assets)				
Investment tax credit	\$ 26,841	\$ 3,971	\$ 828	\$ 123
Bad-debt expense in excess of the tax - deductible amount	736,880	954,072	22,722	29,420
Allowance for losses on inventories	223,996	247,744	6,907	7,639
Unrealized construction expense	4,296	7,084	133	218
Loss carryforwards	94,675	39,537	2,919	1,219
Unrealized contingent service expense	30,562	6,559	942	202
Unrealized exchange losses	16,447	6,783	507	209
Others	<u>36,469</u>	<u>27,464</u>	<u>1,125</u>	<u>847</u>
	1,170,166	1,293,214	36,083	39,877
Less: Valuation allowance	<u>(212,439)</u>	<u>(92,155)</u>	<u>(6,551)</u>	<u>(2,842)</u>
	957,727	1,201,059	29,532	37,035
Deferred income tax liability				
Unrealized exchange gains	<u>-</u>	<u>(177)</u>	<u>-</u>	<u>(5)</u>
	<u>\$ 957,727</u>	<u>\$ 1,200,882</u>	<u>\$ 29,532</u>	<u>\$ 37,030</u>
Noncurrent deferred income tax assets:				
Investment tax credit	\$ 312,078	\$ 271,429	\$ 9,623	\$ 8,370
Difference of depreciation	35,612	280,595	1,098	8,652
Accrued pension costs	491,381	454,242	15,152	14,007
Cumulative equity in the net loss of investees	129,305	296,524	3,987	9,143
Impairment losses on other assets	387,860	371,806	11,960	11,465
Loss carryforwards	944,958	839,604	29,138	25,890
Unrealized retirement loss of properties	2,328	18,495	72	570
Losses on investments in shares of stock	49,746	49,007	1,534	1,511
Unrealized valuation loss on financial assets	3,372	30,611	104	944

(Continued)

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	2007	2006	2007	2006
Deferred income - sale of building and land	\$ 29,723	\$ 29,862	\$ 917	\$ 921
Others	<u>3,118</u>	<u>1,920</u>	<u>96</u>	<u>59</u>
	2,389,481	2,644,095	73,681	81,532
Less: Valuation allowance	<u>(1,844,346)</u>	<u>(1,877,163)</u>	<u>(56,872)</u>	<u>(57,883)</u>
	<u>545,135</u>	<u>766,932</u>	<u>16,809</u>	<u>23,649</u>
Expected earnings appropriated from foreign investees	(25,000)	(25,000)	(771)	(771)
Goodwill amortization	(395,501)	(197,750)	(12,195)	(6,098)
Others	<u>-</u>	<u>(12,805)</u>	<u>-</u>	<u>(395)</u>
	<u>(420,501)</u>	<u>(235,555)</u>	<u>(12,966)</u>	<u>(7,264)</u>
Deferred income tax assets	<u>\$ 124,634</u>	<u>\$ 531,377</u>	<u>\$ 3,843</u>	<u>\$ 16,385</u>

(Concluded)

c. Unused investment tax credits and loss carryforwards as of December 31, 2006:

FETL

Regulatory Basis of Tax Credits	Items	<u>New Taiwan Dollars</u>		
		Deductible Amount	Remaining Deductible Amount	Expiry Year
Statute for Upgrading Industries	Purchase of automated machinery and equipment	\$ 152,026	\$ 152,026	2010
	Research development	149,001	149,001	2010
	Personnel training	6,168	6,168	2010
	Others	<u>3,603</u>	<u>3,603</u>	2009
		<u>\$ 310,798</u>	<u>\$ 310,798</u>	

Regulatory Basis of Tax Credits	Items	<u>U.S. Dollars (Note 4)</u>		
		Deductible Amount	Remaining Deductible Amount	Expiry Year
Statute for Upgrading Industries	Purchase of automated machinery and equipment	\$ 4,688	\$ 4,688	2010
	Research development	4,595	4,595	2010
	Personnel training	190	190	2010
	Others	<u>111</u>	<u>111</u>	2009
		<u>\$ 9,584</u>	<u>\$ 9,584</u>	

Far EasTone

Regulatory Basis of Tax Credits	Items	<u>New Taiwan Dollars</u>		
		Total Investment Tax Credits	Unused Investment Tax Credits	Expiry Year
Statute for Upgrading Industries	Purchase of automated equipment or technology	<u>\$ 26,841</u>	<u>\$ 26,841</u>	2008

Regulatory Basis of Tax Credits	Items	<u>U.S. Dollars (Note 4)</u>		Expiry Year
		Total Investment Tax Credits	Unused Investment Tax Credits	
Statute for Upgrading Industries	Purchase of automated equipment or technology	\$ <u>828</u>	\$ <u>828</u>	2008

Net operating income generated from the use of switches and cell sites acquired from January 1, 2000 to June 26, 2002 is exempt from income tax from June 26, 2002 to June 25, 2007.

ARCOA

Regulatory Basis of Tax Credits	Items	<u>New Taiwan Dollars</u>		Expiry Year
		Total Investment Tax Credits	Unused Investment Tax Credits	
Statute for Upgrading Industries	Personnel training expenses	\$ 623	\$ 623	2009
	Personnel training expenses	<u>487</u>	<u>487</u>	2010
		<u>\$ 1,110</u>	<u>\$ 1,110</u>	

Regulatory Basis of Tax Credits	Items	<u>U.S. Dollars (Note 4)</u>		Expiry Year
		Total Investment Tax Credits	Unused Investment Tax Credits	
Statute for Upgrading Industries	Personnel training expenses	\$ 19	\$ 19	2009
	Personnel training expenses	<u>15</u>	<u>15</u>	2010
		<u>\$ 34</u>	<u>\$ 34</u>	

Oriental Resources Development Ltd.

Regulatory Basis of Tax Credits	Items	<u>New Taiwan Dollars</u>		Expiry Year
		Total Investment Tax Credits	Unused Investment Tax Credits	
Statute for Upgrading Industries	Machinery equipment	\$ <u>170</u>	\$ <u>170</u>	2011

Regulatory Basis of Tax Credits	Items	<u>U.S. Dollars (Note 4)</u>		Expiry Year
		Total Investment Tax Credits	Unused Investment Tax Credits	
Statute for Upgrading Industries	Machinery equipment	\$ <u>5</u>	\$ <u>5</u>	2011

d. Loss carryforwards as of December 31, 2007 were as follows:

Expiry Year	New Taiwan Dollars			
	ARCOA	KGEx.com	Q-Ware	Far EastTron Co.
2008	\$ -	\$ 53,341	\$ -	\$ -
2009	-	70,079	-	-
2010	37,046	37,056	-	2,716
2011	50,252	48,574	-	10,521
2012	<u>3,618</u>	<u>46,614</u>	<u>69,049</u>	<u>15,340</u>
	<u>\$ 90,916</u>	<u>\$ 255,664</u>	<u>\$ 69,049</u>	<u>\$ 28,577</u>

Expiry Year	New Taiwan Dollars			
	Far Eastern Electronic Toll Collection Co., Ltd.	Far Eastern Construction Co.	An Ho Garment Co., Ltd.	Oriental Resources Development Ltd.
2008	\$ 15,619	\$ 21,296	\$ 2,016	\$ 2,403
2009	44,022	-	-	3,603
2010	80,524	17,947	-	5,680
2011	223,263	5,692	-	5,063
2012	<u>163,977</u>	<u>-</u>	<u>-</u>	<u>4,322</u>
	<u>\$ 527,405</u>	<u>\$ 44,935</u>	<u>\$ 2,016</u>	<u>\$ 21,071</u>

Expiry Year	U.S. Dollars (Note 4)			
	ARCOA	KGEx.com	Q-Ware	Far EastTron Co.
2008	\$ -	\$ 1,645	\$ -	\$ -
2009	-	2,161	-	-
2010	1,142	1,143	-	84
2011	1,550	1,498	-	324
2012	<u>111</u>	<u>1,437</u>	<u>2,129</u>	<u>473</u>
	<u>\$ 2,803</u>	<u>\$ 7,884</u>	<u>\$ 2,129</u>	<u>\$ 881</u>

Expiry Year	U.S. Dollars (Note 4)			
	Far Eastern Electronic Toll Collection Co., Ltd.	Far Eastern Construction Co.	An Ho Garment Co., Ltd.	Oriental Resources Development Ltd.
2008	\$ 482	\$ 657	\$ 62	\$ 74
2009	1,357	-	-	111
2010	2,483	553	-	175
2011	6,885	176	-	156
2012	<u>5,056</u>	<u>-</u>	<u>-</u>	<u>134</u>
	<u>\$ 16,263</u>	<u>\$ 1,386</u>	<u>\$ 62</u>	<u>\$ 650</u>

e. Information on the Integrated Income Tax System:

	New Taiwan Dollars				
	FETL	Fu Kwok Garment Manu- facturing Co.	Ding Ding Management Consulting Ltd.	Da Ju Fiber Co., Ltd.	Yuan Ding Investment
Year-end balances of imputation credit account (ICA)					
December 31, 2007	\$ 457,845	\$ 12,638	\$ -	\$ -	\$ 303,253
December 31, 2006	<u>\$ 304,881</u>	<u>\$ 11,012</u>	<u>\$ 4,844</u>	<u>\$ 7,606</u>	<u>\$ 249,616</u>
Creditable tax ratios of imputation tax credits to undistributed earnings					
2007 (estimated)	3.52%	37.85%	-	-	4.19%
2006 (actual)	19.5%	33.33%	33.8%	26.1%	18.57%
Unappropriated earnings (up to 1997)					
December 31, 2007	\$ -	\$ -	\$ -	\$ -	\$ 1,114,000
December 31, 2006	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,032</u>	<u>\$ 27,092</u>	<u>\$ 1,114,000</u>
Latest year of income tax return that tax authorities had examined and cleared	2005	2004	2004	2004	2005

	New Taiwan Dollars				
	Far EasTone Telecom- munications Co., Ltd.	Yuan Faun Ltd.	Far Eastern Apparel Co., Ltd.	KG Telecom	Yuan Cheng Human Resources Consultant Corp.
Year-end balances of imputation credit account (ICA)					
December 31, 2007	\$ 201,975	\$ 14,188	\$ 9,201	\$ 9,856	\$ 566
December 31, 2006	<u>\$ 247,789</u>	<u>\$ 13,003</u>	<u>\$ 9,201</u>	<u>\$ 5,052</u>	<u>\$ 535</u>
Creditable tax ratios of imputation tax credits to undistributed earnings					
2007 (estimated)	1.61%	43.14%	-	0.25%	33.33%
2006 (actual)	20.74%	-	-	0.31%	33.33%
Unappropriated earnings (up to 1997)					
December 31, 2007	\$ -	\$ -	\$ -	\$ -	\$ -
December 31, 2006	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Latest year of the returns examined and cleared by the tax authorities	2004	2005	2005	2003	2005

	New Taiwan Dollars				
	Kai Yuan International Investment Co.	Ding Yuan International Investment Corp.	Yuan Tone Investment Corp.	An Ho Garment Co., Ltd.	Far Eastern Resources Development Co.
Year-end balances of imputation credit account (ICA)					
December 31, 2007	\$ -	\$ -	\$ 9,844	\$ 13,896	\$ 1,234
December 31, 2006	<u>\$ 12,130</u>	<u>\$ 37,730</u>	<u>\$ 3,214</u>	<u>\$ 5,150</u>	<u>\$ 212</u>
Creditable tax ratios of imputation tax credits to undistributed earnings					
2007 (estimated)	-	-	4.04%	4.89%	0.52%
2006 (actual)	33.36%	33.33%	22.84%	16.80%	0.28%
Unappropriated earnings (up to 1997)					
December 31, 2007	\$ -	\$ -	\$ -	\$ -	\$ -
December 31, 2006	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Latest year of the returns examined and cleared by the tax authorities	2005	2005	2005	2005	2005

New Taiwan Dollars					
	ARCOA	Far Eastern Electronic Toll Collection Co., Ltd.	Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	Oriental Resources Development Ltd.
Year-end balances of imputation credit account (ICA)					
December 31, 2007	\$ 11,595	\$ 1,823	\$ 1,259	\$ 9,848	\$ -
December 31, 2006	\$ 4,021	\$ 1,823	\$ 38,630	\$ 16,534	\$ -
Creditable tax ratios of imputation tax credits to undistributed earnings					
2007 (estimated)	-	-	0.35%	9.61%	-
2006 (actual)	-	-	15.66%	21.98%	-
Unappropriated earnings (up to 1997)					
December 31, 2007	\$ -	\$ -	\$ 64,872	\$ 906	\$ -
December 31, 2006	\$ -	\$ -	\$ 64,872	\$ 2,026	\$ -
Latest year of the returns examined and cleared by the tax authorities	2004	2005	2005	2005	2005

U.S. Dollars (Note 4)					
	FETL	Fu Kwok Garment Manu- facturing Co.	Ding Ding Management Consulting Ltd.	Da Ju Fiber Co., Ltd.	Yuan Ding Investment
Year-end balances of imputation credit account (ICA)					
December 31, 2007	\$ 14,118	\$ 390	\$ -	\$ -	\$ 9,351
December 31, 2006	\$ 9,401	\$ 340	\$ 149	\$ 235	\$ 7,697
Creditable tax ratios of imputation tax credits to undistributed earnings					
2007 (estimated)	3.52%	37.85%	-	-	4.19%
2006 (actual)	19.5%	33.33%	33.8%	26.1%	18.57%
Unappropriated earnings (up to 1997)					
December 31, 2007	\$ -	\$ -	\$ -	\$ -	\$ 34,351
December 31, 2006	\$ -	\$ -	\$ 217	\$ 835	\$ 34,351
Latest year of income tax return that tax authorities had examined and cleared	2005	2004	2004	2004	2005

U.S. Dollars (Note 4)					
	Far EasTone Telecom- munications Co., Ltd.	Yuan Faun Ltd.	Far Eastern Apparel Co., Ltd.	KG Telecom	Yuan Cheng Human Resources Consultant Corp.
Year-end balances of imputation credit account (ICA)					
December 31, 2007	\$ 6,228	\$ 438	\$ 284	\$ 304	\$ 17
December 31, 2006	\$ 7,641	\$ 401	\$ 284	\$ 156	\$ 17
Creditable tax ratios of imputation tax credits to undistributed earnings					
2007 (estimated)	1.61%	43.14%	-	0.25%	33.33%
2006 (actual)	20.74%	-	-	0.31%	33.33%
Unappropriated earnings (up to 1997)					
December 31, 2007	\$ -	\$ -	\$ -	\$ -	\$ -
December 31, 2006	\$ -	\$ -	\$ -	\$ -	\$ -
Latest year of the returns examined and cleared by the tax authorities	2004	2005	2005	2003	2005

	U.S. Dollars (Note 4)				
	Kai Yuan International Investment Co.	Ding Yuan International Investment Corp.	Yuan Tone Investment Corp.	An Ho Garment Co., Ltd.	Far Eastern Resources Development Co.
Year-end balances of imputation credit account (ICA)					
December 31, 2007	\$ -	\$ -	\$ 304	\$ 428	\$ 38
December 31, 2006	\$ 374	\$ 1,163	\$ 99	\$ 159	\$ 7
Creditable tax ratios of imputation tax credits to undistributed earnings					
2007 (estimated)	-	-	4.04%	4.89%	0.52%
2006 (actual)	33.36%	33.33%	22.84%	16.80%	0.28%
Unappropriated earnings (up to 1997)					
December 31, 2007	\$ -	\$ -	\$ -	\$ -	\$ -
December 31, 2006	\$ -	\$ -	\$ -	\$ -	\$ -
Latest year of the returns examined and cleared by the tax authorities	2005	2005	2005	2005	2005

	U.S. Dollars (Note 4)				
	ARCOA	Far Eastern Electronic Toll Collection Co., Ltd.	Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	Taiwan Recycling Corp.
Year-end balances of imputation credit account (ICA)					
December 31, 2007	\$ 358	\$ 56	\$ 39	\$ 304	\$ -
December 31, 2006	\$ 124	\$ 56	\$ 1,191	\$ 510	\$ -
Creditable tax ratios of imputation tax credits to undistributed earnings					
2007 (estimated)	-	-	0.35%	9.61%	-
2006 (actual)	-	-	15.66%	21.98%	-
Unappropriated earnings (up to 1997)					
December 31, 2007	\$ -	\$ -	\$ 2,000	\$ 28	\$ -
December 31, 2006	\$ -	\$ -	\$ 2,000	\$ 62	\$ -
Latest year of the returns examined and cleared by the tax authorities	2004	2005	2005	2005	2005

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

The Group used the tax rate of 25% to compute deferred tax as of December 31, 2006 and December 31, 2007.

e. The reexamination status of income tax returns is as follows:

- 1) The tax authorities assessed an additional tax on Far EasTone's income tax returns for 2000 to 2004. Far EasTone filed an appeal for the reexamination of its returns; nevertheless, it accrued the related tax.
- 2) The income tax returns through 2002 of the former KG Telecom had been examined by the tax authorities. However, KG Telecom had filed appeals for the reexamination of returns from 2000 to 2002 and nevertheless accrued the related tax.
- 3) ARCOA filed appeals for the reexamination of its 2003 and 2002 returns and nevertheless, it accrued the related tax.

- 4) For its unappropriated earnings of 1998 that FECC had declared and been examined by the tax authorities, FECC should pay an additional tax of about NT\$7,212 thousand (US\$222 thousand). FECC paid this amount in 2002 although it was unwilling to accept the authorities' assessment. It has then filed an administrative appeal. However, on August 10, 2006, the Supreme Administrative Court ruled in favor of the tax authorities, resulting in FECC's loss on this lawsuit.

25. FACTORING OF NONPERFORMING ACCOUNTS RECEIVABLE

Far EasTone and KG Telecom wrote off certain overdue/nonperforming accounts receivables. Under agreements signed in March 2007 and 2006, Far EasTone and KG Telecom factored these receivables, i.e., sold them without recourse, to an asset management company. Thus, Far EasTone and KG Telecom was no longer responsible for collecting these receivables.

Related information as of December 31, 2007 and 2006 were as follows:

Counter Party	Amount of Accounts Receivables Sold		Proceeds from Sale of Accounts Receivable	
	New Taiwan Dollars	U.S. Dollars (Note 4)	New Taiwan Dollars	U.S. Dollars (Note 4)
<u>Year ended December 31, 2007</u>				
Hui Cheng First Asset Management Co., Ltd.				
- Far EasTone	\$ 1,158,871	\$ 35,735	\$ 26,979	\$ 832
Hui Cheng First Asset Management Co., Ltd.				
- KG Telecom	<u>1,864,698</u>	<u>57,499</u>	<u>29,285</u>	<u>903</u>
	<u>\$ 3,023,569</u>	<u>\$ 93,234</u>	<u>\$ 56,264</u>	<u>\$ 1,735</u>
<u>Year ended December 31, 2006</u>				
Hui Cheng First Asset Management Co., Ltd.				
- KG Telecom	<u>\$ 679,069</u>	<u>\$ 20,940</u>	<u>\$ 23,862</u>	<u>\$ 736</u>

26. EMPLOYEE, DEPRECIATION AND AMORTIZATION EXPENSES

	2007					
	New Taiwan Dollars			U.S. Dollars (Note 4)		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee expenses						
Salaries	\$ 3,911,179	\$ 3,817,871	\$ 7,729,050	\$ 120,604	\$ 117,727	\$ 238,330
Insurance	254,693	263,700	518,393	7,853	8,131	15,985
Pension	289,928	267,220	557,148	8,940	8,240	17,180
Miscellaneous	<u>313,917</u>	<u>400,231</u>	<u>714,148</u>	<u>9,680</u>	<u>12,341</u>	<u>22,021</u>
	<u>\$ 4,769,717</u>	<u>\$ 4,749,022</u>	<u>\$ 9,518,739</u>	<u>\$ 147,077</u>	<u>\$ 146,439</u>	<u>\$ 293,516</u>
Depreciation	<u>\$ 13,180,143</u>	<u>\$ 1,705,491</u>	<u>\$ 14,885,634</u>	<u>\$ 406,418</u>	<u>\$ 52,590</u>	<u>\$ 459,008</u>
Amortization	<u>\$ 24,926</u>	<u>\$ 211,897</u>	<u>\$ 236,823</u>	<u>\$ 769</u>	<u>\$ 6,534</u>	<u>\$ 7,303</u>

	2006					
	New Taiwan Dollars			U.S. Dollars (Note 4)		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee expenses						
Salaries	\$ 3,494,951	\$ 3,502,523	\$ 6,997,474	\$ 107,768	\$ 108,003	\$ 215,771
Insurance	239,000	266,997	505,997	7,370	8,233	15,603
Pension	344,671	274,268	618,939	10,628	8,457	19,085
Miscellaneous	<u>168,142</u>	<u>324,331</u>	<u>492,473</u>	<u>5,185</u>	<u>10,001</u>	<u>15,186</u>
	<u>\$ 4,246,764</u>	<u>\$ 4,368,119</u>	<u>\$ 8,614,883</u>	<u>\$ 130,951</u>	<u>\$ 134,694</u>	<u>\$ 265,645</u>
Depreciation	<u>\$ 12,368,188</u>	<u>\$ 2,593,607</u>	<u>\$ 14,961,795</u>	<u>\$ 381,381</u>	<u>\$ 79,976</u>	<u>\$ 461,357</u>
Amortization	<u>\$ 41,195</u>	<u>\$ 359,749</u>	<u>\$ 400,944</u>	<u>\$ 1,270</u>	<u>\$ 11,093</u>	<u>\$ 12,363</u>

27. EARNINGS PER SHARE

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

	New Taiwan Dollars					
	Amounts (Numerator)		Shares in Thousands (Denominator)	Earnings Per Share		
	Income Before Income Tax	Net Income		Income Before Tax	Net Income	
<u>2007</u>						
Basic EPS	<u>\$11,273,814</u>	<u>\$11,367,097</u>	<u>4,480,347</u>	<u>\$ 2.52</u>	<u>\$ 2.54</u>	
<u>2006</u>						
Basic EPS	<u>\$ 8,309,973</u>	<u>\$ 8,337,183</u>	<u>4,480,347</u>	<u>\$ 1.85</u>	<u>\$ 1.86</u>	
	U.S. Dollars (Note 4)					
	Amounts (Numerator)		Shares in Thousands (Denominator)	Earnings Per Share		
	Income Before Income Tax	Net Income		Income Before Tax	Net Income	
<u>2007</u>						
Basic EPS	<u>\$ 347,635</u>	<u>\$ 350,512</u>	<u>4,480,347</u>	<u>\$ 0.08</u>	<u>\$ 0.08</u>	
<u>2006</u>						
Basic EPS	<u>\$ 256,243</u>	<u>\$ 257,082</u>	<u>4,480,347</u>	<u>\$ 0.06</u>	<u>\$ 0.06</u>	

The stock dividends distributed had been considered in calculating the 2006 basic EPS, which would resulted in the EPS before tax and after tax decrease from NT\$1.91 (US\$0.06) to NT\$1.85 (US\$0.06) and NT\$1.92 (US\$0.06) to NT\$1.86 (US\$0.06), respectively.

28. PENSION PLAN

- a. Except for FETL, Far EasTone, KG Telecommunication Co., Ltd., KGEx.com, ARCOA Communication Co., Ltd., Yuan Cing Co., Ltd., Far EasTron, Q-Ware, Far Eastern Apparel Company, Oriental Resources Development Ltd., Yuan Faun Ltd., Yuan Cheng Human Resources Consultant Corp., Fu-Kwok Knitting & Garment Co., Ltd., Far Eastern Construction Co., Ltd., Far Eastern General Contractor Inc. and FETC in 2007 and 2006, these entities included in the consolidation have no pension plan. Under their government's regulations, subsidiaries incorporated in mainland China had recognized pension costs. Other holding companies have no pension plans because they do not have employees.
- b. The Labor Pension Act (the "Act") took effect on July 1, 2005. This Act provides for a defined contribution plan featuring a portable pension. Company employees who were subject to the Labor Standards Law before the enforcement of the Act were allowed to choose to remain to be subject to the pension mechanism under the Labor Standards Law or to be subject instead to the pension mechanism under the Act, with their service years accumulated before the enforcement of this Act to be retained. Those hired on and after July 1, 2005 are automatically subject to the Act.
- c. Based on the Act, the Company's monthly rate of contributions to the pension fund from July 1, 2005 is at 6% of monthly salaries and wages. The pension costs under the defined contribution plan in 2007 and 2006 were NT\$219,324 thousand (US\$6,763 thousand) and NT\$200,725 thousand (US\$6,189 thousand) respectively. The subsidiary, Far Eastern Tech-Info (Shanghai) Ltd., under its government's regulations had recognized pension costs of NT\$4,256 thousand (US\$131 thousand) and NT\$3,320 thousand (US\$102 thousand) in 2007 and 2006, respectively.
- d. The Company, Far EasTone, KG Telecom, KGEx.com, ARCOA, Yuan Cing, Far EasTron, Q-Ware, Far Eastern Apparel Co., Ltd., Oriental Resources Development Ltd., Yuan Faun Ltd. and Yuan Cheng Human Resources Consultant Corp., Fu Kwok Garment Manufacturing Co., Far Eastern Construction Co., Ltd., Far Eastern General Contractor Inc. and Far Eastern Electronic Toll Collection Co., Ltd. in 2007 and 2006, have a defined benefit pension plan for all regular employees, as required under the Labor Standards Law. These companies accrue pension costs based on actuarial calculations and make monthly contributions, at 2% of salaries and wages, (but 3.4% for Far Eastern Apparel Co., Ltd., 4% for Ding Ding Management Consulting Ltd. and the Company and 0% for Yuan Faun Ltd. and Yuan Cheng Human Resources Consultant Corp.) to their respective pension funds, which are administered by each pension plan committee and deposited in each committee's name in the Bank of Taiwan (the former appointed Central Trust of China was incorporated into Bank of Taiwan in 2007).

For a Company subsidiary, Far Eastern Apparel Co., Ltd. (FEAC), some of the employees who retired in 2007 and 2006 used to work for the Company. Thus, the Company paid FEAC NT\$1,780 thousand (US\$55 thousand) in 2007 and NT\$3,532 thousand (US\$109 thousand) in 2006 for the accrued pension based on the retirees' service periods. FEAC recorded the Company's payment as other income and recorded its (FEAC) own pension payments as other expense.

Other information on the defined benefit pension is as follows:

a. Net pension cost consisted of:

2007

	FETL	Far EastTone (Including KG Telecom, KGEx.com Co., Ltd.	Far Eastern Apparel Company	Oriental Resources Development Ltd.
Service cost	\$ 126,173	\$ 30,579	\$ 3,558	\$ 28
Interest cost	123,866	28,567	1,495	61
Expected return on pension assets	(136,872)	(11,405)	(978)	(96)
Amortization of net transition obligations (assets) and unrecognized pension loss (gain)	132,185	12,120	(89)	(78)
Deferred pension cost	-	-	-	-
Curtailment and settlement gains	-	-	-	-
Net pension cost (benefit)	<u>\$ 245,352</u>	<u>\$ 59,861</u>	<u>\$ 3,986</u>	<u>\$ (85)</u>
	Far Eastern Electronic Toll Collection Co., Ltd.	Fu Kwok Garment Manufacturing Co.	ARCOA	Yuan Cheng Human Resources Consultant Corp.
Service cost	\$ -	\$ 644	\$ 524	\$ 119
Interest cost	118	545	1,218	29
Expected return on pension assets	(61)	(1,072)	(1,589)	(138)
Amortization of net transition obligations (assets) and unrecognized pension loss (gain)	-	(105)	422	(228)
Deferred pension cost	-	-	-	-
Curtailment and settlement gains	-	-	-	-
Net pension cost (benefit)	<u>\$ 57</u>	<u>\$ 12</u>	<u>\$ 575</u>	<u>\$ (218)</u>
	Far Eastern Constructions Co., Ltd.	Far Eastern General Contractor Inc.	Yuan Faun Ltd.	Far Eastern Resources Development Co.
Service cost	\$ 306	\$ 1,687	\$ 46	\$ 105
Interest cost	486	1,804	7	14
Expected return on pension assets	(40)	(189)	6	-
Amortization of net transition obligations (assets) and unrecognized pension loss (gain)	965	1,271	2	23
Deferred pension cost	-	-	-	-
Curtailment and settlement gains	-	-	-	-
Net pension cost (benefit)	<u>\$ 1,717</u>	<u>\$ 4,573</u>	<u>\$ 61</u>	<u>\$ 142</u>

2006

	Far EastTone (Including KG Telecom, KGE.com Co., Ltd., Far EasTron and Yuan Cing)			
	FETL	Far Eastern Apparel Company	KGEx.com	
Service cost	\$ 130,220	\$ 30,912	\$ 3,729	\$ 284
Interest cost	130,468	26,078	1,897	159
Expected return on pension assets	(92,317)	(10,851)	(1,169)	(164)
Amortization of net transition obligations (assets) and unrecognized pension loss (gain)	169,279	8,162	248	(302)
Deferred pension cost	-	-	-	-
Curtailment and settlement gains	-	-	-	-
Net pension cost (benefit)	<u>\$ 337,650</u>	<u>\$ 54,301</u>	<u>\$ 4,705</u>	<u>\$ (23)</u>
	Yuan Cheng Human Resources Consultant Corp.			
	ARCOA	Fu Kwok Garment Manufacturing Co.	Far Eastern Electronic Toll Collection Co., Ltd.	Yuan Cheng Human Resources Consultant Corp.
Service cost	\$ 485	\$ 2,672	\$ -	\$ 100
Interest cost	988	1,569	137	26
Expected return on pension assets	(1,192)	(2,339)	(30)	(172)
Amortization of net transition obligations (assets) and unrecognized pension loss (gain)	65	(300)	8	(228)
Deferred pension cost	-	-	-	-
Curtailment and settlement gains	-	6,186	-	-
Net pension cost (benefit)	<u>\$ 346</u>	<u>\$ 7,788</u>	<u>\$ 115</u>	<u>\$ (274)</u>
	Ding Ding Management Consulting Ltd.			
	Far Eastern Constructions Co., Ltd.	Far Eastern General Contractor Inc.	Yuan Faun Ltd.	Ding Ding Management Consulting Ltd.
Service cost	\$ 268	\$ 1,581	\$ 33	\$ 1,828
Interest cost	445	1,495	5	1,460
Expected return on pension assets	(35)	(147)	-	(199)
Amortization of net transition obligations (assets) and unrecognized pension loss (gain)	938	1,140	6	1,854
Deferred pension cost	-	-	-	-
Curtailment and settlement gains	-	-	-	-
Net pension cost (benefit)	<u>\$ 1,616</u>	<u>\$ 4,069</u>	<u>\$ 44</u>	<u>\$ 4,943</u>

- b. Reconciliation of the fund status of the plans and accrued pension cost (prepaid pension cost) is as follows:

2007

	FETL	Far EasTone (Including KG Telecom, KGEx.com Co., Far EasTron and Yuan Cing)	Far Eastern Apparel Company	Far Eastern Resources Development Co.
Benefit obligation				
Vested benefit obligation	\$ 2,407,745	\$ 6,016	\$ 11,930	\$ -
Non-vested benefit obligation	<u>1,957,444</u>	<u>606,646</u>	<u>35,911</u>	<u>313</u>
Accumulated benefit obligation	4,365,189	612,662	47,841	313
Additional benefits based on projected and future salaries	<u>882,824</u>	<u>543,716</u>	<u>11,479</u>	<u>157</u>
Projected benefit obligation	5,247,913	1,156,378	59,320	470
Fair value of plan assets	<u>(3,476,515)</u>	<u>(444,996)</u>	<u>(35,365)</u>	<u>-</u>
Fund status	1,771,398	711,382	23,955	470
Unrecognized net transition obligation (asset)	(488,718)	(28)	623	(301)
Unamortization of pension loss (gain)	-	(396,550)	584	-
Unrecognized pension gain (loss)	(14,591)	-	-	(17)
Additional liability	<u>-</u>	<u>-</u>	<u>-</u>	<u>161</u>
Accrued pension cost (prepaid pension cost)	<u>\$ 1,268,089</u>	<u>\$ 314,804</u>	<u>\$ 25,162</u>	<u>\$ 313</u>
	ARCOA	Fu Kwok Garment Manufacturing Co.	Far Eastern Electronic Toll Collection Co., Ltd.	Yuan Cheng Human Resources Development Corp.
Benefit obligation				
Vested benefit obligation	\$ -	\$ 2,861	\$ -	\$ -
Non-vested benefit obligation	<u>24,854</u>	<u>5,937</u>	<u>2,155</u>	<u>1,001</u>
Accumulated benefit obligation	24,854	8,798	2,155	1,001
Additional benefits based on projected and future salaries	<u>9,375</u>	<u>1,947</u>	<u>1,043</u>	<u>355</u>
Projected benefit obligation	34,229	10,745	3,198	1,356
Fair value of plan assets	<u>(50,286)</u>	<u>(27,487)</u>	<u>(2,969)</u>	<u>(5,176)</u>
Fund status	(16,057)	(16,742)	229	(3,820)
Unrecognized net transition obligation (asset)	(2,108)	1,258	-	3,652
Unamortization of pension loss (gain)	8,926	(4,107)	-	-
Unrecognized pension gain (loss)	-	-	431	(325)
Additional liability	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accrued pension cost (prepaid pension cost)	<u>\$ (9,239)</u>	<u>\$ (19,591)</u>	<u>\$ 660</u>	<u>\$ (493)</u>

	Far Eastern Constructions Co., Ltd.	Far Eastern General Contractor Inc.	Yuan Faun Ltd.	Oriental Resources Development Ltd.
Benefit obligation				
Vested benefit obligation	\$ 10,796	\$ 18,048	\$ -	\$ -
Non-vested benefit obligation	<u>2,449</u>	<u>28,078</u>	<u>221</u>	<u>2,537</u>
Accumulated benefit obligation	13,245	46,126	221	2,537
Additional benefits based on projected and future salaries	<u>1,567</u>	<u>10,425</u>	<u>184</u>	<u>865</u>
Projected benefit obligation	14,812	56,551	405	3,402
Fair value of plan assets	<u>(2,013)</u>	<u>(9,089)</u>	<u>-</u>	<u>(3,714)</u>
Fund status	12,799	47,462	405	(312)
Unrecognized net transition obligation (asset)	(3,152)	(3,033)	(135)	1,083
Unamortization of pension loss (gain)	-	-	-	(1,102)
Unrecognized pension gain (loss)	(3,423)	(23,091)	(166)	-
Additional liability	<u>5,008</u>	<u>15,699</u>	<u>117</u>	<u>-</u>
Accrued pension cost (prepaid pension cost)	<u>\$ 11,232</u>	<u>\$ 37,037</u>	<u>\$ 221</u>	<u>\$ (331)</u>

2006

	FETL	Far EastTone (Including KG Telecom, Far EasTron and Yuan Cing)	Far Eastern Apparel Company	KGEx.com
Benefit obligation				
Vested benefit obligation	\$ 1,740,016	\$ 5,840	\$ 7,320	\$ -
Non-vested benefit obligation	<u>2,063,837</u>	<u>526,397</u>	<u>38,654</u>	<u>2,395</u>
Accumulated benefit obligation	3,803,853	532,237	45,974	2,395
Additional benefits based on projected and future salaries	<u>806,764</u>	<u>505,043</u>	<u>8,375</u>	<u>1,938</u>
Projected benefit obligation	4,610,617	1,037,280	54,349	4,333
Fair value of plan assets	<u>(2,253,563)</u>	<u>(388,087)</u>	<u>(34,642)</u>	<u>(6,610)</u>
Fund status	2,357,054	649,193	19,707	(2,277)
Unrecognized net transition obligation (asset)	(610,899)	(7,273)	712	6,334
Unamortization of pension loss (gain)	-	(353,841)	2,397	1,827
Unrecognized pension gain (loss)	(591,113)	-	-	-
Additional liability	<u>395,248</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accrued pension cost (prepaid pension cost)	<u>\$ 1,550,290</u>	<u>\$ 288,079</u>	<u>\$ 22,816</u>	<u>\$ 5,884</u>

	ARCOA	Fu Kwok Garment Manufacturing Co.	Far Eastern Electronic Toll Collection Co., Ltd.	Yuan Cheng Human Resources Consultant Corp.
Benefit obligation				
Vested benefit obligation	\$ -	\$ -	\$ -	\$ -
Non-vested benefit obligation	<u>26,905</u>	<u>16,490</u>	<u>2,221</u>	<u>811</u>
Accumulated benefit obligation	26,905	16,490	2,221	811
Additional benefits based on projected and future salaries	<u>10,580</u>	<u>3,311</u>	<u>1,155</u>	<u>248</u>
Projected benefit obligation	37,485	19,801	3,376	1,059
Fair value of plan assets	<u>(48,900)</u>	<u>(38,823)</u>	<u>(1,809)</u>	<u>(5,033)</u>
Fund status	(11,415)	(19,022)	1,567	(3,974)
Unrecognized net transition obligation (asset)	(2,530)	1,363	-	3,880
Unamortization of pension loss (gain)	4,131	-	-	-
Unrecognized pension gain (loss)	-	(1,533)	140	(180)
Additional liability	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accrued pension cost (prepaid pension cost)	<u>\$ (9,814)</u>	<u>\$ (19,192)</u>	<u>\$ 1,707</u>	<u>\$ (274)</u>

	Far Eastern Constructions Co., Ltd.	Far Eastern General Contractor Inc.	Yuan Faun Ltd.	Taiwan Recycling Corp.
Benefit obligation				
Vested benefit obligation	\$ 10,481	\$ 17,121	\$ -	\$ -
Non-vested benefit obligation	<u>2,007</u>	<u>24,798</u>	<u>142</u>	<u>1,702</u>
Accumulated benefit obligation	12,488	41,919	142	1,702
Additional benefits based on projected and future salaries	<u>1,629</u>	<u>10,006</u>	<u>111</u>	<u>505</u>
Projected benefit obligation	14,117	51,925	253	2,207
Fair value of plan assets	<u>(1,770)</u>	<u>(7,363)</u>	<u>-</u>	<u>(3,367)</u>
Fund status	12,347	44,562	253	(1,160)
Unrecognized net transition obligation (asset)	(3,940)	(3,371)	(141)	1,160
Unamortization of pension loss (gain)	-	-	-	-
Unrecognized pension gain (loss)	(3,708)	(22,918)	(68)	-
Additional liability	<u>6,020</u>	<u>16,283</u>	<u>98</u>	<u>-</u>
Accrued pension cost (prepaid pension cost)	<u>\$ 10,719</u>	<u>\$ 34,556</u>	<u>\$ 142</u>	<u>\$ -</u>

c. Vested benefit - undiscounted

2007

FETL	Far EasTone (Including KG Telecom, Far EasTron and KGEx.com Co., Ltd., Far EasTron and Yuan Cing	Far Eastern Apparel Company	ARCOA
<u>\$ 3,015,225</u>	<u>\$ 7,465</u>	<u>\$ 16,677</u>	<u>\$ -</u>
Fu Kwok Garment Manufacturing Co.	Far Eastern Electronic Toll Collection Co., Ltd.	Yuan Cheng Human Resources Consultant Corp.	Yuan Faun Ltd.
<u>\$ 3,193</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Far Eastern Constructions Co., Ltd.	Far Eastern General Contractor Inc.	Oriental Resources Development Ltd.	Far Eastern Resources Development Co.
<u>\$ 11,925</u>	<u>\$ 20,668</u>	<u>\$ -</u>	<u>\$ -</u>

2006

FETL	Far EasTone (Including KG Telecom, KGEx.com Co., Ltd., Far EasTron and Yuan Cing)	Far Eastern Apparel Company	KGEx.com
<u>\$ 2,398,344</u>	<u>\$ 4,061</u>	<u>\$ 10,072</u>	<u>\$ -</u>
ARCOA	Fu Kwok Garment Manufacturing Co.	Far Eastern Electronic Toll Collection Co., Ltd.	Yuan Cheng Human Resources Consultant Corp.
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Far Eastern Constructions Co., Ltd.	Far Eastern General Contractor Inc.	Yuan Faun Ltd.	Taiwan Recycling Corp.
<u>\$ 11,925</u>	<u>\$ 20,166</u>	<u>\$ -</u>	<u>\$ -</u>

d. Actuarial assumptions were as follows:

2007

	FETL	Far EastTone (Including KG Telecom, Far EasTron and KGEx.com Co., Ltd., Far EasTron and Yuan Cing	Far Eastern Apparel Company	Far Eastern Resources Development Co.
Discount rate used in determining present value	3.00%	3.00%	2.75%	2.75%
Future salary increase rate	2.00%	3.50%	2.00%	3.00%
Expected rate of return on plan asset	6.00%	3.00%	2.75%	2.75%

	ARCOA	Fu Kwok Garment Manufacturing Co.	Far Eastern Electronic Toll Collection Co., Ltd.	Yuan Cheng Human Resources Consultant Corp.
Discount rate used in determining present value	3.25%	3.00%	3.50%	2.75%
Future salary increase rate	2.00%	3.00%	3.00%	2.00%
Expected rate of return on plan asset	3.25%	2.00%	2.50%	2.75%

	Far Eastern Constructions Co., Ltd.	Far Eastern General Contractor Inc.	Yuan Faun Ltd.	Oriental Resources Development Ltd.
Discount rate used in determining present value	3.50%	3.50%	2.75%	2.75%
Future salary increase rate	2.00%	2.00%	3.00%	2.50%
Expected rate of return on plan asset	2.50%	2.50%	2.75%	2.75%

2006

	FETL	Far EastTone (Including KG Telecom, Far EasTron and Yuan Cing)	Far Eastern Apparel Company	KGEx.com
Discount rate used in determining present value	3.00%	2.75%	2.75%	2.75%
Future salary increase rate	2.00%	3.50%	1.50%	3.50%
Expected rate of return on plan asset	6.00%	2.75%	2.75%	2.75%

	ARCOA	Fu Kwok Garment Manufacturing Co.	Far Eastern Electronic Toll Collection Co., Ltd.	Yuan Cheng Human Resources Consultant Corp.
Discount rate used in determining present value	3.25%	2.75%	3.50%	2.75%
Future salary increase rate	2.00%	2.00%	3.00%	2.00%
Expected rate of return on plan asset	3.50%	2.75%	2.50%	2.75%

	Far Eastern Constructions Co., Ltd.	Far Eastern General Contractor Inc.	Yuan Faun Ltd.	Taiwan Recycling Corp.
Discount rate used in determining present value	3.50%	3.50%	2.75%	2.75%
Future salary increase rate	2.00%	2.00%	2.75%	2.00%
Expected rate of return on plan asset	2.50%	2.50%	2.75%	2.75%

e. Changes in pension fund:

2007

	FETL	Far EasTone (Including KG Telecom, Far EasTron and KGEx.com Co., Ltd., Far EasTron and Yuan Cing	Far Eastern Apparel Company	KGEx.com
Contributions	<u>\$ 132,305</u>	<u>\$ -</u>	<u>\$ 1,640</u>	<u>\$ -</u>
Payments	<u>\$ 130,953</u>	<u>\$ -</u>	<u>\$ 1,920</u>	<u>\$ -</u>

	ARCOA	Fu Kwok Garment Manufacturing Co.	Far Eastern Electronic Toll Collection Co., Ltd.	Yuan Cheng Human Resources Consultant Corp.
Contributions	<u>\$ -</u>	<u>\$ 378</u>	<u>\$ -</u>	<u>\$ -</u>
Payments	<u>\$ -</u>	<u>\$ 12,395</u>	<u>\$ -</u>	<u>\$ -</u>

	Far Eastern Constructions Co., Ltd.	Far Eastern General Contractor Inc.	Yuan Faun Ltd.	Oriental Resources Development Ltd.
Contributions	<u>\$ 192</u>	<u>\$ 1,508</u>	<u>\$ -</u>	<u>\$ 245,955</u>
Payments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2006

	FETL	Far EastTone (Including KG Telecom, Far EasTron and Yuan Cing)	Far Eastern Apparel Company	KGEx.com
Contributions	\$ 164,179	\$ -	\$ 2,027	\$ -
Payments	\$ 167,097	\$ -	\$ 1,417	\$ -
	ARCOA	Fu Kwok Garment Manufacturing Co.	Far Eastern Electronic Toll Collection Co., Ltd.	Yuan Cheng Human Resources Consultant Corp.
Contributions	\$ -	\$ 523	\$ -	\$ -
Payments	\$ -	\$ 60,654	\$ -	\$ -
	Far Eastern Constructions Co., Ltd.	Far Eastern General Contractor Inc.	Yuan Faun Ltd.	Taiwan Recycling Corp.
Contributions	\$ 188	\$ 1,325	\$ -	\$ 164
Payments	\$ -	\$ -	\$ -	\$ 1,466

29. RELATED-PARTY TRANSACTIONS

The Group had significant transactions with related parties. These transactions in 2007 and 2006 and the related balances as of the balance sheet dates are summarized in the accompanying Schedules C, D, D-1, E and E-1.

30. ASSETS PLEDGED OR MORTGAGED

The following assets had been pledged or mortgaged as collaterals for short-term bank loans, commercial paper, long-term liabilities and credit lines.

	New Taiwan Dollars		U.S. Dollars (Note 4)	
	2007	2006	2007	2006
Restricted saving accounts (included in other financial assets - current)	\$ 165,626	\$ 85,551	\$ 5,107	\$ 2,638
Financial Assets at fair value through profit or loss - current	-	21,087	-	650
Notes and accounts receivable	250,860	89,396	7,735	2,757
Construction-in-progress	346,445	1,386,138	10,683	42,742
Available for construction - land	612,283	75,555	18,880	2,330
Financial assets carried at cost	-	8,138	-	251
Equity-method investments	5,337,611	6,891,471	164,589	212,503

(Continued)

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Properties, net	\$ 22,278,335	\$ 24,396,405	\$ 686,967	\$ 752,279
Available-for-sale financial assets - current	102,067	51,206	3,147	1,579
Available-for-sale financial assets - noncurrent	-	74,000	-	2,282
Held-to-maturity financial assets - current	-	3,505	-	108
Nonoperating properties, net	64,085	67,738	1,976	2,088
Land use right	217,423	70,317	6,705	2,168
Pledged deposits (included in other assets - miscellaneous)	<u>17,185</u>	<u>9,102</u>	<u>530</u>	<u>281</u>
	<u>\$ 29,391,920</u>	<u>\$ 33,229,609</u>	<u>\$ 906,319</u>	<u>\$ 1,024,656</u>

(Concluded)

In April 2004, the Yuan Ding Investment Corp. furnished the common shares of Far EasTone to be used by the Taipei District Court in withdrawing the order for provisional seizure of the property of Pacific SOGO Department Store Co., Ltd. requested by Cathay United Bank. As of December 31, 2007 and 2006, the Yuan Ding Investment Corp. had furnished 165,000 thousand common shares of Far EasTone for the use by the Taipei District Court, the amount were NT\$3,227,400 thousand (US\$99,519 thousand) and NT\$3,130,050 thousand (US\$96,517 thousand), respectively.

31. COMMITMENTS AS OF DECEMBER 31, 2007

- a. Unused letters of credit aggregated about NT\$3,805,768 thousand (about US\$117,353 thousand).
- b. Unpaid building construction and equipment installation contracts aggregated NT\$3,460,267 thousand (about US\$106,700 thousand), and the Group was under contracts to acquire cellular phone equipment for NT\$449,129 thousand (US\$13,849 thousand).
- c. Unsettled cotton futures contracts amounted to NT\$610,252 thousand (US\$18,818 thousand).
- d. Project contracts already signed by Far Eastern General Contractor Inc. amounted to NT\$18,887,880 thousand (US\$582,420 thousand).
- e. Guarantees for related parties: Schedule G (attached).
- f. The tax authorities of Taipei County imposed a land tax from 1999 to 2003 on the land in Banciao and penalized the Company with a triple fine, totaling NT\$252,442 thousand (US\$7,784 thousand), because the authorities believed that this land, which FETL registered as a property for manufacturing purposes, was being used for general purposes instead and that FETL did not register the change in purpose of the land. The Company disagreed with the tax authorities' decision and applied for reexamination on December 27, 2004. However, after the reexamination, the tax authorities did not reverse their decision. Thus, the Company filed a lawsuit against the authorities on June 1, 2005. Though the result of this case is uncertain, the Company already accrued expense for this case in 2005. On January 18, 2006, the Company filed an appeal with the Taipei High Administrative Court and still lost the lawsuit. The Company appealed to the Supreme Administrative Court on January 3, 2007. The Supreme Administrative Court rejected this appeal on May 31, 2007. The Company applied for reexamination on July 13, 2007. As of December 31, 2007, this case was still pending before the court. Nevertheless, the Company paid all its tax fines on August 30, 2007.

- g. The Group's minimum rental payments for the next five years under operating lease agreements are summarized as follows:

Year	New Taiwan Dollars	U.S. Dollars (Note 4)
2008	\$ 2,815,984	\$ 86,833
2009	2,836,936	87,479
2010	2,877,520	88,730
2011	2,935,059	90,504
2012	3,012,078	92,879

- h. Chang Ming-chian, a former director of PLTIC (an equity-method investee of the Company), filed a lawsuit, claiming that the resolutions passed by PLTIC's stockholders in their general meetings on May 9, 2002 and September 21, 2002 were not valid and that the stockholders' rights of FEDS and FETL on PLTIC do not exist. Chang also claimed that PLTIC should pay him NT\$5,000 thousand (US\$154 thousand) in salary and plus interest. The PLTIC asserted that Chang was not its stockholder and his lawsuit was thus groundless. PLTIC added that its board of directors convene PLTIC's general stockholders' meeting and they register with the Ministry of Economic Affairs all resolutions passed at the stockholders' meetings in compliance with legal requirements. The FETL assessed that the possibility of losing this case is low. This case is now under judicial review by the Taiwan Taipei District Civil Court.
- i. Under the NCC's policy effective April 1, 2007, Far EastTone had provided performance guarantees amounting to NT\$450,000 thousand (US\$13,876 thousand) to KG Telecom and NT\$45,000 thousand (US\$1,388 thousand) to KGEx for prepaid cards and international direct dialing calling cards already bought by customers. KG Telecom had also provided Far EastTone a similar guarantee amounting to NT\$850,000 thousand (US\$26,210 thousand).
- j. Far Eastern Electronic Toll Collection Co., Ltd. was entrusted by the Taiwan Area National Freeway Bureau to collect electronic tolls on freeways and to sign a third-party benefit trust contract with Far Eastern International Bank to manage the tolls collected. The trust property for this agreement amounted to NT\$461,436 thousand (US\$14,229 thousand) as of December 31, 2007.
- k. Under the "Anticorruption Statute," the Taiwan Taipei District Court (the "Court") charged Song Nai Wu, a certain official of the ROC Ministry of Transportation and Communications, and Cai Jin Hong, ex-senior manager of Systec Corp. (a cost-method investor of Far Eastern Electronic Toll Collection Co., Ltd., or FEETC), with breaching confidentiality of information and accepting bribes while examining the "Private Institutions' Participation in the Freeway Electronic Tolls Collection System Construction and Operation Projects." However, the Court states on August 31, 2006 that, although Cai Jin Hong was employed by Systec Corp. and his behavior was suspected of being in violation of the law, his behavior was irrelevant to the whole examination in line with the FEETC's bidding for a toll collection project. In addition, although Cai Jin Hong was involved in policy formation and construction design in the prior stage of the ETC, his involvement was irrelevant to the bidding and examining procedures conducted by TANFB during the latter stage of ETC. Since the court announcement had no effect on ETC's bidding and examining procedures, TANFB announced a second bidding for the ETC project on December 5, 2006. FETC was again selected the as the best qualified candidate, of which the fact sufficiently supported that TANFB agreed on the verdict that the court announcement had no effect on ETC's bidding and examining procedures. FETC's participation in the second bidding for the ETC project was totally legal. Additionally, FETC reaffirmed that its participation was in compliance with the law and regulations set by the authorities and had no illegalities. But whatever the verdict, FETC's completion of the ETC projection will not be affected.

32. SUBSEQUENT EVENTS

On March 6, 2008, a subsidiary, Yuan Tone Investment Co., Ltd., acquired nine thousand common shares issued for cash by Sino Belgium (Holding) Limited, based in Bermuda. The purchase price of each share was US\$2,000, and the total share purchase amounted to NT\$556,706 thousand (US\$17,166 thousand).

33. FINANCIAL INSTRUMENTS

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

Nonderivative Financial Instruments - 2007	New Taiwan Dollars		U.S. Dollars (Note 4)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Assets</u>				
Cash and cash equivalents	\$ 24,206,234	\$ 24,206,234	\$ 746,415	\$ 746,415
Financial assets at fair value through profit or loss - current	752,593	752,593	23,207	23,207
Available-for-sale financial assets - current	1,833,155	1,833,155	56,527	56,527
Held-to-maturity financial assets - current	-	-	-	-
Bonds carried at amortized cost - current	3,000	3,000	93	-
Notes and accounts receivable, net	22,457,546	22,457,546	692,493	692,493
Receivable from related parties-current	1,320,065	1,320,065	40,705	40,705
Other financial assets - current	1,165,169	1,165,169	35,929	35,929
Available-for-sale financial assets - noncurrent	117,355	117,355	3,619	3,619
Equity-method investments	56,201,529	84,525,769	1,733,010	2,606,407
Financial assets carried at cost - noncurrent	1,988,200	3,300,829	61,307	101,783
Refundable deposits	482,291	482,291	14,872	14,872
<u>Liabilities</u>				
Short-term bank loans	17,497,734	17,497,734	539,554	539,554
Commercial paper	3,060,630	3,060,630	94,377	94,377
Notes and accounts payable	9,171,884	9,171,884	282,821	282,821
Payable to related parties - current	3,644,544	3,644,544	112,382	112,382
Accrued expenses	8,194,456	8,194,456	252,681	252,681
Payable to supplies of machinery and equipment	1,722,988	1,722,988	53,129	53,129
Bonds payable (including current portion)	22,692,299	22,839,064	699,732	704,257
Long-term bank loans (including current portion)	47,167,536	47,167,536	1,454,441	1,454,441
Leases payable (including current portion)	269,268	269,268	8,303	8,303
Guarantee deposits (including current portion)	1,091,472	1,091,472	33,656	33,656

Nonderivative Financial Instruments - 2006	New Taiwan Dollars		U.S. Dollars (Note 4)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Assets</u>				
Cash and cash equivalents	\$ 17,570,203	\$ 17,570,203	\$ 541,789	\$ 541,789
Financial assets at fair value through profit or loss - current	621,248	621,248	19,157	19,157
Available-for-sale financial assets - current	808,495	808,495	24,930	24,930
Held-to-maturity financial assets - current	3,505	3,617	108	112
Bonds carried at amortized cost - current	3,000	-	93	-
Notes and accounts receivable, net	16,939,670	16,939,670	522,346	522,346
Receivable from related parties-current	2,299,363	2,299,363	70,902	70,902
Other financial assets - current	868,563	868,563	26,783	26,783
Available-for-sale financial assets - noncurrent	217,513	217,513	6,707	6,707
Equity-method investments	42,318,475	54,163,514	1,304,918	1,670,167
Financial assets carried at cost - noncurrent	7,773,005	8,662,707	239,686	267,120
Refundable deposits	470,839	470,839	14,519	14,519
<u>Liabilities</u>				
Short-term bank loans	17,374,626	17,374,626	535,758	535,758
Commercial paper	4,265,299	4,265,299	131,523	131,523
Notes and accounts payable	6,832,517	6,832,517	210,685	210,685
Payable to related parties - current	2,814,170	2,814,170	86,777	86,777
Accrued expenses	6,970,700	6,970,700	214,946	214,946
Payable to supplies of machinery and equipment	1,975,374	1,975,374	60,912	60,912
Bonds payable (including current portion)	25,275,474	25,288,163	779,386	779,777
Long-term bank loans (including current portion)	39,314,011	39,314,011	1,212,273	1,212,273
Leases payable (including current portion)	100,220	100,220	3,090	3,090
Guarantee deposits (including current portion)	1,263,241	1,263,241	38,953	38,953

Derivative Financial Instruments	New Taiwan Dollars				U.S. Dollars (Note 4)			
	2007		2006		2007		2006	
	Contract Amount	Fair Value	Contract Amount	Fair Value	Contract Amount	Fair Value	Contract Amount	Fair Value
Cotton futures contracts								
- FETL	\$ 38,955	\$ 38,955	\$ 21,688	\$ 21,688	\$ 1,201	\$ 1,201	\$ 669	\$ 669
- FEIH	5,331	5,331	6,006	6,006	164	164	185	185
Forward contracts								
- FETL	(13,031)	(13,031)	-	-	(402)	(402)	-	-
- FEIH	(9,887)	(9,887)	(14,391)	(14,391)	(305)	(305)	(444)	(444)
Interest rate swap contract								
- FETL	(63,816)	(63,816)	(88,999)	(88,999)	(1,968)	(1,968)	(2,744)	(2,744)
- Yuan Ding Investment	(2,370)	(2,370)	(32,546)	(32,546)	(73)	(73)	(1,004)	(1,004)
- Far EasTone	(21,601)	(21,601)	(66,158)	(66,158)	(666)	(666)	(2,040)	(2,040)
Exchangeable bonds exchange right								
- FETL	(347,750)	(347,750)	-	-	(10,723)	(10,723)	-	-
Exchangeable bonds redemption right								
- FETL	(31,000)	(31,000)	-	-	(956)	(956)	-	-
Exchangeable bonds collection right								
- FETL	104,500	104,500	-	-	(3,222)	(3,222)	-	-

The Group adopted ROC Statement of Financial Accounting Standards (SFAS) No. 34 - "Accounting for Financial Instruments" on January 1, 2006. Thus, some derivatives were not included in the consolidated financial statements in 2005 (Note 3).

The methods and assumptions used in estimating fair values are as follows:

- 1) Short-term instruments: The carrying values of short-term instruments reported in the balance sheet approximate the fair values of these assets because of the short maturities of these instruments. Including cash, notes and accounts receivable, notes and accounts from related parties, other financial assets - current, short-term bank loans, commercial paper, notes and accounts payable, payable to related parties, accrued expense and payable to supplies of machinery and equipment.
- 2) If quoted market prices are available, these are used as fair values of financial instruments at fair value through profit or loss, available-for-sale financial assets and held-to-maturity financial assets.

If quoted market prices are available, these are used as fair values of derivatives. Otherwise, the fair value is evaluated by the Group using the same estimates and assumptions used by other market participants (e.g., banks or derivative sellers) to value the derivatives. These estimates and assumptions are available to the Group.

The Group uses the exchange rate quotations of the Reuters (or the Associated Press) to calculate the fair value of each interest rate swap and forward contract based on the net cash flows and the exchange rates, respectively.

- 3) The fair values of financial assets carried at cost - noncurrent, bonds carried at amortized cost - current and equity-method investments in stocks with no quoted market prices cannot be reasonably measured since the quoted market prices are not available.
- 4) Fair values of bonds payable, lease payable and long-term loans (all including current portion) are measured at the present values of expected cash flows, which are discounted at the interest rates for bank loans with similar maturities.
- 5) Refundable deposits and guarantee deposits (including the current portion) receivable are recorded at their carrying values because their fair value is similar to carrying value.

- c. The fair values of financial assets and financial liabilities, which were determined at their quoted prices in an active market or at estimated prices, were as follows:

	<u>December 31 (in New Taiwan Dollars)</u>				<u>December 31 (in U.S. Dollars) (Note4)</u>			
	<u>Quoted Price</u>		<u>Estimated Price</u>		<u>Quoted Price</u>		<u>Estimated Price</u>	
	2007	2006	2007	2006	2007	2006	2007	2006
<u>Derivative financial instruments</u>								
Assets								
Cotton futures contracts								
- FETL	\$ 38,955	\$ 21,688	\$ -	\$ -	\$ 1,201	\$ 669	\$ -	\$ -
- FEIH	5,331	6,006	-	-	164	185	-	-
Exchangeable bonds collection right								
- FETL	-	-	104,500	-	-	-	3,222	-
Liabilities								
Forward contract - FETL	(13,031)	-	-	-	(402)	-	-	-
- FEIH	(9,887)	(14,391)	-	-	(305)	(444)	-	-
Interest rate swap- FETL	-	-	(63,816)	(88,999)	-	-	(1,968)	(2,744)
- Yuan Ding Investment	-	-	(2,370)	(32,546)	-	-	(73)	(1,004)
- Far EasTone	-	-	(21,601)	(66,158)	-	-	(666)	(2,040)
Exchangeable bonds exchange right								
- FETL	-	-	(347,750)	-	-	-	(10,723)	-
Exchangeable bonds redemption right								
- FETL	-	-	(31,000)	-	-	-	(956)	-

- d. As of December 31, 2007 and 2006, financial assets with fair value risk from interest rate fluctuations amounted to NT\$19,124,250 thousand (US\$589,709 thousand) and NT\$14,116,971 thousand (US\$435,306 thousand), respectively, while financial liabilities with fair value risk from interest rate fluctuations amounted to NT\$78,795,939 thousand (US\$2,429,724 thousand) and NT\$57,674,768 thousand (US\$1,778,439 thousand), respectively. As of December 31, 2007 and 2006, financial assets with cash flow risk from interest rate fluctuations amounted to NT\$5,519,193 thousand (US\$170,188 thousand) and NT\$3,117,377 thousand (US\$96,126 thousand), respectively, while financial liabilities with cash flow risk from interest rate fluctuations amounted to NT\$13,055,609 thousand (US\$402,578 thousand) and NT\$12,336,613 thousand (US\$380,407 thousand), respectively.

- e. Financial risks

1) Market risk

Forward exchange contracts and currency option contracts

The Group uses forward exchange contracts and currency option contracts to hedge the effect of adverse exchange rate fluctuations on net assets or net liabilities (Note 6).

Interest rate swap contracts and cross-currency swap contracts

The Company used interest rate swap contracts to hedge fluctuations of interest rates of corporate bonds (69th, 70th, 71th and 72nd tranches) in the years ended December 31, 2007 and 2006. Yuan Ding Investment entered into interest rate swap contracts to hedge interest rate fluctuations of corporate bonds -9th tranche. Far EasTone used interest rate swap contracts to hedge the effect of interest rate fluctuations on its obligations with floating interest rates. The contracts are settled at net amounts. Thus, the market risk is not material.

KG Telecom used cross-currency swap contracts to hedge the effect of interest rate fluctuations and exchange rate fluctuations on its foreign-currency denominated obligations with floating interest rates. The contracts are settled at net amounts. Thus, the market risk is not material.

Cotton futures contracts

The Group uses certain cotton futures contracts to hedge fluctuations of cotton prices (Note 6).

2) Credit risk

The Company and its subsidiaries are exposed to credit risk, i.e., counter-parties' default on contracts. Factors affecting credit risks are the concentration of credit risk, components of derivative financial instruments, contract amounts and other receivables on financial instruments used by the Group.

The analysis of the maximum exposure to credit risks on financial instruments held by the Group is as follows (fair values of collaterals excluded):

	December 31			
	2007		2006	
	Carrying Value	Maximum Exposure of Credit Risk	Carrying Value	Maximum Exposure of Credit Risk
Available-for-sale financial assets	<u>NT\$ 1,950,510</u>	<u>NT\$ 1,950,510</u>	<u>NT\$ 1,026,008</u>	<u>NT\$ 1,026,008</u>
	<u>US\$ 60,145</u>	<u>US\$ 60,145</u>	<u>US\$ 31,638</u>	<u>US\$ 31,638</u>

The Group's maximum exposure to credit risk is equal to fair value. The Group conducts transactions only with selected financial institutions and corporations with good credit ratings. Thus, management does not anticipate any material losses resulting from default on contracts.

3) Liquidity risk

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

Some equity-method investments had no quoted prices in an active markets; thus, these investments could expose the Group to material liquidity risks.

KG Telecom and ARCOA invested in mutual funds that have quoted prices in active markets and can be sold immediately at prices close to their fair values. However, KG Telecom also invested in domestic private fund and equity instruments with no quoted prices in an active market; thus, these investments could expose KG Telecom to material liquidity risks. Moreover, KG Telecom entered into cross-currency swap to hedge cash flow risk.

ARCOA also invested in financial bonds and equity instruments with no quoted prices in an active market; thus, these investments could expose ARCOA to material liquidity risks.

4) Cash-flow risk from interest rate fluctuations

Far EasTone and its subsidiaries has short-term and long-term liabilities with floating interest rates. As a result, the effective interest rates on these loans will change as the market interest rates change.

f. Cash flow hedge

The Group uses interest rate swap and forward contract to hedge overall fluctuations on interest rates and exchange rates.

New Taiwan Dollars					
Hedged Items	Designated Hedging Instruments		Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses	
	Designated Financial Instruments	Fair Value			
		December 31			
		2007	2006		
Bonds with floating interest rate	Interest rate swap				
	FETL	\$ (63,816)	\$ (88,999)	2003-2009	2003-2009
	Yuan Ding Investment	(2,370)	(32,546)	2005-2010	2005-2010
	Far EasTone	(21,601)	(66,158)	2003-2008	2003-2008
U.S. Dollars (Note4)					
Hedged Items	Designated Hedging Instruments		Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses	
	Designated Financial Instruments	Fair Value			
		December 31			
		2007	2006		
Bonds with floating interest rates	Interest rate swap				
	FETL	\$ (1,968)	\$ (2,744)	2003-2009	2003-2009
	Yuan Ding Investment	(73)	(1,004)	2005-2010	2005-2010
	Far EasTone	(666)	(2,040)	2003-2008	2003-2008

34. ADDITIONAL DISCLOSURES REQUIRED BY THE SECURITIES AND FUTURES BUREAU

a. Important transactions and b. information on the Group's investees.

- 1) Financing provided: Schedule F (attached).
- 2) Endorsement/guarantee provided: Schedule G (attached).
- 3) Marketable securities and investments in share of stock held: Schedule H (attached).
- 4) Securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the capital stock: Schedule I (attached).
- 5) Acquisition of individual real states at costs of at least NT\$100 million or 20% of the capital stock: Schedule J (attached).
- 6) Disposal of individual real state at prices of at least NT\$100 million or 20% of the capital stock: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the capital stock: Schedule K (attached).
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the capital stock: Schedule L (attached).
- 9) Names, locations, and related information of investees on which the Company exercises significant influence: Schedule M (attached).
- 10) Derivative financial transactions: Note 33.

- b. Investments in Mainland China
 - 1) Investee company name, the description of the primary business activity and products, issued capital, nature of the relationship, capital inflow or outflow, ownership interest, gain or loss on investment, amounts received on investment, and the limitation on investment: Schedule N and N-1 (attached).
 - 2) Significant direct or indirect transactions with the investee company, prices, payment terms, and unrealized gain or loss: None.
- c. Additional disclosure for consolidated financial statements:
 - 1) Significant transactions between the Company and its subsidiaries and among subsidiaries: Schedule O.
 - 2) Reasons, amounts, number of shares held and subsidiaries' names, which owns FETL's shares: None.

35. SEGMENT INFORMATION

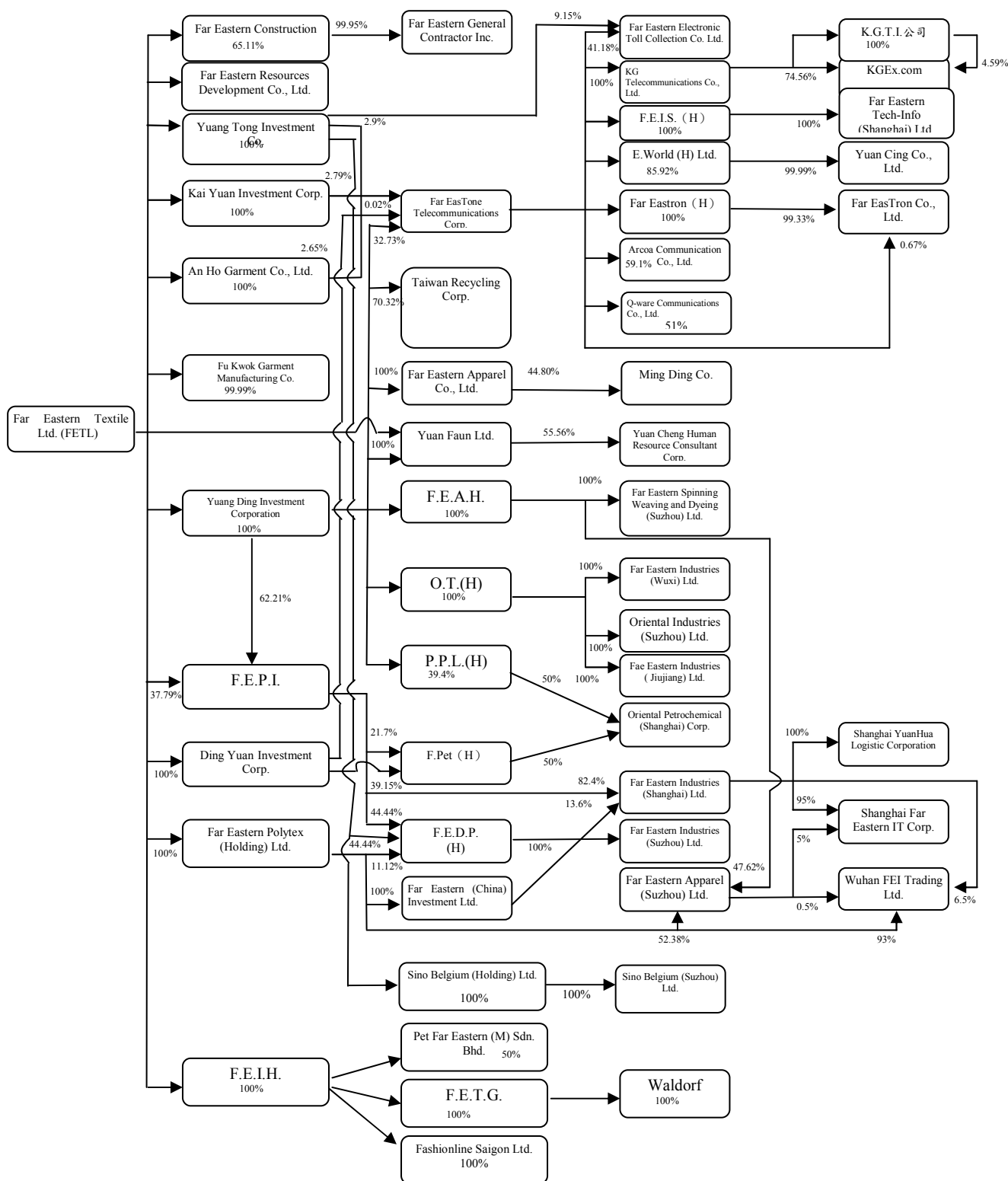
- a. Industry information. Industry information is shown in Schedules P and P-1.
- b. Geographic information. There were no major operations in foreign countries in 2007 and 2006.
- c. Export sales

The export sales of the Company and its subsidiaries were less than 10% of consolidated net sales.
- d. Major customers

There were no major customers in 2007 and 2006.

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND PERCENTAGES OF OWNERSHIP
DECEMBER 31, 2007**



FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

OPERATIONS
DECEMBER 31, 2007

Consolidated Entity	Setup Date	Location	Operations
Far Eastern Textile Ltd.	1954/01/13	36F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan (R.O.C.)	Manufacture and distribution of petrochemical-fiber materials, semifinished and finished goods of spinning yarn (fabric), blended yarn (fabric), draw textured yarn, pre-oriented yarn, PET filament, PET staple and various knitted and woven garments.
Yuan Ding Investment Corp.	1986/11/07	34F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, ROC	Investment.
Kai Yuan International Investment Corp.	1998/10/06	34F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, ROC	Investment.
Ding Yuan International Investment Corp.	1998/10/02	34F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, ROC	Investment.
Yuan Tong Investment Corp.	1999/12/03	34F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, ROC	Investment.
An Ho Garment Co., Ltd.	1977/01/24	34F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, ROC	Manufacture and distribution of various knit and woven garments.
Fu Kwok Garment Manufacturing Co., Ltd.	1975/04/28	No.110, Neihuan S. Rd., Nanzi District, Kaohsiung City 811, Taiwan, ROC	Manufacture and distribution of various woven garments.
Far Eastern Construction Co., Ltd.	1978/09/04	4F.-1, No.267, Sec. 2, Dunhua S. Rd., Da-an District, Taipei City 106, Taiwan, ROC	Real estate construction and selling.
Far Eastern General Contractor Inc.	1982/10/04	4F.-1, No.267, Sec. 2, Dunhua S. Rd., Da-an District, Taipei City 106, Taiwan, ROC	Real estate construction and selling.
Far Eastern Resources Development Co.	2003/09/02	34F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, ROC	Real estate construction, industrial park construction and leasing, participating in public infrastructure projects.

(Continued)

Consolidated Entity	Setup Date	Location	Operations
Far Eastern Apparel Co., Ltd.	1976/02/27	36F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, ROC	Selling of underwear, sportswear, shirts, towels, fabrics, suits, beddings and casual wear.
Ming Ding Corp.	1990/08/07	1F., No.389, Sec. 1, Sihchuan Rd., Banciao City, Taipei County 220, Taiwan, ROC	Selling of underwear, sportswear, shirts, towels, fabrics, suits, beddings and casual wear.
Oriental Resources Development Ltd. (The former "Taiwan Recycling Corp.")	1988/06/11	No. 10, Gongye 2nd Rd., Gongye Industrial Park, Gongye Township, Taoyuan, County 328, Taiwan (ROC)	Waste recycling and processing
Yuan Faun Ltd.	1980/12/13	33F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, ROC	Distribution of PET bottles, PET sheets, and packaging.
Yuan Cheng Human Resources Consultant Corp.	1999/06/08	19F.-1, No.1, Baosheng Rd., Yonghe City, Taipei County 234, Taiwan, ROC	Personnel recruitment
Far Eastern Investment (Holding) Ltd. (F.E.I.H)	1989/08/29	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment.
PET Far Eastern (M) Sdn Bhd	1995/07/22	Plo 69, Kawasan Perindustrian Senai 3, 81400 Senai, Johor Bohru, Johor, Malaysia	Manufacture and distribution of PET bottle and PET perform.
Waldorf Services B.V. (Waldorf)	1990/01/10	Leidesplein29, 1017 PS Amsterdam, The Netherlands	Investment
Far Eastern Polytex (Holding) Limited	2006/03/28	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment
Far Eastern Polychem Industries Ltd. (F.E.P.I.)	1995/04/13	Clarendon House 2 Church street, Hamolton HM 11, Bermuda	Investment.
F.E.T.G Investment Antilles N.V.	1989/10/05	E.E.G Boulevard 62 P.O. Box 342, Bonaire	Investment
Fashionline Saigon Ltd.	2002/07/04	No11, VSIP Street4, Vietnam Singapore Industrial Park Thuan An District, Binh Duoug Province, Vietnam	Various knitted and woven garments.
Wu Han Far Eastern Industrial Trading Ltd.	2003/07/09	Mainland China	Retail and wholesale of PET staple, PET filament, polyester top, PET performs, raw textured yarns, spinning yarns, and knitted and woven fabrics and garments.
Shanghai Far Eastern IT Company	2003/04/15	Mainland China	Computer software programming and MIS maintenance and consultancy.
Far Eastern Apparel (H.) Ltd. (F.E.A.H)	1996/10/01	Clarendon House 2 Church street, Hamolton HM 11, Bermuda	Investment.

(Continued)

Consolidated Entity	Setup Date	Location	Operations
Far Eastern Apparel (Suzhou) Limited	1996/10/21	Mainland China	Manufacture and distribution of various knitted and woven garments, beddings, garments and accessories.
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	2003/10/22	Mainland China	Manufacture and distribution of woven, dyed and novelty fabrics, high-value engineered textiles, industrial woven fabrics and scraps.
Oriental Textile (Holding) Ltd.	2002/7/15	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment.
Sino Belgium (Holding) Ltd.	2007/08/15	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment.
Sino Belgium (Zuzhou) Limited	2007/09/04	Mainland China	Brewer
Far Eastern (China) Investment Corp.	2007/06/18	Mainland China	Investment.
Far Eastern Industries (Wuxi) (F.E.I.W)	2002/5/28	Mainland China	Manufacture and distribution of combed cotton yarn, 60/40 poly/cotton blended yarns, 65/35 poly/cotton blended yarns, spun yarns, and woven, greige woven, print woven, piece dyed woven and bleached woven fabric.
PET Far Eastern (Holding) Ltd.	1996/10/01	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	Investment.
Pacific Petrochemical (Holding) Ltd.	2002/10/30	P.O. Box 3140, Road Town Tortola, British Virgin Islands	Investment.
Oriental Petrochemical (Shanghai) Ltd. (O.P.C)	2003/01/21	Mainland China	Manufacture and distribution of PTA and its by-products.
F.E.D.P. (H) Ltd.	2002/03/22	Clarendon House 2 Church street Hamilton HM 11, Bermuda	International investment holding business.
Far Eastern Industries (Suzhou) Limited	2004/03/22	Mainland China	Manufacture and distribution of polyester chips and partially oriented, fully oriented and polyester yarns.
Shanghai Far Eastern Petrochemical Logistic Ltd.	2006/03/02	Mainland China	Logistic
Far EasTone Telecommunication Co., Ltd.	1997/04/11	28F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, (ROC)	Wireless communications service.
KG Telecommunication Co., Ltd.	2003/09/25	28F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, (ROC)	Wireless communications service under a Type 1 license.
KGT International Holding Co., Ltd.	2000/01/06	11F., No.113, Sec. 2, Zhongshan N. Rd., Taipei City 104, Taiwan, (ROC)	International investment holding business.

(Continued)

Consolidated Entity	Setup Date	Location	Operations
Far Eastern Info Service Holding Ltd.	2002/07/17	Clarendon House 2 Church Street Hamilton HM11 Bermuda	International investment holding business.
Far Eastern Tech-info Ltd. (Shanghai)	2002/11/18	Mainland China	Computer software production, data processing and acting as Internet content service provider.
E. World (Holdings) Ltd.	2000/04/07	4F, One Capital Place. P.O. Box 847 G.T., Grand, Cayman Island	International investment holding business.
Yuang Cing Co., Ltd. (formerly E. World Co., Ltd.)	2000/08/08	28F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, (ROC)	Data processing service and retail of computer software.
KGEx.com Co., Ltd.	2000/08/09	11F., No.113, Sec. 2, Zhongshan N. Rd., Taipei City 104, Taiwan, (ROC)	Providing Type II communications service.
Far Eastern Electronic Toll Collection Co., Ltd.	2004/4/7	28F., No.207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, (ROC)	Providing services on information software, electronic information, auto controlling equipment engineering.
ARCOA Communication Co., Ltd.	1981/5/4	10F.-1, No.14, Lane 609, Sec. 5, Chongxin Rd., Sanchong City, Taipei County 241, Taiwan, (ROC)	Distribution of cellular phones and other communications equipment and accessories and providing related maintenance services.
Far EasTron Holding Ltd.	2005/8/30	Cayman Islands	Investment.
Far EasTron Co., Ltd.	2005/8/12	28F., No. 207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, (ROC)	Internet service.
Q-Ware Communication Corp.	2007/02/13	9F, No.399, Rui-Guang Rd., Neihu Dist., Taipei City 114, Taiwan, (ROC)	Providing Type II communications service.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES**RELATED PARTIES
DECEMBER 31, 2007**

No.	Related Party	Relationship with Far Eastern Textile Ltd. (Note)
1	Asia Cement Co., Ltd.	a and b
2	Chiahui Power Corporation	b
3	Asia Cement (Singapore) Pte. Ltd.	b
4	Asia Continent Investment Holdings Pte Ltd.	b
5	Ya Tung Ready Mixed Concrete Co., Ltd.	b
6	Kowloon Cement Corp.	b
7	Kowloon Concrete Corp.	b
8	Fu Ming Transport Corp.	b
9	Fu Dar Transportation Corporation	b
10	Far Eastern Department Stores Co., Ltd.	a and b
11	Far Eastern Continent Co., Ltd.	b
12	Far Eastern Geant Company Ltd.	b
13	Feds Development Ltd. (BVI)	b
14	Bai-Ding Investment Co.	b
15	FEDS Development Ltd. (BVI)	b
16	Ya Tung Department Store Ltd.	b
17	City Super Company.	b
18	Bai Chin (Singapore) Pte., Ltd.	b
19	Feds New Century Development	b
20	U-Ming marine Transport Corp.	b
21	Bai Yang Investment Co., Ltd.	b
22	Oriental Securities Co., Ltd.	a
23	Invista-Far Eastern Co., Ltd.	a
24	Yuan Ding Co.	a
25	Invista Far Eastern Petrochemicals Co., Ltd.	a
26	Freundenberg Far Eastern Spunweb Co., Ltd.	a
27	Everest Textile Co., Ltd.	a
28	Yuan Ding Leasing Corp.	a
29	Pacific Liu Tong Investment Corp.	a
30	Pacific SOGO Department Stores.	d
31	Liquid Air Far East Co., Ltd.	a
32	Yue Ding Industry Co., Ltd.	a
33	Far Eastern International Leasing Corp. (FEILC)	a
34	Yu Ming Co., Ltd.	a
35	U-Ming Marine Transport Corp.	b
36	New Century InfoComm Tech Co., Ltd.	a
37	Ding Ding Hotel Co., Ltd.	a and b
38	Far Eastern International Bank	a and b
39	U Ming (Singapore) Pte Ltd.	b

(Continued)

No.	Related Party	Relationship with Far Eastern Textile Ltd. (Note)
40	U Ming (Hong Kong) Co., Ltd.	b
41	Ding Ding Integrated Marketing Service Co., Ltd.	b
42	Oriental Union Chemical Corporation	a and b
43	Wen Jing Corp.	b
44	New Tranquil Enterprise Ltd.	b
45	Far Eastern Alliance	e
46	Huey Kang Investment Co., Ltd.	c
47	Ya Li Precast Prestressed Concrete Industries Crop.	e
48	Yuan-Ze University	b
49	Far Eastern Medical Foundation	b
50	Oriental Institute of Technology	b
51	Far Eastern Recreation Center Employee's Welfare Committee of FETL	f
52	Far Eastern Recreation Center Employee's Welfare Committee of FETL-Golf Club	f
53	Far Eastern Memorial Hospital	b
54	Yu Chang Vocational School	b
55	Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation	b
56	Asia Concrete Corporation	g
57	Hong-Ton Comprehensive Commerce Development Co., Ltd.	h
58	TECO Electric & Machinery Co., Ltd.	i
59	SYSTEX Corporation (Systex Corp. and Sysware Corp. officially merged into one company. The new company is called SYSTEX Corp. effective from January 1, 2007)	i
60	MITAC Inc.	i
61	Everest investment (Holding) Ltd.	j
62	Shinkong Synthetec Fibers Corp.	k
63	Xin Xing industries Corp.	l
64	Everest Textile (Shanghai) Ltd.	m
65	Far Eastern Technology Developmental Foundation (FETDF)	n
66	Far Eastern International Leasing Corp. (BVI)	o
67	Far Eastern International Garments Inc	e
68	Ding Ding Management Consulting Ltd.	a
69	Far Eastern Technical Consultant Co.	e
70	Da Ju Fiber Corporation	a
71	Malaysia Garment Manufactures PTE Ltd.	e
72	Martens Beer (Shanghai) Ltd.	p
73	NTT Do Co Mo Inc	q
74	ALBERTA and ORIENT GLYCOL	e
75	P.T. Malaysia Garment BINTAN	e
76	Flying Dutchman Ltd.	e

- Note:
- a. Equity-method investee.
 - b. Same Chairman or general manager.
 - c. It's chairman is the Company's relative.
 - d. Pacific Liu Tong Investment Corp.'s subsidiary.
 - e. Equity-method investee of equity-method investee.
 - f. The chairman of the organization is FETL's senior manager.

(Continued)

- g. Equity-method investee of Asia Cement Corporation.
- h. The investee's chairman is a member of the Company's board of directors.
- i. Director of Far Eastern Electronic Toll Collection Co., Ltd.
- j. Subsidiary of Everest Textile Co., Ltd.
- k. A major ex-stockholder of Taiwan Recycling Corp.
- l. Shinkong Synthetec Fibers Corp.'s subsidiary.
- m. Subsidiary of the equity-method investee of Yuang Ding Investment Corporation
- n. Far EasTone's donation is over one third of the foundation's capital.
- o. Subsidiary of Far Eastern International Leasing Corp.
- p. The chairman is the vice general manager of the Company.
- q. Director of Far EasTone Telecommunications Corp.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

**CONSOLIDATED RELATED-PARTY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Thousands of New Taiwan Dollars)**

	Notes	New Taiwan Dollars			
		2007		2006	
		Amount	%	Amount	%
Sales					
New Century InfoComm Tech Co.		\$ 609,106	-	\$ 620,528	-
Others	b.	<u>1,743,757</u>	<u>1</u>	<u>2,407,757</u>	<u>2</u>
		<u>\$ 2,352,863</u>	<u>1</u>	<u>\$ 3,028,357</u>	<u>2</u>
Purchases					
Invista Far Eastern Petrochemicals Co., Ltd.		\$ 8,811,541	7	\$ 6,446,113	6
Others	b.	<u>6,381,353</u>	<u>6</u>	<u>5,924,782</u>	<u>6</u>
		<u>\$ 15,192,894</u>	<u>13</u>	<u>\$ 12,370,895</u>	<u>12</u>
Operating expense					
F.E. Memorial Foundation	c.	\$ 390,000	2	\$ -	-
Yuan Ding Company		164,314	1	276,447	1
Others	b.	<u>112,144</u>	<u>-</u>	<u>494,629</u>	<u>2</u>
		<u>\$ 666,458</u>	<u>3</u>	<u>\$ 771,076</u>	<u>3</u>
Nonoperating revenue					
Asia Cement Corporation		\$ 45,115	1	\$ 46,296	1
Others	b.	<u>147,133</u>	<u>2</u>	<u>134,576</u>	<u>3</u>
		<u>\$ 192,248</u>	<u>3</u>	<u>\$ 180,872</u>	<u>4</u>

Note:

- a. For the relationships between FETL and subsidiaries, please refer to schedule A.
- b. The transaction amount between related-parties was not over 5% of the total amount of the account.
- c. Donation to this foundation.
- d. In 2006, the Company bought 69,750 thousand shares (at HK\$2.75/per share) of Far Eastern Polychem Industries Ltd. from its related party Everest Investment (Holding) Ltd. for NT\$810,125 thousand (US\$24,981 thousand).
- e. The terms of FETL's sales to and purchases from the related parties were the same as those for third parties.

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

**CONSOLIDATED RELATED-PARTY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Thousands of U.S. Dollars)**

	Notes	U.S. Dollars			
		2007		2006	
		Amount	%	Amount	%
Sales					
New Century InfoComm Tech Co.		\$ 18,782	-	\$ 19,135	-
Others	b.	<u>53,770</u>	<u>1</u>	<u>74,246</u>	<u>2</u>
		<u>\$ 72,552</u>	<u>1</u>	<u>\$ 93,381</u>	<u>2</u>
Purchases					
Invista Far Eastern Petrochemicals Co., Ltd.		\$ 271,710	7	\$ 198,771	6
Others	b.	<u>196,773</u>	<u>6</u>	<u>182,694</u>	<u>6</u>
		<u>\$ 468,483</u>	<u>13</u>	<u>\$ 381,465</u>	<u>12</u>
Operating expense					
F.E. Memorial Foundation	c.	\$ 12,026	2	\$ -	-
Yuan Ding Company		5,067	1	8,524	1
Others	b.	<u>3,458</u>	<u>-</u>	<u>15,253</u>	<u>2</u>
		<u>\$ 20,551</u>	<u>3</u>	<u>\$ 23,777</u>	<u>3</u>
Nonoperating revenue					
Asia Cement Corporation		\$ 1,391	1	\$ 1,427	1
Others	b.	<u>4,537</u>	<u>2</u>	<u>4,150</u>	<u>3</u>
		<u>\$ 5,928</u>	<u>3</u>	<u>\$ 5,577</u>	<u>4</u>

Note:

- a. For the relationships between FETL and subsidiaries, please refer to schedule A.
- b. The transaction amount between related-parties was not over 5% of the total amount of the account.
- c. Donation to this foundation.
- d. In 2006, the Company bought 69,750 thousand shares (at HK\$2.75/per share) of Far Eastern Polychem Industries Ltd. from its related party Everest Investment (Holding) Ltd. for NT\$810,125 thousand (US\$24,981 thousand).
- e. The terms of FETL's sales to and purchases from the related parties were the same as those for third parties.

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED RELATED-PARTY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Thousands of New Taiwan Dollars)

	Notes	New Taiwan Dollars			
		2007		2006	
		Amount	%	Amount	%
Accounts/notes receivable from related parties					
Pacific Liu Tong Investment Co.		\$ 367,372	28	\$ -	-
Everest Textile (Shanghai) Ltd.	e.	89,807	7	1,376,217	60
Everest Textile Co.		60,219	5	103,620	5
Frendenberg Far Eastern Spunweb Co., Ltd.		70,363	5	38,165	2
Others	b.	<u>133,324</u>	<u>10</u>	<u>248,069</u>	<u>15</u>
		<u>\$ 721,085</u>	<u>55</u>	<u>\$ 1,766,071</u>	<u>82</u>
Prepayments					
Others	b.	<u>\$ 99,342</u>	<u>3</u>	<u>\$ 130,972</u>	<u>5</u>
Refundable deposits					
Ding Ding Integrated Marketing Service Co., Ltd.		\$ 48,922	10	\$ 40,256	8
Yuan Ding Co.		33,382	7	33,354	7
Others	b.	<u>21,796</u>	<u>4</u>	<u>20,832</u>	<u>5</u>
		<u>\$ 104,100</u>	<u>21</u>	<u>\$ 94,442</u>	<u>20</u>
Accounts and notes payable to related parties					
Invista Far Eastern Petrochemicals Co., Ltd.		\$ 728,744	23	\$ 808,946	29
Oriental Union Chemical Corp.		549,497	17	153,568	5
ALBEP & ORIENT GLYCOL Company		209,768	7	182,491	6
New Century InfoComm Tech Co.		102,855	3	135,039	5
MITAC Inc.		31,875	1	137,692	5
Others	b.	<u>344,444</u>	<u>8</u>	<u>926,679</u>	<u>28</u>
		<u>\$ 1,967,181</u>	<u>59</u>	<u>\$ 2,344,415</u>	<u>78</u>
Advance revenue					
Others	b.	<u>\$ 527,598</u>	<u>53</u>	<u>\$ 390,463</u>	<u>36</u>
Deferred income					
Rent revenue					
Yuan Ding Co.	c.	\$ 750,233	64	\$ 796,880	76
Far Eastern Y.Z. Hsu Science Welfare Committee of Far Eastern Textile Co., Ltd.	e.	228,571	19	-	-
Sales of lands and buildings					
Oriental Securities Co., Ltd.	d.	117,259	10	117,816	11
Sales of securities					
Others	b.	<u>33,679</u>	<u>3</u>	<u>33,679</u>	<u>4</u>
		<u>\$ 1,129,742</u>	<u>96</u>	<u>\$ 948,375</u>	<u>91</u>

(Continued)

Financing to affiliates:

Year Ended December 31, 2007				
	Highest Outstanding Balance	Balance on December 31, 2007	Interest Rate (%)	Interest Revenue
Da Ju Fiber Corporation	\$ 586,000	\$ 280,000	2.17%-4.1%	7,811
Malaysia Garment Manufactures Pte Ltd.	256,196	256,196	0%-6.38786%	4,474
Flying Dutchman Ltd.	62,784	62,784	0%- 6.38786%	\$ 1,522
Yue Ding Industry Co., Ltd.	6,000	-	2.49%-2.87%	20
		<u>\$ 598,980</u>		<u>\$ 13,827</u>

Year Ended December 31, 2006				
	Highest Outstanding Balance	Balance on December 31, 2006	Interest Rate (%)	Interest Revenue
Flying Dutchman Ltd.	\$ 65,700	\$ 65,700	0%- 6.58417%	\$ 1,471
Malaysia Garment Manufactures Pte Ltd.	242,718	241,592	0%-6.58417%	4,168
Da Ju Fiber Corporation	330,000	226,000	2.13%-3.51%	8,672
World-wide Origin Ltd. (WOL)	65,190	-	-	-
Yue Ding Industry Co., Ltd.	80,000	-	2.9%-3.51%	1,714
		<u>\$ 533,292</u>		<u>\$ 16,025</u>

Financing from affiliates:

Year Ended December 31, 2007				
	Highest Outstanding Balance	Balance on December 31, 2007	Interest Rate (%)	Interest Expense
Accounts and notes payable to related parties				
Oriental Union Chemical Corporation	\$ 979,021	\$ 973,826	3	\$ 27,404
Far Eastern International Leasing Corp. (BVI)	703,537	703,537	3.9	23,792
Yuan Ding Investment Corp.	180,000	-	6.685-6.915	<u>4,353</u>
		1,677,363		55,549
Short-term and long-term bank loans				
Far Eastern International Commercial Bank	440,130	-	NT1.8-2.8 US6.2177- 6.3340	6,605
		<u>\$ 1,677,363</u>		<u>\$ 62,154</u>

Year Ended December 31, 2006				
	Highest Outstanding Balance	Balance on December 31, 2006	Interest Rate (%)	Interest Expense
Accounts and notes payable to related parties				
Xin Xing industries Corp.	\$ 6,320	\$ -	3.5	\$ 164
Far Eastern International Leasing Corp. (BVI)	652,246	<u>652,246</u>	3	<u>4,310</u>
		652,246		4,474
Short-term and long-term bank loans				
Far Eastern International Commercial Bank	763,360	439,768	NT1.8 US6.2077- 6.334	9,506
		<u>\$ 1,092,014</u>		<u>\$ 13,980</u>

(Continued)

- a. For the relationships between FETL and subsidiaries, please refer to schedule C.
- b. The transaction amount between related-parties was not over 5% of the total amount of the account.
- c. FETL, Asia Cement Corporation and Yuan Ding Co. co-own the Metro Tower Building located on Tunhwa South Road in Taipei City. Under an agreement, Yuan Ding Co. constructed the building and used the land owned by FETL and Asia Cement Corporation. In exchange, FETL and ACC each received 12% of the usable area of the building. FETL deferred this income and will realize it upon the expiration of the agreement.
- d. The deferred income was from the sale of lands and buildings to Oriental Securities Co., Ltd.
- e. For the enhanced operation and greater labor productivity of Everest Textile Co., Ltd. (ETC) and related companies, part of a division of Far Eastern Industries (Shanghai) (FEIS) as well as FEIS's machinery, equipment and inventories amounting to NT\$1,481,849 thousand (RMB354,934 thousand or US\$45,694 thousand) was spun off to Everest Textile (Shanghai) Ltd., an ETC subsidiary, in 2006.
- f. The terms of sales to and purchases from the related parties were the same as those for third parties. (Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED RELATED-PARTY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Thousands of U.S. Dollars)

	Notes	U.S. Dollars			
		2007		2006	
		Amount	%	Amount	%
Accounts/notes receivable from related parties					
Pacific Liu Tong Investment Co.		\$ 11,328	28	\$ -	-
Everest Textile (Shanghai) Ltd.	e.	2,769	7	42,437	60
Everest Textile Co.		1,857	5	3,195	5
Freundenberg Far Eastern Spunweb Co., Ltd.		2,170	5	1,177	2
Others	b.	<u>4,111</u>	<u>10</u>	<u>7,649</u>	<u>15</u>
		<u>\$ 22,235</u>	<u>55</u>	<u>\$ 54,458</u>	<u>82</u>
Prepayments					
Others	b.	<u>\$ 3,063</u>	<u>3</u>	<u>\$ 4,039</u>	<u>5</u>
Refundable deposits					
Ding Ding Integrated Marketing Service Co., Ltd.		\$ 1,509	10	\$ 1,242	8
Yuan Ding Co.		1,029	7	1,028	7
Others	b.	<u>672</u>	<u>4</u>	<u>642</u>	<u>5</u>
		<u>\$ 3,210</u>	<u>21</u>	<u>\$ 2,912</u>	<u>20</u>
Accounts/notes payable to related parties					
Invista Far Eastern Petrochemicals Co., Ltd.		\$ 22,471	23	\$ 24,944	29
Oriental Union Chemical Corp.		16,944	17	4,735	5
ALBEP & ORIENT GLYCOL Company		6,468	7	5,627	6
New Century InfoComm Tech Co.		3,172	3	4,164	5
MITAC Inc.		983	1	4,246	5
Others	b.	<u>10,621</u>	<u>8</u>	<u>28,575</u>	<u>28</u>
		<u>\$ 60,659</u>	<u>59</u>	<u>\$ 72,291</u>	<u>78</u>
Advance revenue					
Others	b.	<u>\$ 16,269</u>	<u>53</u>	<u>\$ 12,040</u>	<u>36</u>
Deferred income					
Rent revenue					
Yuan Ding Co.	c.	\$ 23,134	64	\$ 24,572	76
Far Eastern Y.Z. Hsu Science Welfare Committee of Far Eastern Textile Co., Ltd.	e.	7,048	19	-	-
Sales of lands and buildings					
Oriental Securities Co., Ltd.	d.	3,616	10	3,633	11
Sales of securities					
Others	b.	<u>1,038</u>	<u>3</u>	<u>1,039</u>	<u>4</u>
		<u>\$ 34,836</u>	<u>96</u>	<u>\$ 29,244</u>	<u>91</u>

(Continued)

Financing to affiliates:

Year Ended December 31, 2007				
	Amount	Balance on December 31, 2007	Interest Rate (%)	Interest Revenue
Da Ju Fiber Corporation	\$ 18,070	\$ 8,634	2.17%-4.1%	\$ 240
Malaysia Garment Manufactures Pte Ltd.	7,900	7,900	0%-6.38786%	138
Flying Dutchman Ltd.	1,936	1,936	0%- 6.38786%	47
Yue Ding Industry Co., Ltd.	185	-	2.49%-2.87%	1
		<u>\$ 18,470</u>		<u>\$ 426</u>

Year Ended December 31, 2006				
	Amount	Balance on December 31, 2006	Interest Rate (%)	Interest Revenue
Flying Dutchman Ltd.	\$ 2,026	\$ 2,025	0%- 6.58417%	\$ 45
Malaysia Garment Manufactures Pte Ltd.	7,484	7,450	0%-6.58417%	129
Da Ju Fiber Corporation	10,176	6,969	2.13%-3.51%	267
World-wide Origin Ltd. (WOL)	2,010	-	-	-
Yue Ding Industry Co., Ltd.	2,467	-	2.9%-3.51%	53
		<u>\$ 16,444</u>		<u>\$ 494</u>

Financing from affiliates:

Year Ended December 31, 2007				
	Amount	Balance on December 31, 2007	Interest Rate (%)	Interest Expense
Accounts and notes payable to related parties				
Oriental Union Chemical Corporation	\$ 30,189	\$ 30,029	3	\$ 845
Far Eastern International Leasing Corp. (BVI)	21,694	21,694	3.9	734
Yuan Ding Investment Corp.	5,550	<u>51,723</u>	6.685-6.915	<u>134</u>
		51,723		1,713
Short-term and long-term bank loans				
Far Eastern International Commercial Bank	13,572	-	NT1.8-2.8 US6.2177- 6.3340	<u>204</u>
		<u>\$ 51,723</u>		<u>\$ 1,917</u>

Year Ended December 31, 2006				
	Amount	Balance on December 31, 2006	Interest Rate (%)	Interest Expense
Xin Xing industries Corp.	\$ 195	\$ -	3.5	\$ 5
Far Eastern International Leasing Corp. (BVI)	20,112	20,112	3	133
Far Eastern International Commercial Bank	23,539	13,561	NT1.8 US6.2077- 6.334	293
		<u>\$ 33,673</u>		<u>\$ 431</u>

(Continued)

- a. For the relationships between FETL and subsidiaries, please refer to schedule C.
- b. The transaction amount between related-parties was not over 5% of the total amount of the account.
- c. FETL, Asia Cement Corporation and Yuan Ding Co. co-own the Metro Tower Building located on Tunhwa South Road in Taipei City. Under an agreement, Yuan Ding Co. constructed the building and used the land owned by FETL and Asia Cement Corporation. In exchange, FETL and ACC each received 12% of the usable area of the building. FETL deferred this income and will realize it upon the expiration of the agreement.
- d. The deferred income was from the sale of lands and buildings to Oriental Securities Co., Ltd.
- e. For the enhanced operation and greater labor productivity of Everest Textile Co., Ltd. (ETC) and related companies, part of a division of Far Eastern Industries (Shanghai) (FEIS) as well as FEIS's machinery, equipment and inventories amounting to NT\$1,481,849 thousand (RMB354,934 thousand or US\$45,694 thousand) was spun off to Everest Textile (Shanghai) Ltd., an ETC subsidiary, in 2006.
- f. The terms of sales to and purchases from the related parties were the same as those for third parties. (Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

FINANCING PROVIDED
YEAR ENDED DECEMBER 31, 2007

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

No.	Financier	Counter-party	Financial Statement Account	Highest Balance for the Period	Ending Balance	Interest Rate (%)	Nature of Financing (Note A)	Transaction Amount	Reason for the Financing	Allowance for Doubtful Accounts	Collateral		Amount of Individual Company's Financial Limits	Amount of Financing Company's Financial Limits
											Item	Value		
0	Far Eastern Textile Ltd.	Far Eastern Polychem Industries Ltd. Oriental Textile (Holding) Ltd.	Other financial assets - current "	\$ 1,613,678 328,204	\$ - -	2.65%-3.1% 2.65%-3.1%	2 2	\$ - -	For revolving fund For revolving fund	- -	Promissory note Promissory note	\$ - -	\$ 45,972,984 (Note D) 45,972,984 (Note D)	
1	Yuan Ding Investment Corp.	Da Ju Fiber Corporation Yue Ding Industry Co., Ltd. Kai Yuan International Investment Corp. Yuan Tong Investment Corp. Pacific Petrochemical (Holding) Ltd. (P.P.L.(H)) An Ho Garment Co., Ltd. Oriental Textile (Holding) Ltd. Far Eastern Apparel (Holding) Ltd.	Receivables from related parties " " " " " " "	282,000 6,000 798,000 800,000 312,992 800,000 435,858 233,100	280,000 - - - 312,992 320,000 112,591 233,100 (Note 1)	2.49%-2.95% 2.49%-2.87% 2.49%-2.53% 2.49%-2.95% 2.49%-2.95% 2.49%-2.95% 2.49%-2.95% 2.49%-2.95%	2 2 2 2 2 2 2 2	- - - - - - - -	For revolving fund For revolving fund For revolving fund For revolving fund For revolving fund For revolving fund For revolving fund For revolving fund	- - - - - - - -	Promissory note Promissory note Promissory note Promissory note Promissory note Promissory note Promissory note Promissory note	1,929,443 (Note C) 1,929,443 (Note C) 1,929,443 (Note C) 1,929,443 (Note C) 1,929,443 (Note C) 1,929,443 (Note C)	19,294,433 (Note D) 19,294,433 (Note D) 19,294,433 (Note D) 19,294,433 (Note D) 19,294,433 (Note D) 19,294,433 (Note D)	
2	Far Eastern Investment (Holding) Ltd.	Flying Dutchman Ltd. F.E.T.G. Investment Antilles N.V. Waldorf Services B.V. Pet Far Eastern (Holding) Ltd. Fashionline Saigon Ltd. Oriental Textile (Holding) Ltd. Malaysia Garment PET Far Eastern (M) Sdn. Bhd. Far Eastern Polychem Industries Pacific Petrochemical (Holding) Ltd. (P.P.L.(H)) Far Eastern Industries (Suzhou) Ltd. Sino Belgium (Suzhou) Limited	Receivables from affiliates " " " " " " " " " " " "	US\$ 1,936 US\$ 12,891 US\$ 9,176 US\$ 13,414 US\$ 800 US\$ 20,000 US\$ 2,945 US\$ 6,439 US\$ 48,000 US\$ 1,635 US\$ 2,610 EUR 8,779 EUR 11,712	US\$ 1,936 US\$ 12,891 (Note 1) - - US\$ 15,200 (Note 1) US\$ 2,945 US\$ 6,439 (Note 1) - US\$ 1,635 (Note 1) US\$ 2,610 (Note 1) EUR 8,779 (Note 1) EUR 11,712 (Note 1)	0%-6.38786% 6.37%-6.38786% - 6.37%-6.38786% - 6.37%-6.38786% 0%-6.38786% 6.37%-6.38786% 3% 6.38786% 6.38786% 5.31688% 5.31688%	2 2 2 2 2 2 2 2 2 2 2 2	- - - - - - - - - - - -	For revolving fund For revolving fund For revolving fund For revolving fund For revolving fund For revolving fund For revolving fund For revolving fund For revolving fund For revolving fund For revolving fund For revolving fund	- - - - - - - - - - - -	Promissory note Promissory note Promissory note Promissory note Promissory note Promissory note Promissory note Promissory note Promissory note Promissory note Promissory note Promissory note	4,597,298 (Note E) 4,597,298 (Note E) 4,597,298 (Note E) 4,597,298 (Note E) 4,597,298 (Note E) 4,597,298 (Note E) 4,597,298 (Note E) 4,597,298 (Note E) 4,597,298 (Note E)	13,791,895 (Note F) 13,791,895 (Note F) 13,791,895 (Note F) 13,791,895 (Note F) 13,791,895 (Note F) 13,791,895 (Note F) 13,791,895 (Note F) 13,791,895 (Note F) 13,791,895 (Note F)	

(Continued)

No.	Financier	Counter-party	Financial Statement/Account	Highest Balance for the Period	Ending Balance	Interest Rate (%)	Nature of Financing (Note A)	Transaction Amount	Reason for the Financing	Allowance for Doubtful Accounts	Collateral		Amount of Individual Company's Financial Limits	Amount of Financing Company's Financial Limits
											Item	Value		
3	Ding Yuan International Investment Corp.	Da Ju Fiber Corporation	Other financial assets - current	\$ 24,000	\$ -	2.17%-4.10%	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 1,060,741 (Note D)	
5	Far Eastern Polychem Industries	Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Suzhou) Ltd. Oriental Petrochemical (Shanghai) Corp.	Receivables from affiliates " "	US\$ 26,000 US\$ 10,000 US\$ 4,000	US\$ 26,000 (Note 1) US\$ 10,000 (Note 1) US\$ 4,000 (Note 1)	- - -	2 2 2	- - -	For revolving fund For revolving fund For revolving fund	- - -	Promissory note Promissory note Promissory note	4,597,298 (Note E) 4,597,298 (Note E) 4,597,298 (Note E)	13,791,895 (Note F) 13,791,895 (Note F) 13,791,895 (Note F)	
7	Far Eastern Apparel (Holding) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd. Far Eastern Apparel (Suzhou) Ltd.	Receivables from affiliates "	US\$ 7,000 US\$ 1,500	US\$ 6,000 (Note 1) US\$ 1,100 (Note 1)	- -	2 2	- -	For revolving fund For revolving fund	- -	Promissory note Promissory note	4,597,298 (Note E) 4,597,298 (Note E)	13,791,895 (Note F) 13,791,895 (Note F)	
10	F.E.T.G Investment Antilles N.V.	Waldorf Services B.V.	Receivables from related parties	US\$ 13,040	US\$ 13,040 (Note 1)	6.37%-6.38786%	2	-	For revolving fund	-	Promissory note	-	13,791,895 (Note F)	
11	Waldorf Services B.V.	Malaysia Garment Manufacturers Pte. Ltd. Chuang Yuan Co.	Receivables from affiliates "	US\$ 4,600 US\$ 5,580	US\$ 4,600 US\$ 5,580	- 6.37%-6.38786%	2 2	- -	Set up PFEM funding For revolving fund	- -	Promissory note Promissory note	4,597,298 (Note E) 4,597,298 (Note E)	13,791,895 (Note F) 13,791,895 (Note F)	
15	Far East Tone Telecommunication Co., Ltd.	Far Eastern Electronic Toll Collection Co., Ltd.	Receivables from related parties	\$ 50,000	\$ -	6.685%-6.915%	1	50,092	For revolving fund	-	-	-	39,667,000 (Note H)	
18	Oriental Textile (Holding) Ltd.	Far Eastern Industries (Wuxi) Ltd. Far Eastern Polychem Industries Ltd. Far Eastern Apparel (Holding) Ltd. Oriental Industries (Suzhou) Ltd.	Receivables from affiliates " " "	US\$ 20,000 US\$ 18,000 US\$ 3,000 US\$ 25,000	US\$ 20,000 (Note 1) \$ - - US\$ 25,000 (Note 1)	- 6.37%-6.58417% 3% -	2 2 2 2	- - - -	For revolving fund For revolving fund For revolving fund For revolving fund	- - - -	Promissory note Promissory note Promissory note Promissory note	4,597,298 (Note E) 4,597,298 (Note E) 4,597,298 (Note E) 4,597,298 (Note E)	13,791,895 (Note F) 13,791,895 (Note F) 13,791,895 (Note F) 13,791,895 (Note F)	
19	Pacific Petrochemical (Holding) Ltd. (P.P.L. (H))	Oriental Petrochemical (Shanghai) Corp.	Receivables from affiliates	US\$ 24,500	US\$ 24,500 (Note 1)	-	2	-	For revolving fund	-	Promissory note	-	13,791,895 (Note F)	
20	PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	Receivables from affiliates	US\$ 24,500	US\$ 24,500 (Note 1)	-	2	-	For revolving fund	-	Promissory note	-	13,791,895 (Note F)	
29	Far Eastern (China) Investment Ltd.	Far Eastern Industries (Shanghai) Ltd.	"	US\$ 30,000	-	4.70%	2	-	For revolving fund	-	-	US\$ 30,000 (Note B)	30,000 (Note B)	
31	Far Eastern Resources Development Co., Ltd.	Da Ju Fiber Corporation An Ho Garment Co., Ltd.	Receivables from related parties "	\$ 280,000 500,000	\$ - 500,000 (Note 1)	2.89% 2.17%-3.25%	2 2	- -	For revolving fund For revolving fund	- -	Promissory note Promissory note	764,296 (Note C) 764,296 (Note C)	7,642,960 (Note D) 7,642,960 (Note D)	
41	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Shanghai) Ltd.	Receivables from affiliates	US\$ 10,000	-	5.20%	2	-	For revolving fund	-	-	4,597,298 (Note E)	13,791,895 (Note F)	

(Continued)

Notes: A. Reasons for financing are as follows:

1. Business relationship.
 2. For short-term financing.
- B. The upper limit is equivalent to the authorized amount by the board of directors.
- C. The upper limit is equivalent to 5% of the net value of the financier as of December 31, 2007
- D. The upper limit is equivalent to 50% of the net value of the financier as of December 31, 2007. If necessary for short-term financing, the upper limit is equivalent to 15%.
- E. The upper limit is equivalent to 5% of the net value of FETL as of December 31, 2007
- F. The upper limit is equivalent to 15% of the net value of FETL as of December 31, 2007
- G. The amount of financing provided for business relationship is limited to the transaction amounts. The transaction amounts is the higher amount within the latest two years at the time of agreement.
- H. The maximum total financing providing amount should not exceed 50% of the Company's net worth of most current audited or reviewed financial statements.
- I. The amount had been written off.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
YEAR ENDED DECEMBER 31, 2007

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

No.	Endorsement/ Guaranteee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statements (%) (Note Q)	Maximum Collateral/Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	Far Eastern Textile Ltd.	Yuan Ding Investment Corp. Pacific SOGO Department Store Co., Ltd.	(Note A) (Note C)	\$ 45,972,984 (Note H) 45,972,984 (Note H)	\$ 9,277,675 280,719	\$ 8,241,025 280,719	- -	9 -	\$ 91,945,967 (Note I) 91,945,967 (Note I)
1	Yuang Ding Investment Corp.	Far Eastern Textile Ltd. Pacific SOGO Department Store Co., Ltd.	(Note E) (Note C)	19,294,433 (Note H) 19,294,433 (Note H)	3,800,000 1,650,000	3,800,000 1,650,000	- 1,650,000 (Note P)	10 4	38,588,865 (Note I) 38,588,865 (Note I)
2	Far Eastern Investment (Holding) Ltd.	Da Ju Fiber Corporation Oriental Resources Development Ltd. Far Eastern Apparel Co., Ltd.	(Note B) (Note A) (Note A)	19,294,433 (Note H) 19,294,433 (Note H) 19,294,433 (Note H)	80,000 139,000 135,000	80,000 139,000 135,000	- - -	- - -	38,588,865 (Note I) 38,588,865 (Note I) 38,588,865 (Note I)
3	Ding Yuan International Investment Corp.	Trans-Pacific Oriental Holding Company, Inc. Pacific SOGO Department Store Co., Ltd.	(Note C) (Note C)	45,972,984 (Note R) 45,972,984 (Note M)	5,000 37,629	- 37,629	- -	- -	91,945,967 (Note O) 91,945,967 (Note J)
4	Kai Yuan International Investment Corp.	Pacific SOGO Department Store Co., Ltd.	(Note C)	45,972,984 (Note M)	37,629	37,629	-	-	91,945,967 (Note J)
5	Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Suzhou) Ltd.	(Note A) (Note S)	45,972,984 (Note R) 45,972,984 (Note R)	RMB 1,706,400 US\$ 33,704	RMB 778,400 US\$ 4,078	- -	9 -	91,945,967 (Note O) 91,945,967 (Note O)
6	Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	(Note A)	7,912,620 (Note L)	2,155,600	2,155,600	-	82	7,912,620 (Note N)
7	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd. Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note S) (Note A)	45,972,984 (Note R) 45,972,984 (Note R)	US\$ 7,000 US\$ 39,166	7,000 39,166	- -	1 3	91,945,967 (Note O) 91,945,967 (Note O)
9	Far Eastern General Contractor Inc.	Far Eastern Construction Co., Ltd.	(Note E)	3,678,663 (Note K)	200,000	200,000	-	16	3,678,663 (Note N)
12	An Ho Garment Co., Ltd.	Pacific SOGO Department Store Co., Ltd.	(Note C)	45,972,984 (Note M)	20,313	20,313	-	-	91,945,967 (Note J)
14	Yuan Tong Investment Corp.	Pacific SOGO Department Store Co., Ltd. Far Eastern Electronic Toll Collection Co., Ltd.	(Note C) (Note B)	45,972,984 (Note M) 45,972,984 (Note M)	37,629 28,000	37,629 -	- -	- -	91,945,967 (Note J) 91,945,967 (Note J)
15	Far Eastone Telecommunications Corp.	Far Eastone Electronic Toll Collection Co., Ltd. KG Telecommunications Co., Ltd. KGFx.com	(Note B) (Note A) (Note A)	39,667,000 (Note H) 39,667,000 (Note H) 39,667,000 (Note H)	154,000 450,000 45,000	- 450,000 45,000	- - -	- 1 -	79,334,000 (Note I) 79,334,000 (Note I) 79,334,000 (Note I)
16	Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note S)	45,972,984 (Note R)	RMB 60,400	60,400	-	-	91,945,967 (Note O)
17	Far Eastern Industries (Shanghai) Ltd.	Far Eastern Industries (Suzhou) Ltd. Wuhan Far Eastern New Material Ltd.	(Note S) (Note S)	RMB 1,170,087 (Note T) RMB 1,170,087 (Note T)	US\$ 41,068 RMB 50,000	40,838 50,000	- -	3 1	RMB 2,340,174 (Note U) RMB 2,340,174 (Note U)
18	Oriental Textile (Holding) Ltd. (O.T(H))	Far Eastern Industries (Wuxi) Ltd. Oriental Industries (Suzhou) Ltd.	(Note A) (Note A)	45,972,984 (Note R) 45,972,984 (Note R)	US\$ 67,588 US\$ 144,352	67,588 144,352	- -	5 11	91,945,967 (Note O) 91,945,967 (Note O)

(Continued)

No.	Endorsement/ Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statements (%) (Note Q)	Maximum Collateral/Guarantee Amounts Allowable
		Name	Nature of Relationship						
19	Pacific Petrochemical (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	(Note V)	\$ 45,972,984 (Note R)	US\$ 111,375	US\$ 105,002	\$ -	3	\$ 91,945,967 (Note O)
20	PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	(Note V)	45,972,984 (Note R)	US\$ 111,375	US\$ 105,002	-	3	91,945,967 (Note O)
23	KG Telecommunications Co., Ltd.	Far EastOne Telecommunications Corp.	(Note E)	17,513,573 (Note H)	850,000	850,000	-	2	35,027,145 (Note I)
31	Far Eastern Resources Development	Far Eastern Textile Ltd.	(Note E)	45,972,984 (Note M)	12,871,560	12,386,748	12,272,598	13	91,945,967 (Note J)
32	Far Eastern Industries (Wuxi) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note D)	45,972,984 (Note R)	RMB 45,000	RMB 30,000	-	-	91,945,967 (Note O)
33	Wuhan FEI Trading Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note S)	531,736 (Note G)	RMB 100,000	RMB -	-	-	531,736 (Note G)

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

B. Equity-method investees.

C. Investee of an equity-method investee.

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

E. Parent company.

F. The parent company of the parent company.

G. Collateral/guarantee is equivalent to 20% of the audited net value of the parent company as of December 31, 2007.

H. Collateral/guarantee is equivalent to 50% of the net value of the guarantor as of December 31, 2007.

I. Limit is computed using the net value of the guarantor as of December 31, 2007.

J. Limit is computed using the net value of FETL as of December 31, 2007.

K. The upper limit is equivalent to the net value of the Company, except for the subsidiary (parent), for which the upper limit is equivalent to 300% of the net value as of December 31, 2007.

L. The upper limit is equivalent to the net value of the Company, except for the subsidiary, for which the upper limit is equivalent to 300% of the net value as of December 31, 2007.

M. Collateral/guarantee is equivalent to 50% of the net value of FETL as of December 31, 2007.

N. Collateral/guarantee is equivalent to 300% of the net value of the guarantor as of December 31, 2007.

O. Collateral/guarantee is equivalent to the net value of Far Eastern Textile Ltd. as of December 31, 2007

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

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

R. Collateral/guarantee is equivalent to 50% of the net value of Far Eastern as of December 31, 2007.

S. Business relationship.

T. Limit is computed using the net value of the guarantor as of December 31, 2007.

U. Collateral/guarantee is equivalent to 200% of the net value of the guarantor as of December 31, 2007.

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

(Concluded)

No.	Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2007			Note	
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)		Market Value or Net Asset Value
3	Ding Yuan International Investment Corp.	FEA Long-Short Strategy Private Placement Fund Asia Cement Corporation Far Eastern International Commercial Bank Far Eastern Department Store Everest Textile Co., Ltd. Orient Union Chemical Corp. Far EastOne Telecommunications Corp. Pacific Liu Tung Investment Co.(Note J) PET Far Eastern (Holding) Ltd. Yue Ding Industry Co., Ltd. Ya Li Transportation Corporation	(Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note E)	Available-for-sale financial asset Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Financial assets carried at cost	500	\$ 4,740	-	\$ 4,855	9,000 thousand shares pledged or mortgaged as collaterals for loans 1,700 thousand shares pledged or mortgaged as collaterals for loans
					2,017	84,632	0.07	95,606	
					73,732	777,278	3.92	770,499	
					3,031	59,403	0.27	118,967	
					8,454	78,365	1.72	68,900	
					8,169	196,816	1.04	321,042	
					736	29,131	0.02	30,176	
					9,000	140,169	2.24	145,980	
					42	591,790	39.15	594,506	
					563	3,842	1.30	4,949	
1,000	16,240	10.00	72,050						
4	Kai Yuan International Investment Corp.	Asia Cement Corporation Far EastOne Telecommunications Corp.	(Note A) (Note A)	Equity method investments Equity method investments	10,420	233,841	0.38	493,924	80,800 thousand shares pledged or mortgaged as collaterals for loans (Note K)
					112,658	2,413,672	2.91	4,618,962	
5	Far Eastern Polychem Industries Ltd.	Far Eastern International Commercial Bank Orient Union Chemical Corp. Kowloon Cement Corp. Far Eastern International Leasing Corp. Pacific Liu Tung Investment Co.(Note J) Yi Jinn Industrial Co., Ltd.	(Note A) (Note A) (Note A) (Note A) (Note A) (Note A)	Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Available-for-sale financial assets - noncurrent	21,195	296,645	1.13	221,491	(Note K)
					24,964	467,985	3.17	981,070	
					1,127	365,113	49.00	365,113	
					59,005	862,535	16.35	871,508	
					9,000	140,361	2.24	145,980	
					23,471	117,355	6.42	117,355	
					(Note H)	1,039,348	82.40	1,101,708	
6	Far Eastern Construction Co., Ltd.	U-Ming Marine Transport Corp. Far Eastern General Constructor Inc. Asia Cement Corporation	(Note F) (Note A) (Note A)	Available-for-sale financial assets - current Equity method investments Equity method investments	36	16,941	10.00	-	1,152 thousand shares pledged or mortgaged as collaterals for loans (Note K)
					23	78,894	21.70	10,115	
					196	165,506	44.44	21,219	
					1,590	140,855	0.19	140,855	
7	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd. Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note D) (Note D)	Equity method investments Equity method investments	93,029	1,196,861	99.95	1,225,608	34,000 thousand shares pledged or mortgaged as collaterals for loans (Note K)
					39,740	1,023,510	1.45	1,883,664	
8	Far Eastern Apparel Company	Ming Ding Co. Yue Ding Industry Co., Ltd.	(Note A) (Note A)	Equity method investments Equity method investments	448	7,739	44.80	7,739	(Note K)
					6	28	0.01	38	
9	Far Eastern General Contractor Inc.	U-Ming Marine Transport Corp. Asia Cement Corporation Kaohsiung Rapid Transit Corp. Ya Li Precast & Prestressed Concrete Industries Ltd. Far Eastern Technical Consultants Co., Ltd. Bond fund	(Note F) (Note A) - - - -	Available-for-sale financial assets - current Equity method investments Financial assets carried at cost Financial assets carried at cost Financial assets carried at cost Limited asset	746	66,140	0.09	66,140	Pledged to NTU as a contracting guarantee
					9,681	279,058	0.35	458,891	
					20,000	200,000	2.00	185,332	
					3,106	25,142	16.03	22,204	
10	F.E.T.G Investment Antilles N.V.	Waldorf Services B. V.	(Note D)	Equity method investments	0.04	2,519	100.00	2,519	(Note K)
					0.04	2,519	100.00	2,519	

(Continued)

No.	Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2007				Note
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
11	Waldorf Services B.V.	Centex Apparel Inc. Albert & Orient Glycol Ltd. Malaysia Garment Manufactures Pte. Ltd. Far Eastern International Garments	(Note A) (Note A) (Note A) (Note A)	Equity method investments Financial assets carried at cost Equity method investments Equity method investments	90 0.3 30 59	US\$ 233 US\$ 6,026 US\$ - US\$ -	50.00 25.00 37.90 41.00	PHP 9,582 - SG\$ - PHP -	- - - -
12	Ari-Ho Garment Corp.	Far EastTone Telecommunications Corp.	(Note A)	Equity method investments	106,834	2,290,549	2.65	4,380,194	36,750 thousand shares pledged or mortgaged as collaterals for loans (Note K)
13	Yuan Faun Ltd.	Yi Tong Fiber Co., Ltd. Far Eastern International Commercial Bank Yuan Cheng Human Resources Consultant Corp.	- (Note A) (Note A)	Financial assets carried at cost Equity method investments Equity method investments	3,504 3,891 111	28,519 31,299 3,498	3.56 0.21 55.56	31,839 40,657 3,461	- - (Note K)
14	Yuan Tong Investment Corp.	New Century InfoComm Tech Co., Ltd. Pacific Liu Tung Investment Co. (Note J) Far EastTone Telecommunications Corp.	(Note G) (Note A) (Note A)	Financial assets carried at cost Equity method investments Equity method investments	480,442 9,000 117,150	3,446,078 139,163 2,600,384	12.01 2.24 2.90	3,423,478 145,980 4,803,168	62,100 thousand shares pledged or mortgaged as collaterals for loans (Note K)
		Far Eastern Electronic Toll Collection Co., Ltd. Far Eastern International Commercial Bank Far Eastern Department Store Oriental Union Chemical Corporation Asia Cement Corporation FEDP (Holding) Limited Sino Belgium (Holding) Limited	(Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A)	Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments	35,048 17,743 139 431 7,449 196 9	137,748 240,908 2,370 9,714 316,213 817,258 595,190	9.15 0.94 0.01 0.05 0.27 44.44 100.00	142,598 185,413 5,438 16,928 353,062 688,052 595,190	- - - - - (Note K) (Note K)
		Under asset management contract (Note I) UNI-president Enterprises Corp.	-	Financial assets at fair value through profit or loss - current	90	3,951	-	3,951	-
		Chung Hwa Pulp Corp.	-	Financial assets at fair value through profit or loss - current	783	15,111	-	15,111	-
		Foxconn Technology Group	-	Financial assets at fair value through profit or loss - current	225	45,450	-	45,450	-
		Universal Scientific Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,071	20,397	-	20,397	-
		ACER	-	Financial assets at fair value through profit or loss - current	324	20,574	-	20,574	-
		Gold Circuit Electronics.	-	Financial assets at fair value through profit or loss - current	144	4,162	-	4,162	-
		Tatung Co.	-	Financial assets at fair value through profit or loss - current	1,620	25,515	-	25,515	-
		Realtek Semiconductor Corp.	-	Financial assets at fair value through profit or loss - current	180	20,250	-	20,250	-
		AUO	-	Financial assets at fair value through profit or loss - current	540	34,290	-	34,290	-
		Mosel Vitelic Inc.	-	Financial assets at fair value through profit or loss - current	295	12,950	-	12,950	-
		I-Chium Precision	-	Financial assets at fair value through profit or loss - current	234	8,635	-	8,635	-
		Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	450	13,320	-	13,320	-
		SKFHC	-	Financial assets at fair value through profit or loss - current	900	20,070	-	20,070	-
		CHIMEI Corporation	-	Financial assets at fair value through profit or loss - current	360	16,380	-	16,380	-

(Continued)

No.	Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2007				Note
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
		DynaPack Corp.	-	Financial assets at fair value through profit or loss - current	288	\$ 30,384	-	\$ 30,384	-
		IGS Co., Ltd.	-	Financial assets at fair value through profit or loss - current	90	22,725	-	22,725	-
		Tongtai Machine & Tool Co., Ltd.	-	Financial assets at fair value through profit or loss - current	387	14,370	-	14,370	-
		Simple Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	117	19,013	-	19,013	-
		Chiphond Technology Corp.	-	Financial assets at fair value through profit or loss - current	23	745	-	745	-
		ITEQ Corporation	-	Financial assets at fair value through profit or loss - current	288	10,714	-	10,714	-
		Polytronics Technology Corp.	-	Financial assets at fair value through profit or loss - current	207	7,783	-	7,783	-
		Motech Technology	-	Financial assets at fair value through profit or loss - current	216	64,260	-	64,260	-
		Nan Ya Printed Circuit Board Corp.	-	Financial assets at fair value through profit or loss - current	90	19,935	-	19,935	-
15	Far EastTone Telecommunications Corp.	Stocks KGT Telecommunication Co., Ltd. New Century InfoComm Tech Co., Ltd. Arcoa Communication Co., Ltd. Far Eastern Electronic Toll Collection Co., Ltd. Q-Ware Communications Far Eastern Info Service (Holding) Ltd. E. World (Holdings) Ltd. Far EastTron Holding Ltd. Ding Ding Integrated Marketing Service Co., Ltd. Far EastTron Co., Ltd.	(Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A)	Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments	1,332,998 980,315 79,353 157,714 36,460 1 6,015 4,487 4,500 100	35,027,145 6,062,000 999,769 644,856 352,102 138,977 61,082 39,314 17,300 233	100.00 24.51 59.10 41.18 51.00 100.00 85.92 100.00 15.00 0.67	35,027,145 6,062,000 999,769 644,856 352,102 138,977 61,082 39,314 17,300 233	(Note K) (Note K) (Note K) (Note K) (Note K) (Note K) (Note K) (Note K) (Note K) (Note K)
16	Far Eastern Apparel (Suzhou) Ltd.	Wu Han Far Eastern New Material Ltd. Shanghai Yuanzi Information Co., Ltd.	(Note A) (Note A)	Equity method investments Equity method investments	(Note H) (Note H)	RMB 350 RMB 100	0.50 5.00	RMB 494 RMB 88	- -
17	Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd. Shanghai Yuanzi Information Co., Ltd. Shanghai Far Eastern Petrochemical Logistic Ltd.	(Note A) (Note A) (Note A)	Equity method investments Equity method investments Equity method investments	(Note H) (Note H) (Note H)	RMB 3,700 RMB 1,676 RMB 5,381	6.50 95.00 100.00	RMB 6,420 RMB 1,676 RMB 5,381	(Note K) (Note K) (Note K)
18	Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd. Oriental Industries (Suzhou) Ltd. Far Eastern Industries (Jiujiang) Ltd.	(Note D) (Note D) (Note D)	Equity method investments Equity method investments Equity method investments	(Note H) (Note H) (Note H)	US\$ 69,066 US\$ 47,243 US\$ 1,081	100.00 100.00 100.00	RMB 504,467 RMB 333,411 RMB 9,171	(Note K) (Note K) (Note K)
19	Pacific Petrochemical (Holding) Ltd.	Oriental Petrochemicals (Shanghai) Corp.	(Note A)	Equity method investments	(Note H)	US\$ 44,382	50.00	RMB 327,181	(Note K)
20	PET Far Eastern (Holding) Ltd.	Oriental Petrochemicals (Shanghai) Corp.	(Note A)	Equity method investments	(Note H)	US\$ 44,382	50.00	RMB 327,181	(Note K)
21	FEDP (Holding) Limited	Far Eastern Industries (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 37,967	100.00	RMB 277,312	(Note K)
22	Far Eastern Polytex (Holding) Ltd.	Wu Han Far Eastern New Material Ltd. Far Eastern Apparel (Suzhou) Ltd. FEDP (Holding) Ltd. Far Eastern (China) Investment Ltd.	(Note A) (Note A) (Note A) (Note A)	Equity method investments Equity method investments Equity method investments Equity method investments	(Note H) (Note H) 40 (Note H)	US\$ 11,763 US\$ 12,634 US\$ 7,196 US\$ 49,394	93.00 52.38 11.12 100.00	RMB 91,852 RMB 92,177 US\$ 5,309 RMB 364,540	(Note K) (Note K) (Note K) (Note K)

(Continued)

No.	Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2007				Note
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
23	KG Telecommunications Co., Ltd.	Stocks KGT International Holding Co., Ltd. iScreen UNI-PRESIDENT	(Note A) (Note A) (Note A) -	Equity method investments Equity method investments Equity method investments Available-for-sale financial assets - current	186,391 50 4,000 550	\$ 939,042 73,972 26,534 24,145	74.56 100.00 40.00 -	\$ 939,042 73,972 26,534 24,145	(Note K) (Note K) - -
		FPC	-	Available-for-sale financial assets - current	100	9,110	-	9,110	-
		AUO	-	Available-for-sale financial assets - current	350	22,225	-	22,225	-
		FCFC	-	Available-for-sale financial assets - current	150	12,450	-	12,450	-
		ACER	-	Available-for-sale financial assets - current	400	25,400	-	25,400	-
		RT	-	Available-for-sale financial assets - current	250	28,125	-	28,125	-
		ELAN	-	Available-for-sale financial assets - current	200	12,720	-	12,720	-
		EMC	-	Available-for-sale financial assets - current	400	11,840	-	11,840	-
		FARADAY	-	Available-for-sale financial assets - current	200	14,500	-	14,500	-
		E. TON SOLAR	-	Available-for-sale financial assets - current	25	7,800	-	7,800	-
		PT TECH.	-	Available-for-sale financial assets - current	105	23,205	-	23,205	-
		SAS	-	Available-for-sale financial assets - current	70	18,550	-	18,550	-
		CHIPBOND	-	Available-for-sale financial assets - current	500	16,200	-	16,200	-
		THEIL	-	Available-for-sale financial assets - current	150	14,250	-	14,250	-
		N.P.C.	-	Available-for-sale financial assets - current	65	14,397	-	14,397	-
		SOFT-WORLD	-	Available-for-sale financial assets - current	200	17,540	-	17,540	-
		MOTECH	-	Available-for-sale financial assets - current	70	20,825	-	20,825	-
		Open-ended mutual funds	-						
		Far Eastern Alliance Taiwan Bond Security Investment Trust Fund	-	Available-for-sale financial assets - current	73,960	811,265	-	811,265	
		JF Taiwan European Bond Fund	-	Available-for-sale financial assets - current	20,000	196,828	-	196,828	
		IBT 101 global mortgage securitization fund	-	Available-for-sale financial assets - current	4,734	48,955	-	48,955	
		Private funds	-						
		FEA Long-Short Private Placement Fund	-	Financial assets carried at cost - noncurrent	10,000	100,000	-	-	
		Fuh Hwa Value Added Strategy Fund	-	Financial assets carried at cost - noncurrent	14,866	150,000	-	-	

(Continued)

No.	Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2007				Note
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
24	Arcoa Communication Co., Ltd.	<u>Stocks</u> THH Consultants Shunghwa Int'l Communication Network Co., Ltd. VIBO Telecom Inc. Web Point Co., Ltd. <u>Open-end mutual funds</u> Pea Well Pool Fund Yuanfa Wan Tai Bond Fund <u>Bonds</u> Ta Chong Bank Financial Bonds 93 Series-I	- - - - - - - -	Financial assets carried at cost - noncurrent Financial assets carried at cost - noncurrent Financial assets carried at cost - noncurrent Financial assets carried at cost - noncurrent Available-for-sale financial assets - current Available-for-sale financial assets - current Bond carried at amortized cost - current	1,134 2,831 2,000 161 10,268 8,487 3,000	\$ 13,729 6,714 20,000 1,618 150,663 120,427 3,000	18.29 4.20 0.13 0.63 - - -	\$ - - - - 150,663 120,427 -	
25	Far Eastern Info Service (Holding) Ltd.	Share certificates Far Eastern Tech-info Ltd. (Shanghai)	(Note A)	Equity method investments	-	US\$ 3,664,000	100.00	US\$ 3,664,000	(Note K)
26	Far East Iron Holding Ltd.	<u>Stocks</u> Far East Iron Co., Ltd.	(Note A)	Equity method investments	14,900	US\$ 1,198,000	99.33	US\$ 1,198,000	
27	E. World (Holdings) Ltd.	<u>Stocks</u> Yuan Cing Co., Ltd. Ideaculture (Cayman) Ltd.	(Note A)	Equity method investments Financial assets carried at cost - noncurrent	19,350 1,195	US\$ 1,913,000 -	99.99 17.96	US\$ 1,913,000 -	
28	KGT International Holding Co., Ltd.	<u>Stocks</u> KCEX.com Co., Ltd.	(Note A)	Equity method investments	11,465	57,761	4.59	57,761	(Note K)
29	Far Eastern (China) Investment Ltd.	Far Eastern Industries (Shanghai) Ltd.	-	Equity method investments	-	RMB 219,138	17.60	RMB 205,935	(Note K)
30	Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Ltd.	-	Equity method investments	-	US\$ 18,327	100.00	RMB 134,252	(Note K)

Notes: A. Equity-method investee.

B. Investor company and investee have the same chairman.

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

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

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

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

G. Equity- method investee of FETL.

H. Private company.

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

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

K. The amount had been written off.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK

YEAR ENDED DECEMBER 31, 2007

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

No.	Company Name	Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
						Shares (Thousands/Thousand Units)	Amount	Shares (Thousands)	Amount	Shares (Thousands)	Price	Book Value	Disposal Gain	Investment Income under the Equity Method	Shares (Thousands/Thousand Units)
0	Far Eastern Textile Ltd.	Far Eastern Polychem Industries Ltd. Far Eastern Investment (Holding) Ltd.	Equity method investments Equity method investments	Issuance of stock by cash Issuance of stock by cash	Note B -	116,548 1,100	\$ 1,098,743 3,019,511	84,988 600	\$ 809,201 1,592,160	- -	- -	- -	201,556 1,700	\$ 1,983,933 (Note D) 5,351,578 (Note D)	
1	Yuan Ding Investment Corp.	Asia Cement Corporation Far Eastern International Leasing Corp. Far Eastern Department Store Far Eastern Polychem Industries Ltd. Oriental Resources Development Ltd. Oriental Textile (Holding) Ltd.	Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments	Open market Issue GDR Issuance of stock by cash Jhang Yi Bin Open market Issuance of stock by cash Issuance of stock by cash Issuance of stock by cash	- - - - - - -	97,459 49,394 54,815 191,870 7,322 59	1,857,379 704,627 1,030,056 1,808,753 49,586 3,888,122	378 9,833 13 2,193 139,848 16,000 12	- 117,999 153 - 1,334,681 160,000 749,777	472,410 2,734,372 - 298,408 - - -	250,751 1,601,040 - 155,247 - - -	221,659 1,133,332 - 143,161 - - -	824 59,240 49,388 331,718 21,322 71	7,542 - 43,933 - 152,719 132,272 (10,561) 44,503	13,130 - 866,712 - 1,027,528 3,275,706 (Note D) 199,025 (Note D) 4,682,402
3	Ding Yuan International Investment Corp.	Far Eastern Department Store Far Eastern Petrochemicals Co., Ltd.	Equity method investments Equity method investments	Open market Issuance of stock by cash	- -	10,334 36	122,704 694,680	- 6	- 101,082	299,439 -	127,674 -	171,765 -	3,031 42	66,134 (203,972)	61,164 591,790
4	Kai Yuan International Investment Corp.	Far Eastern International Leasing Corp.	Equity method investments	Issuance of stock by cash	-	49,207	701,147	9,798	117,581	-	-	-	59,005	43,807	862,535
6	Far Eastern Construction Co., Ltd.	Far Eastern Alliance Taiwan Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	9,158	100,000	100,056	100,000	56	-	-	-
9	Far Eastern General Contractor Inc.	President James Bond Fund Far Eastern Alliance Taiwan Bond Fund Invesco Bond Fund	Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current Financial assets at fair value through profit or loss - current	- - -	- - -	- - 2,289	- - 34,002	15,284 15,330 15,223	238,000 166,000 229,000	238,105 166,054 263,171	238,000 166,000 263,002	105 54 169	- - -	- - -	- - -

(Continued)

No.	Company Name	Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition			Disposal			Ending Balance	
						Shares (Thousands)/ Units	Amount	Shares (Thousands)	Amount	Shares (Thousands)	Price	Book Value	Disposal Gain	Investment Income under the Equity Method	Shares (Thousands)/ Units
14	Yuan Tong Investment Corp.	FEDP (Holding) Limited. Sino Belgium (Holding) Limited. Asia Cement Corporation	Equity method investments Equity method investments Equity method investments Equity method investments	Issuance of stock by cash Issuance of stock by cash Open market Issuance of stock by cash	- - - -	- - - -	\$ - - - 89,606	196 9 7,034 11,348	\$ 810,739 591,783 297,092 113,476	- - - -	\$ - - - -	- - - -	- - - -	196 9 7,449 35,048	\$ 817,258 (Note D) 595,190 (Note D) 316,213 137,748 (Note D)
15	Far EastTone Telecommunications Corp.	Far Eastern Electronic Toll Collection Co., Ltd. Q-Ware Communications Co., Ltd. New Century InfoComm Tech Co.	Equity method investments Equity method investments Equity method investments	Issuance of stock by cash Issuance of stock by cash Note C	- - -	- - -	395,686 - -	51,064 36,460 980,315	510,640 495,855 6,062,000	- - -	- - -	- - -	- -	157,714 36,460 980,315	644,856 (Note D) 352,102 (Note D) 6,062,000
23	KG Telecommunication Co., Ltd.	Fuh Hwa Value Added Strategy Fund	Financial assets carried at cost - current	-	-	-	14,866	150,000	-	-	-	-	-	14,866	150,000
		Far Eastern Alliance Taiwan Bond Fund	Available-for-sale financial assets - current	-	-	500,000	27,492	300,000	-	-	-	-	-	73,960	800,000
24	ARCOA Communications Co., Ltd.	Capital Income Fund	Financial assets at fair value through profit or loss - current	-	-	91,500	8,025	120,000	-	212,428	211,500	928	-	-	-
		Dresdner Bond Dam Fund	Financial assets at fair value through profit or loss - current	-	-	-	12,007	140,000	-	140,498	140,000	498	-	-	-
		Prudential Financial Bond Fund	Financial assets at fair value through profit or loss - current	-	-	20,000	6,103	90,000	-	110,424	110,000	424	-	-	-
		Pea Well Pool Fund	Financial assets at fair value through profit or loss - current	-	-	-	10,268	150,000	-	-	-	-	-	10,268	150,000
		Yuanta Wan Tai Bond Fund	Available-for-sale financial assets - current	-	-	-	8,487	120,000	-	-	-	-	-	8,487	120,000
34	Fu Kwok Garment Manufacturing Co., Ltd.	Shares of Asia Cement Corporation	Equity method investments	Open market	-	1,150	2,1362	-	-	42,414	23,524	22,125	2,162	-	-

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

B. Same chairman as FETL's.

C. Issuance of 160,370 thousand of shares to exchange of NCIC's common shares from Infocom Holding Company Ptd Ltd. and SingTel Taiwan Limited.

D. The amount had been written off.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK
YEAR ENDED DECEMBER 31, 2007
(In Thousands of New Taiwan Dollars)

Company Name	Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationship	Prior Transactions with Related Counter-party			Price Reference	Purpose of Acquisition	Other Terms	
							Owner	Relationship	Transfer Date				Amount
Far Eastern Construction Co., Ltd.	No. 201 etc., Guangming Section, Situn District Taichung City	2007.4.24	\$411,500	Paid in full	Far Eastern Geant Company Ltd.	The chairman of the investee's board of directors is a member of the holding company's board of directors	Far Eastern Department Store	Investee accounted for by equity method	1997.7.7	\$405,000	Refer to the appraisal report by the Wei-Cheng Asset Management Corp.	Construction land for operation	-

Note: All deferred gains and losses are recognized on the subsequent sale of related items to third parties.

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK
 YEAR ENDED DECEMBER 31, 2007
 (In Thousands of New Taiwan Dollars)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details		Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
				Purchase/Sale	Amount	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	
0	Far Eastern Textile Ltd.	Everest Textile Co., Ltd. Oriental Union Chemical Corp. INVISTA Far Eastern Petrochemicals Co., Ltd. Oriental Resources Development Ltd. (the former "Taiwan Recycling Corp.") Freudenberg Far Eastern Spunweb Co. Far Eastern Apparel (Suzhou) Ltd.	(Note A) (Note A) (Note A) (Note J) (Note A) (Note J)	\$ (402,180) 3,342,205 8,811,541 195,198 (396,557) (225,988) (Note K)	(1) 10 26 - (1) -	In 30 to 90 days Average 45 days Cash payment on 15th of the next month For contract For contract For contract	\$ - - - - - -	\$ 43,588 - - - - -	5 - - - - -	\$ 16,631 (548,396) (728,744) (25,586) (Note K) 70,363 117,310 (Note K)	- (13) (18) 1 1 2	
6	Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	(Note F)	817,041 (Note K)	87	Average 30 days	-	-	-	(93,960) (Note K)	100	
9	Far Eastern General Contractor Inc.	Oriental Concrete Private Ltd. Far Eastern Construction Co., Ltd.	(Note D) (Note E)	258,088 (716,040) (Note K)	8 (21)	Average 45 days Average 30 days	-	(18,483) 93,960 (Note K)	(7) 37	(22,056) 1,216,070 (Note K)	(4) 10	
15	Far EasTone Telecommunications Corp.	KG Telecommunications Co., Ltd. ARCOA Communication Co., Ltd.	(Note F) (Note F)	(2,828,152) (Note K) 1,831,295 (Note K) (142,695) (Note K) 1,680,574 (Note K) (268,304) (Note K) (461,167)	(7) 9 - 5 (1) (1)	For contract For contract For contract For contract For contract For contract For contract	- - - - - - -	- - - - - - -	- - - - - - -	329,351 (Note K) (138,458) (Note K) 166,627 (Note K) (266,558) (Note K) 34,750 (Note K) - (Note C) (56,247) (Note C) (25,233) (Note K)	6 (15) 3 (6) 1 - (6) (1)	
16	Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Tech-info Ltd. (Shanghai) Far Eastern Textile Ltd.	(Note J) (Note E)	133,724 (Note K)	60	For contract	-	-	-	-	17	
17	Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd. Far Eastern Industries (Suzhou) Ltd. Oriental Petrochemical (Shanghai) Corp. Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note I) (Note I) (Note I) (Note I)	(1,307,067) (Note K) 1,403,417 (Note K) 6,837,908 (Note K) (237,026) (Note K)	(6) 7 30 (1)	Average 60 days Average 60 days Average 60 days Average 60 days	- - - -	- - (90,348) (Note K) (1,241,424) (Note K)	- - (99)	296,906 (Note K) (262,713) (Note K) (590,038) (Note K) 129,323 (Note K)	9 (7) (15) 4	

(Continued)

No.	Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction			Notes Payable or Receivable		Accounts Payable or Receivable		Note
				Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	% to Total	
23	KG Telecommunications Co., Ltd.	Far EastOne Telecommunications Corp. ARCOA Communication Co., Ltd. New Century InfoComm Tech Co., Ltd. KGEx.com Co., Ltd.	(Note E) (Note H) (Note G) (Note F)	Operation revenue Operation cost Marketing expense and purchase Operation revenue Operation revenue	\$ (1,831,295) (Note K) 2,828,152 (Note K) 379,293 (Note K) (104,043) (124,909) (Note K)	(9) 26 12 (1) (1)	For contract For contract For contract For contract For contract	- - - - -	\$ - - - - -	- - - - -	\$ 138,458 (Note K) (329,351) (Note K) (54,000) (Note K) - (Note C) (8,080) (Note C) 16,717 (Note K)	7 (65) (4) - (2) 1		
24	ARCOA Communication Co., Ltd.	Far EastOne Telecommunications Co., Ltd.	(Note E)	Operating commissions, revenue, and service revenue Purchase	(1,680,574) (Note K) 142,695 (Note K) (379,293) (Note K)	(33) 31 (8)	For contract For contract For contract	- - -	- - -	- - -	266,558 (Note K) (166,627) (Note K) 54,000 (Note K)	84 (33) 17		
33	Wu Han Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note I)	Purchase	1,307,067 (Note K)	100	Average 60 days	-	-	-	(296,906) (Note K)	(93)		
35	Oriental Resources Development Ltd. (the former "Taiwan Recycling Corp.")	Far Eastern Textile Ltd.	(Note I)	Sales revenue	(195,198) (Note K)	(80)	For contract	-	-	-	25,586 (Note K)	65		
36	KGEx.com Co., Ltd.	Far EastOne Telecommunications Corp. KG Telecommunications Co., Ltd.	(Note B) (Note E)	Operation cost Operation cost	268,304 (Note K) 124,909 (Note K)	29 14	For contract For contract	- -	- -	- -	(34,750) (Note K) (16,717) (Note K)	(19) (9)		
37	Far Eastern Tech-info Ltd. (Shanghai)	Far EastOne Telecommunications Corp.	(Note B)	Operation revenue	(133,724) (Note K)	(76)	For contract	-	-	-	25,233 (Note K)	93		
38	Oriental Petrochemical (Shanghai) Corp.	Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Suzhou) Ltd.	(Note I) (Note I)	Sales Sales	(6,837,908) (Note K) (2,087,617) (Note K)	(41) (12)	In 90 to 180 days In 90 to 180 days	- -	1,241,424 (Note K) 198,545 (Note K)	42 1	590,038 (Note K) 119,090 (Note K)	83 17		
39	Far Eastern Industries (Suzhou) Ltd.	Oriental Petrochemical (Shanghai) Corp. Far Eastern Industries (Shanghai) Ltd. Oriental Industries (Suzhou) Ltd.	(Note I) (Note I) (Note I)	Purchase Sales Sales	2,087,617 (Note K) (1,403,417) (Note K) (1,116,803) (Note K)	49 (35) (26)	Average 90 days Average 90 days Average 90 days	- - -	(198,545) (Note K) 90,348 (Note K) - -	(100) 52 -	(119,090) (Note K) 262,713 (Note K) 788,182 (Note K)	14 32 50		
40	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note I)	Purchase	237,026 (Note K)	35	Average 60 days	-	-	-	(129,323) (Note K)	63		
41	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note I)	Purchase	1,085,899 (Note K)	100	Average 90 days	-	-	-	(788,182) (Note K)	(100)		

(Continued)

Notes:

- A. Equity-method investee.
- B. Ultimate parent company.
- C. All revenues and costs between Far EasTone and NCJC were settled at full amount except interconnection revenues and costs and were included in payables to related parties, respectively.
- D. Equity-method investee of a Asia Cement Corporation.
- E. Parent company.
- F. The subsidiary.
- G. Same chairman.
- H. Same parent company.
- I. Same ultimate parent company.
- J. The subsidiary of subsidiary.
- K. The amount had been written off.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK
YEAR ENDED DECEMBER 31, 2007**
(In Thousands of New Taiwan Dollars)

No.	Company Name	Related Party	Nature of Relationship	Ending Balance (Note F)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
						Amount	Action Taken		
1	Far Eastern Textile Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note E)	\$ 117,310	2.55	\$ -	-	\$ 19,882	\$ -
15	Far EasTone Telecommunications Co., Ltd.	KG Telecommunication Co., Ltd. ARCOA Communication Co., Ltd.	(Note E) (Note E)	649,022 181,648	(Note B) 6.83	-	-	400,976 113,188	-
17	Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd. Far Eastern Spinning and Dyeing (Suzhou) Ltd.	(Note D) (Note D)	296,906 129,323	6.36 2.42	-	-	34,442 29,111	-
23	KG Telecommunication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note F)	789,247	(Note C)	-	-	607,308	-
24	ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note F)	266,558	6.77	-	-	179,392	-
38	Oriental Petrochemicals (Shanghai) Corp.	Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Suzhou) Ltd.	(Note D) (Note D)	1,870,711 317,640	12.82 16.38	-	-	1,870,711 317,640	-
39	Far Eastern Industries (Suzhou) Ltd.	Far Eastern Industries (Shanghai) Ltd. Oriental Petrochemicals (Suzhou) Corp.	(Note D) (Note D)	353,061 788,182	4.08 3.01	-	-	54,207 94,079	-

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

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

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

Note D: Same ultimate parent company.

Note E: The subsidiary.

Note F: The parent company.

Note G: All receivables from related parties have been excluded from the consolidated.

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES
NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
YEAR ENDED DECEMBER 31, 2007
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investor	Investee	Location	Main Businesses and Products	Investment Amount	Balance as of December 31, 2007			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
					December 31, 2007	December 31, 2006	Shares (Thousands)	Percentage of Ownership			
0	Far Eastern Textile Ltd.	Asia Cement Corporation	Taipei, Taiwan	Cement production	\$ 2,857,181	\$ 2,857,181	657,751	24.05	\$ 13,312,429	\$ 1,801,762	Gain or loss recognized under the treasury stock method
		Far Eastern Department Store	Taipei, Taiwan	Department store operations	1,254,158	1,254,158	188,311	16.80	3,874,707	197,878	Including deferred revenue \$(55,114)
		Oriental Union Chemical Corp.	Taipei, Taiwan	Chemical materials production	1,176,211	1,176,211	72,385	9.19	1,151,125	199,929	Including deferred revenue \$(6,807)
		Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	567,639	567,639	72,936	3.88	708,164	(30,268)	
		Everest Textile Co., Ltd.	Taiwan, Taiwan	Chemical fiber production	1,689	1,689	129	0.03	1,640	115,551	
		Yuan Ding Investment Corp.	Taipei, Taiwan	Investment	100,539	100,539	1,833,824	100.00	38,225,370	6,290,504	Including deferred revenue \$353
		Far Eastern Resources Development Co., Ltd.	Taipei, Taiwan	Real estate rental	14,931,733	14,931,733	245,600	100.00	15,261,547	235,761	
		Yuan Tong Investment Corp.	Taipei, Taiwan	Investment	5,850,000	5,850,000	683,945	100.00	7,718,546	242,439	(Note C)
		Far Eastern Investment (Holding) Ltd.	Clarendon House, Hamilton HM 11, Bermuda	Investment	5,833,333	4,241,173	1,700	100.00	5,351,578	797,774	(Note C)
		Kai Yuan International Investment Corp.	Taipei, Taiwan	Investment	999,993	999,993	246,776	100.00	3,493,944	346,731	(Note C)
		Yuang Ding Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	857,447	857,447	148,529	37.13	3,386,357	1,452,057	(Note C)
		Far Eastern Polytex (Holding) Limited	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	Investment	2,502,777	2,502,777	38	100.00	2,658,679	27,095	(Note C)
		Oriental Securities Co.	Taipei, Taiwan	Broker	159,823	159,823	140,278	19.65	2,385,109	1,424,511	
		Ding Yuan International Investment Corp.	Taipei, Taiwan	Investment	2,000,062	2,000,062	200,000	100.00	2,121,482	75,356	(Note C)
		Far Eastern Polychem Industries Ltd.	Taipei, Taiwan	Investment	1,784,176	974,975	201,536	37.79	1,989,856	(182,506)	(Note C)
		Far Eastern Construction Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	143,450	143,450	101,402	65.11	1,651,101	356,116	
		Pacific Liu Tung Investment Co.	Taipei, Taiwan	Investment	810,000	810,000	67,883	16.83	1,186,438	1,469,334	245,063
		Invisita Far Eastern Petrochemicals Limited	Taoyuan, Taiwan	PTA production and sale	1,821,575	1,821,575	99,642	21.00	959,543	(2,186,100)	(455,995)
		An-Ho Garment Corp.	Taipei, Taiwan	Garment production	1,023	1,023	18,600	100.00	959,375	223,703	(Note C)
Fu Kwok Garment Manufacturing Co.	Kaohsiung, Taiwan	Garment production	9,129	9,129	3,999	99.99	124,126	34,133			
Ding Ding Hotel Corp.	Taipei, Taiwan	Hotel	249,795	249,795	5,386	19.00	58,939	28,224	5,358		
New Century Information Communication Co.	Taipei, Taiwan	Telecommunications	40,560	48,076	4,008	0.10	28,753	-			
Yuan Faun Ltd.	Taipei, Taiwan	PET bottle production and selling	1,999	1,999	200	4.00	3,629	(350)	(14)	(Note C)	
1	Yuan Ding Investment Corp.	Far East Tone Telecommunications Corp.	Taipei, Taiwan	Telecommunications	5,259,000	5,259,000	1,320,198	32.73	25,819,977	11,619,441	
		Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	470,103	470,103	118,869	24.24	1,212,900	115,551	(Note C)
		Oriental Union Chemical Corp.	Taipei, Taiwan	Petrochemical materials production	1,129,885	1,129,885	71,934	9.13	1,232,105	2,331,830	
		Far Eastern Department Store	Taipei, Taiwan	Department store operations	825,684	958,997	49,388	4.41	1,027,528	1,607,152	
		Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	366,333	366,333	18,451	0.98	166,876	(780,091)	
		Asia Cement Corporation	Taipei, Taiwan	Cement production	9,642	2,108,925	825	0.03	13,130	10,100,422	(Note C)
		Oriental Textile (Holding) Ltd.	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	Investment	4,660,330	3,910,553	71	100.00	4,682,403	(183,796)	
		Oriental Securities Co.	Taipei, Taiwan	Broker	258,846	256,955	189,907	26.61	3,340,736	1,424,511	(Note C)
		Far Eastern Polychem Industries Ltd.	Clarendon House, Hamilton HM 11, Bermuda	Investment	1,620,452	283,771	331,717	62.21	3,275,706	(182,506)	
		Liquid Air Far East Co., Ltd.	Taipei, Taiwan	Industrial gas production and selling	329,778	329,778	69,113	35.00	1,113,303	495,570	(Note C)
		Far Eastern Apparel (Holding) Ltd.	Clarendon House, Hamilton HM 11, Bermuda	Sale of textile, garments, and clothing	1,132,374	1,132,374	60	100.00	1,086,795	(29,676)	
		Yuang Ding Co.	Taipei, Taiwan	Real estate construction and selling	188,846	188,846	51,457	12.86	1,170,648	1,452,057	(Note B)
		Pacific Liu Tung Investment Co. (Note C)	Taipei, Taiwan	Investment	796,491	796,491	14,92	14.92	965,036	1,469,334	
		Far Eastern International Leasing Corp.	Taipei, Taiwan	Leasing of real estate and movable property, etc.	855,697	737,545	59,240	16.42	866,712	114,907	(Note C)
		Pacific Petrochemical (Holding) Ltd.	P.O. Box 3140 Tortola British Virgin Islands	Investment	681,000	681,000	20	39.40	555,291	(253,280)	(Note C)
Invisita-Fast Eastern Co., Ltd.	Taoyuan, Taiwan	Nylon production	585,000	585,000	33,082	50.00	391,345	91,470			
Yuang Ding Leasing Co.	Taipei, Taiwan	Leasing	319,380	319,380	36,706	46.20	382,207	14,376			
Freudenberg Far Eastern Spunweb Co.	Taoyuan, Taiwan	Production of nonwoven industrial fabrics	144,797	144,797	13,023	29.80	251,011	125,834			

(Continued)

No.	Investor	Investee	Location	Main Businesses and Products	Investment Amount		Shares (Thousands)	Balance as of December 31, 2007		Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
					December 31, 2007	December 31, 2006		Percentage of Ownership	Carrying Value			
		Far Eastern Apparel Company Da Ju Fiber Corporation Yuan Faun Ltd. Yue Ming Co. Oriental Resources Development Ltd. New Century Information Communication Co.	Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan	Sale of textile, garments, and clothing Polyester production PET bottle production and selling Trading Waste recycling and processing Telecommunications	\$ 287,984 136,532 48,000 36,482 119,901 1,549,473	\$ 287,984 136,532 48,000 36,482 119,901 1,840,000	18,000 11,880 96,000 1,067 21,322 154,947	100.00 41.86 96.00 45.50 70.32 3.87	\$ 233,179 141,874 89,096 65,024 199,025 1,111,394	\$ 30,343 (71,757) (350) 826 (14,554) -	- - - - - -	(Note C) (Note C) (Note C) (Note C) (Note C) (Note C)
2	Far Eastern Investment Ltd.	F.E.T.G. Investment Antilles N.V. PET F.E. (M) Sdn Bhd. Com 2B Fashionline Saigon Ltd.	EEG Boulevard 62 P.O. Box 342 Bonaire Malaysia Cayman Islands Vietnam	Investment Bottle production E-business Clothing production	US\$ 6 MYR 8,000 US\$ 3,375 US\$ 3,000	US\$ 6 MYR 8,000 US\$ 3,375 US\$ 3,000	6 Common stock: 5,000 Preferred stock: 3,000 9,000	100.00 50.00 20.00 100.00	US\$ 2,369 US\$ 3,848 US\$ 928 US\$ 2,566	US\$ (9,163) MYR 5,877 US\$ 117 US\$ (416)	- - - -	(Note C) (Note C) (Note C) (Note C)
3	Ding Yuan International Investment Corp.	Far Eastern International Commercial Bank Far Eastern Department Store Everest Textile Co., Ltd. Oriental Union Chemical Corp. Far East Ione Telecommunications Corp. Pacific Liu Tung Investment Co. (Note C) PET Far Eastern (Holding) Ltd. St. Hamilton HM 11, Yue Ding Industry Co., Ltd. Asia Cement Corporation	Taipei, Taiwan Taipei, Taiwan Tainan, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Clarendon House, 2 Church St. Hamilton HM 11, Bermuda Taipei, Taiwan Taipei, Taiwan	Banking Department store operations Chemical fiber production Petrochemical materials production Telecommunications Investment Investment Department store operations Cement production	839,359 38,076 146,077 188,674 27,922 90,000 795,762	839,359 134,998 146,077 188,674 27,922 90,000 694,680	73,732 3,031 8,454 8,169 736 9,000 42	3.92 0.27 1.72 1.04 0.02 2.24 39.15	777,278 59,403 78,365 115,551 2,331,830 11,619,441 1,469,334 591,790	(780,091) 1,607,152 115,551 2,331,830 11,619,441 1,469,334 (278,984) (77,694) 10,100,422	- - - - - - - -	(Note C) (Note C) (Note C) (Note C) (Note B) (Note C) (Note C)
4	Kai Yuan International Investment Corp.	Asia Cement Corporation Far East Ione Telecommunications Corp. Far Eastern International Commercial Bank Oriental Union Chemical Corp. Kowloon Cement Corp. Far Eastern International Leasing Corp. Pacific Liu Tung Investment Co. (Note C)	Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Hong Kong Taipei, Taiwan Taipei, Taiwan	Cement production Telecommunications Banking Petrochemical materials production Cement production Leasing Investment	151,277 1,888,882 326,368 569,344 226,896 870,747 90,000	151,277 1,888,882 326,368 569,344 226,896 870,747 90,000	10,420 112,658 21,195 24,964 1,127 59,005 9,000	0.38 2.91 1.13 3.17 49.00 16.35 2.24	233,841 2,413,672 296,645 467,985 365,113 862,535 140,361	10,100,422 1,619,441 (780,091) 2,331,830 29,882 114,907 1,469,334	- - - - - - -	(Note C) (Note C) (Note C) (Note B) (Note C) (Note C) (Note C)
5	Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd. PET Far Eastern Holding Ltd. FEDP (Holding) Limited	China Clarendon House, 2 Church St, Hamilton HM 11, Bermuda Clarendon House, 2 Church St, Hamilton HM 11, Bermuda	Chemical fiber production Investment Investment	HK\$ 604,500 US\$ 12,822	HK\$ 604,500 US\$ 11,086	(Note A) 23	82.40 21.70	HK\$ 1,039,348 HK\$ 78,894	RMB (45,750) US\$ (8,603)	- -	(Note C) (Note C)
6	Far Eastern Construction Co.	Far Eastern General Contractor Inc. Asia Cement Corporation	Taipei, Taiwan Taipei, Taiwan	Construction Cement production	274,332 597,871	274,332 597,871	93,029 39,740	99.95 1.45	1,196,861 1,023,510	102,545 10,100,422	- -	(Note C) (Note C)
7	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd. Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	China China	Garment production Dyeing and finishing	US\$ 5,000 US\$ 20,000	US\$ 5,000 US\$ 20,000	(Note A) (Note A)	47.62 100.00	US\$ 11,486 US\$ 21,519	RMB 11,230 RMB 2,434	- -	(Note C) (Note C)
8	Far Eastern Apparel Company	Ming Ding Co. Yue Ding Industry Co., Ltd.	Taipei, Taiwan Taipei, Taiwan	Underwear buying and selling Department store operations	2,174 50	2,174 50	448 6	44.80 0.01	7,739 28	286	- -	(Note C)
9	Far Eastern General Contractor Inc.	Asia Cement Corporation	Taipei, Taiwan	Cement production	190,686	190,686	9,681	0.35	279,058	10,100,422	-	(Note C)
10	F.E.T.G. Investment Antilles N.V.	Waldorf Services B.V.	Leidsplein 9, 1017 PS Amsterdam, The Netherlands	Investment	US\$ 19	US\$ 19	-	100.00	US\$ 2,519	US\$ 9,167	-	(Note C)

(Continued)

No.	Investor	Investee	Location	Main Businesses and Products	Investment Amount		Shares (Thousands)	Balance as of December 31, 2007		Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
					December 31, 2007	December 31, 2006		Carrying Value	Percentage of Ownership			
11	Waldorf Services B.V.	Cemtex Apparel Inc. Malaysia Garment Manufactures Pte. Ltd. Far Eastern International Garments	#100 Marc Alvarez Ave. Talon Las Pinas City Filipino No. 5-9, Little Rd, Singapore (536985) Bldg. #5 Cor. Siribinand Bagsakan Ave, FTI Taguig, MM Filipino	Clothing O.E.M. Garment production Garment production	PESO 6,000 SG\$ 2,999 US\$ 290	PESO 6,000 SG\$ 2,999 US\$ 290	90 30 59	US\$ 233 US\$ - US\$ -	50.00 37.90 41.00	PHP (259) US\$ (337) PESO (6,110)	- - -	- - -
12	An Ho Garment Co., Ltd.	Far EastTone Telecommunications Corp. Far Eastern International Commercial Bank Asia Cement Corporation Yue Ding Industry Co., Ltd. Pacific Liu Tung Investment Co. (Note C)	Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan	Telecommunications Banking Cement production Department store operations Investment	\$ 1,786,941 297,898 99,925 111,997 67,285	\$ 1,786,941 297,898 - 111,997 67,285	106,834 18,361 2,528 11,494 4,841	\$ 2,300,549 251,259 105,878 100,434 80,252	2.65 0.98 0.09 26.50 1.21	\$ 11,619,441 (780,091) 10,100,422 (77,694) 1,469,334	- -	(Note C) -
13	Yuan Faun Ltd.	Far Eastern International Commercial Bank Yuan Cheng Human Resources Consultant Corp	Taipei, Taiwan Taipei, Taiwan	Banking Personnel recruitment	32,145 3,498	33,303 4,282	3,891 111	31,299 3,498	0.21 55.56	559,159 1,866	- -	(Note C) (Note C)
14	Yuang Tong Investment Corporation	Pacific Liu Tung Investment Co. (Note C) Far EastTone Telecommunications Corp. Far Eastern Electronic Toll Collection Co., Ltd. Far Eastern International Commercial Bank Far Eastern Department Store Oriental Union Chemical Corp. Asia Cement Corporation FEDP (Holding) Limited Sing Belgium (Holding) Limited	Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Clarendon House 2 Church Street, Hamilton HM11, Bermuda Clarendon House 2 Church Street, Hamilton HM11, Bermuda	Investment Telecommunications Electronic toll collection service Banking Department store operations Chemical materials production Cement production Investment Investment	90,000 1,959,640 350,476 276,581 1,954 9,543 297,092 810,739 591,783	90,000 1,959,640 237,000 276,581 1,954 9,543 - - -	9,000 117,150 35,048 17,743 139 431 7,449 196 9	139,163 2,600,384 137,748 240,908 2,370 9,714 316,213 817,258 595,190	2.24 2.90 9.15 0.94 0.01 0.05 0.27 44.44 100.00	1,469,334 11,619,441 (717,513) (789,091) 1,607,152 2,331,830 10,100,422 (69,783) (825)	- -	(Note B) (Note C) (Note C) -
15	Far EastTone Telecommunications Corp.	KG Telecommunications Co., Ltd. New Century Information Communication Co. ARCOA Communication Co., Ltd. Far Eastern Electronic Toll Collection Co., Ltd. Qware Inc. Far Eastern Info Service (Holding) Ltd. E. World (Holdings) Ltd. Far EastIron Holding Ltd. Ding Ding Integrated Marketing Service Co., Ltd. Far EastIron Co., Ltd.	Taiwan Taiwan Taiwan Taiwan Taiwan Bermuda Cayman Islands Cayman Islands Taiwan Taiwan	Type I telecommunications services Type I and II telecommunications services Type II telecommunications services, sales of communications products and office equipment Electronic toll collection service Type II telecommunications services, sales of communications products and office equipment Investment Investment Investment Marketing Internet service	29,629,139 6,062,000 1,278,944 1,577,140 495,855 92,616 82,883 150,000 45,000 1,000	29,629,139 - 1,278,944 1,066,500 - 92,616 82,883 150,000 45,000 1,000	1,332,998 980,315 79,353 157,714 36,460	35,027,145 6,062,000 999,769 644,856 352,102	100.00 24.51 59.1 41.18 51.00	3,895,307 (235,630) (44,883) (717,513) (281,868) (3,319) (6,606) (61,207) (55,304) (61,358)	- -	(Note C) (Note C) (Note C) (Note C) (Note C) (Note C) (Note C) (Note C)
16	Far Eastern Apparel (Suzhou) Ltd.	Wu Han Far Eastern New Material Ltd. Shanghai Yuan Zi Information Co., Ltd.	China China	Garment production and sales Software development, equipment maintenance and consulting	RMB 350 RMB 100	RMB 350 RMB 100	(Note A) (Note A)	RMB 350 RMB 100	0.50 5.00	RMB (557) RMB 11	- -	(Note C) (Note C)
17	Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd. Shanghai Yuan Zi Information Co., Ltd. Shanghai Far Eastern Petrochemical Logistic Ltd.	China China China	Garment production and sales Software development, equipment maintenance and consulting Transportation	RMB 6,650 RMB 1,900 RMB 5,000	RMB 6,650 RMB 1,900 RMB 5,000	(Note A) (Note A) (Note A)	RMB 3,700 RMB 1,676 RMB 5,381	6.50 95.00 100.00	RMB (557) RMB 11 RMB 413	- -	(Note C) (Note C) (Note C)
18	Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd. Oriental Industries (Suzhou) Ltd. Far Eastern Industries (Jiujiang) Ltd.	China China China	Fiber and textile production Textile production Textile production	US\$ 59,960 US\$ 50,000 US\$ 1,200	US\$ 45,960 US\$ 50,000 -	(Note A) (Note A) (Note A)	US\$ 69,066 US\$ 47,243 US\$ 1,081	100.00 100.00 100.00	RMB 17,671 RMB 23,668 -	- -	(Note C) (Note C) (Note C)

(Continued)

No.	Investor	Investee	Location	Main Businesses and Products	Investment Amount		Shares (Thousands)	Balance as of December 31, 2007		Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
					December 31, 2007	December 31, 2006		Carrying Value	Percentage of Ownership			
19	Pacific Petrochemical (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	China	PTA production and sale	US\$ 50,755	US\$ 50,755	(Note A)	US\$ 44,382	50.00	RMB (86,403)	\$ -	(Note C)
20	PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	China	PTA production and sale	US\$ 50,755	US\$ 50,755	(Note A)	US\$ 44,382	50.00	RMB (86,403)	-	(Note C)
21	FEDP (Holding) Limited	Far Eastern Industries (Suzhou) Ltd.	China	Garment production	US\$ 45,000	US\$ 25,000	(Note A)	US\$ 37,967	100.00	RMB (14,868)	-	(Note C)
22	Far Eastern Polytex (Holding) Ltd.	Wu Han Far Eastern New Material Ltd.	China	Garment production and sales	US\$ 12,000	US\$ 12,000	(Note A)	US\$ 11,763	93.00	RMB (557)	-	(Note C)
		Far Eastern Apparel (Suzhou) Ltd.	China	Garment production	US\$ 11,000	US\$ 11,000	(Note A)	US\$ 12,634	52.38	RMB 11,230	-	(Note C)
		FEDP (Holding) Ltd.	Charendon House 2 Church Street, Hamilton HM11, Bermuda	Investment	US\$ 6,408	US\$ 5,288	(Note A)	US\$ 7,196	11.12	US\$ (2,200)	-	(Note C)
23	KGT Telecommunications Co., Ltd.	Far Eastern (China) Investment Ltd.	China	Investment	US\$ 48,000	-	(Note A)	US\$ 49,394	100.00	RMB (8,666)	-	(Note C)
		KGEX.com Co., Ltd.	Taiwan	Type II telecommunications services	2,197,794	2,197,794	186,391	939,042	74.56	(190,346)	-	(Note C)
25	Far Eastern Info Service (Holding) Ltd.	KGT International Holding Co., Ltd.	British Virgin Islands	Investment	93,976	93,976	50	73,972	100.00	(8,941)	-	(Note C)
		iScreen	Taiwan	Information and software services	100,000	100,000	4,000	26,534	40.00	13,928	-	(Note C)
26	Far East Iron Holding Ltd.	Far Eastern Tech-info Ltd. (Shanghai)	China	Information services, software, and internet	US\$ 2,500,000	US\$ 2,500,000	-	US\$ 3,664,000	100.00	(2,859)	-	(Note C)
27	E. World (Holdings) Ltd.	Far East Iron Co., Ltd.	Taiwan	Internet services	US\$ 4,532,000	US\$ 4,532,000	14,900	US\$ 1,198,000	99.33	(61,358)	-	(Note C)
28	KGT International Holding Co., Ltd.	Yuan Cng Co., Ltd.	Taiwan	Call center services	193,500	193,500	19,350	US\$ 1,913,000	99.99	7,069	-	(Note C)
29	Far Eastern (China) Investment Ltd.	KGEX.com Co., Ltd.	Taiwan	Type II telecommunications services	US\$ 4,822,000	US\$ 4,822,000	11,465	57,761	4.59	(190,346)	-	(Note C)
30	Sino Belgium (Holding) Ltd.	Far Eastern Industries (Shanghai) Ltd.	China	Fiber and silk production	RMB B219,138	-	-	RMB 219,138	17.60	RMB (45,750)	-	(Note C)
		Sino Belgium (Suzhou) Ltd.	China	Brewer	US\$ 18,000	-	-	US\$ 18,327	100.00	RMB -	-	(Note C)

Notes:

- This is a private company.
- The investor company opened a trust account in Shanghai Bank in Taipei on December 26, 2002 to acquire equity in Pacific Liu Tung Investment Co.
- The amount had been written off.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA

YEAR ENDED DECEMBER 31, 2007

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2007	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2007	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes A and K)	Carrying Value as of December 31, 2007 (Notes B and K)	Accumulated Inward Remittance of Earnings as of December 31, 2007
					Outflow	Inflow					
Far Eastern Industries (Shanghai) Ltd. (FEIS)	Manufacture and distribution of PET staple, PET filament, Polyester top, PET performs, draw textured yarn, spinning yarn, knit fabric, woven fabric, knit garments and woven garments.	\$ 6,149,937 (RMB 1,385,130)		\$ 874,020 793,920 (Note D)	\$ -	\$ -	\$ 874,020 793,920 (Note D)	100.00	\$ (197,556)	\$ 5,195,154	\$ 853,493 (Note C)
Far Eastern Apparel (Suzhou) Ltd. (FEAS)	Manufacture and distribution of knit garments, woven garments, non-knit garments, non-woven garments and accessories.	752,913 (RMB 169,576)		358,050 501,176 (Note D)	-	-	358,050 501,176 (Note D)	100.00	45,908	781,333	-
Far Eastern Industries (Wuxi) Ltd. (FEIW)	Manufacture and distribution of combed cotton yarn, 60/40 poly/cotton blended yarn, 65/35 poly/cotton blended yarn, spun yarn, woven fabric, greige woven fabric, print woven fabric, piece dyed woven fabric, bleached woven fabric.	2,137,716 (RMB 481,471)		2,018,430 (Note D)	-	-	2,018,430 (Note D)	100.00	76,307	2,239,819	-
Oriental Petrochemical (Shanghai) Ltd. (OPC)	Manufacture and distribution of PTA and it's by-product.	3,730,470 (RMB 840,201)		1,375,680 (Note E)	-	-	1,375,680 (Note E)	50.13	(215,231)	1,456,305	-
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Manufacture and distribution of weaving, dyeing & finishing of novelty fabrics, high-value engineered textiles industrial woven fabrics and scraps.	735,006 (RMB 165,543)		681,505 (Note D)	-	-	681,505 (Note D)	100.00	1,924	697,865	-
Far Eastern Industries (Suzhou) Ltd.	Manufacture and distribution of polyester chips, partially oriented yarn, fully oriented yarn, and polyester yarn	1,602,933 (RMB 361,023)		274,682	666,026 (Note J)	-	940,708	100.00	(62,342)	1,231,258	-
Wu Han Far Eastern New Material Ltd.	Manufacture and distribution of PET chips, PET sheets, PET performs and garments and it's by-product.	456,094 (RMB 102,725)		393,960	-	-	393,960	100.00	(2,404)	438,516	-
Oriental Industries (Suzhou) Ltd.	Manufacture and distribution of PET performs and high-value engineered textiles industrial woven fabrics and scraps	1,774,190 (RMB 399,595)		1,633,244 (Note D)	749,777 (Note D)	-	2,383,021 (Note D)	100.00	(285,795)	1,480,334	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from January 1, 2007	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2007	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes A and K)	Carrying Value as of December 31, 2007 (Notes B and K)	Accumulated Inward Remittance of Earnings as of December 31, 2007
					Outflow	Inflow					
Far Eastern Industries (Huijiang) Ltd.	Manufacture of cotton yarns, natural fibers and chemical fibers and its by-product.	\$ 40,720 (RMB 9,171)		\$ 258,880 (Note D)	\$ -	\$ -	\$ 258,880 (Note D)	100.00	\$ -	\$ 40,720	\$ -
Far Eastern (China) Investment Ltd.	Investment	1,618,548 (RMB 364,540)		1,577,040	-	-	1,577,040	100.00	-	1,618,548	-
Sino Belgium (Suzhou) Limited	Brewer	596,073 (RMB 134,252)		-	591,783 (Note J)	-	591,783 (Note J)	100.00	-	596,073	-
Far Eastern Tech-info Ltd. (Shanghai) (Note F)	Service of software, data processing, information provider and information integration system service.	81,075 (US\$ 2,500,000)		92,616 (Note G)	-	-	92,616 (Note G)	100.00	(2,589)	118,824 (US\$ 3,664,000)	-

Accumulated Investment in Mainland China as of December 31, 2007	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$ 106,949 (Note H)	US\$ 129,232 (Note I)	NT\$ 19,889,193

Notes:

- A. Recognition of gains/loss was based on the investee's audited financial statements.
- B. Recognition of the investment amount was based on the investee's audited financial statements.
- C. This was the amount of cash dividends received by the Company and Yuang Ding Investment over the years from FEPI.
- D. The amount was remitted by the Company's subsidiary, Yuan Ding Investments.
- E. The amount was remitted by the Company's subsidiaries, Yuan Ding Investments and Ding Yuang.
- F. Far EasTone's subsidiary.
- G. The amount was remitted by the Company's subsidiary, Far EasTone Telecommunications Corp.
- H. It was the actual amount remitted to Mainland China by FETL.
- I. Investment amounts authorized by the Investment Commission under the Ministry of Economic Affairs.
- J. The amount was remitted by the Company's subsidiary, Yuang Tong Investment Corporation.
- K. The amount had been written off.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA - INVESTMENT TYPE
YEAR ENDED DECEMBER 31, 2007

(In Thousands of U.S. Dollars)

Investee Company	Authorized by Investment Commission, MOEA				Investment Type				
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Far Eastern Industries (Shanghai) Ltd. (FEIS)	Far Eastern Textile Ltd.	1996.07.09	No. 84015136	Far Eastern Polychem Industries Ltd.	\$ 6,000	\$ 6,000			
	Yuan Ding Investment Corp.			Far Eastern Polychem Industries Ltd.	24,000	24,000			
	Far Eastern Textile Ltd.	2004.12.29	No. 093032400	Far Eastern Polychem Industries Ltd.	1,712		\$ 1,712	\$ 1,540	
	Far Eastern Textile Ltd.	2004.12.30	No. 093032090	Far Eastern Polychem Industries Ltd.	1,540				
	Far Eastern Textile Ltd.	2004.11.03	No. 093032240	Far Eastern Polychem Industries Ltd.	3,879		3,879		
	Yuan Ding Investment Corp.	2004.12.29	No. 093032402	Far Eastern Polychem Industries Ltd.	7,014		7,014		
	Yuan Ding Investment Corp.	2004.11.02	No. 093032239	Far Eastern Polychem Industries Ltd.	15,898		15,898		
	Yuan Ding Investment Corp.	2004.12.29	No. 093032089	Far Eastern Polychem Industries Ltd.	6,313			6,313	
	Far Eastern Textile Ltd.	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Ltd.	31,779	31,779			
	Far Eastern Apparel (Shanghai) Ltd. (FEAS)	Yuan Ding Investment Corp.	1996.10.16	No. 85016219	Far Eastern Apparel (Holding) Ltd.	10,000	10,000		
Yuan Ding Investment Corp.		2003.10.30	No. 092033299	Far Eastern Apparel (Holding) Ltd.	5,000	5,000			
Far Eastern Textile Ltd.		2006.05.23	No. 09500112650	Far Eastern Polyrex (Holding) Limited	11,000	11,000			
Far Eastern Industries (Wuxi) Ltd. (FEIW)	Yuan Ding Investment Corp.	2002.06.21	No. 091011903	Oriental Textile (Holding) Ltd.	19,960	19,960			
	Yuan Ding Investment Corp.	2005.11.03	No. 094024169	Oriental Textile (Holding) Ltd.	40,000	40,000			
Oriental Petrochemical (Shanghai) Ltd. (OPC)	Yuan Ding Investment Corp.	2003.11.04	No. 0920228575	Pacific Petrochemical (Holding) Ltd.	20,000	20,000			
	Ding Yuan International Investment Corp.	2003.02.26	No. 091039560	PET Far Eastern (Holding) Ltd.	20,000	20,000			
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Far Eastern Textile Ltd.	2004.01.14	No. 092035971	Far Eastern Polychem Industries Ltd.	1,228				\$ 1,228
	Yuan Ding Investment Corp.	2004.01.14	No. 092035970	PET Far Eastern (Holding) Ltd.	5,031				5,031
	Yuan Ding Investment Corp.	2003.10.31	No. 092033525	PET Far Eastern (Holding) Ltd.	20,000	20,000			
Far Eastern Industries (Suzhou) Ltd.	Yuan Ding Investment Corp.	2002.11.26	No. 091035216	Far Eastern Polychem Industries Ltd.	9,352				9,352
	Far Eastern Textile Ltd.	2004.10.11	No. 093025506	F.E.D.P. (Holding) Ltd.	1,569			1,569	
	Far Eastern Textile Ltd.	2004.10.14	No. 093030298	F.E.D.P. (Holding) Ltd.	713				713
	Far Eastern Textile Ltd.	2007.3.13	No. 09600059830	F.E.D.P. (Holding) Limited	5,288	5,288			

(Continued)

Authorized by Investment Commission, MOEA							Investment Type			
Investee Company	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area	Investor Company in Third Area Using Its Own Capital to Invest (US\$)	
	Far Eastern Textile Ltd.	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Ltd. F.E.D.P. (Holding) Ltd.	\$ 4,524	\$ 4,524				
	Yuang Tong Investment Corp.	2007.07.11	No. 09600243260	F.E.D.P. (Holding) Ltd.	20,000	20,000				
Oriental Industries (Suzhou) Ltd.	Yuan Ding Investment Corp.	2005.08.01	No. 094015006	Oriental Textile (Holding) Ltd.	19,800	19,800				
	Yuan Ding Investment Corp.	2006.02.09	No. 094037416	Oriental Textile (Holding) Ltd.	30,200	30,200				
	Yuan Ding Investment Corp.	2007.10.02	No. 09600280400	Oriental Textile (Holding) Ltd.	23,000	23,000				
Far Eastern Industries (Jiujiang) Ltd.	Yuan Ding Investment Corp.	2006.03.03	No. 09500033740	Oriental Textile (Holding) Ltd.	8,000	8,000				
Wu Han Far Eastern New Material Ltd.	Far Eastern Textile Ltd.	2006.05.19	No. 09500090070	Far Eastern Polytex (Holding) Limited	12,000	12,000				
Far Eastern (China) Investment Ltd.	Far Eastern Textile Ltd.	2006.08.01	No. 09500124430	Far Eastern Polytex (Holding) Limited	48,000	48,000				
Sino Belgium (Suzhou) Ltd.	Yuang Tong Investment Corp.	2007.08.02	No. 09600248620	SINO BELGIUM (Holding) Limited	18,000	18,000				
Far Eastern Tech-info Ltd. (Shanghai)	Far EastOne Telecommunications Corp.	2004.08.26	No. 093018811	Far Eastern Info Service (Holding) Limited	2,700	2,700				

Note: Far Eastern (China) Investment Ltd. further invested US\$30,000 thousand in Far Eastern Industry (Shanghai) Ltd. in November 2007 and US\$16,000 thousand in Oriental Petrochemical (Shanghai) Corp. in early 2008.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS BETWEEN FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES
YEARS ENDED DECEMBER 31, 2007 AND 2006**

(In Thousands of New Taiwan Dollars)

No. (Note A)	Company Name	Related Party	Nature of Relationship (Note B)	Transaction Detail			% to Consolidated Revenue or Assets (Note C)
				Financial Statement Account	Amount	Term	
0	<u>2007</u> Far Eastern Textile Ltd.	Oriental Resources Development Ltd. (The former "Taiwan Recycling Corp.") Far Eastern Apparel (Suzhou) Far Eastern Apparel (Suzhou) Yuang Tong Investment Co. Oriental Resources Development Ltd. (The former "Taiwan Recycling Corp.") Far Eastern Industries (Suzhou) Ltd. Yuang Tong Investment Co. Fu Kwok Garment Manufacturing Co. Far Eastern Apparel (Suzhou) Oriental Textile (Holding) Ltd. Far Eastern Polychem Industries Ltd.	1 1 1 1 1 1 1 1 1 1 1	Accounts payable Accounts receivable Accounts payable Accounts payable Cost of goods sold Cost of goods sold Administrative expenses-rent expense Sales revenue Processing expense Interest revenue Interest revenue	\$ 25,586 (117,310) 81,043 59,955 (195,198) (38,803) (31,065) 40,517 (491,588) 4,967 30,659	Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement	- - - - - - - - - - -
1	Yuan Ding Investment Corp.	Pacific Petrochemical (Holding) Ltd. An Ho Garment Co., Ltd. Kai Yuan International Investment Corp. Yuang Tong Investment Co. Pacific Petrochemical (Holding) Ltd. An Ho Garment Co., Ltd.	3 3 3 3 3	Interest revenue Interest revenue Interest revenue Interest revenue Other receivables Other receivables	3,019 16,383 761 14,169 (312,992) (320,000)	Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement	- - - - - -
2	Kai Yuan International Investment Corp.	Yuan Ding Investment Corp.	3	Interest expense	(761)	Based on agreement	-
3	Shanghai Far Eastern IT Corp.	Oriental Petrochemical (Shanghai) Corp.	3	Processing revenue	8,479	Based on agreement	-
4	Far Eastern Polychem Industries Ltd.	Far Eastern Investment (Holding) Ltd. Far Eastern Industries (Suzhou) Ltd. Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd. Far Eastern Textile Ltd. Far Eastern Industries (Suzhou) Ltd. Oriental Petrochemical (Shanghai) Corp.	3 3 3 3 2 3 3	Accounts payable Cost of goods sold Non-operating expenses Interest expense Interest expense Other receivables Other receivables	132,439 (36,070) (60,071) (41,975) (30,659) (346,320) (138,528)	Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement	- - - - - - -

(Continued)

No. (Note A)	Company Name	Related Party	Nature of Relationship (Note B)	Transaction Detail			% to Consolidated Revenue or Assets (Note C)
				Financial Statement Account	Amount	Term	
5	Far Eastern Investment (Holding) Ltd.	Oriental Industries (Suzhou) Ltd.	3	Accounts receivable	\$ (24,069)	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Guarantee deposits received	33,500	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Accounts receivable	(132,439)	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Non-operating revenue	60,071	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Other receivables	(494,525)	Based on agreement	-
		Pacific Petrochemical (Holding) Ltd.	3	Other receivables	(53,052)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Other receivables	(504,430)	Based on agreement	-
		Sino Belgium (Suahou) Ltd.	3	Other receivables	(560,083)	Based on agreement	-
		Malaysia Garment Manufactures PTE Ltd.	3	Accounts receivable	(107,018)	Based on agreement	-
		Malaysia Garment Manufactures PTE Ltd.	3	Interest revenue	4,474	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Interest revenue	10,456	Based on agreement	-
		Pacific Petrochemical (Holding) Ltd.	3	Interest revenue	188	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Interest revenue	41,975	Based on agreement	-
PET Far Eastern (Holding) Ltd.	3	Interest revenue	7,298	Based on agreement	-		
6	An Ho Garment Co., Ltd.	Yuang Tong Investment Co.	3	Interest expense	(11,226)	Based on agreement	-
		Yuang Tong Investment Co.	3	Accounts payable	500,000	Based on agreement	-
		Yuan Ding Investment Corp.	2	Interest expense	(16,383)	Based on agreement	-
7	Yuang Tong Investment Co.	Yuan Ding Investment Corp.	2	Other payable	320,000	Based on agreement	-
		An Ho Garment Co., Ltd.	3	Interest revenue	11,226	Based on agreement	-
		Far Eastern Textile Ltd.	3	Accounts receivable	(59,955)	Based on agreement	-
		An Ho Garment Co., Ltd.	3	Accounts receivable	(500,000)	Based on agreement	-
		Far Eastern Textile Ltd.	2	Rent revenue	31,065	Based on agreement	-
		Yuan Ding Investment Corp.	3	Interest expense	(14,169)	Based on agreement	-
8	Far Eastfone Telecommunications Co.	Far Eastern Electronic Toll Collection Co. Ltd.	3	Interest revenue	2,081	Based on agreement	-
		Far Eastern Textile Ltd.	2	Accounts payable	117,310	Based on agreement	-
9	Far Eastern Apparel (Suzhou)	Far Eastern Textile Ltd.	2	Accounts payable	(81,043)	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	3	Accounts payable	66,643	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Accounts payable	35,673	Based on agreement	-
		Far Eastern Textile Ltd.	2	Sales revenue	491,588	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	3	Cost of goods sold	(202,077)	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Sales revenue	13,227	Based on agreement	-
		Far Eastern Petrochemical (Shanghai) Corp.	3	Accounts payable	1,934,598	Based on agreement	-
10	Far Eastern Industries (Shanghai) Ltd.	Oriental Petrochemical (Shanghai) Corp.	3	Accounts payable	(1,643)	Based on agreement	-
		Wu Han Far Eastern Industrial Trading Ltd.	3	Accounts receivable	(296,906)	Based on agreement	-
		Wu Han Far Eastern Industrial Trading Ltd.	3	Accounts receivable	33,687	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Notes payable	90,348	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Accounts payable	262,713	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Cost of goods sold	(1,403,417)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Non-operating expense	(61,078)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Corp.	3	Cost of goods sold	(6,837,908)	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Nature of Relationship (Note B)	Transaction Detail			% to Consolidated Revenue or Assets (Note C)
				Financial Statement Account	Amount	Term	
		Wu Han Far Eastern Industrial Trading Ltd. Wu Han Far Eastern Industrial Trading Ltd. Oriental Petrochemical (Shanghai) Corp. Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd. Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	3 3 3 3 3	Sales revenue Cost of goods sold Non-operating revenue Operating cost Accounts receivable	\$ 1,307,067 (30,252) 9,668 (237,026) (129,323)	Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement	- - -
11	Pacific Petrochemical (Holding) Ltd.	Yuan Ding Investment Corp. Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd. Oriental Petrochemical (Shanghai) Corp. Yuan Ding Investment Corp.	3 3 3 3 3	Interest expense Other payables Interest expense Other receivable Other payables	(3,019) 53,052 (188) (802,643) 312,992	Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement	- - - - -
12	PET Far Eastern (Holding) Ltd.	Far Eastern Investment (Holding) Ltd. Oriental Petrochemical (Shanghai) Corp.	3 3	Interest expense Other receivable	(7,298) (802,643)	Based on agreement Based on agreement	- -
13	Far Eastern Electronic Toll Collection Co. Ltd.	Far EastTone Telecommunications Co.	3	Interest expense	(2,081)	Based on agreement	-
14	Wu Han Far Eastern Industrial Trading Ltd.	Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Suzhou) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd.	3 3 3 3 3	Accounts payables Accounts receivable Sales revenue Cost of goods sold Sales revenue	296,906 (33,687) 19,473 (1,307,067) 30,252	Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement	- - - - -
15	Oriental Petrochemical (Shanghai) Corp.	Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Suzhou) Ltd. Far Eastern Industries (Suzhou) Ltd. Shanghai YuanHua Logistic Corporation Far Eastern Industries (Suzhou) Ltd. Far Eastern Industries (Shanghai) Ltd. Shanghai YuanHua Logistic Corporation Shanghai Far Eastern IT Corp. Far Eastern Industries (Shanghai) Ltd. Pacific Petrochemical (Holding) Ltd. PET Far Eastern (Holding) Ltd. Far Eastern Polychem Industries Ltd.	3 3 3 3 3 3 3 3 3 3 3 3	Accounts receivable Accounts payables Notes receivable Accounts payables Administrative expenses – transportation Sales revenue Sales revenue Other receivable Administrative expenses – internet services Administrative expenses – Others Other payables Other payables Other payables	(1,934,598) 1,643 (198,545) 119,090 (26,015) 2,087,617 6,837,908 (39,249) (8,479) (9,668) 802,643 802,643 138,528	Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement	- - - - - - - - - - - - -
16	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Far Eastern Apparel (Suzhou) Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd.	3 3 3 3	Accounts receivable Sales revenue Operating revenue Accounts payables	(66,643) 202,077 237,026 129,323	Based on agreement Based on agreement Based on agreement Based on agreement	- - - -

(Continued)

No. (Note A)	Company Name	Related Party	Nature of Relationship (Note B)	Transaction Detail			% to Consolidated Revenue or Assets (Note C)
				Financial Statement Account	Amount	Term	
17	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd. Far Eastern Investment (Holding) Ltd. Far Eastern Industries (Suzhou) Ltd.	3 3 3	Accounts payables Accounts payables Cost of goods sold	\$ 788,182 24,069 (1,085,899)	Based on agreement Based on agreement Based on agreement	-
18	Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd. Oriental Petrochemical (Shanghai) Corp. Oriental Petrochemical (Shanghai) Corp. Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Textile Ltd. Oriental Petrochemical (Shanghai) Corp. Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Polychem Industries Ltd. Oriental Industries (Suzhou) Ltd. Wu Han Far Eastern Industrial Trading Ltd. Far Eastern Investment (Holding) Ltd. Far Eastern Polychem Industries Ltd.	3 3 3 3 3 3 3 3 3 3 3 3 3 3	Accounts receivable Notes payable Accounts receivable Notes receivable Accounts receivable Sales revenue Cost of goods sold Sales revenue Non-operating revenue Sales revenue Sales revenue Cost of goods sold Other payables Other payables	(788,182) 198,545 (119,090) (90,348) (262,713) 38,803 (2,087,617) 1,403,417 61,078 36,070 1,116,803 (19,473) 504,430 346,320	Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement	-
19	F.E.T.G. Investment Antilles N.V.	Waldorf Service B.V. Waldorf Service B.V.	3 3	Interest revenue Other receivable	27,351 (467,393)	Based on agreement Based on agreement	-
20	Sino Belgiem (Suzhou)	Far Eastern Investment (Holding) Ltd.	3	Other payables	560,083	Based on agreement	-
21	Waldorf Service B.V.	F.E.T.G. Investment Antilles N.V. F.E.T.G. Investment Antilles N.V.	3 3	Interest expenses Other payables	(27,351) 467,393	Based on agreement Based on agreement	-
22	Malaysia Garment Manufactures PTE Ltd.	Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd.	3 3	Accounts payables Interest expenses	107,018 (4,474)	Based on agreement Based on agreement	-
23	Fu Kwok Garment Manufacturing Co.	Far Eastern Textile Ltd.	2	Cost of goods sold	(40,517)	Based on agreement	-
24	Shanghai YuamHua Logistic Corporation	Oriental Petrochemical (Shanghai) Corp. Oriental Petrochemical (Shanghai) Corp.	3 3	Sales revenue Other payables	26,015 39,249	Based on agreement Based on agreement	-
25	Oriental Textile (Holding) Ltd.	Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd. Far Eastern Apparel (Suzhou) Far Eastern Apparel (Suzhou) Far Eastern Textile Ltd.	3 3 3 3 3 2	Other financial assets - current Other payables Interest expenses Accounts receivable Cost of goods sold Interest expenses	(33,500) 494,525 (10,456) (35,673) (13,227) (4,967)	Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement	-
26	Oriental Resources Development Ltd. (The former "Taiwan Recycling Corp.")	Far Eastern Textile Ltd. Far Eastern Textile Ltd.	2 2	Accounts receivable Sales revenue	(25,586) 195,198	Based on agreement Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Nature of Relationship (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	
					% to Consolidated Revenue or Assets (Note C)		
0	2006 Far Eastern Textile Ltd.	Far Eastern Apparel Company Far Eastern Resources Development Co., Ltd. Far Eastern Resources Development Co., Ltd. Far Eastern Resources Development Co., Ltd. Far Eastern Resources Development Co., Ltd. Taiwan Recycling Corp. Far East Tone Telecommunications Co. Far East Tone Telecommunications Co. Far Eastern Apparel (Suzhou) Far Eastern Apparel (Suzhou) Far Eastern Apparel (Suzhou) Far Eastern Apparel (Suzhou) Pet Far Eastern (M) Sdn. Bhd. Far Eastern Apparel (Holding) Ltd. Far Eastern Apparel (Holding) Ltd. Far Eastern Apparel (Holding) Ltd. Far Eastern Apparel (Holding) Ltd. Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd. Far Eastern Construction Co., Ltd. Yuan Ding Investment Corp.	1 1	Cost of goods sold Administrative expenses-rent expense Accrued expense Accounts receivable Other receivables Cost of goods sold Other receivables - related parties - other Miscellaneous revenue Sales revenue Processing expense Accrued expense Accounts receivable Sales revenue Sales revenue Accounts receivable - related parties Cost of goods sold Sales revenue Sales revenue Deferred income Deferred income	\$ (27,540) (30,111) 17,626 (24,469) (195,622) (59,309) (11,597) 26,046 106,132 (401,509) 47,653 (13,520) 22,520 56,769 23,204 (405,576) 321,669 22,021 14,749 35,445	Based on agreement Based on agreement	- -
1	Yuan Ding Investment Corp.	Yuang Tong Investment Co. Kai Yuan International Investment Corp. Far Eastern Textile Ltd. An Ho Garment Co., Ltd. An Ho Garment Co., Ltd.	3 3 2 3 3	Accounts receivable - related parties Interest revenue Financial assets measured at holding cost Other receivables - related parties - other Interest revenue	(800,000) 17,871 (35,445) (750,000) 19,024	Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement	- - - - -
2	Far Eastern Investment (Holding) Ltd.	PET Far Eastern (Holding) Ltd. PET Far Eastern (Holding) Ltd. Far Eastern Polychem Industries Ltd. Far Eastern Polychem Industries Ltd. Far Eastern Polychem Industries Ltd. Far Eastern Industries (Shanghai) Ltd. Oriental Textile (Holding) Ltd. Far Eastern Industries (Shanghai) Ltd. Pacific Petrochemical (Holding) Ltd. Oriental Industries (Suzhou) Ltd.	3 3 3 3 3 3 3 3 3 3	Accounts receivable - related parties Accounts receivable - related parties Accounts receivable - related parties Interest revenue Accounts receivable - related parties Miscellaneous revenue Guarantee deposits received Accounts receivable - related parties Accounts receivable - related parties Accounts receivable - related parties	(121,590) (30,067) (1,572,469) 29,707 (23,859) 27,201 33,548 (34,575) (26,754) (15,159)	Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement	- - - - - - - - - -
3	Kai Yuan International Investment Corp.	Yuan Ding Investment Corp.	3	Interest expense	(17,871)	Based on agreement	-
4	Far Eastern Polychem Industries Ltd.	Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd.	3 3 3	Accounts payable - related parties Interest expense Accounts payable - related parties	1,572,469 (29,707) 23,859	Based on agreement Based on agreement Based on agreement	- - -

(Continued)

No. (Note A)	Company Name	Related Party	Nature of Relationship (Note B)	Transaction Detail			% to Consolidated Revenue or Assets (Note C)
				Financial Statement Account	Amount	Term	
5	Far Eastern Construction Co., Ltd.	Far Eastern Textile Ltd.	2	Leased assets	\$ (14,750)	Based on agreement	-
6	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Far Eastern Apparel (Suzhou) Far Eastern Apparel (Suzhou) Far Eastern Textile Ltd. Far Eastern Textile Ltd. Far Eastern Textile Ltd. Far Eastern Textile Ltd.	3 3 3 2 2 2 2	Other receivables - related parties - other Other payables - related parties Other payables - others Cost of goods sold Accounts payable - related parties Sales revenue Cost of goods sold	(48,893) 331,226 322,292 (56,769) 365,154 405,576 (321,669)	Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement	- - - - - - -
7	Far Eastern Apparel Company	Far Eastern Textile Ltd.	2	Sales revenue	27,540	Based on agreement	-
8	An Ho Garment Co., Ltd.	Far Eastern Resources Development Co., Ltd. Yuan Ding Investment Corp. Yuan Ding Investment Corp.	3 3 3	Other payables - related parties Other payables - related parties Interest expense	500,000 750,000 (19,024)	Based on agreement Based on agreement Based on agreement	- - -
9	Yuang Tong Investment Co.	Yuan Ding Investment Corp.	3	Accounts payable - related parties	800,000	Based on agreement	-
10	Far East Tone Telecommunications Co.	Far Eastern Resources Development Co., Ltd. Far Eastern Electronic Toll Collection Co. Ltd. Far Eastern Textile Ltd. Far Eastern Textile Ltd.	3 3 2 2	Administrative expenses-rent expense Other receivables - related parties - other Accounts payable - related parties Administrative expenses-other expense	(52,215) (36,074) 11,597 (26,046)	Based on agreement Based on agreement Based on agreement Based on agreement	- - - -
11	Far Eastern Apparel (Suzhou)	Far Eastern Apparel (Holding) Ltd. Far Eastern Apparel (Holding) Ltd. Far Eastern Apparel (Holding) Ltd. Far Eastern Textile Ltd. Far Eastern Textile Ltd. Far Eastern Textile Ltd. Far Eastern Textile Ltd. Far Eastern Textile Ltd. Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd. Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	3 3 3 2 2 2 3 3	Accounts payable Accounts receivable Accounts receivable Cost of goods sold Sales revenue Other receivables - related parties - other Accounts payable Cost of goods sold Accounts payable	48,893 (331,226) (322,292) (106,132) 401,509 (47,653) 13,520 (193,387) 70,096	Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement	- - - - - - - - -
12	Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern Industrial Trading Ltd. Wu Han Far Eastern Industrial Trading Ltd. Oriental Petrochemical (Shanghai) Corp. Oriental Petrochemical (Shanghai) Corp. Oriental Petrochemical (Shanghai) Corp. Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd.	3 3 3 3 3 3 3	Sales revenue Accounts receivable - related parties Cost of goods sold Accounts payable - related parties Notes payable Administrative expenses-other expense Accounts payable - related parties	684,623 (95,571) (2,554,379) 448,147 796,556 (27,201) 34,575	Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement	- - - - - - -
13	Oriental Textile (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Other financial assets-current	(33,548)	Based on agreement	-
14	Pacific Petrochemical (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Accounts payable - related parties	26,754	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Nature of Relationship (Note B)	Transaction Detail			% to Consolidated Revenue or Assets (Note C)
				Financial Statement Account	Amount	Term	
15	PET Far Eastern (Holding) Ltd.	Far Eastern Investment (Holding) Ltd. Far Eastern Investment (Holding) Ltd.	3 3	Other payables-related parties Accounts payable - related parties	\$ 121,590 30,067	Based on agreement Based on agreement	- -
16	Far Eastern Resources Development Co., Ltd.	An Ho Garment Co., Ltd. Far East Tone Telecommunications Co. Far Eastern Textile Ltd. Far Eastern Textile Ltd. Far Eastern Textile Ltd. Far Eastern Textile Ltd.	3 3 2 2 2 2	Other receivables - related parties - other Other operating revenue Other operating revenue Accounts receivable - related parties Income tax payable Other payables-others	(500,000) 52,215 30,111 (17,626) 24,469 195,622	Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement	- - - - - -
17	Far Eastern Electronic Toll Collection Co. Ltd.	Far East Tone Telecommunications Co.	3	Other payables-related parties	36,074	Based on agreement	-
18	Pet Far Eastern (M) Sdn. Bhd.	Far Eastern Textile Ltd.	2	Cost of goods sold	(22,520)	Based on agreement	-
19	Wu Han Far Eastern Industrial Trading Ltd.	Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd.	3 3	Cost of goods sold Other payables-related parties	(684,623) 95,571	Based on agreement Based on agreement	- -
20	Oriental Petrochemical (Shanghai) Corp.	Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Suzhou) Ltd. Far Eastern Industries (Suzhou) Ltd.	3 3 3 3 3	Sales revenue Accounts receivable Accounts receivable Sales revenue Accounts receivable	2,554,379 (448,147) (796,556) 943,516 (127,737)	Based on agreement Based on agreement Based on agreement Based on agreement Based on agreement	- - - - -
21	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Far Eastern Apparel (Suzhou) Far Eastern Textile Ltd.	3 3 2	Sales revenue Accounts receivable - related parties Cost of goods sold	193,387 (70,096) (22,021)	Based on agreement Based on agreement Based on agreement	- - -
22	Oriental Industries (Suzhou) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Accounts payable - related parties	15,159	Based on agreement	-
23	Far Eastern Industries (Suzhou) Ltd.	Oriental Petrochemical (Shanghai) Corp. Oriental Petrochemical (Shanghai) Corp.	3 3	Cost of goods sold Accounts payable - related parties	(943,516) 127,737	Based on agreement Based on agreement	- -
24	Taiwan Recycling Corp.	Far Eastern Textile Ltd.	2	Sales revenue	59,309	Based on agreement	-

Note A: The numbers of the transaction information between the Company and subsidiaries are as follows:

- a. The Company: 0.
- b. Subsidiaries are started at 1 consecutively.

Note B: Nature of relationship:

1. From the Company to subsidiary.
2. From the subsidiary to the Company.
3. Between subsidiaries.

Note C: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of December 31, 2007; while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the six months ended December 31, 2007.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

INDUSTRY SEGMENT INFORMATION
YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Thousands of New Taiwan Dollars)

	2007						2006									
	Polyester	Spinning, Weaving and Dyeing	Real Estate Development	Investment	Tele-communications	Construction	Adjustment and Eliminations	Total (Note A)	Polyester	Spinning, Weaving and Dyeing	Real Estate Development	Investment	Tele-communications	Construction	Adjustment and Eliminations	Total (Note A)
Sales to customers	\$ 78,652,563	\$ 14,813,141	\$ 455,594	\$ 1,998,549	\$ 64,431,990	\$ 3,460,969	\$ -	\$ 163,812,806	\$ 55,911,107	\$ 13,807,818	\$ 372,502	\$ 3,207,931	\$ 67,398,121	\$ 2,736,584	\$ -	\$ 143,434,063
Intracompany sales (Note B)	13,078,097	942,607	-	-	-	-	(14,020,704)	4,457,203	2,165,671	86,530	-	-	-	-	(6,709,404)	-
Total revenue	\$ 91,730,660	\$ 15,755,748	\$ 455,594	\$ 1,998,549	\$ 64,431,990	\$ 3,460,969	\$ (14,020,704)	\$ 163,812,806	\$ 60,368,310	\$ 15,973,489	\$ 459,032	\$ 3,207,931	\$ 67,398,121	\$ 2,736,584	\$ (6,709,404)	\$ 143,434,063
Segment operating income (Note C)	\$ 670,325	\$ 138,595	\$ 172,054	\$ 1,870,387	\$ 14,429,920	\$ 290,087	\$ -	\$ 17,571,368	\$ (127,587)	\$ 301,829	\$ 325,618	\$ 4,092,230	\$ 15,478,831	\$ 276,876	\$ -	\$ 20,347,797
Equity in net loss of investees	-	-	-	-	-	-	-	4,473,374	-	-	-	-	-	-	-	3,268,918
General income, net	-	-	-	-	-	-	-	2,904,678	-	-	-	-	-	-	-	1,426,177
Interest expense	-	-	-	-	-	-	-	(2,372,921)	-	-	-	-	-	-	-	(1,776,676)
General expenses (Note D)	-	-	-	-	-	-	-	(1,937,268)	-	-	-	-	-	-	-	(4,861,952)
Income before income tax	\$ 61,345,250	\$ 26,040,036	\$ 21,435,433	\$ 940,306	\$ 91,762,291	\$ 4,727,136	\$ -	\$ 206,250,452	\$ 55,317,911	\$ 15,384,260	\$ 21,687,874	\$ 1,994,179	\$ 77,157,515	\$ 6,116,467	\$ -	\$ 177,658,206
Identifiable assets (Note E)	-	-	-	-	-	-	-	58,307,084	-	-	-	-	-	-	-	50,106,717
Long-term stock investments	-	-	-	-	-	-	-	8,288,982	-	-	-	-	-	-	-	22,806,518
General assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 1,450,088	\$ 1,899,620	\$ 33,609	\$ 13,277	\$ 11,483,917	\$ 5,063	\$ -	\$ 272,846,518	\$ 1,404,429	\$ 2,159,791	\$ 41,432	\$ 6,716	\$ 12,056,793	\$ 5,001	\$ -	\$ 250,571,441
Depreciation expense	\$ 6,211,751	\$ 3,891,317	\$ 137,572	\$ -	\$ 6,058,316	\$ 14,351	\$ -	\$ -	\$ 1,202,258	\$ 4,443,916	\$ 299,485	\$ 267,077	\$ 5,889,039	\$ 514	\$ -	\$ -
Capital expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes: A: The Far Eastern Textile Ltd. and subsidiaries operate principally in five segments: Polyester, spinning, weaving and dyeing and apparel; real estate development; investment; telecommunications; and construction.

B: Inter-division revenue from goods and services.

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

D: Represents general, administrative and sales expenses that cannot be allocated to each division.

E: Represents tangible assets used by the industry segment, including:

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

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

INDUSTRY SEGMENT INFORMATION
YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Thousands of U.S. Dollars)

Industry Information	2007						2006									
	Polyester	Spinning, Weaving and Dyeing	Real Estate Development	Investment	Tele-communications	Construction	Adjustment and Eliminations	Total (Note A)	Polyester	Spinning, Weaving and Dyeing	Real Estate Development	Investment	Tele-communications	Construction	Adjustment and Eliminations	Total (Note A)
Sales to customers	\$ 2,425,303	\$ 456,773	\$ 14,049	\$ 61,627	\$ 1,986,802	\$ 106,721	\$ -	\$ 5,051,274	\$ 1,724,055	\$ 425,773	\$ 11,486	\$ 98,919	\$ 2,078,265	\$ 84,384	\$ -	\$ 4,422,882
Intracompany sales (Note B)	403,272	29,066	-	-	-	-	(432,337)	-	137,441	66,780	(2,668)	-	-	-	206,889	-
Total revenue	\$ 2,828,574	\$ 485,839	\$ 14,049	\$ 61,627	\$ 1,986,802	\$ 106,721	\$ (432,337)	\$ 5,051,274	\$ 1,861,496	\$ 492,553	\$ 14,155	\$ 98,919	\$ 2,078,265	\$ 84,384	\$ 206,889	\$ 4,422,882
Segment operating income (Note C)	\$ 20,670	\$ 4,274	\$ 5,305	\$ 57,675	\$ 444,956	\$ 8,945	\$ -	\$ 541,824	\$ 1,861,496	\$ 9,307	\$ 10,041	\$ 126,187	\$ 477,300	\$ 8,538	\$ -	\$ 627,437
Equity in net loss of investees								134,939								100,799
General income, net								89,568								43,977
Interest expense								(73,171)								54,785
General expenses (Note D)								(59,737)								149,921
Income before income tax								636,424								567,507
Identifiable assets (Note E)	\$ 1,891,620	\$ 802,961	\$ 660,975	\$ 28,995	\$ 2,829,550	\$ 145,764	\$ -	\$ 6,359,866	\$ 1,705,764	\$ 474,384	\$ 668,760	\$ 61,492	\$ 2,379,202	\$ 188,605	\$ -	\$ 5,478,206
Long-term stock investments								1,797,937								1,545,073
General assets								255,596								703,254
Total assets	\$ 44,714	\$ 58,576	\$ 1,038	\$ 409	\$ 354,114	\$ 156	\$ -	\$ 8,413,399	\$ 43,306	\$ 66,599	\$ 1,278	\$ 207	\$ 371,779	\$ 154	\$ -	\$ 7,726,532
Depreciation expense																
Capital expenditures	\$ 191,543	\$ 119,991	\$ 4,242	\$ -	\$ 186,812	\$ 443	\$ -	\$ 8,413,399	\$ 37,072	\$ 137,031	\$ 9,235	\$ 8,235	\$ 181,592	\$ 16	\$ -	\$ 7,726,532

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

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