

Far Eastern Textile Ltd. and Subsidiaries

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

REPRESENTATION LETTER

The affiliates of Far Eastern Textile Ltd. (FETL) that should be included in the combined financial statements of FETL and its affiliates as of and for the year ended December 31, 2008 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, 2008. 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 4, 2009

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, 2008 and 2007 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 0.44% (NT\$1,184,885 thousand) and 2.08% (NT\$5,670,484 thousand) of the consolidated total assets as of December 31, 2008 and 2007, respectively. Their total net operating revenues were 0.80% (NT\$1,386,838 thousand) and 0.63% (NT\$1,026,337 thousand) of the consolidated net operating revenues in 2008 and 2007, respectively. We also did not audit the financial statements of certain equity-method investees, as shown in the accompanying consolidated financial statements. The carrying values of these investments were 0.61% (NT\$1,638,901 thousand) and 1.00% (NT\$2,715,202 thousand) of the consolidated total assets as of December 31, 2008 and 2007, respectively. The Company's equity in their net income was 1.18% (NT\$155,901 thousand) and the equity in their net loss was (0.97%) (NT\$200,641 thousand) of the consolidated income before income tax in 2008 and 2007, 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, 2008 and 2007 and the results of their operations and their cash flows for the years then ended, in conformity with Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

As disclosed in Note 4 to the financial statements, in March 2007, the Accounting Research and Development foundation issued Interpretation 2007-052, which requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. This accounting change resulted in decreases of NT\$431,123 thousand in net consolidated income and of NT\$0.0943 in after income tax basic earnings per share in 2008. In addition, on January 1, 2007, the Company and subsidiaries adopted the newly released ROC Statement of Financial Accounting Standards (“Statement” or SFAS) No. 37 - “Intangible Assets” and related revisions of previously released Statements.

March 4, 2009

Notice to Readers

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

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

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2008 AND 2007**

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

ASSETS	2008		2007		LIABILITIES AND STOCKHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 5)	\$ 22,946,534	8	\$ 24,206,234	9	Short-term bank loans (Notes 18, 29 and 30)	\$ 27,698,393	10	\$ 17,497,734	6
Financial assets at fair value through profit or loss (Notes 2 and 6)	507,594	-	901,379	-	Commercial paper (Notes 19 and 30)	5,233,968	2	3,060,630	1
Held-to-maturity financial assets - current (Notes 2 and 21)	8,070	-	-	-	Financial liabilities at fair value through profit or loss - current (Notes 2 and 6)	105,353	-	401,668	-
Available-for-sale financial assets - current (Notes 2, 7 and 30)	1,988,763	1	1,833,155	1	Hedging derivative liabilities - current (Notes 2 and 21)	7,656	-	21,601	-
Bonds carried at amortized cost - current (Notes 2 and 8)	3,000	-	3,000	-	Notes and accounts payable, net (Note 22)	11,322,395	4	10,763,048	4
Notes and accounts receivable, net (Notes 2, 22, 25 and 30)	23,639,761	9	22,457,546	8	Accounts and notes payable to related parties (Notes 22 and 29)	1,690,702	1	3,644,544	1
Receivables from related parties, net (Notes 2, 22 and 29)	1,356,264	1	1,320,065	1	Income tax payable (Notes 2 and 24)	2,497,375	1	1,661,599	1
Inventories, net (Notes 2 and 9)	14,106,280	5	16,098,068	6	Accrued expenses	7,813,933	3	6,581,972	3
Available for sale - building and land, net (Notes 2 and 22)	30,339	-	20,070	-	Guarantee deposits - current	713,367	-	837,648	-
Available for construction - land (Notes 2, 10, 22 and 30)	620,013	-	620,013	-	Payables to suppliers of machinery and equipment	1,989,528	1	1,722,988	1
Construction-in-progress (net of billings on construction-in-progress) (Notes 2, 11, 22, 29 and 30)	2,986,412	1	2,804,316	1	Sales revenue received in advance	694,820	-	616,119	-
Other financial assets - current (Note 30)	1,548,275	1	1,165,169	1	Advances on land and building (Notes 2, 11 and 22)	10,371	-	122,801	-
Deferred income taxes - current (Notes 2 and 24)	940,653	-	957,727	-	Revenue received in advance (Note 2)	1,154,126	-	999,361	-
Prepayments and other current assets (Notes 2, 11, 22 and 29)	2,876,028	1	3,678,997	1	Billings on construction-in-progress (net of construction-in-progress) (Notes 2, 20, 22 and 29)	30,151	-	20,441	-
Total current assets	73,557,986	27	76,065,739	28	Current portion of long-term liabilities (Notes 21 and 30)	9,175,340	3	13,604,156	5
FUNDS AND INVESTMENTS (Notes 2, 7, 12, 13, 29 and 30)					Other current liabilities (Note 2)	1,232,019	1	1,991,547	1
Available-for-sale financial assets - noncurrent	56,682	-	117,355	-	Total current liabilities	71,369,497	26	63,547,857	23
Equity-method investments	48,681,533	18	56,201,529	20	LONG-TERM LIABILITIES, NET OF CURRENT PORTION (Notes 2, 21, 29 and 30)				
Financial assets carried at cost - noncurrent	1,822,973	1	1,988,200	1	Long-term debts payable	41,733,220	16	42,933,380	16
Total funds and investments	50,561,188	19	58,307,084	21	Bonds payable	13,881,849	5	13,322,299	5
PROPERTIES (Notes 2, 14, 26, 29 and 30)					Long-term lease obligations - noncurrent	12,618	-	228,029	-
Cost					Derivative financial liabilities for hedging - noncurrent (Notes 2 and 21)	-	-	66,186	-
Land	5,528,506	2	4,017,593	1	Total long-term liabilities	55,627,687	21	56,549,894	21
Buildings and equipment	17,610,071	6	16,624,668	6	RESERVE FOR LAND VALUE INCREMENT TAX (Note 14)	6,510,782	2	6,510,782	3
Machinery and equipment	88,794,622	33	64,892,456	24	OTHER LIABILITIES				
Operating equipment	107,819,938	40	103,698,114	38	Accrued pension cost (Notes 2 and 28)	2,570,012	1	1,657,518	1
Computer equipment	16,010,904	6	15,056,290	6	Guarantee deposits - noncurrent	318,539	-	253,824	-
Leasehold improvements	1,737,877	1	1,737,225	1	Deferred income (Notes 2, 14 and 29)	1,078,588	1	1,129,742	-
Miscellaneous equipment	6,358,794	2	6,095,701	2	Miscellaneous (Note 2)	532,713	-	328,430	-
Total cost	243,860,712	90	212,122,047	78	Total other liabilities	4,499,852	2	3,369,514	1
Appreciation	21,911,140	8	21,985,749	8	Total liabilities	138,007,818	51	129,978,047	48
Total cost and appreciation	265,771,852	98	234,107,796	86	STOCKHOLDERS' EQUITY OF PARENT COMPANY				
Less: Accumulated depreciation	153,762,709	57	127,619,641	47	Capital stock - NT\$10.00 par value				
	112,009,143	41	106,488,155	39	Authorized - 4,950,000 thousand shares				
Construction in progress and prepayments for business facilities	10,891,635	4	9,145,700	3	Issued and outstanding - 4,569,954 thousand shares in 2008; 4,480,347 thousand shares in 2007	45,699,538	17	44,803,469	16
Net properties	122,900,778	45	115,633,855	42	Capital surplus				
INTANGIBLE ASSETS					Paid-in capital from share issuance in excess of par value	932,814	-	932,814	1
Deferred pension costs (Notes 2 and 28)	90,592	-	6,463	-	Equity in capital surplus reported by investees	9,120,172	4	8,386,464	3
Goodwill (Notes 2 and 15)	11,084,911	4	11,196,447	4	Others	7,672	-	8,719	-
3G license fee (Notes 1, 2 and 16)	7,307,065	3	8,037,772	3	Total capital surplus	10,060,658	4	9,327,997	4
Land leasehold rights, net (Notes 2 and 30)	1,052,635	-	958,563	1	Retained earnings				
Other intangible assets (Notes 2, 4 and 26)	385,942	-	192,369	-	Legal reserve	8,196,285	3	7,061,162	3
Total intangible assets	19,921,145	7	20,391,614	8	Special reserve	3,034,766	1	3,034,766	1
OTHER ASSETS					Unappropriated earnings	6,535,276	2	13,247,308	5
Nonoperating properties, net (Notes 2, 14 and 30)	1,237,484	1	1,196,927	1	Total retained earnings	17,766,327	6	23,343,236	9
Deferred income taxes - noncurrent (Notes 2 and 24)	1,140,040	1	124,634	-	Other stockholders' equity				
Refundable deposits (Note 29)	484,400	-	482,291	-	Cumulative translation adjustments	3,696,557	1	1,706,254	1
Farmland (Note 17)	276,661	-	276,661	-	Net loss not recognized as pension cost	(656,261)	-	(69,966)	-
Deferred charges, net (Notes 2 and 26)	662,087	-	380,465	-	Unrealized valuation gains on financial instruments	(866,020)	-	4,268,337	1
Miscellaneous (Notes 2, 28, 29 and 30)	80,169	-	49,878	-	Unrealized revaluation increment on properties	8,843,128	3	8,566,640	3
Total other assets	3,880,841	2	2,510,856	1	Total other stockholders' equity	11,017,404	4	14,471,265	5
TOTAL	\$ 270,821,938	100	\$ 272,909,148	100	Total stockholders' equity of parent company	84,543,927	31	91,945,967	34
					MINORITY INTEREST	48,270,193	18	50,985,134	18
					Total stockholders' equity	132,814,120	49	142,931,101	52
					TOTAL	\$ 270,821,938	100	\$ 272,909,148	100

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

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

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2008 AND 2007

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

	2008		2007	
	Amount	%	Amount	%
REVENUES (Notes 2 and 29)				
Net sales	\$ 107,643,050	62	\$ 98,605,628	60
Telecommunications service income, net	56,955,864	33	58,242,827	36
Income from sale of investments	3,077,251	2	1,998,549	1
Net construction income	4,107,440	2	3,454,957	2
Other income	<u>1,159,181</u>	<u>1</u>	<u>1,510,845</u>	<u>1</u>
Total revenues	<u>172,942,786</u>	<u>100</u>	<u>163,812,806</u>	<u>100</u>
COSTS OF REVENUES (Notes 2, 26 and 29)				
Cost of sales	101,378,261	59	91,023,371	56
Cost of telecommunications services	27,233,385	16	27,017,579	16
Construction cost	3,869,300	2	3,023,976	2
Other cost	<u>708,485</u>	<u>-</u>	<u>1,249,028</u>	<u>1</u>
Total costs of revenues	<u>133,189,431</u>	<u>77</u>	<u>122,313,954</u>	<u>75</u>
GROSS PROFIT EXCLUDING REALIZED CONSTRUCTION INCOME	39,753,355	23	41,498,852	25
REALIZED CONSTRUCTION INCOME (Notes 2 and 29)	<u>556</u>	<u>-</u>	<u>556</u>	<u>-</u>
GROSS PROFIT	<u>39,753,911</u>	<u>23</u>	<u>41,499,408</u>	<u>25</u>
OPERATING EXPENSES (Notes 2, 26 and 29)				
Marketing	15,501,519	9	15,252,698	9
General and administrative	8,038,210	5	7,866,284	5
Research and development	<u>722,921</u>	<u>-</u>	<u>809,058</u>	<u>-</u>
Total operating expenses	<u>24,262,650</u>	<u>14</u>	<u>23,928,040</u>	<u>14</u>
OPERATING INCOME	<u>15,491,261</u>	<u>9</u>	<u>17,571,368</u>	<u>11</u>
NONOPERATING INCOME AND GAINS				
Foreign exchange gain, net (Note 2)	662,838	1	701,978	-
Interest (Note 29)	549,257	-	481,910	-
Gain on valuation of financial liabilities (Notes 2 and 6)	411,653	-	-	-
Cash dividends	267,783	-	439,725	-
Rental (Note 29)	47,173	-	25,040	-
Investment income recognized under the equity method (Notes 2 and 13)	-	-	4,473,374	3

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FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2008 AND 2007

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

	2008		2007	
	Amount	%	Amount	%
Gain on valuation of financial assets (Notes 2 and 6)	\$ -	-	\$ 189,847	-
Reversal of loss on inventories	-	-	91,047	-
Other (Notes 2 and 29)	<u>1,660,923</u>	<u>1</u>	<u>839,772</u>	<u>1</u>
Total nonoperating income and gains	<u>3,599,627</u>	<u>2</u>	<u>7,242,693</u>	<u>4</u>
NONOPERATING EXPENSES AND LOSSES				
Interest (Notes 11, 14 and 29)	2,791,776	2	2,372,921	1
Loss on decline in inventory market value	720,032	-	-	-
Loss on disposal of properties	422,782	-	514,318	-
Loss on valuation of financial assets (Notes 2 and 6)	389,929	-	-	-
Investment loss recognized under the equity method (Notes 2 and 13)	168,042	-	-	-
Loss on equity-method investments (Notes 2, 7, 12 and 13)	60,907	-	135,740	-
Impairment loss on nonoperating properties	29,713	-	81,978	-
Valuation loss on financial liabilities, net (Notes 2 and 6)	-	-	49,579	-
Others (Note 31)	<u>1,317,614</u>	<u>1</u>	<u>1,020,294</u>	<u>1</u>
Total nonoperating expenses and losses	<u>5,900,795</u>	<u>3</u>	<u>4,174,830</u>	<u>2</u>
INCOME BEFORE INCOME TAX	13,190,093	8	20,639,231	13
INCOME TAX (Notes 2 and 24)	<u>2,926,224</u>	<u>2</u>	<u>3,307,947</u>	<u>2</u>
INCOME BEFORE EXTRAORDINARY GAIN	10,263,869	6	17,331,284	11
EXTRAORDINARY GAIN (NET, AFTER DEDUCTING INCOME TAX OF \$5,940 THOUSAND)	<u>53,730</u>	<u>-</u>	<u>-</u>	<u>-</u>
CONSOLIDATED NET INCOME	<u>\$ 10,317,599</u>	<u>6</u>	<u>\$ 17,331,284</u>	<u>11</u>
BELONG TO:				
Stockholders of parent company	\$ 4,621,944	3	\$ 11,367,097	7
Minority interest	<u>5,695,655</u>	<u>3</u>	<u>5,964,187</u>	<u>4</u>
	<u>\$ 10,317,599</u>	<u>6</u>	<u>\$ 17,331,284</u>	<u>11</u>

(Continued)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2008 AND 2007

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

	2008		2007	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
EARNINGS PER SHARE (Note 27)				
Basic	\$ 1.01	\$ 1.01	\$ 2.47	\$ 2.49

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

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

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

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

	Capital Stock Issued and Outstanding (Note 23)		Capital Surplus (Notes 2 and 23)	Retained Earnings (Notes 2, 23 and 24)				Other Adjustments					Total Stockholders' Equity
	Shares in Thousands	Amount		Legal 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	Minority Interests	
BALANCE, JANUARY 1, 2007	4,349,851	\$ 43,498,513	\$ 7,820,117	\$ 6,231,874	\$ 3,378,850	\$ 9,864,900	\$ 19,475,624	\$ 1,823,497	\$ 845,490	\$ 8,848,431	\$ (60,797)	\$ 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)	-	-	-	-	-	-	-
Stock dividends - NTS\$0.3 per share	130,496	1,304,956	-	-	-	(1,304,956)	(1,304,956)	-	-	-	-	-	-
Cash dividends - NTS\$1.3 per share	-	-	-	-	-	(5,654,807)	(5,654,807)	-	-	-	-	-	(5,654,807)
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-	(523,853)	(523,853)	-	-	-	-	-	(523,853)
Balance after appropriations	4,480,347	44,803,469	7,820,117	7,061,162	3,034,766	1,896,080	11,992,008	1,823,497	845,490	8,848,431	(60,797)	46,083,257	122,155,472
Consolidated net income in 2007	-	-	-	-	-	11,367,097	11,367,097	-	-	-	-	5,964,187	17,331,284
Adjustments due to changes in investees' equity in long-term investments	-	-	1,507,880	-	-	(15,869)	(15,869)	2,419,658	750,972	(281,791)	(9,169)	-	4,371,681
Unrealized loss on cash flow hedge	-	-	-	-	-	-	-	25,182	-	-	-	-	25,182
Translation adjustment on foreign-currency equity-method investments	-	-	-	-	-	-	-	-	109,792	-	-	-	109,792
Increase in minority interest	-	-	-	-	-	-	-	-	-	-	-	5,804,461	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	9,327,997	7,061,162	3,034,766	13,247,308	23,343,236	4,268,337	1,706,254	8,566,640	(69,966)	50,985,134	142,931,101
Appropriation of the 2007 earnings:													
Legal reserve	-	-	-	1,135,123	-	(1,135,123)	-	-	-	-	-	-	-
Stock dividends - NTS\$0.2 per share	89,607	896,069	-	-	-	(896,069)	(896,069)	-	-	-	-	-	-
Cash dividends - NTS\$1.8 per share	-	-	-	-	-	(8,064,624)	(8,064,624)	-	-	-	-	-	(8,064,624)
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-	(674,461)	(674,461)	-	-	-	-	-	(674,461)
Balance after appropriations	4,569,954	45,699,538	9,327,997	8,196,285	3,034,766	2,477,031	13,708,082	4,268,337	1,706,254	8,566,640	(69,966)	50,985,134	134,192,016
Consolidated net income in 2008	-	-	-	-	-	4,621,944	4,621,944	-	-	-	-	5,695,655	10,317,599
Adjustments due to changes in investees' equity in long-term investments	-	-	696,871	-	-	(323,039)	(323,039)	(5,191,265)	1,761,305	276,491	(1,086)	-	(2,780,723)
Effect of changes in ownership percentage due to investees' issuance of capital stock for cash	-	-	(9,971)	-	-	(240,880)	(240,880)	-	-	-	-	-	(250,851)
Translation adjustment on foreign-currency equity-method investments	-	-	-	-	-	-	-	-	229,496	-	-	-	229,496
Reversal of net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	(585,239)	-	(585,239)
Unrealized loss on cash flow hedge	-	-	-	-	-	-	-	56,160	-	-	-	-	56,160
Adjustments on stockholders' equity for sale of long-term equity investments	-	-	45,761	-	-	220	220	748	(498)	(3)	30	-	46,258
Decrease in minority interest	-	-	-	-	-	-	-	-	-	-	-	(2,411,690)	(2,411,690)
Cash dividends distributed by subsidiaries to the minority interest	-	-	-	-	-	-	-	-	-	-	-	(5,998,906)	(5,998,906)
BALANCE, DECEMBER 31, 2008	<u>4,569,954</u>	<u>\$ 45,699,538</u>	<u>\$10,060,658</u>	<u>\$ 8,196,285</u>	<u>\$ 3,034,766</u>	<u>\$ 6,535,276</u>	<u>\$ 17,766,327</u>	<u>\$ (866,020)</u>	<u>\$ 3,696,557</u>	<u>\$ 8,843,128</u>	<u>\$ (656,261)</u>	<u>\$ 48,270,193</u>	<u>\$ 132,814,120</u>

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

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

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

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

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 10,317,599	\$ 17,331,284
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of 3G concession	730,707	730,707
Depreciation and amortization	15,597,801	15,276,180
Provision for (reversal of provision) losses on inventories	720,032	(91,047)
Gain on sale of investments in share of stock, net	(3,084,891)	(2,005,667)
Bad-debt expense	681,084	687,244
Gain on bargain acquisition of an equity investment	(591,120)	-
Extraordinary gain	(59,700)	-
Cash dividends received on equity-method investments	3,321,006	2,547,124
Provision for impairment losses on properties and idle properties	29,713	81,978
Equity in net income (losses) of investees, net	168,042	(4,473,374)
Impairment loss on long-term investments	60,907	135,740
Loss on disposal of properties, net	422,782	514,318
Realized deferred rental income	(53,177)	(46,647)
Provision for pension costs, net	51,172	138,573
Deferred income taxes	(991,684)	649,898
Others	(556)	(556)
Net changes in operating assets and liabilities		
Financial assets held for trading	393,785	(252,437)
Financial liabilities held for trading	296,315	387,277
Accounts and notes receivable	(1,275,936)	(6,205,120)
Accounts and notes receivable - related parties	38,183	1,044,986
Inventories	2,119,784	(3,761,778)
Real estate for sale	(10,269)	(20,070)
Available for construction - land	-	(544,458)
Construction in progress, net	(182,096)	1,443,980
Other financial assets - current	(383,106)	(181,826)
Prepayments and other current assets	305,159	(178,288)
Accounts and notes payable	(850,115)	3,930,531
Accounts and notes payable - related parties	(1,141,493)	(194,743)
Income taxes payable	835,776	(356,806)
Accrued expenses	444,423	(388,728)
Advances from customers	78,701	(8,660)
Unearned revenues from selling real estate	(112,430)	(256,255)
Unearned revenues	154,765	(82,664)
Unearned revenues from construction in progress, net	9,710	16,297
Other current liabilities	<u>(527,020)</u>	<u>2,004</u>
Net cash provided by operating activities	<u>27,513,853</u>	<u>25,868,997</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in receivables from related parties	(73,081)	(65,688)

(Continued)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

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

	2008	2007
Increase (decrease) in restricted assets	\$ 58,414	\$ (58,236)
Proceeds of the sale of available-for-sale financial assets - current	3,504,786	1,706,177
Increase in available-for-sale financial assets - current	(3,970,886)	(2,523,962)
Proceeds of sale of financial assets carried at cost	87,509	17,378
Increase in financial assets carried at cost	-	(150,000)
Proceeds of disposal of properties	107,350	152,507
Acquisition of properties	(12,375,042)	(16,436,714)
Proceeds of sale of investments in shares of stock	5,364,899	3,979,247
Acquisition of investments in shares of stock	(2,093,653)	(714,631)
Cash received on equity investee's capital decrease or dissolution	-	1,235,900
Decrease (increase) in refundable deposits	2,605	(11,452)
Increase in deferred charges	(78,169)	(83,309)
Increase in intangible assets	(1,858)	(126,506)
Increase in other assets	<u>(83,818)</u>	<u>(95,329)</u>
Net cash used in investing activities	<u>(9,550,944)</u>	<u>(13,174,618)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of cash dividends, remuneration to directors and supervisors and bonus to employees	(15,003,837)	(13,321,780)
Increase in short-term bank loans	9,240,659	123,108
Decrease (increase) in commercial paper issued	2,173,338	(1,204,669)
(Repayment) proceeds of long-term bank loans and bond issuance	(11,840,860)	5,543,525
Decrease in guarantee deposits	(59,566)	(171,768)
(Decrease) increase in payable to related parties	(400,208)	1,025,117
Cash received on issuing common stock	620,000	867,586
Cash paid due to subsidiaries' capital decrease	(4,562,000)	-
Decrease in minority interest	(9,674)	-
Payments on merger with KG Telecommunications Co., Ltd.	-	(495,855)
Increase in other liabilities	<u>147,442</u>	<u>237,833</u>
Net cash used in financing activities	<u>(19,694,706)</u>	<u>(7,396,903)</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>328,514</u>	<u>841,695</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,403,283)	6,139,171
EFFECT OF LOSING CONTROL OVER CERTAIN SUBSIDIARIES	(460)	-
EFFECT OF INCREASE IN CONSOLIDATED SUBSIDIARIES	144,043	496,860
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>24,206,234</u>	<u>17,570,203</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$22,946,534</u>	<u>\$24,206,234</u>

(Continued)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

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

	2008	2007
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest paid	\$ 3,065,975	\$ 3,069,029
Less: Capitalized interest	<u>185,201</u>	<u>233,293</u>
Interest paid (excluding capitalized interest)	<u>\$ 2,880,774</u>	<u>\$ 2,835,736</u>
Income tax paid	<u>\$ 3,377,840</u>	<u>\$ 3,067,403</u>
NONCASH FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 9,175,340</u>	<u>\$ 13,604,156</u>

SUPPLEMENTARY INFORMATION ON SUBSIDIARIES ACQUIRED

- a. In 2008, the Company's subsidiary, Yuang Ding Investment Co., Ltd., acquired about 42% equity in Oriental Petrochemical (Taiwan) Co., Ltd. (OPTC). As a result, the Group's equity in OPTC is about 60%, including the Company's own holdings of 18%.

The fair values of OPTC's total assets and total liabilities at the time of acquisition were as follows:

	Amount
Cash and cash equivalents	\$ 8,818
Accounts and notes receivable, net	385,035
Prepaid expenses	1,426,956
Inventories	350,602
Other current assets	2,358
Properties, net	6,878,697
Refundable deposits	4,714
Other assets	5,085
Notes payable and accounts payable	(1,227,668)
Accrued expenses	(327,626)
Current portion of long-term liabilities	(4,416,434)
Other current liabilities	(62,622)
Long-term liabilities	(2,255,000)
Provision for pension costs	<u>(203,677)</u>
Total	569,238
Percentage of ownership acquired	<u>42%</u>
Common equity acquired	239,080
The difference between fair value of net assets and cash payment	<u>(13,757)</u>
Total acquisition cost of OPTC	<u>\$ 225,323</u>
Total acquisition cost of OPTC	
Gain on grant of equity investment	<u>\$ 225,323</u>

(Continued)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars)

- b. In 2008, Yuang Ding Investment Co., Ltd acquired 50% equity in Far Eastern Fibertech Co., Ltd. (FEFC). The fair values of FEFCL's total assets and liabilities at the time of acquisition were as follows:

	Amount
Cash and cash equivalents	\$ 113,580
Notes and accounts receivable, net	203,629
Prepaid expense	15,630
Inventories	180,532
Other current assets	7,369
Properties, net	1,576,354
Other assets	1,563
Notes payable and accounts payable, net	(266,168)
Accrued expense	(37,728)
Short-term liabilities	(960,000)
Long-term liabilities	(100,000)
Provision for pension costs	<u>(3,168)</u>
Total	731,593
Percentage of ownership acquired	<u>50%</u>
Common equity acquired	<u>365,797</u>
Total acquisition cost of Far Eastern Fibertech Co., Ltd.	<u>\$ 365,797</u>
Total acquisition cost of Far Eastern Fibertech Co., Ltd.	
Gain on grant of equity investment	<u>\$ 365,797</u>

(Continued)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars)

- c. In the year ended December 31, 2008, the subsidiaries of Far EasTone and Far EasTron Holding Ltd. swapped their holdings of Far EasTron's common shares for ADCast Interactive Marketing Co., Ltd.'s ("ADCast") common shares. KG Telecom also bought ADCast's common shares by cash. As a result, the Group acquired about 69.08% of ADCast's common stock; the fair value of ADCast's total assets and total liabilities at the time of acquisition was as follows:

	Amount
Cash and cash equivalents	\$ 22,434
Accounts and notes receivable, net	32,673
Prepaid expenses	2,306
Other current assets	4,054
Properties, net	1,725
Goodwill	3,417
Refundable deposits	907
Deferred charges, net	30
Other assets	1,307
Notes payable	(2,674)
Accounts payable	(8,228)
Accrued expenses	(12,038)
Unearned revenues	(865)
Other current liabilities	(1,091)
Guarantee deposits received	(171)
	43,786
Percentage of ownership acquired	69.08%
	30,248
Goodwill	1,717
Total acquisition cost of ADCast	\$ 31,965
Total acquisition cost of ADCast	
Carrying value of swapped equity-method investments	\$ 28,313
Cash payment	3,652
	\$ 31,965

(Continued)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars)

- d. In July 2007, the Company's Subsidiary, Far EasTone bought 51% of Q-ware Communications Co., Ltd.'s common stock; the fair value of total assets and total liabilities at the time of acquisition was as follows:

	Amount
Cash and cash equivalents	\$ 496,860
Accounts and notes receivable, net	6,212
Prepaid expenses	3,811
Other current assets	2,601
Properties, net	617,161
Prepayments for equipment	7,174
Refundable deposits	12,498
Accounts payable	(5,457)
Accrued expenses	(15,103)
Unearned revenues	(2,670)
Other current liabilities	(263,066)
Other liabilities	<u>(13,864)</u>
	846,157
Percentage of ownership acquired	<u>51.00%</u>
	431,540
Goodwill	<u>64,315</u>
Cash payment due to merger	<u>\$ 495,855</u>

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

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

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, 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.

To enhance the return of stockholders' equities, Far EasTone's board of directors proposed on April 30, 2007 to reduce capital by returning \$7,745,326 thousand in cash to stockholders and decreasing common stock by 774,532 thousand shares. The capital reduction was approved by the stockholders' meeting on June 12, 2007. The capital reduction ratio was 19.204715% and the cash return per share was around NT\$1.9204715. Paid-in capital after the capital reduction was \$32,585,008 thousand. Far EasTone's board of directors resolved January 15, 2008 as the record date of the capital reduction. On January 22, 2008, this capital reduction was registered with the MOEA. The authority also approved March 17, 2008 as the share exchange date of the capital reduction. The foregoing payable amounts due to the capital reduction were fully paid on March 28, 2008.

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. On January 1, 2004, 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 with the Ministry of Economics Affairs (MOEA).

The former KGT provides 2G wireless communications services under a type I license - GSM1800 for the northern region of Taiwan issued by the DGT. The license allows the former KGT to provide services for 15 years from 1997, with an annual license fee at 2% of total 2G 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 region of Taiwan issued by the DGT) is effective from 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.

Far EasTone merged with Yuan-Ze Telecommunications Co., Ltd. (“Yuan-Ze Telecom”) on May 2, 2005. In 2002, Yuan-Ze Telecom received from the DGT the 3G (third-generation wireless communications system) concession, with a bidding price of \$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 provide 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 \$495,855 thousand on July 2, 2007. On July 3, 2007, Q-ware spun off its WiFly business, with a net worth of \$349,301 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. Q-ware’s revenues and expenses were included in the consolidated financial statements since the acquisition date.

Far EasTron was incorporated in the R.O.C. on August 12, 2005. Far EasTron mainly provides Internet content providing services.

To enhance the Group’s (Company and consolidated subsidiaries) market share of Internet advertisements and integrate the Group’s resources, the stockholders of Far EasTron resolved on April 21, 2008 for Far EasTron to have a share swap with ADCast Interactive Marketing Co., Ltd. (“ADCast”), a subsidiary of New Century Info Comm Tech Co., Ltd., with ADCast as the survivor entity. After ADCast’s capital reduction, Far EasTron’s stockholders will receive 1 share of ADCast for every 4.8526 shares of Far EasTron. However, in their special meeting on August 29, 2008, Far EasTron’s stockholders revised the share swap ratio to 5.4490:1. In addition, Far EasTron’s board of directors resolved to have September 3, 2008 as the merger date. The share swap was completed on September 30, 2008 after the related registration with the Taipei City Government. After the share swap, Far EasTone, Far EasTron Holding and KG Telecom owned 69.08% of ADCast’s common stock; thus, Far EasTone became ADCast’s parent company. ADCast’s revenues and expenses were included in the consolidated financial statements since the merger date and Far EasTron’s revenues and expenses before the merger date were also included in the consolidated statements.

On May 7, 2008, KGTI’s stockholders approved the board of directors’ proposal to dissolve KGTI, and on May 27, 2008, the authorities of the British Virgin Islands approved this dissolution. The dissolution was also approved by ROC Investment Commission of the MOEA on August 21, 2008. In addition, KG Telecom recognized this equity-method investment using KGTI’s liquidation value.

ARCOA was incorporated in the ROC on May 4, 1981. 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 paid-in capital.

ARCOA’s shares have been listed as emerging market stock on the OTC exchange since December 27, 2002. 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, 2008, Far EasTone owned 59.78% of ARCOA’s common stock.

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

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

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 developing and is expected to operate in the first quarter of 2010.
- b. 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 and is expected to be approved to start the construction.

On December 3 and 11, 2007, Oriental Resources Development Ltd. (ORDL, the former TRC) conducted a stock reduction to offset the deficit of NT\$20,000 thousand and a capital increase of NT\$250,000 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%.

In March 21, 2007, the Company bought 600 thousand common shares that were newly issued by Far Eastern Investment (Holding) Ltd. (F.E.I.H.) for NT\$1,592,160 thousand at US\$80.00 per share.

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

In addition, in 2007, the Company and its subsidiaries bought 224,835 thousand common shares that were newly issued by Far Eastern Polychem Industries Co., Ltd. (F.E.P.I.) for NT\$2,143,882 thousand. In May 2008 and July 2008, the Company bought 51,124 thousand common shares for NT\$444,888 thousand and 198,816 thousand common shares for NT\$1,703,800, respectively, which were newly issued by F.E.P.I. at US\$0.28 per share.

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

In July 2008, the Company bought 117 thousand shares of PET Far Eastern (Holding) Ltd. at US\$423.98 per share, or a total amount of NT\$1,509,008 thousand, representing 49.42% equity interest.

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 Oriental Union Chemical Corporation. 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.

The above transactions will have to be approved by Investment Commission (MOEA) and the actual transaction amount, however, will be adjusted by the present net value of the shares of the acquiring or the acquired companies.

In January 2008, the Company sold its holding of 200 thousand shares of Yuan Faun Ltd. to Yuan Ding Investment Co., Ltd. (YDIC) for NT\$3,660 thousand.

Far Eastern Textile Ltd. and its consolidated subsidiaries (collectively, the “Group”) had 21,170 and 18,434 employees as of December 31, 2008 and 2007, respectively.

The intercompany relationships, percentages of ownership and major operations of subsidiaries as of December 31, 2007 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 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 of fixed asset and rental properties, impairment loss on asset, duty on decommissioned asset, warranty reserve income tax, pension cost, employee bonus, remuneration to directors and supervisors and so on. 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.

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

The Company and its subsidiaries lost control on Pacific Petrochemical (Holding) Ltd. and the percentage of ownership had decreased from 39.40% to 24.63% since they did not purchased any common share newly issued in 2008.

The Company and the related party of Invista S.à r.l. established a joint venture, Invista-Far Eastern Petrochemicals Co., Ltd. ("Invista"), to produce purified terephthalic acid (PTA). In March 2008, the Company sold to Yue Ding Industry Co., Ltd. 14,235 thousand shares, part of its holding in Oriental Petrochemical (Taiwan) Co., Ltd. (OPTC, the former Invista) for NT\$135,532 thousand. However, PTA production was no longer the strategic core business of Invista in Taiwan, so, on October 6, 2008, Invista sold its remaining 70% equity in Invista for US\$1.00 to Yuan Ding Investment Co., Ltd. (60%), Yue Ding Industry Co., Ltd. (10%), and Oriental Union Chemical Corporation (30%). Yuan Ding Investment Co., Ltd. then acquired 42% equity interest, with a net value of NT\$225,323 thousand (the total appraised fair value of Invista was NT\$587,600 thousand to NT\$1,502,480 thousand), in Invista-Far Eastern Petrochemicals Co., Ltd., for NT\$19, and the difference of NT\$225,323 thousand between the acquisition cost and the net value of the acquired equity was recognized as grant revenue under other income. Invista was later renamed Oriental Petrochemical (Taiwan) Co., Ltd., with Invista S.à r.l. to continue giving its technical support to OPTC even after the entire equity of Invista S.à r.l. is sold off. On October 21, 2008, OPTC'S stockholders resolved to reduce its capital to reverse its loss of NT\$4,208,367 thousand and then raise cash capital by NT\$3,800,000 thousand. Thus, the Company's holding of OPTC shares declined by 252,501 thousand shares, but the Company's purchase of 318,000 thousand shares of OPTC's newly issued common stock for NT\$3,180,000 thousand resulted in an increase in the Company's equity in OPTC from 60% to 80.76%. OPTC is included in the consolidated financial statements as of 2008.

At the same time, a related party of Invista sold its 50% equity interest in Far Eastern-Invista Co., Ltd. ("Far Eastern-Invista," a manufacturer of Nylon-66) to Yuan Ding Investment Co., Ltd. for US\$1.00. Therefore, Yuan Ding Investment Co., Ltd. acquired 50% equity interest in Far Eastern-Invista Co., Ltd. for NT\$31.00 at the net value of NT\$365,797 thousand (the total appraised fair value of Far Eastern-Invista was NT\$818,389 thousand to NT\$890,938 thousand). The difference of NT\$365,797 thousand between the acquisition cost and the net value of the acquired equity was recognized as donation income - other. In addition, Far Eastern-Invista was renamed Far Eastern Fibertech Co., Ltd. The percentage of the ownership of Yuan Ding Investment Co., Ltd. of Far Eastern-Invista, renamed Far Eastern Fibertech Co., Ltd., increased from 50% to 100%, and this investee was thus included in the consolidated financial report as of 2008.

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.
- c. All items in the statement of income at the average exchange rates for the periods.

The entities in the “Consolidated Financial Statements of 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 affiliates will be compiled. That is, the information needed in the combined financial statements of 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 properties and intangible assets are classified as noncurrent. Current liabilities are obligations to be settled within 12 months after the balance sheet date. All other 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 Company recognizes a financial asset or a financial liability on its balance sheet when the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Company has lost control of its contractual rights over the financial asset. A financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired.

On initial recognition, the financial instruments are measured at fair value and transaction costs are recognized as current expenses. 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. The regular purchase or sale of financial instruments is recognized or de-recognized using trade date accounting.

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 regular purchase or sale of financial instruments is recognized or de-recognized using trade date accounting.

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 showing that an available-for-sale 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.

Bonds Carried at Amortized Cost

Bonds with fixed or determinable payments that are not quoted in an active market are carried at amortized cost. Bonds should be carried at original cost plus transaction cost on initial recognition. Gains or losses are recognized when derecognition, impaired or amortized. All regular way purchases or sales of bonds are recognized and derecognized on a trade date basis.

An impairment loss should be recognized if there is objective evidence that bonds are impaired. The impairment loss is reversed if an increase in the bonds' recoverable amount is due to an event which occurred after the impairment loss was recognized; however, the adjusted carrying amount of the bonds may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the bonds 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 access 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 recharge call 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 revenues from and cost for the sale of cellular phone equipment and accessories are recognized when the products are delivered to and accepted by the customers. This sale is considered a separate earnings process from the sale of wireless services.

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.

Rent revenue is or has been realized and then recognized after the service has been provided.

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 a 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.

Government Grant

When received, the government grant is included in the restricted assets and in deferred revenue at the same time. The restricted asset is recognized as cash or cash equivalent when Far EastOne uses the grant under the terms of the related agreement. The deferred revenue is recognized as follows: (1) if the grant is related to depreciable assets, it should be recognized as revenue over the asset economic lives in proportion to the depreciation expenses for these assets; or (2) if the grant is related to income, the grant amount should be deducted from the related expense when the revenue is realized.

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.

For subsidiary, 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.

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.

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 and goodwill is no longer amortized. 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 or loss.

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 date on December 31, 2018.

Land leasehold rights are amortized over 50 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, intangible assets, idle properties, rental assets, 3G concession, goodwill, deferred charges and equity-method investments) exceeds their recoverable amount, and this impairment loss should be charged to current loss. For investees which Far EasTone exercises significant influence but not control, the recoverable amount and the investment value are compared to calculate the impairment loss from the investment based on investee's individual investment value (goodwill is included). 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. If an asset has been revalued in accordance with the laws, its impairment loss should first be used to reduce the unrealized appreciation of revaluation under stockholders' equity. The excess loss, if any, may then be recognized as loss in the income statement. However, to the extent that an impairment loss on the same revalued asset was previously recognized as a loss in the income statement because of insufficient revaluation surplus, a reversal of that impairment loss is recognized as a gain in the income statement. The excess part, if any, may then be reversed to the unrealized appreciation of revaluation under stockholders' equity.

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.

For investees which Far Eastone exercises significant influence but not control, the recoverable amount and the investment value are compared to calculate the impairment loss from the investment based on investee's individual investment value (goodwill is included).

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.

Exchangeable Bonds

If bond holders have the right to exchange bonds with the Company's holdings of agreed target in fixed price or amount, the convertible bonds are measured at issued price after deducting the fair value of embedded derivatives. The liability component of non-derivative instruments are measured at amortized cost using the effective interest method (straight-line method if difference is not material) and the related interest or redemption loss or gain is accounted for part of current year income. If bond holders exercise exchange right before the maturity date, the bonds should be adjusted with their liability components. The Company uses the aggregate carrying amount of the liability and equity components of the bonds at the time of conversion as a basis to record the target exchanged. If the bonds are redeemed at the maturity date, the Company should recognize the fair value of embedded derivatives as gain of current year.

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 its government's regulations, the subsidiaries have a defined contribution pension plan. It makes monthly contributions to employees' individual pension accounts at a fixed percentage of salaries and recognizes these contributions as pension costs. The domestic and oversea 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.

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

3. PRO-FORMA FINANCIAL INFORMATION

Assuming that the Company and its subsidiaries acquired a majority in OPTC, FEFC and ADCast on January 1, 2007 or 2008, the pro forma financial information of the Company and its subsidiaries in 2008 and 2007 would have been as follows:

	(In Thousands, Except EPS)	
	<u>Years Ended December 31</u>	
	2008	2007
Current assets	\$ 73,557,986	\$ 78,352,982
Properties, net	122,900,778	126,819,931
Current liabilities	71,369,497	68,625,937
Operating revenue	180,856,652	176,151,152
Income before income tax	9,253,604	18,527,693
Net income	6,373,692	15,198,334
EPS	0.31	2.10

The pro forma financial information above is only for reference. It does not completely represent both the financial status of the Company after acquiring a majority stake in Oriental Petrochemical (Taiwan) Co., Ltd. on January 1, 2008 and 2007 and the future consolidated financial status.

4. CHANGES IN ACCOUNTING PRINCIPLES

Accounting for Bonuses to Employees and Remuneration to Directors and Supervisors

In March 2007, the Accounting Research and Development Foundation issued Interpretation 2007-052, requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses. These bonuses were previously recorded as appropriations from earnings. This accounting change resulted in decreases of NT\$431,123 thousand in net income and of NT\$0.0943 in after income tax basic earnings per share in 2008.

Accounting for Intangible Assets

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

5. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Cash		
Cash on hand	\$ 37,218	\$ 23,477
Savings and checking accounts	6,031,010	5,452,000
Time deposits: Interest - 0.10%-6.73% in 2008 and 1.705%-5.33% in 2007	<u>12,485,471</u>	<u>9,182,390</u>
	<u>18,553,699</u>	<u>14,657,867</u>
Cash equivalents		
Commercial paper purchased under agreements to resell: Interest - 0.50%-1.30% in 2008 and 1.91%-2% in 2007	3,949,600	6,207,204
Treasury bills purchased under agreement to resell: Interest - 0.50%-1.605% in 2008 and 1.625%-1.95% in 2007	<u>302,120</u>	<u>3,148,125</u>
	<u>4,251,720</u>	<u>9,355,329</u>
Management discretionary accounts		
Saving accounts	116,115	193,038
Time deposits: Interest - 1.07%	<u>25,000</u>	<u>-</u>
	<u>141,115</u>	<u>193,038</u>
	<u>\$ 22,946,534</u>	<u>\$ 24,206,234</u>

As of December 31, 2008 and 2007, demand deposits in foreign banks were as follows:

	<u>December 31</u>	
Deposits in Foreign Bank	<u>2008</u>	<u>2007</u>
Belgium (US\$752 thousand in 2008 and US\$516 thousand in 2007)	\$ 24,666	\$ 16,734
Hong Kong (US\$10 thousand in 2008 and US\$16 thousand in 2007)	328	519
U.S.A. - New York (US\$10 thousand in 2008 and US\$11 thousand in 2007)	<u>321</u>	<u>344</u>
	<u>\$ 25,315</u>	<u>\$ 17,597</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>December 31</u>	
	<u>2008</u>	<u>2007</u>
<u>Financial assets held for trading</u>		
Marketable equity securities	\$ 404,293	\$ 727,682
Exchangeable bonds collection right	49,500	104,500
Cotton futures contracts	33,372	44,286
Mutual funds - beneficiary certificates	<u>20,429</u>	<u>24,911</u>
	<u>\$ 507,594</u>	<u>\$ 901,379</u>
<u>Financial liabilities held for trading</u>		
Exchangeable bonds exchange right	\$ 30,500	\$ 347,750
Exchangeable bonds redemption right	42,000	31,000
Forward exchange contracts	<u>32,853</u>	<u>22,918</u>
	<u>\$ 105,353</u>	<u>\$ 401,668</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, 2008 and 2007, the capital fully authorized to the trustee were totaled NT\$300,000 thousand, NT\$350,000 thousand, NT\$450,000 thousand, NT\$300,000 thousand, NT\$300,000 thousand and NT\$450,000 thousand. Investment target excluded shares of related parties, and shares of domestic companies within telecommunication industry (except for Chunghwa Telecom Co., Ltd.) and their related derivative instruments.) And deposits among those fully authorized were totaled NT\$141,115 thousand and NT\$193,038 thousand, respectively in 2008 and 2007, 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, 2008 and 2007. 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, 2008 and 2007 are summarized as follows:

	<u>December 31, 2008</u>		
Outstanding Derivative Contract	Maturity	Units	Contract Amount (Thousands)
Cotton futures contracts	March 2009	60	US\$1,408/NT\$46,176
	<u>December 31, 2007</u>		
Outstanding Derivative Contract	Maturity	Units	Contract Amount (Thousands)
Cotton futures contracts	March 2008	110	US\$3,593/NT\$116,521
	May 2008	40	US\$1,308/NT\$42,418

The Company profits from call options on royalties and the difference between exchange rate fluctuations.

The Company has no outstanding option contracts as of December 31, 2008 and 2007, respectively.

The outstanding forward exchange contracts as of December 31, 2008 and 2007 are as follows:

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2008</u>			
Sell	EUR/USD	2009.1.23-2009.3.30	EUR7,000/USD8,918
<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

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 2008 and in 2007.

Yuan Tong Investment Co., Ltd. traded forward exchange contracts to hedge against the exchange risk. As of December 31, 2008, there were no outstanding forward exchange contracts held by Yuan Tong Investment Co., Ltd.

As of December 31, 2008 and 2007, FEIH has trusted outstanding forward exchange contracts as follows:

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

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 (losses) on financial assets were NT\$(389,929) thousand in 2008 and NT\$189,847 thousand in 2007. The net gains (losses) on financial liabilities were NT\$411,653 thousand in 2008 and NT\$(49,579) thousand in 2007.

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2008	2007
Current		
Open-end mutual funds - beneficiary certificates	\$ 1,467,616	\$ 1,332,878
Marketable equity securities	<u>521,147</u>	<u>500,277</u>
	1,988,763	1,833,155
Noncurrent		
Marketable equity securities	<u>56,682</u>	<u>117,355</u>
	<u>\$ 2,045,445</u>	<u>\$ 1,950,510</u>

The amount of available-for-sale financial assets assessed as non-recoverable and permanent losses was NT\$25,349 thousand in 2007.

8. BONDS CARRIED AT AMORTIZED COST - CURRENT

	<u>December 31</u>	
	2008	2007
Bond - Ta Chong Commercial Bank	\$ 3,000	\$ 3,000

On July 16, 2004, ARCOA bought a five-year corporate bond at par value, amounting to \$3,000 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>December 31</u>	
	2008	2007
Merchandise	\$ 1,112,536	\$ 1,270,459
Finished goods	5,944,096	6,640,632
Work in process	1,718,205	2,393,029
Raw materials	5,938,948	5,882,253
Supplies	<u>1,242,018</u>	<u>1,001,759</u>
	15,955,803	17,188,132
Less: Allowance for losses	<u>1,849,523</u>	<u>1,090,064</u>
	<u>\$ 14,106,280</u>	<u>\$ 16,098,068</u>

10. AVAILABLE FOR CONSTRUCTION - LAND

	Area (Square Meters)	<u>December 31</u>	
		2008	2007
Guang Ming Section No. 201, Shi Tuen, Taichung	12,036	\$ 411,629	\$ 411,629
Bai An Section No. 877, Ta Chih, Taipei	472	125,099	125,099
B5 Xin Yi section	199	75,555	75,555
Jen Ai Section No. 732, Taipei	19	<u>7,730</u>	<u>7,730</u>
		<u>\$ 620,013</u>	<u>\$ 620,013</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 other current assets) of Far Eastern Construction Co., Ltd. as of December 31, 2008 and 2007 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, 2008</u>										
Completed-contract method										
Ban Shin Headquarter	\$ -	\$ -	\$ -	\$ 15,579	\$ -	\$ 15,579	\$ 1,786	\$ 10,371	-	2010
Ban Ciao - New Section No. 9	-	-	693,173	356,090	-	1,049,263	-	-	-	2012
			<u>\$ 693,173</u>	<u>\$ 371,669</u>	<u>\$ -</u>	<u>\$ 1,064,842</u>	<u>\$ 1,786</u>	<u>\$ 10,371</u>		
<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	-	-	-	7,197	-	7,197	-	-	-	2010
			<u>\$ 972,897</u>	<u>\$ 291,820</u>	<u>\$ -</u>	<u>\$ 1,264,717</u>	<u>\$ 32,714</u>	<u>\$ 122,801</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, 2008 and 2007, FECC's capitalized interest which generally referred to construction-in-progress and prepaid construction, was NT\$36,872 thousand and NT\$38,118 thousand, respectively. The capitalization rates were 1.5552%-3.7416% in 2008 and 1.658%-2.8908% in 2007.

Construction-in-progress (net of billings on construction-in-progress) of FECC as of December 31, 2008 and 2007 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, 2008</u>							
Percentage of completion method							
Kaohsiung Rapid Transit	\$ 7,921,849	\$ 7,105,296	\$ 7,831,648	\$ 7,645,471	99	2009	\$ 808,387
Min Yin Camp (1)	388,557	399,720	395,443	381,052	-	2009	(11,163)
Min Yin Camp (2)	484,010	498,016	485,674	463,368	-	2009	(14,006)
Hua-Jiang Express	2,415,682	2,373,423	2,259,705	2,183,092	94	2009	39,724
Er-chung flood spillway bridge	130,133	132,381	136,028	130,366	-	2009	(2,248)
Headquarter, Bank of Panhsin	3,687,619	3,424,324	2,522,495	1,595,506	70	2010	113,773
Taichung C706	2,939,048	2,927,665	730,682	704,170	25	2011	2,846
Tainan science park - Taipower Company	792,381	908,571	713,313	663,429	91	2009	(116,190)
Zhong-Ben	1,857,059	1,857,059	562,069	312,061	30	2012	-
Yuan-Yang famous building	154,605	145,854	14,127	-	99	2009	8,664
Zhong-Long Storage	327,789	305,339	302,007	238,571	92	2009	20,654
Zhong-Long fireplace	506,861	504,356	438,467	399,180	87	2009	2,179
			<u>16,391,658</u>	<u>14,716,266</u>			
Completed-contract method							
Taichung C709A	-	-	10,573	-	-	2011	-
Yuan Yang California	-	-	232,155	-	-	2011	-
Miscellaneous	-	-	10,757	7,307	-	2009	-
			<u>253,485</u>	<u>7,307</u>			
			<u>16,645,143</u>	<u>\$ 14,723,573</u>			<u>\$ 852,620</u>
			<u>\$ 1,921,570</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
<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 Yi Camp (1)	388,557	399,720	392,152	381,052	-	2008	(11,163)
Min Yi 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
Headquarter, Bank of Panhsin	3,687,619	3,514,324	<u>1,018,645</u>	<u>679,680</u>	28	2010	29,953
			<u>10,852,493</u>	<u>9,442,935</u>			
Completed-contract method							
Bin-Chiang market	-	-	141,634	24,819	-	2008	-
Sin-ban Co-construct	-	-	23,868	23,643	-	2008	-
Taichung C706	-	-	7,860	-	-	2011	-
Miscellaneous	-	-	<u>9,591</u>	<u>4,450</u>	-	2008	-
			<u>182,953</u>	<u>52,912</u>			
			<u>11,035,446</u>	<u>\$ 9,495,847</u>			<u>\$ 836,618</u>
			<u>\$ 1,539,599</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.

12. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	2008		2007	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
With no quoted market prices				
Yue Yuan Investment Corp.	\$ 637,577	19	\$ 637,577	19
Kai Yuang Trust Fund	247,635	-	271,471	-
Kaohsiung Rapid Transit Corporation	194,929	2	200,000	2
Alberia & Orient Glycol Company Ltd.	169,422	25	195,430	25
Hantech Venture Capital Corp.	104,714	7	104,714	7
Chung Nan Textile Corp.	81,405	5	81,405	5
Nippon Parison Co.	71,712	10	70,424	10
Yi Tong Fiber Co., Ltd.	28,519	4	28,519	4

(Continued)

	<u>2008</u>		<u>2007</u>	
	<u>Carrying Value</u>	<u>% of Ownership</u>	<u>Carrying Value</u>	<u>% of Ownership</u>
YaLi Precast and Pressed Concrete Industries Corp.	\$ 25,142	16	\$ 25,142	16
Taiwan Stock Exchange	22,493	-	22,493	-
Ya Li Transport Corp.	16,240	10	16,240	10
Universal Venture Capital Investment Corporation	14,000	1	14,000	1
Thi Consultants Inc.	13,729	18	13,729	18
Overseas Investment Corp.	10,000	1	10,000	1
VIBO Telecom Inc.	8,400	-	20,000	-
Others	<u>27,056</u>		<u>27,056</u>	
	1,672,973		1,738,200	
Domestic private mutual fund	<u>150,000</u>		<u>250,000</u>	
	<u>\$ 1,822,973</u>		<u>\$ 1,988,200</u>	

(Concluded)

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 2008 and 2007, as follows:

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Kai Yuang Trust Fund	\$ 25,890	\$ 61,512
NCIC	<u>-</u>	<u>48,879</u>
	<u>\$ 25,890</u>	<u>\$ 110,391</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 from Mobitai in exchange for Mobitai's 11,469 thousand common shares (NT\$14.68 per share) held by the Company. The Company wrote off the investment in Mobitai and recognized a disposal gain of NT\$31,814 thousand. However, the Company regarded Mobitai's purchase price as too low and raised an objection to Mobitai. Afterwards, the Company filed a lawsuit against TYIT. As of March 4, 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 was returned to the Company and its subsidiaries.

Hantech Venture Capital Corp. conducted stock reduction in November 2007. NT\$32,088 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.

According to Interpretation 1998-150 issued by the Accounting Research and Development Foundation, Far Eastern General Contractor Inc., as a build-operate-transfer (BOT)-chartered investor of Kaohsiung Rapid Transit Corporation, has to transfer all assets to the government without any condition at the end of the chartered period and the amortization of this investment should be completed within the chartered period. Kaohsiung Rapid Transit Corporation started the construction of the Kaohsiung rapid transit system on October 31, 2001 and then begin the commercial operation in April 2008. The chartered period will end on December 31, 2037 for a total of 36 years. The investment amortization period, which started in April 2008, is 29 years and 7 months, with the total amortization amount of NT\$5,071 thousand in 2008.

13. EQUITY-METHOD INVESTMENTS

	2008		2007	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
With quoted market prices				
Asia Cement Corp. (ACC)	\$ 12,830,049	26	\$ 15,368,690	27
Far Eastern Department Stores (FEDS)	3,903,181	20	4,965,770	21
Far Eastern International Commercial Bank (FEIB)	3,380,708	16	2,470,668	12
Oriental Union Chemical Corp. (OUCC)	2,755,152	23	3,057,746	23
Everest Textile Co., Ltd. (Everest Textile)	1,151,023	26	1,292,905	26
	<u>24,020,113</u>		<u>27,155,779</u>	
With no quoted market prices				
New Century InfoComm Tech Co., Ltd. (NCIC) (Note 12)	9,625,721	40	10,648,225	40
Oriental Securities Corp.	4,045,195	46	5,725,845	46
Yuang Ding Co., Ltd.	3,595,194	50	4,376,870	50
Pacific Liu Tong Investment Co., Ltd.	2,480,248	40	2,651,420	40
Far Eastern International Leasing Corp. (FEILC)	1,760,425	33	1,729,247	33
Liquid Air Far East Co., Ltd.	1,130,451	35	1,113,303	35
Pacific Petrochemical (Holding) Ltd.	506,998	25	-	-
Kowloon Cement Corp.	382,976	49	365,113	49
Far Eastern Leasing Corp.	355,328	46	382,207	46
Da Ju Fiber Corp.	263,490	42	141,874	42
Freudenberg Far Eastern Spunweb Co., Ltd.	245,218	30	251,011	30
Yu Ding Industry Co., Ltd.	94,345	28	104,305	28
Ding Ding Hotel Corp.	53,029	19	58,939	19
Yue Ming Corp.	35,941	46	65,024	46
Com 2B Corp.	29,674	20	30,097	20
iScreen	28,765	40	26,534	40
Martens Beer (Shanghai) Ltd.	22,678	30	-	-
Ding Ding Integrated Marketing Service Co., Ltd.	5,744	15	17,300	15
Invista Far Eastern Co., Ltd.	-	-	959,542	21
Far Eastern-Invista Co., Ltd.	-	-	391,345	50
Cemtex Apparel, Inc.	-	-	7,549	50
	<u>24,661,420</u>		<u>29,045,750</u>	
	<u>\$ 48,681,533</u>		<u>\$ 56,201,529</u>	

Investments in Far Eastern Department Stores, Far Eastern International Commercial Bank, Ding Ding Hotel Corp. and Ding Ding Integrated Marketing Service Co., Ltd. in 2008 and investments in Far Eastern International Commercial Bank, Ding Ding Hotel Corp., and Ding Ding Integrated Marketing Service Co. in 2007 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 market prices of equity-method investments in listed companies were NT\$30,862,539 thousand and NT\$54,429,317 thousand as of December 31, 2008 and 2007, respectively. They were calculated by the closing prices on December 31, 2008 and 2007.

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 ACC for NT\$2,734,372 thousand, which was at about NT\$32.65 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 and of 7,620 thousand shares of Far Eastern Department Stores for NT\$298,408 thousand.

The Company and its subsidiaries bought 13,908 thousand shares of ACC for NT\$300,423 thousand and sold 34,135 thousand ACC shares for NT\$1,841,544 thousand in 2008. Thus, the Group's equity interest in ACC decreased from 26.64% to 25.90%.

The Company and its subsidiaries bought 26,951 thousand shares of FEDS for NT\$601,072 thousand and sold 47,181 thousand FEDS shares for NT\$2,542,482 thousand in 2008. Thus, the Group's equity interest in FEDS decreased from 21.49% to 19.58%.

In 2008, the Company and its subsidiaries invested in 127,601 thousand shares privately issued by FEIB for NT\$829,407 thousand, and this investment is treated as a transfer of ownership, as stated in Section 8 of Article 43 of the ROC Securities and Exchange Act. In addition, the Company and its subsidiaries bought 21,493 thousand shares of FEIB for NT\$122,197 thousand, resulting in an increase in the Group's equity in FEIB from 11.83% to 15.87%.

In February 2007, the Company and its subsidiary, YDI, acquired 9,846 thousand shares totalling NT\$118,152 thousand through the issuance of stock by cash of FEILC. Thus, the combined ownership percentage of FEILC increased from 31.87% to 32.77%. In April 2008, the Company and YDI acquired 10,174 thousand shares issued by FEILC for NT\$122,094 thousand, and the combined ownership percentage of FEILC increased from 32.77% to 33.12%.

A Company subsidiary, Far Eastern Industries (Wuxi), invested in Martens Beer (Shanghai) Ltd. in 2008.

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 after NCIC's capital reduction from Infocom Holding Company Pte Ltd. and SingTel Taiwan Limited on December 31, 2007 (the record date of the share swap). The ratio for this share swap was 1:6.11282174. The share swap was approved by the Financial Supervisory Commission under the Executive Yuan on December 26, 2007 and registered with the MOEA on January 14, 2008. After the share swap, Far EasTone acquired about 24.51% of NCIC's issued shares. The Company and its subsidiaries indirectly have a significant influence on NCIC through the share swap, so NCIC started to be valued by equity-method as of December 31, 2007.

The difference between investment cost and equity in the investees' net assets as of December 31, 2008 and 2007 is as follows:

	New Taiwan Dollars			Ending Balance
	Beginning Balance	Increase	Decrease	
<u>2008</u>				
Goodwill	\$ 830,636	\$ 160,647	\$ 112,691	\$ 878,592
Amortizable assets	<u>924,029</u>	<u>-</u>	<u>115,356</u>	<u>808,673</u>
	<u>\$ 1,754,665</u>	<u>\$ 160,647</u>	<u>\$ 228,047</u>	<u>\$ 1,687,265</u>
<u>2007</u>				
Goodwill	\$ 620,698	\$ 209,938	\$ -	\$ 830,636
Amortizable assets	<u>-</u>	<u>924,029</u>	<u>-</u>	<u>924,029</u>
	<u>\$ 620,698</u>	<u>\$ 1,133,967</u>	<u>\$ -</u>	<u>\$ 1,754,665</u>

14. PROPERTIES

a. Accumulated depreciation consisted of:

	2008	2007
Cost		
Buildings and equipment	\$ 6,775,639	\$ 5,970,601
Machinery and equipment	54,524,044	39,205,767
Operating equipment	73,151,793	64,537,629
Computer equipment	13,339,271	11,926,346
Leasehold improvements	1,381,059	1,280,754
Miscellaneous equipment	<u>4,207,716</u>	<u>4,264,608</u>
	<u>153,379,522</u>	<u>127,185,705</u>
Appreciation		
Buildings and equipment	207,932	246,222
Machinery and equipment	170,175	181,378
Miscellaneous equipment	<u>5,080</u>	<u>6,336</u>
	<u>383,187</u>	<u>433,936</u>
Total accumulated depreciation	<u>\$ 153,762,709</u>	<u>\$ 127,619,641</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. 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 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.

The subsidiary, Far Eastern Resources Development Co., Ltd. leased the surface rights of 9 pieces of lands in Pader, Taoyuan to Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation for NT\$228,571 thousand in total (recognized as deferred incomes) and the rent revenues will be recognized periodically during the lease period.

b. Capitalized interest on properties was as follows:

	2008	2007
Total interest expense	\$ 2,976,977	\$ 2,606,214
Less: Interest capitalized - interest rate: 1.35%-6.61% in 2008 and 1.56%-6.02% in 2007	<u>148,329</u>	<u>195,175</u>
Interest expense, net of amounts capitalized	<u>\$ 2,828,648</u>	<u>\$ 2,411,039</u>

Depreciation expenses were NT\$15,246,961 thousand in 2008 and NT\$14,885,634 thousand in 2007.

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. Goodwill mainly resulted from the mergers and acquisitions of large percentage of ownerships by the subsidiary, Far EasTone.

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 as follows:

To enhance the operating effectiveness, Far EasTone integrated its telecommunications resources actively in 2008. Thus, in 2008, the identifiable cash-generating units were defined as mobile telecommunications service business, telecommunication equipment business and WiFly business, which were divided by distinct business functions. In 2007, the identifiable cash-generating units were defined as Far EasTone, KG Telecom, ARCOA and Q-ware Com.

On December 31, 2008 and 2007, the carrying values of the tangible and intangible assets used by Far EasTone and its subsidiaries were \$63,927,354 thousand and \$68,221,128 thousand, respectively. Far EasTone's management estimated the recoverable amounts of core assets at their expected useful lives and thus based the cash flow forecast with discount rates of 12.64% (mobile telecommunications service business), 16.88% (telecommunication equipment business) and 10.00% (WiFly business) on December 31, 2008 and 13.38% (Far EasTone), 14.48% (KG Telecom), 15.60% (ARCOA) and 10.00% (Q-ware Com.) on December 31, 2007. The operating revenue forecast was based on the expected future growth rate of the telecom industry along with the prospective advancement of the business.

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 telecommunication equipment: Based on past experience, plans and the trend in the overall market, the anticipated growth rate is expected to decrease gradually.
 - 4) WiFly business: Based on present experience and the demand of WiFly, the growth rate is expected to be stable.
- b. Expected ratio of service EBITDA (earnings before interest, taxes, depreciation and amortization) to operating revenue: The ratio was around 50% in 2008 and 2007; this ratio is expected to decrease slightly in future years.

As of December 31, 2008 and 2007, recognized impairment loss of NT\$20,000 thousand and NT\$10,211 thousand were classified under nonoperating expenses and losses - others, respectively.

16. INTANGIBLE ASSETS - 3G CONCESSION, NET

	2008	2007
Cost	<u>\$ 10,169,000</u>	<u>\$ 10,169,000</u>
Accumulated amortization		
Beginning balance	2,131,228	1,400,521
Amortization	<u>730,707</u>	<u>730,707</u>
Ending balance	<u>2,861,935</u>	<u>2,131,228</u>
Intangible assets, net	<u>\$ 7,307,065</u>	<u>\$ 8,037,772</u>

17. FARMLAND

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

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

18. SHORT-TERM BANK LOANS

	2008	2007
Unsecured loans: Interest - 1.00%-6.57% in 2008 and 1.85%-6.57% in 2007	\$ 22,960,564	\$ 12,851,042
Secured loans: Interest - 1.78%-6.03% in 2008 and 1.8%-2.965% in 2007	2,947,401	2,781,538
Warrant loans: Interest - 2.29%-6.426% in 2008 and 1.732%-6.48% in 2007	<u>1,790,428</u>	<u>1,865,154</u>
	<u>\$ 27,698,393</u>	<u>\$ 17,497,734</u>

19. COMMERCIAL PAPER

Commercial paper was issued at discounts ranging from 1.45% to 3.0% in 2008 and from 1.838% to 2.548% in 2007.

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	Contract Price	Estimated Construction Cost	Construction in Progress	Billings on Construction-in-progress	Percentage of Completion	Expected Completion Year	Recognized Cumulative Construction Profit (Loss)
<u>December 31, 2008</u>							
Completed-contract method							
Zhong-long	\$ -	\$ -	\$ 53,508	\$ 54,040	-	2009	\$ -
Manhattan	-	-	88,223	93,265	-	2009	-
Ban-Shin	-	-	52,417	61,252	-	2009	-
Banciao Communication	-	-	<u>23,471</u>	<u>39,213</u>	-	2009	<u>-</u>
			<u>\$ 217,619</u>	<u>247,770</u>			<u>\$ -</u>
				<u>\$ 30,151</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	<u>274,706</u>	<u>294,998</u>	88	2008	<u>16,454</u>
			<u>\$ 2,101,946</u>	<u>2,122,387</u>			
				<u>\$ 20,441</u>			<u>\$ (58,252)</u>

21. LONG-TERM LIABILITIES

	Current	Long-term	Total
<u>December 31, 2008</u>			
Long-term debts			
Bank loans	\$ 3,876,468	\$ 39,635,050	\$ 43,511,518
Commercial paper	<u>998,945</u>	<u>2,098,170</u>	<u>3,097,115</u>
	<u>4,875,413</u>	<u>41,733,220</u>	<u>46,608,633</u>
Bonds			
Nonconvertible bonds (local)	<u>4,299,927</u>	<u>11,597,837</u>	<u>15,897,764</u>
Exchange bonds	-	2,500,000	2,500,000
Exchange bonds discount	<u>-</u>	<u>(215,988)</u>	<u>(215,988)</u>
	<u>-</u>	<u>2,284,012</u>	<u>2,284,012</u>
	<u>4,299,927</u>	<u>13,881,849</u>	<u>18,181,776</u>
	<u>\$ 9,175,340</u>	<u>\$ 55,615,069</u>	<u>\$ 64,790,409</u>
<u>December 31, 2007</u>			
Long-term debts			
Bank loans	\$ 4,234,156	\$ 38,889,179	\$ 43,123,335
Commercial paper	<u>-</u>	<u>4,044,201</u>	<u>4,044,201</u>
	<u>4,234,156</u>	<u>42,933,380</u>	<u>47,167,536</u>
Bonds			
Nonconvertible bonds (local)	<u>9,370,000</u>	<u>11,096,619</u>	<u>20,466,619</u>
Exchange bonds	-	2,500,000	2,500,000
Exchange bonds discount	<u>-</u>	<u>(274,320)</u>	<u>(274,320)</u>
	<u>-</u>	<u>2,225,680</u>	<u>2,225,680</u>
	<u>9,370,000</u>	<u>13,322,299</u>	<u>22,692,299</u>
	<u>\$ 13,604,156</u>	<u>\$ 56,255,679</u>	<u>\$ 69,859,835</u>

Bank Loans

The loan agreements provide for various repayment terms (quarterly or lump sum on maturity), with all payments due by September 2013, and paid by NT bills. Bank interest rates were 1.60% to 7.353% in 2008 and 2.297% to 7.35% in 2007.

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

On July 1, 2008, a Company subsidiary, Sino Belgium (Holding) Ltd., reached a medium-term syndicated loan agreement with creditor banks led by Chinatrust Commercial Bank. The total loan agreement amounted to US\$50,000 thousand. Under this agreement, another subsidiary of the Company, Yuan Tong Investment Co., Ltd., served as the guarantor of Sino Belgium (Holding) Ltd. and thus committed to keep its current ratio, liability ratio, tangible asset-equity ratio and EBIT ratio within certain ranges.

On January 4, 2007, a Company subsidiary, Far Eastern Construction Co., Ltd., entered into a NT\$4,000,000 thousand credit agreement with Hua Nan Bank and seven other financial institutions. Far Eastern Construction Co., Ltd. mortgaged its land of Zhong Ben project (Ban Ciao - New Section No. 9) amounting to NT\$4,800,000 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	Three years and 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	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	Three years and 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.

The fiscal year 2008 financial reports of the Company and its subsidiaries that they were in compliance with the above loan contracts.

Commercial Paper

Commercial paper with one-year maturity had floating interest rates ranging from 1.473% to 1.838% and 2.462% to 2.571% as of December 31, 2008 and 2007. Under a revolving credit agreement, a consortium of banks guaranteed the commercial paper to be reissued by the Group.

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% as of December 31, 2007. Under a revolving credit agreement, a consortium of banks guaranteed the commercial paper to be reissued by the subsidiary, Far Eastern Construction Co., Ltd.

Bonds

FETL

FETL issued five-year nonconvertible bonds (the 69th tranche) on January 28, 2003. These bonds have an aggregate face value of NT\$1,000,000 thousand, with each unit having a face value of NT\$1,000 thousand. They are repayable in lump sum on maturity and the interest was calculated semiannually and paid annually. The bonds were due and paid in January 2008.

The Company issued five-year nonconvertible bonds (the 70th tranche) on August 4 to 6, 2003. These bonds have an aggregate face value of NT\$2,000,000 thousand, with each unit having a face value of NT\$10,000 thousand. They are repayable in one lump sum on maturity and the interest was calculated semiannually and paid semiannually. The bonds were due and paid in August 2008.

The Company issued five-year nonconvertible bonds (the 71st tranche) on October 22, 2003. These bonds have an aggregate face value of NT\$1,000,000 thousand, with each unit having a face value of NT\$10,000 thousand. They are repayable in one lump sum on maturity and the interest was calculated semiannually and paid annually. The bonds were due and paid in October 2008.

FETL issued five-year nonconvertible bonds (the 72th tranche) on August 13, 2004. The total face value of the bond is NT\$1,500,000 thousand, with each unit having a face value of NT\$10,000 thousand. These bonds are repayable in lump sum on maturity, with 1.47% and 1.68% interest. Interest is calculated seasonally and paid annually.

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

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

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

The Company made a second issuance of five-year unsecured bonds on June 20, 2008. The bonds have an aggregate face value of NT\$1,000,000 thousand, with each unit having a face value of NT\$1,000 thousand. 30%, 30% and 40% of the total issuance amounts are repayable in the ends of the third, fourth and fifth year from the issuance date with 2.83% interest calculated and paid annually.

The Company made a third issuance of five-year unsecured bonds on July 18, 2008. The bonds have an aggregate face value of NT\$1,200,000 thousand, with each unit having a face value of NT\$1,000 thousand. Of the total issuance amounts, 30%, 30%, 40% are repayable at the end of the third, fourth, fifth year from the issuance date, with 2.95% interest calculated and paid annually.

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

b. Exchange price

- 1) The exchange price was NT\$57.88 per share on the issuance date.
- 2) The exchange price of the issued bonds will be adjusted in any one of these situations: (a) if the convertible securities issued by ACC are exchanged into common stock; (b) if the common shares issued by ACC increase because of new share issuance for cash, appropriation of stock dividends from retained earnings, transfer of stock dividends to common stock from additional paid-in capital, stock bonus of employees, new share issuance due to mergers, stock splits, issuance of overseas 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 exchange price was NT\$51.77 as of December 31, 2008.

c. Call option:

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

d. Put option:

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

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

YDI

Yuan Ding Investment issued five- and seven-year nonconvertible bonds (the 6th tranche) on July 23 to 27, 2001, which had aggregate face values of NT\$1,000,000 thousand and NT\$1,000,000 thousand, respectively, and each unit having a face value of NT\$1,000 thousand. Redemptions were at a percentage of the face amount of the bonds, as follows: Type I (five-year) bond were due and paid - 80% in July 2005 and 20% in July 2006, type II (seven-year) bond - 80% in July 2006 and 20% in July 2007. They were paid in lump sum on maturity.

Yuan Ding Investment issued five-year nonconvertible bonds (the 7th tranche) on July 8 to 9, 2002. These bonds had aggregate face values of NT\$1,000,000 thousand, NT\$500,000 thousand and NT\$800,000 thousand, with each unit having a face value of NT\$1,000 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). Redemptions were 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, 2008.

Yuan Ding Investment issued five-year nonconvertible bonds (the 8th tranche) on July 28 to 31, 2003. These bonds had aggregate face values of NT\$200,000 thousand, NT\$200,000 thousand, NT\$300,000 thousand and NT\$300,000 thousand, with each unit having a face value of NT\$1,000 thousand. They were paid in lump sum in 2008.

Yuan Ding Investment issued five-year nonconvertible bonds (the 9th tranche) on June 10, 2004. These bonds have an aggregate face value of NT\$500,000 thousand and NT\$500,000 thousand, with each unit having a face value of NT\$10,000 thousand. They are repayable in one lump sum on maturity, with 2.19937% to 4.1% interest quarterly calculated and paid semiannually.

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

Yuan Ding Investment issued three-year nonconvertible bonds (the 1st tranche) on January 20, 2005. These bonds have aggregate face values of NT\$500,000 thousand, NT\$500,000 thousand and NT\$500,000 thousand, with each unit having a face value of NT\$10,000 thousand. They were paid in lump sum on maturity in 2008.

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

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

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

Yuan Ding Investment issued five-year nonconvertible bonds (the 5th tranche) on October 11, 2006. These bonds, which are repayable annually, have an aggregate face value of NT\$2,000,000 thousand, with each unit having a face value of NT\$1,000 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 each.

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

a. Domestic unsecured bonds - the 2nd - Far EasTone

These are five-year unsecured domestic bonds issued at par value from March 28, 2003 to April 3, 2003. The total face value of the bonds is \$1,470,000 thousand, with a face value of \$1,000 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. Far EasTone already repaid all of the bonds payable by April 3, 2008.

b. Domestic unsecured bonds - the 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 \$3,000,000 thousand, with a face value of \$5,000 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 already repaid all of the bonds payable by December 18, 2008.

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:

	December 31, 2008		
	Within One Year	Over One Year	Total
Assets			
Accounts and notes receivable	\$ 298,302	\$ -	\$ 298,302
Receivable from related parties	26,036	-	26,036
Available-for-sale - land and building	30,339	-	30,339
Available for construction - land	-	620,013	620,013
Construction in progress, net	475,333	2,511,079	2,986,412
Prepayment for construction	55,045	-	55,045
Liabilities			
Accounts and notes payable	685,512	-	685,512
Payable to affiliates	111,323	-	111,323
Advances on land and building	-	10,371	10,371
Billings on construction-in-progress method, net off construction-in-progress	30,151	-	30,151
	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	1,567,824	2,804,316
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	149	20,441

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	3.0

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.

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

Under the 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 2007 and 2006 earnings were approved by the stockholders on June 18, 2008 and June 21, 2007, respectively.

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

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

Information on the 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>).

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:

	2008	2007
a. Income tax expense components:		
Income tax expenses - current	\$ 3,808,155	\$ 2,627,076
Income tax benefits - deferred	(998,332)	649,898
Prior year's adjustments	9,617	(9,530)
Income on short-term negotiable instruments subject to separate income tax 20%	21,841	34,617
10% undistributed earnings tax	90,913	5,886
Tax effect resulted from extraordinary gain	<u>(5,970)</u>	<u>-</u>
Income tax expense - current	<u>\$ 2,926,224</u>	<u>\$ 3,307,947</u>
b. Deferred income taxes:		
Deferred income tax assets - current, net (included in other current assets)		
Investment tax credit	\$ 10,328	\$ 26,841
Bad-debt expense in excess of the tax - deductible amount	739,107	736,880
Allowance for losses on inventories	290,180	223,996
Unrealized construction loss	-	4,296
Loss carryforwards	-	94,675
Unrealized contingent service expense	8,973	30,562
Unrealized exchange losses	-	16,447
Unrealized marketing expense	27,846	-
Others	<u>49,127</u>	<u>36,469</u>
	1,125,561	1,170,166
Less: Valuation allowance	<u>(137,656)</u>	<u>(212,439)</u>
	987,905	957,727
Deferred income tax liability		
Unrealized exchange gains	<u>(47,252)</u>	<u>-</u>
	<u>\$ 940,653</u>	<u>\$ 957,727</u>

(Continued)

	2008	2007
Noncurrent deferred income tax assets:		
Investment tax credit	\$ 208,006	\$ 312,078
Difference of depreciation	36,269	35,612
Accrued pension costs	546,633	491,381
Cumulative equity in the net loss of investees	977,194	129,305
Impairment losses on other assets	894,958	387,860
Loss carryforwards	2,705,764	944,958
Unrealized retirement loss of properties	-	2,328
Losses on investments in shares of stock	49,746	49,746
Unrealized valuation loss on financial assets	3,372	3,372
Deferred income - sale of building and land	29,584	29,723
Others	<u>70,702</u>	<u>3,118</u>
	5,522,228	2,389,481
Less: Valuation allowance	<u>(3,764,772)</u>	<u>(1,844,346)</u>
	<u>1,757,456</u>	<u>545,135</u>
Deferred income tax liabilities		
Expected earnings appropriated from foreign investees	(25,000)	(25,000)
Goodwill amortization	<u>(592,416)</u>	<u>(395,501)</u>
	<u>(617,416)</u>	<u>(420,501)</u>
Deferred income tax assets - net	<u>\$ 1,140,040</u>	<u>\$ 124,634</u>
		(Concluded)

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

FETL

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

ARCOA

Regulatory Basis of Tax Credits	Items	Total Investment Tax Credits	Unused Investment Tax Credits	Expiry Year
Statute for Upgrading Industries	Personnel training expenses	\$ 623	623	2009
	Personnel training expenses	487	487	2010
	Personnel training expenses	420	420	2011
	Purchase of automated equipment or technology	115	115	2012
		<u>\$ 1,645</u>	<u>\$ 1,645</u>	

ADCast Interactive Marketing Co., Ltd.

Regulatory Basis of Tax Credits	Items	Total Investment Tax Credits	Unused Investment Tax Credits	Expiry Year
Statute for Upgrading Industries	Purchase of automated equipment or technology	<u>\$ 264</u>	<u>\$ 2</u>	2010

Q-Ware

Regulatory Basis of Tax Credits	Items	Total Investment Tax Credits	Unused Investment Tax Credits	Expiry Year
Statute for Upgrading Industries	Purchase of automated equipment or technology	\$ 6,150	\$ 6,150	2009
	Purchase of automated equipment or technology	1,642	1,642	2010
	Purchase of automated equipment or technology	526	526	2012
		<u> </u>	<u> </u>	
		<u>\$ 8,318</u>	<u>\$ 8,318</u>	

Oriental Resources Development Ltd.

Regulatory Basis of Tax Credits	Items	Total Investment Tax Credits	Unused Investment Tax Credits	Expiry Year
Statute for Upgrading Industries	Machinery equipment	<u>\$ 60</u>	<u>\$ 60</u>	2011

Oriental Petrochemical (Taiwan) Co., Ltd.

Regulatory Basis of Tax Credits	Items	Total Investment Tax Credits	Unused Investment Tax Credits	Expiry Year
Statute for Upgrading Industries	Machinery equipment	\$ 1,677	\$ 1,677	2011
	Machinery equipment	<u>50</u>	<u>50</u>	2012
		<u>\$ 1,727</u>	<u>\$ 1,727</u>	

d. Loss carryforwards as of December 31, 2008 were as follows:

Expiry Year	ARCOA KGEX.com Q-Ware ADCast Interactive Marketing Co., Ltd.			Far Eastern Electronic Toll Collection Co., Ltd.	Far Eastern Construction Co.
	2013	\$ 53,452	\$ 15,619	\$ 21,296	
2014	72,907	44,022	-		
2015	65,165	80,524	-		
2016	106,190	223,263	5,692		
2017	130,680	161,660	-		
2018	<u>105,581</u>	<u>145,235</u>	<u>-</u>		
	<u>\$ 533,975</u>	<u>\$ 670,323</u>	<u>\$ 26,988</u>		

Expiry Year	Oriental Petrochemical (Taiwan) Co., Ltd.		Oriental Resources Development Ltd.
	2013	\$ -	\$ 2,403
2014	-	3,603	
2015	531	5,680	
2016	270,726	5,063	
2017	470,429	4,146	
2018	<u>694,872</u>	<u>17,025</u>	
	<u>\$ 1,436,558</u>	<u>\$ 37,920</u>	

On January 6, 2009, the Legislative Yuan of the Republic of China passed the amendment of Article 39 of the Income Tax Law, which extends the operating losses carryforward period from five years to ten years. The Company recalculated deferred tax assets according to the amended Article and recorded the resulting difference as a deferred income tax benefit.

d. Information on the Integrated Income Tax System:

	FETL	Fu Kwok Garment Manu- facturing Co.	OPTC	Far Eastern Fibertech Co., Ltd.	Yuan Ding Investment
Year-end balances of imputation credit account (ICA)					
December 31, 2008	<u>\$ 525,520</u>	<u>\$ 24,402</u>	<u>\$ 45,608</u>	<u>\$ 50,910</u>	<u>\$ 197,510</u>
December 31, 2007	<u>\$ 457,845</u>	<u>\$ 12,638</u>	<u>\$ 45,608</u>	<u>\$ 58,739</u>	<u>\$ 303,363</u>
Creditable tax ratios of imputation tax credits to undistributed earnings					
2008 (estimated)	8.34%	33.33%	30.90%	33.33%	5.02%
2007 (actual)	17.02%	41.78%	-	33.33%	18.00%
Unappropriated earnings (up to 1997)					
December 31, 2008	<u>\$ 236,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 377,012</u>
December 31, 2007	<u>\$ 236,793</u>	<u>\$ -</u>	<u>\$ 483,474</u>	<u>\$ -</u>	<u>\$ 1,114,000</u>
Latest year of income tax return that tax authorities had examined and cleared	2005	2005	2006	2006	2006

	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, 2008	\$ 264,186	\$ 14,918	\$ 9,321	\$ 6,781	\$ 32
December 31, 2007	\$ 201,975	\$ 14,188	\$ 9,201	\$ 9,856	\$ 566
Creditable tax ratios of imputation tax credits to undistributed earnings					
2008 (estimated)	2.36%	33.33%	33.33%	0.67%	32.93%
2007 (actual)	25.53%	-	-	0.62%	32.85%
Unappropriated earnings (up to 1997)					
December 31, 2008	\$ -	\$ -	\$ -	\$ -	\$ -
December 31, 2007	\$ -	\$ -	\$ -	\$ -	\$ -
Latest year of the returns examined and cleared by the tax authorities	2004	2007	2006	2003	2006
	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, 2008	\$ 12,261	\$ 83,402	\$ 28,920	\$ 25,122	\$ 6
December 31, 2007	\$ 12,604	\$ 56,406	\$ 9,844	\$ 13,896	\$ 101
Creditable tax ratios of imputation tax credits to undistributed earnings					
2008 (estimated)	2.44%	-	-	6.57%	-
2007 (actual)	30.85%	33.33%	33.41%	28.36%	0.10%
Unappropriated earnings (up to 1997)					
December 31, 2008	\$ -	\$ -	\$ -	\$ -	\$ -
December 31, 2007	\$ -	\$ -	\$ -	\$ -	\$ -
Latest year of the returns examined and cleared by the tax authorities	2006	2006	2006	2006	2004
	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, 2008	\$ 12,584	\$ 1,823	\$ 4,967	\$ 10,708	\$ -
December 31, 2007	\$ 11,595	\$ 1,823	\$ 1,259	\$ 9,848	\$ -
Creditable tax ratios of imputation tax credits to undistributed earnings					
2008 (estimated)	-	-	0.45%	2.83%	-
2007 (actual)	-	-	5.19%	19.77%	-
Unappropriated earnings (up to 1997)					
December 31, 2008	\$ -	\$ -	\$ 64,872	\$ 84	\$ -
December 31, 2007	\$ -	\$ -	\$ 64,872	\$ 906	\$ -
Latest year of the returns examined and cleared by the tax authorities	2006	2006	2006	2006	2006

As of December 31, 2008 and 2007, the companies listed above had no appropriated earnings. (2008: AROCA, Yuan-Cing Co., Ltd., Oriental Resources Development Ltd., KG-Telecommunications Co., Q-ware Communication Corp., ADCast Interactive Marketing Co. Ltd., and Far Eastern Electronic Toll Collection Co., Ltd. and 2007: ARCOA, Yuan-Cing Co., Ltd., Oriental Resources Development Ltd., KG-Telecommunications Co., Q-ware Communication Corp., and Far Eastern Apparel Co., Ltd.) 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 imputed credit account balance will be used by the Group for allocating tax credits to the respective companies' stockholders.

Based on the Income Tax Law, the imputation tax credits distributed to each stockholder are based on the ICA balance as of the date of dividend distribution. Thus, the estimated creditable ratio for the 2008 earnings appropriation may be adjusted when the imputation credits are distributed. While the distribution ratio for the 2007 earnings appropriation had been determined, the actual ratio was disclosed.

The Group used the tax rate of 25% to compute deferred tax as of December 31, 2008 and December 31, 2007.

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

Far EasTone

Income tax returns through 2004 of Far EasTone had been examined by the tax authorities. However, Far EasTone disagreed with the tax authorities' assessment of its 2000 to 2004 returns. Thus, Far EasTone filed appeals for the reexamination of its 2000 to 2004 returns. Nevertheless, Far EasTone accrued the related tax.

KG Telcom

Income tax returns through 2003 of KG Telecom and the former KG Telecom had been examined by the tax authorities. However, KG Telecom disagreed with the tax authorities' assessment of the former KG Telecom's 2001 to 2003 returns and thus filed appeals for the reexamination of these returns. Nevertheless, KG Telecom accrued the related tax.

ARCOA

Income tax returns through 2003 of KG Telecom and the former KG Telecom had been examined by the tax authorities. However, KG Telecom disagreed with the tax authorities' assessment of the former KG Telecom's 2002 to 2004 returns and thus filed appeals for the reexamination of these returns. Nevertheless, KG Telecom accrued the related tax.

OPTC

The tax authorities examined the 2002 income tax return of OPTC and assessed that OPTC's tax exemption claim amounts and investment tax credits should be decreased. The assessment resulted in an increase in tax payable by NT\$23,974 thousand. However, OPTC thought that the rules on which the assessment was based were not in accordance with general accounting principles and tax laws and thus filed appeals for reexamination. As of March 4, 2009, the date of the accompanying auditors' report, income tax returns had not been examined and cleared by the tax authorities. OPTC believed that winning the appeal was probable and thus did not accrue the related tax.

On OPTC's 2003 income tax return, the tax authorities declared in February 2006 that OPTC's operating cost, operating expense, other expenses, interest expense, investment tax credits - researchers' salaries and other reported items should be decreased. This assessment resulted in an increase in tax payable by NT\$7,551 thousand and a decrease in investment tax credits by NT\$3,810 thousand. In addition, the assessment result on the 2002 tax return showed that OPTC should pay NT\$6,556 thousand more. OPTC disagreed with the tax authorities' assessment and thus filed an appeal for reexamination. On August 11, 2008, the tax authorities agreed that OPTC could recognize NT\$5,000 thousand more in operating cost and NT\$3,311 thousand more in transportation expense than the filed amounts but rejected other items that were reexamined after OPTC's appeal. On September 12, 2008, OPTC filed a second appeal. As of March 4, 2009, the date of the accompanying auditors' report, OPTC had not obtained the result of its second appeal. Nevertheless, OPTC believed that winning the appeal was probable; thus, it did not accrue the related tax.

On OPTC's 2004 tax return, the tax authorities assessed in March 2007 that OPTC should decrease other expenses, tax-exempt income, investment tax credits - researchers' salaries, investment tax credits - personnel training and other reported items. The assessment resulted in an increase in tax payable by NT\$268,485 thousand and a decrease in investment tax credits by NT\$3,076 thousand. However, OPTC disagreed with the tax authorities' assessment on its 2004 return. As of March 4, 2009, the date of the accompanying auditors' report, OPTC had not obtained the result of its appeal. Nevertheless, OPTC believed that winning the appeal was probable; thus, it did not accrue the related tax.

On OPTC's 2005 tax return, the tax authorities assessed in January 2008 that OPTC should decrease other expense, tax-exempt income, investment tax credits - researchers' salaries and other certain reported items. The assessment resulted in decreases in loss carryforward loss carryforward by NT\$3,281 thousand and in investment tax credits by NT\$2,859 thousand. As of March 4, 2009, the date of the accompanying auditors' report, OPTC had not obtained the result of its appeal and believed that winning the appeal is probable; thus, OPTC did not accrue the related tax.

Income tax returns through 2007 of Far EasTron had been examined and cleared by the tax authorities. Income tax returns of Yuan Cing, KGEx.com and ADCast through 2006 had been examined and cleared by the tax authorities. Income tax return of Q-ware Com. in 2007 had not been examined and cleared by the tax authorities.

25. FACTORING OF NONPERFORMING ACCOUNTS RECEIVABLE

Far EasTone and KG Telecom wrote off certain overdue/nonperforming accounts receivables. Under agreements signed in March 2007, 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 was as follows:

Counter Party	Amount of Accounts Receivables Sold	Proceeds from Sale of Accounts Receivable
<u>Year ended December 31, 2007</u>		
Hui Cheng First Asset Management Co., Ltd.		
- Far EasTone	\$ 1,158,871	\$ 26,979
- KG Telecom	<u>1,864,698</u>	<u>29,285</u>
	<u>\$ 3,023,569</u>	<u>\$ 56,264</u>

26. EMPLOYEE, DEPRECIATION AND AMORTIZATION EXPENSES

	2008		
	Operating Costs	Operating Expenses	Total
Employee expenses			
Salaries	\$ 4,852,506	\$ 4,640,498	\$ 9,493,004
Insurance	246,426	267,350	513,776
Pension	218,689	217,875	436,564
Miscellaneous	442,397	847,409	1,289,806
	<u>\$ 5,760,018</u>	<u>\$ 5,973,132</u>	<u>\$ 11,733,150</u>
Depreciation	<u>\$ 13,765,081</u>	<u>\$ 1,481,880</u>	<u>\$ 15,246,961</u>
Amortization	<u>\$ 27,666</u>	<u>\$ 132,977</u>	<u>\$ 160,643</u>
	2007		
	Operating Costs	Operating Expenses	Total
Employee expenses			
Salaries	\$ 3,911,179	\$ 3,817,871	\$ 7,729,050
Insurance	254,693	263,700	518,393
Pension	289,928	267,220	557,148
Miscellaneous	313,917	400,231	714,148
	<u>\$ 4,769,717</u>	<u>\$ 4,749,022</u>	<u>\$ 9,518,739</u>
Depreciation	<u>\$ 13,180,143</u>	<u>\$ 1,705,491</u>	<u>\$ 14,885,634</u>
Amortization	<u>\$ 24,926</u>	<u>\$ 211,897</u>	<u>\$ 236,823</u>

27. EARNINGS PER SHARE

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

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

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

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., Far Eastern Resources Development and FETC in 2008 and 2007, 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. 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 2008 and 2007 were NT\$207,216 thousand and NT\$219,324 thousand, respectively. The subsidiary, Far Eastern Tech-Info (Shanghai) Ltd., under its government's regulations had recognized pension costs of NT\$3,378 thousand and NT\$4,256 thousand in 2008 and 2007, respectively.
- c. 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., Far Eastern Resources Development and Far Eastern Electronic Toll Collection Co., Ltd. in 2008 and 2007, 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 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.

In July 2008, two Company subsidiaries, OPTC and Far Eastern Fibertech Co., Ltd (FEFC), adopted ROC Statement of Financial Accounting Standards (SFAS) No. 18 - "Accounting for Pensions." Based on SFAS No. 18, the actuarial valuation was calculated on the basis of the measurement date, July 1, 2008. OPTC recognized a deferred pension cost of NT\$10,326 thousand and FEFCL recognized accrued pension liabilities amounting to NT\$1,858 thousand and disclosed related information. In addition, under the defined benefit pension plan, OPTC and FEFCL make monthly contributions at 13.5% and 6%, respectively, of salaries and wages to their respective pension funds, which are administered by their pension plan committees and deposited in the committees' names in the Bank of Taiwan.

d. Other information on the defined benefit pension is as follows:

1) Net pension cost consisted of:

2008

		Far EastOne (Including KG Telecom, KGEx.com Co., Ltd., Far EasTron Co., Ltd. and Yuan Cing Co., Ltd.		Far Eastern Apparel Company	ARCOA
	FETL				
Service cost	\$ 108,335	\$ 31,253	\$ 3,106	\$ 406	
Interest cost	133,247	34,609	1,298	1,112	
Expected return on pension assets	(204,237)	(13,849)	(975)	(1,634)	
Amortization of net transition obligations (assets) and unrecognized pension loss (gain)	<u>108,151</u>	<u>13,673</u>	<u>(89)</u>	<u>217</u>	
Net pension cost (benefit)	<u>\$ 145,496</u>	<u>\$ 65,686</u>	<u>\$ 3,340</u>	<u>\$ 101</u>	
		Fu Kwok Garment Manufacturing Co.	Far Eastern Electronic Toll Collection Co., Ltd.	Yuan Cheng Human Resources Consultant Corp.	Far Eastern Constructions Co., Ltd.
Service cost	\$ 404	\$ -	\$ 138	\$ 330	
Interest cost	298	112	37	510	
Expected return on pension assets	(830)	(88)	(142)	(46)	
Amortization of net transition obligations (assets) and unrecognized pension loss (gain)	<u>(105)</u>	<u>(6)</u>	<u>(228)</u>	<u>937</u>	
Deferred pension cost	<u>95</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Net pension cost (benefit)	<u>\$ (138)</u>	<u>\$ 18</u>	<u>\$ (195)</u>	<u>\$ 1,731</u>	
		Far Eastern General Contractor Inc.	Yuan Faun Ltd.	Oriental Resources Development Ltd.	Far Eastern Resources Development Co.
Service cost	\$ 1,738	\$ 66	\$ 51	\$ 137	
Interest cost	1,965	11	94	13	
Expected return on pension assets	(232)	6	(106)	-	
Amortization of net transition obligations (assets) and unrecognized pension loss (gain)	<u>1,307</u>	<u>6</u>	<u>(18)</u>	<u>23</u>	
Net pension cost (benefit)	<u>\$ 4,778</u>	<u>\$ 89</u>	<u>\$ 21</u>	<u>\$ 173</u>	

2007

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

**Oriental
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Co.**

Service cost	\$ 28
Interest cost	61
Expected return on pension assets	(96)
Amortization of net transition obligations (assets) and unrecognized pension loss (gain)	<u>(78)</u>
Net pension cost (benefit)	<u>\$ (85)</u>

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

2008

		Far EasTone (Including KG Telecom, KEx.com Co., Far EasTron and Yuan Cing)	Far Eastern Apparel Company	Oriental Petrochemi- cal (Taiwan) Co., Ltd.	ARCOA
	FETL				
Benefit obligation					
Vested benefit obligation	\$ 2,219,204	\$ 5,605	\$ 13,045	\$ 94,629	\$ -
Non-vested benefit obligation	<u>1,921,612</u>	<u>612,900</u>	<u>32,331</u>	<u>231,614</u>	<u>32,332</u>
Accumulated benefit obligation	4,140,816	618,505	45,376	326,243	32,332
Additional benefits based on projected and future salaries	<u>984,231</u>	<u>633,737</u>	<u>14,158</u>	<u>62,598</u>	<u>5,546</u>
Projected benefit obligation	5,125,047	1,252,242	59,534	388,841	37,878
Fair value of plan assets	<u>(2,206,901)</u>	<u>(493,002)</u>	<u>(34,567)</u>	<u>(129,796)</u>	<u>(52,448)</u>
Fund status	2,918,146	759,240	24,967	259,045	(14,570)
Unrecognized net transition obligation (asset)	(366,537)	883	534	(34,856)	(1,686)
Unamortization of previous service cost	300,251	-	-	-	-
Unamortization of pension (loss) gain	(1,569,470)	(413,795)	(1,103)	(34,507)	6,795
Additional liability (pension cost)	<u>651,525</u>	<u>-</u>	<u>-</u>	<u>6,765</u>	<u>-</u>
Accrued pension cost (prepaid pension cost)	<u>\$ 1,933,915</u>	<u>\$ 346,328</u>	<u>\$ 24,398</u>	<u>\$ 196,447</u>	<u>\$ (9,461)</u>

		Far Eastern Fibertech Co., Ltd.	Fu Kwok Garment Manufacturing Co.	Far Eastern Electronic Toll Collection Co., Ltd.	Yuan Cheng Human Resources Development Corp.	Far Eastern Construction Co., Ltd.
Benefit obligation						
Vested benefit obligation	\$ -	\$ 3,270	\$ -	\$ -	\$ -	\$ 10,270
Non-vested benefit obligation	<u>60,743</u>	<u>5,731</u>	<u>3,109</u>	<u>1,128</u>	<u>3,297</u>	<u>3,297</u>
Accumulated benefit obligation	60,743	9,001	3,109	1,128	13,567	13,567
Additional benefits based on projected and future salaries	<u>25,567</u>	<u>2,700</u>	<u>596</u>	<u>397</u>	<u>2,699</u>	<u>2,699</u>
Projected benefit obligation	86,310	11,701	3,705	1,525	16,266	16,266
Fair value of plan assets	<u>(44,656)</u>	<u>(25,944)</u>	<u>(4,125)</u>	<u>(5,365)</u>	<u>(2,358)</u>	<u>(2,358)</u>
Fund status	41,654	(14,243)	(420)	(3,840)	13,908	13,908
Unrecognized net transition obligation (asset)	(37,059)	1,153	-	3,424	(2,364)	(2,364)
Unamortization of previous service cost	-	402	-	-	-	-
Unamortization of pension (loss) gain	(823)	(7,318)	45	(273)	(3,860)	(3,860)
Additional liability (pension cost)	<u>12,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,526</u>	<u>3,526</u>
Accrued pension cost (prepaid pension cost)	<u>\$ 16,087</u>	<u>\$ (20,006)</u>	<u>\$ (375)</u>	<u>\$ (689)</u>	<u>\$ 11,210</u>	<u>\$ 11,210</u>

	Far Eastern General Contractor Inc.	Yuan Faun Ltd.	Oriental Resources Development Ltd.	Far Eastern Resources Development Co.
Benefit obligation				
Vested benefit obligation	\$ 15,782	\$ -	\$ -	\$ -
Non-vested benefit obligation	<u>34,307</u>	<u>287</u>	<u>2,053</u>	<u>398</u>
Accumulated benefit obligation	50,089	287	2,053	398
Additional benefits based on projected and future salaries	<u>15,542</u>	<u>304</u>	<u>817</u>	<u>301</u>
Projected benefit obligation	65,631	591	2,870	699
Fair value of plan assets	<u>(9,146)</u>	<u>-</u>	<u>(4,053)</u>	<u>-</u>
Fund status	56,485	591	(1,183)	699
Unrecognized net transition obligation (asset)	(2,695)	(129)	1,006	(278)
Unamortization of pension (loss) (gain)	(30,029)	(269)	(335)	(96)
Additional liability (pension cost)	<u>17,181</u>	<u>94</u>	<u>-</u>	<u>73</u>
Accrued pension cost (prepaid pension cost)	<u>\$ 40,942</u>	<u>\$ 287</u>	<u>\$ (512)</u>	<u>\$ 398</u>

2007

	FETL	Far EasTone (Including KG Telecom, KGEx.com, Far EasTron and Yuan Cing)	Far Eastern Apparel Company	Far Eastern Resources Development Co.
Benefit obligation				
Vested benefit obligation	\$ 2,407,645	\$ 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	4,365,089	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 (pension cost)	<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 Consultant 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 (pension cost)	<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>
				Oriental Resources Development Ltd. (Taiwan Recycling Corp.)
	Far Eastern Constructions Co., Ltd.	Far Eastern General Contractor Inc.	Yuan Faun 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 (pension cost)	<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>

3) Vested benefit - undiscounted

2008

	Far EasTone (Including KG Telecom, KGEx.com Co., Ltd., Far EasTron and Yuan Cing	Far Eastern Apparel Company	Oriental Petrochemical (Taiwan) Co., Ltd.	ARCOA
FETL				
\$ <u>2,946,852</u>	\$ <u>7,752</u>	\$ <u>19,237</u>	\$ <u>300,940</u>	\$ <u>-</u>
	Fu Kwok Garment Manufacturing Co.	Far Eastern Electronic Toll Collection Co., Ltd.	Yuan Cheng Human Resources Consultant Corp.	Far Eastern Constructions Co., Ltd.
Far Eastern Fibertech Co., Ltd.				
\$ <u>-</u>	\$ <u>4,150</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>11,925</u>
	Far Eastern General Contractor Inc.	Yuan Faun Ltd.	Oriental Resources Development Ltd.	Far Eastern Resources Development Co.
	\$ <u>18,819</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

2007

	Far EasTone (Including KG Telecom, KGEx.com Co., Ltd., Far EasTron and Yuan Cing)	Far Eastern Apparel Company		Fu Kwok Garment Manufacturing KGEx.com
FETL			ARCOA	
\$ <u>3,015,224</u>	\$ <u>7,465</u>	\$ <u>16,677</u>	\$ <u>-</u>	\$ <u>3,193</u>
Far Eastern Electronic Toll Collection Co., Ltd.	Yuan Cheng Human Resources Consultant Corp.	Far Eastern Constructions Co., Ltd.	Far Eastern General Contractor Inc.	Yuan Faun Ltd.
\$ <u>-</u>	\$ <u>-</u>	\$ <u>11,925</u>	\$ <u>20,668</u>	\$ <u>-</u>
			Oriental Resources Development Ltd. (Taiwan Recycling) Corp.	Far Eastern Resources Development Co.
			\$ <u>-</u>	\$ <u>-</u>

4) Actuarial assumptions were as follows:

2008

	FETL	Far EasTone (Including KG Telecom, KGEx.com Co., Ltd., Far EasTron and Yuan Cing	Far Eastern Apparel Company	Oriental Petrochemical (Taiwan) Co., Ltd.
Discount rate used in determining present value	2.25%	2.75%	2.75%	2.25%
Future salary increase rate	2.00%	3.50%	2.00%	1.50%
Expected rate of return on plan asset	6.00%	2.75%	2.75%	2.25%
	ARCOA	Far Eastern Fibertech Co., Ltd.	Fu Kwok Garment Manufacturing Co.	Far Eastern Electronic Toll Collection Co., Ltd.
Discount rate used in determining present value	2.25%	2.70%	2.25%	2.50%
Future salary increase rate	1.00%	2.00%	2.00%	1.00%
Expected rate of return on plan asset	2.25%	2.70%	2.25%	2.50%
	Yuan Cheng Human Resources Consultant Corp.	Far Eastern Constructions Co., Ltd.	Far Eastern General Contractor Inc.	Yuan Faun Ltd.
Discount rate used in determining present value	2.75%	2.50%	2.50%	2.75%
Future salary increase rate	2.00%	2.00%	2.00%	3.25%
Expected rate of return on plan asset	2.75%	2.50%	2.50%	2.75%
			Oriental Resources Development Co., Ltd.	Far Eastern Resources Development Co.
Discount rate used in determining present value			2.75%	2.75%
Future salary increase rate			2.25%	3.50%
Expected rate of return on plan asset			2.75%	2.75%

2007

	FETL	Far EastTone (Including KG Telecom, KGEx.com, Far EasTron EasTron and Yuan Cing)	Far Eastern Apparel Company	Far Eastern Resources Development Co.
Discount rate used in determining present value	2.75%	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 Co., 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%	3.00%	2.50%
Expected rate of return on plan asset	2.50%	2.50%	2.75%	2.75%

29. RELATED-PARTY TRANSACTIONS

The Group had significant transactions with related parties. These transactions in 2008 and 2007 and the related balances as of the balance sheet dates are summarized in the accompanying Schedules C, D, and E.

30. ASSETS PLEDGED OR MORTGAGED

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

	2008	2007
Recognized as other financial assets - current	\$ 85,046	\$ 165,626
Notes and accounts receivable	-	250,860
Construction-in-progress	693,173	346,445
Available for construction - land	612,283	612,283
Equity-method investments	2,888,279	5,337,611
Properties, net	28,188,055	22,278,335
Available-for-sale financial assets - current	45,274	102,067
Nonoperating properties, net	59,180	64,085
Land use right	229,290	217,423
Pledged deposits (included in other assets - miscellaneous)	<u>16,572</u>	<u>17,185</u>
	<u>\$ 32,817,152</u>	<u>\$ 29,391,920</u>

In April 2004, Yuan Ding Investment Co., Ltd. ("Yuan Ding"), a subsidiary of FETL, placed with the Taipei District Court the common shares of Far EasTone in line with the withdrawal of the order for the provisional seizure of the property of Pacific SOGO Department Store Co., Ltd. as demanded by Cathay United Bank. As of December 31, 2008 and 2007, Yuan Ding had furnished the Taipei District Court with 133,312 thousand common shares and 165,000 thousand common shares, respectively. Additionally, also as of December 31, 2008 and 2007, FETL and some of its subsidiaries had used 248,225 thousand common shares and 273,050 thousand common shares, respectively, of Far EasTone as collaterals for short-term bank loans, commercial paper, long-term liabilities and credit lines of related parties.

31. SIGNIFICANT COMMITMENTS AND CONTINGENCIES AS OF DECEMBER 31, 2008

- a. Unused letters of credit aggregated about NT\$2,180,628 thousand.
- b. Unpaid building construction and equipment installation contracts aggregated NT\$2,732,562 thousand, and the Group was under contracts to acquire cellular phone equipment for NT\$161,461 thousand.
- c. Unsettled cotton futures contracts amounted to NT\$111,157 thousand.
- d. Project contracts already signed by Far Eastern General Contractor Inc. amounted to NT\$21,605,593 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, 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 land, buildings and cell sites for the next five years under operating lease agreements with unrelated parties are summarized as follows:

Year	Amount
2009	\$ 3,011,485
2010	3,042,875
2011	3,341,200
2012	3,181,761
2013	3,237,523

h. Under the NCC's policy effective April 1, 2007, Far EasTone had provided performance guarantees amounting to NT\$450,000 thousand to KG Telecom and NT\$45,000 thousand to KGEx for prepaid cards and international direct dialing calling cards already bought by customers. KG Telecom had also provided Far EasTone a similar guarantee amounting to NT\$850,000 thousand.

i. A subsidiary of FETL, FEGC, contracted the Southern Taiwan Science Park (STSP) to do underground cable construction. On June 28, 2007, FEGC's excavating machines were damaged because of unclear blueprints provided by STSP, which did not indicate the pipeline routes clearly. The accident resulted in the suspension of FEGC's construction until the pipes were weeded out. As a result of the suspension, additional costs were incurred. FEGC regarded STSP's provision of inaccurate blueprints as a violation of the construction contract and thus filed for conciliation with the Public Construction Commission (PCC) under the Executive Yuan and demanded that STSP compensate FEGC by paying an additional NT\$23,360 thousand. As of March 4, 2009, the date of the accompanying auditors' report, this case was still pending. Additionally, during the construction period, material costs rose to NT\$3 billion because of adverse economic factors and the rising prices of stainless steel and cable material. Although the contract amount had been adjusted for price inflation, FEGC still incurred great loss without indemnification. Thus, FEGC again filed for conciliation with the PCC and claimed that STSP should pay NT\$119,930 thousand in damages. As of March 4, 2009, the date of the accompanying auditors' report, this case was still unresolved. In 2008, FEGC accrued a construction loss of NT\$119,949 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\$661,822 thousand as of December 31, 2008.

32. FINANCIAL INSTRUMENTS

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

	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative financial instruments</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 22,946,534	\$ 22,946,534	\$ 24,206,234	\$ 24,206,234
Financial assets at fair value through profit or loss - current	424,722	424,722	752,593	752,593
Available-for-sale financial assets - current	1,988,763	1,988,763	1,833,155	1,833,155
Bonds carried at amortized cost - current	3,000	-	3,000	-
Notes and accounts receivable, net Receivable from related parties - current	23,639,761	23,639,761	22,457,546	22,457,546
Other financial assets - current	1,356,264	1,356,264	1,320,065	1,320,065
Other financial assets - current	1,548,275	1,548,275	1,165,169	1,165,169
Available-for-sale financial assets - noncurrent	56,682	56,682	117,355	117,355
Equity-method investments	48,681,533	-	56,201,529	-
Financial assets carried at cost - noncurrent	1,822,973	-	1,988,200	-
Refundable deposits	484,400	484,400	482,291	482,291
<u>Liabilities</u>				
Short-term bank loans	27,698,393	27,698,393	17,497,734	17,497,734
Commercial paper	5,233,968	5,233,968	3,060,630	3,060,630
Notes and accounts payable	11,322,395	11,322,395	10,763,048	10,763,048
Payable to related parties - current	1,690,702	1,690,702	3,644,544	3,644,544
Accrued expenses	7,813,933	7,813,933	6,581,972	6,581,972
Payable to supplies of machinery and equipment	1,989,528	1,989,528	1,722,988	1,722,988
Bonds payable (including current portion)	18,181,776	18,267,515	22,692,299	22,839,064
Long-term bank loans (including current portion)	46,608,633	46,608,633	47,167,536	47,167,536
Leases payable (including current portion)	31,919	31,919	269,268	269,268
Guarantee deposits (including current portion)	1,031,906	1,031,906	1,091,472	1,091,472
<u>Derivative financial instruments</u>				
Cotton futures contracts				
- FETL	29,941	29,941	38,955	38,955
- FEIH	3,431	3,431	5,331	5,331

(Continued)

	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Forward contracts				
- FETL	\$ (30,362)	\$ (30,362)	\$ (13,031)	\$ (13,031)
- FEIH	(2,491)	(2,491)	(9,887)	(9,887)
Interest rate swap contract				
- FETL	(7,656)	(7,656)	(63,816)	(63,816)
- Yuan Ding Investment	8,070	8,070	(2,370)	(2,370)
- Far EasTone	-	-	(21,601)	(21,601)
Exchangeable bonds exchange right				
- FETL	(30,500)	(30,500)	(347,750)	(347,750)
Exchangeable bonds sell right				
- FETL	(42,000)	(42,000)	(31,000)	(31,000)
Exchangeable bonds redemption right				
- FETL	49,500	49,500	104,500	104,500
				(Concluded)

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, held-to-maturity financial assets and equity-method investments.

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. Public traded bonds are measured at traded prices.
- 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>Quoted Price</u>		<u>Estimated Price</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Cotton futures contracts				
- FETL	\$ 29,941	\$ 38,955	\$ -	\$ -
- FEIH	3,431	5,331	-	-
Exchangeable bonds collection right				
- FETL	-	-	49,500	104,500
Interest rate swap				
- YDI	-	-	8,070	-
<u>Liabilities</u>				
Forward contract				
- FETL	(30,362)	(13,031)	-	-
- FEIH	(2,491)	(9,887)	-	-
Interest rate swap contract				
- FETL	-	-	(7,656)	(63,816)
- Yuan Ding Investment	-	-	-	(2,370)
- Far EasTone	-	-	-	(21,601)
Exchangeable bonds exchange right				
- FETL	-	-	(30,500)	(347,750)
Exchangeable bonds redemption right				
- FETL	-	-	(42,000)	(31,000)

- d. As of December 31, 2008 and 2007, financial assets with fair value risk from interest rate fluctuations amounted to NT\$16,017,578 thousand and NT\$19,124,250 thousand, respectively, while financial liabilities with fair value risk from interest rate fluctuations amounted to NT\$62,482,356 thousand and NT\$78,795,939 thousand, respectively. As of December 31, 2008 and 2007, financial assets with cash flow risk from interest rate fluctuations amounted to NT\$7,406,438 thousand and NT\$5,519,193 thousand, respectively, while financial liabilities with cash flow risk from interest rate fluctuations amounted to NT\$34,121,843 thousand and NT\$13,055,609 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

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, 2008 and 2007. The 69th, 70th, and 71th corporate bonds were fully repaid in 2008.

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.

Cotton futures contracts

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

Others

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

2) Credit risk

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

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.

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

4) Cash-flow risk from interest rate fluctuations

Far EasTone and its subsidiaries 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.

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

33. ADDITIONAL DISCLOSURES

a. Following are the additional disclosures required by the Securities and Futures Bureau for the Company and 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 states at prices of at least NT\$100 million or 20% of the capital stock: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the capital stock: Schedule 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 32.

- 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: Schedule O (attached).
- c. Additional disclosure for consolidated financial statements:
 - 1) Significant transactions between the Company and its subsidiaries and among subsidiaries: Schedule O (attached).
 - 2) Reasons, amounts, number of shares held and subsidiaries' names, which owns FETL's shares: None.

34. SEGMENT INFORMATION

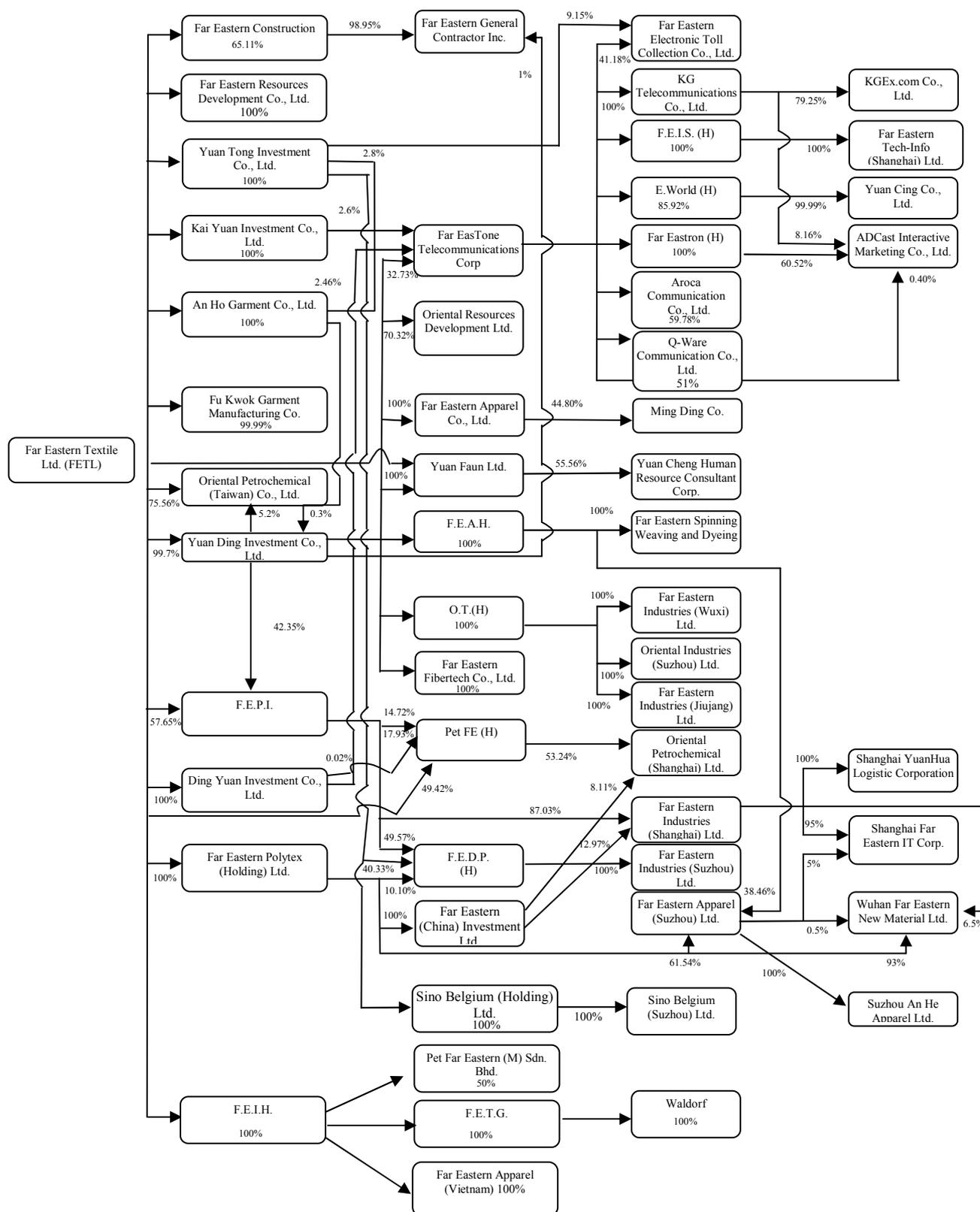
- a. Industry Segment information. Summarized segment information is shown in Schedule P.
- b. Geographic information. There were no major operations in foreign countries in 2008 and 2007.
- c. Export sales

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 2008 and 2007.

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND PERCENTAGES OF OWNERSHIP
DECEMBER 31, 2008**



FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES**OPERATIONS
DECEMBER 31, 2008**

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 Co., Ltd.	1986/11/07	34F., No. 207, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan, ROC	Investment.
Kai Yuan International Investment Co., Ltd.	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.
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.

(Continued)

Consolidated Entity	Setup Date	Location	Operations
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.	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	Providing manpower services.
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 (P.F.E.M.)	1995/07/22	Plo 69, Kawasan Perindustrian Senai 3, 81400 Senai, Johor Bohru, Johor, Malaysia	Manufacture and distribution of PET bottle and PET perform.
FETG Investment Antilles N.V. (F.E.T.G)	1989/10/05	E.E.G. Boulevard 62 Pox Box 342, Bonaire	Investment.
Waldorf Services B.V.	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.
Far Eastern Industries (Shanghai) Ltd. (F.E.I.S.)	1996/09/25	Mainland China	Manufacture and distribution of PET staple, PET filament, polyester top, PET performs, raw textured yarns, spinning yarns, and knitted and woven fabrics and garments.
Far Eastern Industries (Jiu Jiang) Ltd.	2005/12/22	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.
Far Eastern Apparel (Vietnam)	2002/07/04	No. 11, VSIP Street 4, Vietnam Singapore Industrial Park Thuan An District, Binh Duoug Province, Vietnam	Manufacture and distribution of various knitted and woven garments, beddings garments and accessories.
Wu Han Far Eastern New Material 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.

(Continued)

Consolidated Entity	Setup Date	Location	Operations
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.
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) Limited	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.
Oriental Industries (Suzhou) Ltd.	2005/6/24	Mainland China	Manufacturing and distribution of PET performs, industrial fabrics and related products.
PET Far Eastern (Holding) Ltd.	1996/10/01	Clarendon House 2 Church street, Hamolton HM 11, Bermuda	Investment.
Oriental Petrochemical (Shanghai) Ltd. (O.P.S.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.

(Continued)

Consolidated Entity	Setup Date	Location	Operations
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.
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 Sing 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.
ADCast Interctive Marketing Co., Ltd.	2000/06/12	7F., No. 270, Sec. 3, Nanjing E. Rd., Taipei City 105, Taiwan, (ROC)	Providing services on internet advertisement and marketing.
Far EasTron Holding Ltd.	2005/8/30	Cayman Islands	Investment.
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.
Suzhou An He Apparel Ltd.	2008/01/31	88 Tian Ling Rd. Wuzhong District Economic Development Zone. Su Zhou	Manufacture and distribution of various woven garments.
Far Eastern Fibertech Co., Ltd.	1995/4/10	No. 17, Gongye 5th Rd., Gonyin Industry District Gonyin Township, Taoyuan County 328, Taiwan (R.O.C.)	Manufacture and distribution of nylon-fiber materials
Oriental Petrochemical (Taiwan) Co., Ltd.	1987/1/26	No. 47, Jingjian 4th Rd., Shuren Village Gonyin Township, Taoyuan County 328, Taiwan (R.O.C.)	Manufacture and distribution of PTA

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

**RELATED PARTIES
DECEMBER 31, 2008**

No.	Related Party	Relationship with Far Eastern Textile Ltd. (Note)
1	Oriental Securities Co., Ltd.	a
2	Yuan-Ding Co. Ltd.	a
3	Frendenberg Far Eastern Spunweb Co., Ltd.	a
4	Everest Textile Co., Ltd.	a
5	Pacific Liu Tong Investment Corp.	a
6	Air Liquide Far Eastern Ltd.	a
7	Yue Ding Industry Co., Ltd.	a
8	Far Eastern International Leasing Corp. (FEILC)	a
9	Ding Ding Hotel Co., Ltd.	a
10	Far Eastern International Bank	a
11	Da Ju Fiber Co., Ltd.	a
12	Martens Beer (Shanghai) Ltd.	
13	Chiahui Power Corporation	b
14	Fu Ming Transport Corp.	b
15	Far Eastern Geant Company Ltd.	b
16	Far Eastern. Z. Hsu Science and Technology Memorial Foundation	b
17	FEDS Development Ltd. (BVI)	b
18	Ya Tung Department Store Ltd.	b
19	U-Ming Marine Transport Corp.	b
20	Ding Ding Integrated Marketing Service Co., Ltd.	b
21	Wen Jing Corp.	b
22	New Tranquil Enterprise Ltd.	b
23	Yuan-Ze University	b
24	Oriental Institute of Technology	b
25	Far Eastern Memorial Hospital	b
26	City Super Company.	b
27	New Century InfoComm Tech Co., Ltd.	a and b
28	Far Eastern Department Stores Co., Ltd.	a and b
29	Oriental Union Chemical Corporation	a and b
30	Asia Cement Co., Ltd.	b and c
31	Yu Chang Vocational School	c
32	Huey Kang Investment Co., Ltd.	c
33	Pacific SOGO Department Stores.	d
34	Alberta and Orient Glycol Company	e
35	Ya-Li Precast Prestressed Concrete Industries Corp.	e
36	Pacific Petrochemical (Holding) Ltd.	e
37	Deutsche Far Eastern Asset Management Co., Ltd.	e
38	Ding Ding Management Consulting Ltd.	e

(Continued)

No.	Related Party	Relationship with Far Eastern Textile Ltd. (Note)
39	Far Eastern Technical Consultants Co., Ltd.	e
40	Malaysia Garment Manufactures PTE Ltd.	e
41	Far Eastern Recreation Center Employee's Welfare Committee	f
42	Far Eastern Recreation Center Employee's Welfare Committee of FETL-Golf Club	f
43	Yatung Ready-mixed Concrete Corp.	g
44	Hong-Ton Comprehensive Commerce Development Co., Ltd.	h
45	TECO Electric & Machinery Co., Ltd.	i
46	Systex Corporation	i
47	MITAC Inc.	i
48	Telecommunication & Transportation	j
49	NTT DoCoMo Inc.	k
50	Everest Textile (Shanghai) Ltd.	l
51	Everest Investment (Holding) Ltd.	l
52	Far Eastern Asset Management	m
53	Digital United Inc.	n
54	Fu Dar Transportation Corporation	o

- Note:
- a. Equity-method investee.
 - b. Same Chairman or general manager.
 - c. It's chairman is the Company's relative.
 - d. Pacific Investment Corp.'s subsidiary.
 - e. Equity-method investee of equity-method investee.
 - f. The chairman of the organization is FETL's senior manager.
 - g. Equity-method investee of Asia Cement Corporation.
 - h. The chairman of the Company is the investee's director.
 - i. Director of Far Eastern Electronic Toll Collection Co., Ltd.
 - j. Far EasTone's donation is over one third of the foundation's fund
 - k. Director of Far EasTone Telecommunication Co., Ltd.
 - l. Subsidiary of Everest Textile Co., Ltd.
 - m. It's director is Far Eastern Construction Co., Ltd.'s general manager.
 - n. Subsidiary of New Century Info Comm Tech Co., Ltd.
 - o. It's chairman is the Company's vice-chairman.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

**CONSOLIDATED RELATED-PARTY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars)**

	Notes	2008		2007	
		Amount	%	Amount	%
Sales					
New Century InfoComm Tech Co.		\$ 1,153,120	1	\$ 609,106	-
Others	b.	<u>2,304,082</u>	<u>1</u>	<u>1,743,757</u>	<u>1</u>
		<u>\$ 3,457,202</u>	<u>2</u>	<u>\$ 2,352,863</u>	<u>1</u>
Purchases					
Oriental Union Chemical Corp.		\$ 2,199,195	2	\$ 3,342,205	3
Oriental Petrochemical (Taiwan) Co., Ltd. (Invista Far Eastern Petrochemicals Co., Ltd.)		-	-	8,811,541	7
Others	b.	<u>4,239,980</u>	<u>3</u>	<u>3,039,148</u>	<u>3</u>
		<u>\$ 6,439,175</u>	<u>5</u>	<u>\$ 15,192,894</u>	<u>13</u>
Operating expense					
Ding Ding Integrated Marketing Service Co.		\$ 165,573	1	\$ 142,220	1
Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation		-	-	390,000	2
Others	c.	<u>457,236</u>	<u>2</u>	<u>134,238</u>	-
		<u>\$ 622,809</u>	<u>3</u>	<u>\$ 666,458</u>	<u>3</u>
Nonoperating revenue					
Asia Cement Corporation		\$ 46,395	1	\$ 45,115	1
Others	b.	<u>158,073</u>	<u>5</u>	<u>147,133</u>	<u>2</u>
		<u>\$ 204,468</u>	<u>6</u>	<u>\$ 192,248</u>	<u>3</u>

Note:

- For the relationships between FETL and subsidiaries, please refer to schedule A.
- The transaction amount between related-parties was not over 5% of the total amount of the account.
- Donation to this foundation.
- The terms of FETL's sales to and purchases from the related parties were the same as those for third parties.
- Salaries and bonuses of directors, supervisors and management executives :

	2008	2007
Salaries and bonuses (including bonuses to employees)	\$ 123,269	\$ 137,415
Bonuses to directors and supervisors	215,622	368,229
Directors' business-related expenses	<u>5,009</u>	<u>4,274</u>
	<u>\$ 343,900</u>	<u>\$ 509,918</u>

The above salaries and bonuses for 2007 were approved in the 2008 stockholders' meeting.

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

**CONSOLIDATED RELATED-PARTY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars)**

	Notes	2008		2007	
		Amount	%	Amount	%
Accounts/notes receivable from related parties					
New Century InfoComm Tech Co.		\$ 131,588	10	\$ 3,578	-
Oriental Union Chemical Corp.		92,513	7	-	-
Pacific Sogo Department Stores Co., Ltd.		66,852	5	55,614	4
Far Eastern Department Stores Ltd.		61,981	5	33,746	3
Freundenberg Far Eastern Spunweb Co., Ltd.		53,890	4	70,363	5
Everest Textile (Shanghai) Ltd.		53,880	4	89,807	7
Everest Textile Co.		43,437	3	60,219	5
Pacific Liu Tong Investment Co.		30,498	2	367,372	28
Others	b.	<u>149,564</u>	<u>11</u>	<u>40,386</u>	<u>3</u>
		<u>\$ 684,203</u>	<u>51</u>	<u>\$ 721,085</u>	<u>55</u>
Prepayments					
Others	b.	<u>\$ 36,268</u>	<u>1</u>	<u>\$ 99,342</u>	<u>3</u>
Refundable deposits					
Ding Ding Integrated Marketing Service Co., Ltd.		\$ 43,693	9	\$ 48,922	10
Yuan Ding Co.		33,410	7	33,382	7
Others	b.	<u>22,384</u>	<u>5</u>	<u>21,796</u>	<u>4</u>
		<u>\$ 99,487</u>	<u>21</u>	<u>\$ 104,100</u>	<u>21</u>
Accounts and notes payable to related parties					
New Century InfoComm Tech Co.		\$ 218,998	13	\$ 102,855	3
Ya Tung Ready Mixed Concrete Co., Ltd.		140,462	8	40,539	1
ALBEP&A & ORIENT GLYCOL Company		128,863	8	209,768	6
Everest Textile (Shanghai) Ltd.		92,340	5	109,714	3
Oriental Union Chemical Corp.		57,903	3	549,497	15
MITAC Inc.		39,855	2	31,875	1
Oriental Petrochemical (Taiwan) Co., Ltd. (Invista Far Eastern Petrochemicals Co., Ltd.)		-	-	728,744	20
Others	b.	<u>231,641</u>	<u>15</u>	<u>194,191</u>	<u>5</u>
		<u>\$ 910,062</u>	<u>54</u>	<u>\$ 1,967,183</u>	<u>54</u>
Advance revenue					
Far Eastern Department Stores Ltd.		\$ 312,061	2	\$ 204,507	2
FEDS Development Ltd. (BVI)		2,857	-	23,643	-
New Tranquil Enterprise Ltd.		2,895	-	2,895	-
Wen Jing Corp.		1,555	-	1,555	-
Hong-Ton Comprehensive Commerce Development CO., Ltd.		-	-	294,998	2
		<u>\$ 319,368</u>	<u>2</u>	<u>\$ 527,598</u>	<u>4</u>

(Continued)

	Notes	2008		2007	
		Amount	%	Amount	%
Deferred income					
Rent revenue					
Yuan Ding Co.	c.	\$ 703,586	65	\$ 750,233	66
Far Eastern Z. Hsu Science and Technology Memorial Foundation	e.	222,041	21	228,571	20
Sales of lands and buildings					
Oriental Securities Co., Ltd.	d.	116,703	11	117,259	11
Sales of securities					
Others	b.	<u>36,258</u>	<u>3</u>	<u>33,679</u>	<u>3</u>
		<u>\$ 1,078,588</u>	<u>100</u>	<u>\$ 1,129,742</u>	<u>100</u>

Financing to affiliates:

Year Ended December 31, 2008				
	Highest Outstanding Balance	Balance on December 31, 2008	Interest Rate (%)	Interest Revenue
Da Ju Fiber Corporation	\$ 280,000	\$ 277,000	2.55-2.83	\$ 7,268
Malaysia Garment Manufactures Pte Ltd.	275,061	275,061	0-5.6248	3,862
Yue Ding Industry Co., Ltd.	152,000	120,000	2.55-2.83	2,281
Pacific Petrochemical (Holding) Ltd.	891,420	-	2.55-5.6248	3,144
		<u>\$ 672,061</u>		<u>\$ 16,555</u>

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>

Financing from affiliates:

Year Ended December 31, 2008				
	Highest Outstanding Balance	Balance on December 31, 2008	Interest Rate (%)	Interest Expense
Accounts and notes payable to related parties				
Pacific Petrochemical (Holding) Ltd.	\$ 780,640	<u>\$ 780,640</u>	-	<u>\$ -</u>
Short-term and long-term bank loans				
Far Eastern International Commercial Bank	796,365	<u>\$ 796,365</u>	NT1.768-1.838 US3.801268	<u>\$ 3,854</u>

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 Corp.	\$ 979,021	\$ 973,826	3	\$ 27,404
Far Eastern International Leasing Corp. (BVI)	703,537	<u>703,537</u>	3.9	<u>23,792</u>
		<u>\$ 1,677,363</u>		<u>\$ 51,196</u>
Short-term and long-term bank loans				
Far Eastern International Commercial Bank	440,130	<u>\$ -</u>	NT1.8-2.8 US6.2177-6.3340	<u>\$ 6,605</u>

(Continued)

- 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. 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. At the end of 2007, Far Eastern Resources Development Co., Ltd. granted Far Eastern. Z. Hsu Science and Technology Memorial Foundation a superficies right over the land in lot number 9 of the Yong-Feng section in Bade City in Taoyuan County for 35 years and received royalties of NT\$228,571 thousand for superficies right, which was recorded as deferred income. The royalties are recognized as rent revenue over superficies right period.
- 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, 2008

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

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

(Continued)

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

- Notes: A. Reasons for financing are as follows:
1. Business relationship.
2. For short-term financing.
B. The upper limit is equivalent to 5% of the net value of the financier as of December 31, 2008.
C. The upper limit is equivalent to 5% of the net value of FETL as of December 31, 2008.
D. The upper limit is equivalent to 15% of the net value of FETL as of December 31, 2008.
E. The upper limit is equivalent to 50% of the net value of the financier as of December 31, 2008. If necessary for short-term financing, the upper limit is equivalent to 15%.
F. The maximum total financing providing amount should be the lower of 50% of the Company's net worth of most current audited financial statements or trading amount of both parties.
G. The amount had been written off.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

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

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

(Continued)

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

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

B. Equity-method investees.

C. Investee of an equity-method investee.

D. Parent company.

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

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

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

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

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

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

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

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

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

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

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

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

Q. Business relationship.

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

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES AND INVESTMENTS IN SHARES OF STOCK HELD
 DECEMBER 31, 2008
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

(Continued)

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

(Continued)

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

(Continued)

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

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	First Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	593	\$ 10,222	0.01	\$ 10,222	-
	ITE Tech. Inc.	-	Financial assets at fair value through profit or loss - current	480	19,667	0.24	19,667	-
	ITEQ Co., Ltd.	-	Financial assets at fair value through profit or loss - current	27	1,374	0.04	1,374	-
	Innolux Disposal Co., Ltd.	-	Financial assets at fair value through profit or loss - current	873	21,170	0.03	21,170	-
	Paragon Technologies Co., Ltd.	-	Financial assets at fair value through profit or loss - current	54	3,019	0.07	3,019	-
	Green Energy Technology Inc., Ltd.	-	Financial assets at fair value through profit or loss - current	198	19,008	0.18	19,008	-
	Enfield Medical Co., Ltd.	-	Financial assets at fair value through profit or loss - current	225	8,393	0.27	8,393	-
	Sino-American Silicon Product Inc.	-	Financial assets at fair value through profit or loss - current	180	12,114	0.08	12,114	-
	Lite-On IT Corp.	-	Financial assets at fair value through profit or loss - current	746	9,848	0.09	9,848	-
	Prime View International Co., Ltd.	-	Financial assets at fair value through profit or loss - current	324	4,730	0.04	4,730	-
	AV Tech Co., Ltd.	-	Financial assets at fair value through profit or loss - current	18	1,467	0.02	1,467	-
Far EastTone Telecommunications Co., Ltd.	<u>Stocks</u>							
	KG Telecommunication Co., Ltd.	(Note A)	Equity method investments	1,332,998	32,475,440	100.00	32,475,440	(Note K)
	New Century InfoComm Tech Co., Ltd.	(Note A)	Equity method investments	980,315	5,490,024	24.51	5,490,024	-
	Arcoa Communication Co., Ltd.	(Note A)	Equity method investments	80,276	1,039,987	59.78	1,039,987	(Note K)
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Equity method investments	157,714	408,729	41.18	408,729	(Note K)
	Q-Ware Communications Co., Ltd.	(Note A)	Equity method investments	36,460	190,370	51.00	190,370	(Note K)
	Far Eastern Info Service (Holding) Ltd.	(Note A)	Equity method investments	1	153,851	100.00	153,851	(Note K)
	E. World (Holdings) Ltd.	(Note A)	Equity method investments	6,015	67,305	85.92	67,305	(Note K)
	Far EasTron Holding Ltd.	(Note A)	Equity method investments	4,487	25,575	100.00	25,575	(Note K)
	Ding Ding Integrated Marketing Service Co., Ltd.	(Note A)	Equity method investments	4,500	5,744	15.00	5,744	-
	ADCast Interactive Marketing Co., Ltd.	(Note A)	Equity method investments	18	170	0.40	170	(Note K)
Far Eastern Apparel (Suzhou) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note A)	Equity method investments	(Note H)	RMB 350	0.50	RMB 495	(Note K)
	Shanghai Yuanzi Information Co., Ltd.	(Note A)	Equity method investments	(Note H)	RMB 100	5.00	RMB 439	(Note K)
	An Ho Garment (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	RMB 1,506	100.00	RMB 1,506	(Note K)
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note A)	Equity method investments	(Note H)	RMB 3,700	6.50	RMB 6,431	(Note K)
	Shanghai Yuanzi Information Co., Ltd.	(Note A)	Equity method investments	(Note H)	RMB 1,743	95.00	RMB 1,743	(Note K)
	Shanghai YuanHua Logistic Ltd.	(Note A)	Equity method investments	(Note H)	RMB 5,343	100.00	RMB 5,343	(Note K)
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 70,282	100.00	RMB 479,534	(Note K)
	Oriental Industries (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 98,688	100.00	RMB 690,063	(Note K)
	Far Eastern Industries (JiuJiang) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 1,159	100.00	RMB 9,171	(Note K)
PET Far Eastern (Holding) Ltd.	Oriental Petrochemicals (Shanghai) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 88,651	53.24	RMB 604,867	(Note K)
FEDP (Holding) Limited	Far Eastern Industries (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 42,136	100.00	RMB 292,816	(Note K)
Far Eastern Polytex (Holding) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 13,486	93.00	RMB 92,017	(Note K)
	Far Eastern Apparel (Suzhou) Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 20,971	61.54	RMB 143,130	(Note K)
	FEDP (Holding) Ltd.	(Note A)	Equity method investments	49	US\$ 7,036	10.10	US\$ 5,168	(Note K)
	Far Eastern (China) Investment Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 46,203	100.00	RMB 352,819	(Note K)

(Continued)

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

(Continued)

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

(Continued)

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

Notes: A. Equity-method investee.

B. Investor company and investee have the same chairman.

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

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

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

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

G. Equity- method investee of FETL.

H. Private company.

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

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

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, 2008

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

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

(Continued)

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

(Continued)

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

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

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

C. The refund from capital reduction.

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

E. The parent company

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

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

H. The amount had been written off.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

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

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

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, 2008
(In Thousands of New Taiwan Dollars)

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

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	% to Total	
	KGEx.com Co., Ltd.	(Note I)	Operation revenue	\$ (208,035)	-	For contract	\$ -	-	\$ -	-	\$ 40,953	1	
	New Century InfoComm Tech Co., Ltd.	(Note A)	Operation revenue	(773,982)	(2)	For contract	-	-	-	-	(Note C)	-	
			Operation cost	102,144	-	For contract	-	-	-	-	(134,600)	(6)	
	NTT DoCoMo Inc.	Board supervisor	Operation revenue	(114,572)	-	For contract	-	-	-	-	25,810	-	
	Ding Ding Integrated marketing Service Co., Ltd.	(Note A)	Marketing expense	128,396	1	For contract	-	-	-	-	Accrued expense (58,309)	2	
	Far Eastern Tech-info Ltd. (Shanghai)	(Note F)	Operating expense	146,383	57	For contract	-	-	-	-	Accrued expense (16,797)	(1)	
				(Note Q)							(Note Q)		
Far Eastern Fibertech Co., Ltd.	Everest Textile Co., Ltd.	(Note L)	Sale	(138,262)	(9)	30 days	-	-	-	-	16,201	14	
Far Eastern Apparel (Holding) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note F)	Purchase	100,021	100	60 days	-	-	-	-	12,102	95	
				(Note Q)							(Note Q)		
F.E.D.P. (H) Ltd.	Far Eastern Industries (Suzou) Ltd.	(Note F)	Sale	(220,313)	(100)	60 days	-	-	-	-	-	-	
	Oriental Petrochemical (Taiwan) Co., Ltd. (the former INVISTA Far Eastern Petrochemicals Co., Ltd.)	(Note G)	Purchase	217,168	100	90 days	-	-	-	-	(22,275)	(100)	
				(Note T)							(Note Q)		
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note G)	Sales	(878,246)	(4)	60 days	-	-	-	-	193,288	4	
	Wu Han Far Eastern New Material Ltd.	(Note G)	Purchase	160,497	1	60 days	-	-	-	-	(5,903)	-	
				(Note Q)							(Note Q)		
	Far Eastern Industries (Suzhou) Ltd.	(Note G)	Purchase	1,122,997	5	60 days	-	-	-	-	(274,040)	(7)	
				(Note Q)							(Note Q)		
	Oriental Petrochemical (Shanghai) Ltd.	(Note G)	Purchase	7,604,058	34	60 days	-	-	(1,148,381)	-	(465,387)	(17)	
				(Note Q)					(Note Q)		(Note Q)		
	Far Eastern Polychem Industries Co., Ltd.	(Note F)	Sales revenue	(7,037,070)	(30)	60 days	-	-	-	-	2,981,154	66	
				(Note Q)							(Note Q)		
	Far Eastern Polychem Industries Co., Ltd.	(Note F)	Purchase	2,356,165	10	60 days	-	-	-	-	(990,294)	(36)	
				(Note Q)							(Note Q)		
	Oriental Petrochemical (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	(Note G)	Purchase	1,286,000	5	90 days	-	-	-	-	-	-	
	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note G)	Sales revenue	(123,344)	(1)	60 days	-	-	-	-	19,015	-	
				(Note Q)							(Note Q)		
	Everest Textile (Shanghai) Ltd.	(Note J)	Sales	(168,848)	(1)	60 days	-	-	-	-	53,880	1	
	Everest Textile (Shanghai) Ltd.	(Note J)	Purchase	408,695	2	60 days	-	-	-	-	(86,791)	3	
KG Telecommunications Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note E)	Operation revenue	(1,658,786)	(13)	For contract	-	-	-	-	139,326	10	
				(Note Q)							(Note Q)		
			Operation cost	3,007,573	33	For contract	-	-	-	-	(398,046)	(44)	
				(Note Q)							(Note Q)		
	ARCOA Communication Co., Ltd.	(Note D)	Operation revenue, marketing expense and purchase	533,013	5	For contract	-	-	-	-	Accounts payable and expense (33,450)	(2)	
				(Note Q)							(Note Q)		
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note E)	Operating commissions, revenue, and service revenue	(2,229,708)	(38)	For contract	-	-	-	-	142,182	67	
				(Note Q)							(Note Q)		
			Purchase and service cost	245,153	5	For contract	-	-	-	-	(174,080)	(41)	
				(Note Q)							(Note Q)		

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	% to Total	
	KG Telecommunications Co., Ltd.	(Note D)	Operating commissions, revenue and sales revenue	\$ (533,013) (Note Q)	(9)	For contract	\$ -	-	\$ -	-	\$ 33,450 (Note Q)	16	
KGEx.com Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note B)	Operation cost	208,035 (Note Q)	18	For contract	-	-	-	-	(40,953) (Note Q)	(21)	
	New Century InfoComm Tech Co., Ltd.	(Note L)	Service revenue	(277,667)	(27)	For contract	-	-	-	-	37,317	18	
Far Eastern Tech-info Ltd. (Shanghai)	Far EasTone Telecommunications Co., Ltd.	(Note B)	Operation revenue	(146,383) (Note Q)	(84)	For contract	-	-	-	-	16,797 (Note Q)	62	
Oriental Petrochemical (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	Far Eastern Textile Ltd.	(Note B)	Sale	(8,289,025) (Note R)	(41)	45 days	-	-	-	-	19,575 (Note Q)	2	
	Far Eastern Polyochem Industries Co., Ltd.	(Note G)	Sale	(2,314,281) (Note S)	(3)	30 days	-	-	-	-	321,203 (Note Q)	26	
	Far Eastern Industrial (Shanghai) Ltd.	(Note G)	Sale	(1,286,000) (Note U)	(6)	90 days	-	-	-	-	-	-	
	Far Eastern Industries (Suzou) Ltd.	(Note G)	Sale	(257,772) (Note U)	(1)	90 days	-	-	-	-	-	-	
	F.E.D.P. (H) Ltd.	(Note G)	Sale	(217,168) (Note T)	-	90 to 180 days	-	-	-	-	22,275 (Note Q)	-	
Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note G)	Purchase	3,840,950 (Note Q)	80	90 days	-	-	-	-	(255,106) (Note Q)	(77)	
	Oriental Textile (Holding) Ltd.	(Note E)	Sale	(1,158,763) (Note Q)	(3)	60 days	-	-	-	-	323,247 (Note Q)	36	
	Far Eastern Industrial (Shanghai) Ltd.	(Note G)	Sale	(1,122,997) (Note Q)	(22)	90 days	-	-	-	-	274,040 (Note Q)	34	
Oriental Textile (Holding) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note F)	Purchase	1,158,763 (Note Q)	100	90 days	-	-	-	-	(323,247) (Note Q)	(100)	
Far Eastern Apparel Co., Ltd.	Far Eastern Department Stores, Ltd.	(Note L)	Sale	(181,754)	(15)	For contract	-	-	-	-	61,788	30	
	Pacific SOGO Department Stores Co., Ltd.	(Note M)	Sale	(132,133)	(11)	For contract	-	-	-	-	66,852	32	
Oriental Resources Development Co., Ltd.	Far Eastern Textile Ltd.	(Note B)	Sale	(173,025) (Note Q)	(56)	40 days	-	-	-	-	28,880 (Note Q)	75	
Wu Han Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Purchase	878,246 (Note Q)	96	60 days	-	-	-	-	(193,288) (Note Q)	(91)	
	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sale	(160,497) (Note Q)	(16)	90 days	-	-	-	-	5,903 (Note Q)	24	
Oriental Petrochemical (Shanghai) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Sales	(7,604,058) (Note Q)	(41)	90 to 180 days	-	-	1,148,381 (Note Q)	42	465,387 (Note Q)	73	
	Far Eastern Industries (Suzhou) Ltd.	(Note G)	Sales	(2,017,136) (Note Q)	(11)	90 to 180 days	-	-	208,851 (Note Q)	8	175,187 (Note Q)	27	
Far Eastern Industries (Suzhou) Ltd.	Oriental Petrochemical (Shanghai) Ltd.	(Note G)	Purchase	2,017,136 (Note Q)	53	90 days	-	-	(208,851) (Note Q)	100	(175,187) (Note Q)	(56)	
	Oriental Industries (Suzhou) Ltd.	(Note G)	Sales	(3,840,950) (Note Q)	(95)	90 days	-	-	-	-	272,852 (Note Q)	70	
	F.E.D.P. (H) Ltd.	(Note E)	Purchase	220,313 (Note Q)	5	60 days	-	-	-	-	-	-	
	Oriental Petrochemical (Taiwan) Co., Ltd. (the former "INVISTA Far Eastern Petrochemicals Co., Ltd.")	(Note G)	Purchase	257,772 (Note U)	6	90 days	-	-	-	-	-	-	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	% to Total	
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note G)	Purchase	\$ 123,344 (Note Q)	13	60 days	\$ -	-	\$ -	-	\$ (19,015) (Note Q)	(14)	
	Far Eastern Apparel (Suzhou) Ltd.	(Note G)	Sales	(279,292) (Note Q)	(25)	60 days	-	-	13,885 (Note Q)	54	76,799 (Note Q)	32	
	Far Eastern Apparel (Holding) Ltd.	(Note E)	Sales	(100,021) (Note Q)	(10)	60 days	-	-	-	-	12,102 (Note Q)	5	

Notes:

- A. Equity-method investee.
- B. Ultimate parent company.
- C. All revenues and costs between Far EasTone and NCIC were settled at full amount except interconnection revenues and costs and were included in payables to related parties, respectively.
- D. Same parent company.
- E. Parent company.
- F. The subsidiary.
- G. Same ultimate parent company.
- H. The investee (equity method) held by FETL's investee (equity method).
- I. The former parent company of Oriental Petrochemical Co., Ltd.
- J. The subsidiary of Everest Textile Co., Ltd.
- K. The advance construction receipts with Far Eastern General Contractor Co., Ltd. received from Far Eastern Department Stores, Ltd. and Far Eastern Construction Co., Ltd.
- L. The investee of the parent company applying equity method.
- M. The subsidiary of Pacific Liu Tung Investment Co., Ltd.
- N. The investee of Asia Cement Corporation applying equity method.
- O. The president of FETL is also the board director of the company.
- P. The president is the board director of Far Eastern General Contractor Co., Ltd.
- Q. The amount had been written off.
- R. Purchase (sales) amount of \$1,430,351 thousand dollars had been included in the consolidated statement and written off since the Company had control on investees (2008.10.06).
- S. Purchase (sales) amount of \$546,277 thousand dollars had been included in the consolidated statement and written off since the Company had control on investees (2008.10.06).
- T. Purchase (sales) amount \$35,119 thousand dollars had been included in the consolidated statement and written off since the Company had control on investees (2008.10.06).
- U. Purchase and sales transacted before the Company had control over investee were not included in the consolidated statement.

(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, 2008
(In Thousands of New Taiwan Dollars)**

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

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

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

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

Note D: Same ultimate parent company.

Note E: The subsidiary.

Note F: The parent company.

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

Note H: The amount had been written off.

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 YEAR ENDED DECEMBER 31, 2008
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				December 31, 2008	December 31, 2007	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Textile Ltd.	Asia Cement Corporation	Taipei, Taiwan	Cement production	\$ 2,857,181	\$ 2,857,181	697,216	24.05	\$ 11,522,853	\$ 7,314,642	\$ 1,591,888	Gain or loss recognized under the treasury stock method
	Far Eastern Department Stores, Ltd.	Taipei, Taiwan	Department store operations	1,254,158	1,254,158	197,727	16.80	3,271,840	286,531	48,137	Including deferred revenue of \$(4,162)
	Oriental Union Chemical Corporation	Taipei, Taiwan	Chemical materials production	1,176,211	1,176,211	73,833	9.17	1,027,391	1,123,141	107,267	
	Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	567,639	567,639	72,936	3.12	563,221	(2,682,917)	(104,097)	
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	1,689	1,689	129	0.03	1,480	(523,546)	(157)	
	Yuan Ding Investment Co., Ltd.	Taipei, Taiwan	Investment	100,539	100,539	1,828,322	99.70	35,123,505	4,093,881	4,093,881	(Note F)
	Far Eastern Resources Development Co., Ltd.	Taipei, Taiwan	Investment	14,931,733	14,931,733	266,476	100.00	15,443,154	195,732	195,732	(Note F)
	Yuan Tong Investment Co., Ltd.	Taipei, Taiwan	Investment	5,850,000	5,850,000	705,147	100.00	7,136,989	(505,173)	(505,173)	(Note F)
	Far Eastern Investment (Holding) Ltd.	Clarendon House, Hamilton HM 11, Bermuda	Investment	5,833,333	5,833,333	1,700	100.00	5,239,384	(134,995)	(151,422)	(Note F)
	Far Eastern Polychem Industries Co., Ltd.	Clarendon House, Hamilton HM 11, Bermuda	Investment	3,932,864	1,784,176	451,476	57.65	4,142,822	(665,257)	(323,515)	(Note F)
	Kai Yuan International Investment Co., Ltd.	Taipei, Taiwan	Investment	999,993	999,993	246,776	100.00	3,580,727	500,653	500,652	(Note F)
	Oriental Petrochemicals (Taiwan) Co., Ltd.	Taoyuan, Taiwan	PTA production and sale	4,875,315	1,821,575	327,657	75.56	3,405,070	(3,817,402)	(391,053)	Gain or loss recognized proportionally by holding period including discount amortization of \$(20,143) (Note F)
	Far Eastern Polytex (Holding) Limited	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	Investment	2,654,452	2,502,777	41	100.00	2,900,781	(151,164)	(151,164)	(Note F)
	Yuang Ding Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	857,447	857,447	182,171	37.13	2,805,779	203,384	75,517	
	Far Eastern Construction Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	143,450	143,450	115,375	65.11	2,095,688	1,109,900	722,656	(Note F)
	Ding Yuan International Investment Co., Ltd.	Taipei, Taiwan	Investment	2,000,062	2,000,062	205,000	100.00	1,914,236	(209,843)	(209,844)	(Note F)
	Oriental Securities Co., Ltd.	Taipei, Taiwan	Broker	159,823	159,823	140,278	19.65	1,671,585	(1,752,653)	(344,396)	
	PET Far Eastern (Holding) Ltd.	Clarendon House, 2 Church St. Hamilton HM 11, Bermuda	Investment	1,509,008	-	117	49.42	1,437,469	(440,585)	(90,716)	(Note F)
	An-Ho Garment Co., Ltd.	Taipei, Taiwan	Garment production	1,023	1,023	38,130	100.00	1,266,932	333,190	333,190	(Note F)
	Pacific Liu Tung Investment Co., Ltd.	Taipei, Taiwan	Investment	810,000	810,000	67,500	16.83	1,113,868	870,732	146,544	
Fu Kwok Garment Manufacturing Co., Ltd.	Kaohsiung, Taiwan	Garment production	9,129	9,129	3,999	99.99	126,512	2,386	2,385	(Note F)	
Ding Ding Hotel Co., Ltd.	Taipei, Taiwan	Hotel	249,795	249,795	5,386	19.00	53,029	(6,863)	(1,304)		
New Century Information Communication Co., Ltd.	Taipei, Taiwan	Telecommunications	40,560	40,560	4,008	0.10	25,933	(2,800,811)	(2,801)		
Yuan Ding Investment Co., Ltd.	Asia Cement Corporation	Taipei, Taiwan	Cement production	310,065	9,642	14,782	0.51	284,046	7,314,642	10,701	Gain or loss recognized under the treasury stock method including discount amortization of \$(773)
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	2,723,598	5,259,000	1,066,658	32.73	23,291,504	10,160,747	3,325,612	(Note F)
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	470,103	470,103	118,869	24.24	1,080,362	(523,546)	(126,908)	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	1,129,885	1,129,885	73,373	9.11	1,104,978	1,123,141	102,430	
	Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	891,371	366,333	99,226	4.24	883,993	(2,682,917)	(26,292)	
	Far Eastern Department Stores, Ltd.	Taipei, Taiwan	Department store operations	36,892	825,684	2,317	0.20	34,018	286,531	2,321	
	Oriental Textile (Holding) Ltd.	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	Investment	5,861,252	4,660,330	90	100.00	5,815,140	(386,765)	(386,765)	(Note F)
	Far Eastern Polychem Industries Co., Ltd.	Clarendon House, Hamilton Hm 11, Bermuda	Investment	1,620,452	1,620,452	331,717	42.35	3,043,340	(665,257)	(341,742)	(Note F)
	Oriental Securities Co., Ltd.	Taipei, Taiwan	Broker	252,031	258,846	184,907	25.91	2,308,609	(1,752,653)	(456,531)	Including discount amortization of \$(1,612)
	Far Eastern Apparel (Holding) Ltd.	Clarendon House, Hamilton Hm 11, Bermuda	Sale of textile, garments, and clothing	1,858,657	1,132,374	95	100.00	1,899,184	16,420	16,420	(Note F)
Liquid Air Far East Co., Ltd.	Taipei, Taiwan	Industrial gas production and selling	329,778	329,778	69,113	35.00	1,130,451	497,667	174,184		

(Continued)

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

(Continued)

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

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				December 31, 2008	December 31, 2007	Shares (Thousands)	Percentage of Ownership	Carrying Value			
	Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan	Electronic toll collection service	\$ 1,577,140	\$ 1,577,140	157,714	41.18	\$ 408,729	\$ (594,577)	\$ -	(Note F)
	Qware Inc.	Taiwan	Type II telecommunications services, sales of communications products and office equipment	495,855	495,855	36,460	51.00	190,370	(277,906)	-	(Note F)
	Far Eastern Info Service (Holding) Ltd.	Bermuda	Investment	92,616	92,616	1	100.00	153,851	4,730	-	(Note F)
	E. World (Holdings) Ltd.	Cayman Islands	Investment	82,883	82,883	6,015	85.92	67,305	6,626	-	(Note F)
	Far EasTron Holding Ltd.	Cayman Islands	Investment	150,000	150,000	4,487	100.00	25,575	(13,862)	-	(Note F)
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	45,000	45,000	4,500	15.00	5,744	(91,562)	-	(Note F)
	ADCast Interactive Marketing Co., Ltd (Note E)	Taiwan	Internet service	1,000	-	18	0.40	170	(3,320)	-	(Note F)
	Yuan Chuang Co. (Note E)			-	1,000	-	-	-	(10,846)	-	(Note F)
Far Eastern Apparel (Suzhou) Ltd.	Wu Han Far Eastern New Material Ltd.	China	Garment production and sales	RMB 350	RMB 350	(Note B)	0.50	RMB 350	RMB 177	-	(Note F)
	Shanghai Yuan Zi Information Co., Ltd.	China	Software development, equipment maintenance and consulting	RMB 100	RMB 100	(Note B)	5.00	RMB 100	RMB 71	-	(Note F)
	An Ho Garment (Suzhou) Ltd.	China	Garment production	RMB 1,000	RMB 1,000	(Note B)	100.00	RMB 1,506	RMB 506	-	(Note F)
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	China	Garment production and sales	RMB 6,650	RMB 6,650	(Note B)	6.50	RMB 3,700	RMB 177	-	(Note F)
	Shanghai Yuan Zi Information Co., Ltd.	China	Software development, equipment maintenance and consulting	RMB 1,900	RMB 1,900	(Note B)	95.00	RMB 1,743	RMB 71	-	(Note F)
	Shanghai Far Eastern Petrochemical Logistic Ltd.	China	Transportation	RMB 5,000	RMB 5,000	(Note B)	100.00	RMB 5,343	RMB (38)	-	(Note F)
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd.	China	Fiber and textile production	US\$ 59,960	US\$ 59,960	(Note B)	100.00	US\$ 70,282	RMB (24,932)	-	(Note F)
	Oriental Industries (Suzhou) Ltd.	China	Textile production	US\$ 138,000	US\$ 50,000	(Note B)	100.00	US\$ 98,688	RMB (47,548)	-	(Note F)
	Far Eastern Industries (JiuJiang) Ltd.	China	Textile production	US\$ 1,200	US\$ 1,200	(Note B)	100.00	US\$ 1,159	RMB (760)	-	(Note F)
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Ltd.	China	PTA production and sale	US\$ 105,055	US\$ 50,755	(Note B)	53.24	US\$ 88,651	RMB (179,916)	-	(Note F)
FEDP (Holding) Limited	Far Eastern Industries (Suzhou) Ltd.	China	Garment production	US\$ 49,800	US\$ 45,000	(Note B)	100.00	US\$ 42,136	RMB (23,073)	-	(Note F)
Far Eastern Polytex (Holding) Ltd.	Wu Han Far Eastern New Material Ltd.	China	Garment production and sales	US\$ 12,000	US\$ 12,000	(Note B)	93.00	US\$ 13,486	RMB 177	-	(Note F)
	Far Eastern Apparel (Suzhou) Ltd.	China	Garment production	US\$ 16,000	US\$ 11,000	(Note B)	61.54	US\$ 20,971	RMB 21,603	-	(Note F)
	FEDP (Holding) Ltd.	Clarendon House 2 Church Street, Hamilton HM11, Bermuda	Investment	US\$ 6,408	US\$ 6,408	(Note B)	10.10	US\$ 7,036	US\$ (4,081)	-	(Note F)
	Far Eastern (China) Investment Ltd.	China	Investment	US\$ 48,000	US\$ 48,000	(Note B)	100.00	US\$ 46,203	RMB (11,721)	-	(Note F)
KG Telecommunications Co., Ltd.	KGEx.com Co., Ltd.	Taiwan	Type II telecommunications services	2,355,649	2,197,794	198,136	79.25	890,885	(135,428)	-	(Note F)
	KGT International Holding Co., Ltd.	British Virgin Islands	Investment	-	93,976	-	-	-	(4,596)	-	(Note F)
	iScreen	Taiwan	Information and software services	100,000	100,000	4,000	40.00	28,765	5,362	-	(Note F)
	ADCast Interactive Marketing Co., Ltd	Taiwan	Internet service	3,652	-	369	8.16	3,414	(3,320)	-	(Note F)
Far Eastern Info Service (Holding) Ltd.	Far Eastern Tech-info Ltd. (Shanghai)	China	Information services, software, and internet	US\$ 2,500	US\$ 2,500	-	100.00	US\$ 4,078	282	-	(Note F)
Far EasTron Holding Ltd.	ADCast Interactive Marketing Co., Ltd (Note D)	Taiwan	Internet services	US\$ 4,532	-	2,734	60.52	US\$ 772	(3,320)	-	(Note F)
	Far EasTron Co., Ltd. (Note D)			-	US\$ 4,532	-	-	-	(10,846)	-	(Note F)
E. World (Holdings) Ltd.	Yuan Cing Co., Ltd.	Taiwan	Call center services	193,500	193,500	19,350	99.99	US\$ 2,112	7,252	-	(Note F)
KGT International Holding Co., Ltd. (Note F)	KGEx.com Co., Ltd.	Taiwan	Type II telecommunications services	-	US\$ 4,822	-	-	-	(135,428)	-	(Note F)
Far Eastern (China) Investment Ltd.	Far Eastern Industries (Shanghai) Ltd.	China	Fiber and silk production	RMB 219,138	RMB 219,138	(Note B)	8.11	RMB 219,138	RMB (111,607)	-	(Note F)
	Oriental Petrochemical (Shanghai) Ltd.	China	PTA production and sale	RMB 115,232	RMB 103,736	(Note B)	12.97	RMB 115,232	RMB (179,916)	-	(Note F)
Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Ltd.	China	Brewer production	US\$ 30,000	US\$ 18,000	-	100.00	US\$ 29,846	RMB (14,453)	-	(Note F)
Far Eastern Industries (WuXi) Ltd.	Martens Beer (Shanghai) Co., Ltd.	China	Brewer sale	RMB 7,500	RMB 1,500	-	30.00	RMB 4,716	RMB (9,279)	-	(Note F)

(Continued)

Notes:

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

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA

YEAR ENDED DECEMBER 31, 2008

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

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

(Continued)

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

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

Notes:

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

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

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

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

(Continued)

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

Notes:

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

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

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS BETWEEN FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES
YEARS ENDED DECEMBER 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars)**

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
0	<u>2008</u>				\$		

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

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
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.	3	Interest expense	(16,383)	Based on agreement	-
		Yuan Ding Investment Corp.	2	Other payable	320,000	Based on agreement	-
7	Yuang Tong Investment Co.	An Ho Garment Co., Ltd.	3	Interest revenue	11,226	Based on agreement	-
		Far Eastern Textile Ld.	2	Accounts receivable	(59,955)	Based on agreement	-
		An Ho Garment Co., Ltd.	3	Accounts receivable	(500,000)	Based on agreement	-
		Far Eastern Textile Ld.	2	Rent revenue	31,065	Based on agreement	-
		Yuan Ding Investment Corp.	3	Interest expense	(14,169)	Based on agreement	-
8	Far EasTone Telecommunications Co.	Far Eastern Electronic Toll Collection Co. Ltd.	3	Interest revenue	2,081	Based on agreement	-
9	Far Eastern Apparel (Suzhou)	Far Eastern Textile Ld.	2	Accounts payable	117,310	Based on agreement	-
		Far Eastern Textile Ld.	2	Accounts receivable	(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 Ld.	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	-
10	Far Eastern Industries (Shanghai) Ltd.	Oriental Petrochemical (Shanghai) Corp.	3	Accounts payable	1,934,598	Based on agreement	-
		Oriental Petrochemical (Shanghai) Corp.	3	Accounts receivable	(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 payable	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	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
		Wu Han Far Eastern Industrial Trading Ltd.	3	Sales revenue	\$ 1,307,067	Based on agreement	
		Wu Han Far Eastern Industrial Trading Ltd.	3	Cost of goods sold	(30,252)	Based on agreement	
		Oriental Petrochemical (Shanghai) Corp.	3	Non-operating revenue	9,668	Based on agreement	
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	3	Operating cost	(237,026)	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	3	Accounts receivable	(129,323)	Based on agreement	-
11	Pacific Petrochemical (Holding) Ltd.	Yuan Ding Investment Corp.	3	Interest expense	(3,019)	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Other payables	53,052	Based on agreement	
		Far Eastern Investment (Holding) Ltd.	3	Interest expense	(188)	Based on agreement	
		Oriental Petrochemical (Shanghai) Corp.	3	Other receivable	(802,643)	Based on agreement	
		Yuan Ding Investment Corp.	3	Other payables	312,992	Based on agreement	
12	PET Far Eastern (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Interest expense	(7,298)	Based on agreement	-
		Oriental Petrochemical (Shanghai) Corp.	3	Other receivable	(802,643)	Based on agreement	-
13	Far Eastern Electronic Toll Collection Co. Ltd.	Far Eastone Telecommunications Co.	3	Interest expense	(2,081)	Based on agreement	-
14	Wu Han Far Eastern Industrial Trading Ltd.	Far Eastern Industries (Shanghai) Ltd.	3	Accounts payables	296,906	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	(33,687)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Sales revenue	19,473	Based on agreement	
		Far Eastern Industries (Shanghai) Ltd.	3	Cost of goods sold	(1,307,067)	Based on agreement	
		Far Eastern Industries (Shanghai) Ltd.	3	Sales revenue	30,252	Based on agreement	
15	Oriental Petrochemical (Shanghai) Corp.	Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	(1,934,598)	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts payables	1,643	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Notes receivable	(198,545)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Accounts payables	119,090	Based on agreement	
		Shanghai YuanHua Logistic Corporation	3	Administrative expenses – transportation	(26,015)	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Sales revenue	2,087,617	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales revenue	6,837,908	Based on agreement	
		Shanghai YuanHua Logistic Corporation	3	Other receivable	(39,249)	Based on agreement	
		Shanghai Far Eastern IT Corp.	3	Administrative expenses – internet services	(8,479)	Based on agreement	
		Far Eastern Industries (Shanghai) Ltd.	3	Administrative expenses- Others	(9,668)	Based on agreement	
		Pacific Petrochemical (Holding) Ltd.	3	Other payables	802,643	Based on agreement	
		PET Far Eastern (Holding) Ltd.	3	Other payables	802,643	Based on agreement	
		Far Eastern Polychem Industries Ltd.	3	Other payables	138,528	Based on agreement	
16	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Far Eastern Apparel (Suzhou)	3	Accounts receivable	(66,643)	Based on agreement	-
		Far Eastern Apparel (Suzhou)	3	Sales revenue	202,077	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Operating revenue	237,026	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts payables	129,323	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
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 2 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	- -
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 YuanHua 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)

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: Flow of transaction

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, 2008.

(Concluded)

FAR EASTERN TEXTILE LTD. AND SUBSIDIARIES

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

Industry Information	2007								2006							
	Spinning, Weaving		Real Estate		Tele- communication s		Adjustment and Total		Spinning, Weaving		Real Estate		Tele- communication s		Adjustment and Total	
	Polyester	and Dyeing	Development	Investment	Construction	Eliminations	(Note A)	Polyester	and Dyeing	Development	Investment	Construction	Eliminations	(Note A)		
Sales to customers	\$ 85,119,320	\$ 17,032,074	\$ 384,585	\$ 3,077,251	\$ 63,218,425	\$ 4,111,131	\$ -	\$ 172,942,786	\$ 78,652,563	\$ 14,813,141	\$ 455,594	\$ 1,998,549	\$ 64,431,990	\$ 3,460,969	\$ -	\$ 163,812,806
Intracompany sales (Note B)	22,041,434	577,346	82,679	-	6,054	-	(22,707,513)	-	13,078,097	942,607	-	-	-	-	(14,020,704)	-
Total revenue	<u>\$ 107,160,754</u>	<u>\$ 17,609,420</u>	<u>\$ 467,264</u>	<u>\$ 3,077,251</u>	<u>\$ 63,224,479</u>	<u>\$ 4,111,131</u>	<u>\$ (22,707,513)</u>	<u>\$ 172,942,786</u>	<u>\$ 91,730,660</u>	<u>\$ 15,755,748</u>	<u>\$ 455,594</u>	<u>\$ 1,998,549</u>	<u>\$ 64,431,990</u>	<u>\$ 3,460,969</u>	<u>\$ (14,020,704)</u>	<u>\$ 163,812,806</u>
Segment operating income (Note C)	<u>\$ 903,065</u>	<u>\$ 484,490</u>	<u>\$ 224,804</u>	<u>\$ 1,885,011</u>	<u>\$ 14,297,135</u>	<u>\$ 206,474</u>	<u>\$ -</u>	<u>\$ 18,000,979</u>	<u>\$ 670,325</u>	<u>\$ 138,595</u>	<u>\$ 172,054</u>	<u>\$ 1,870,387</u>	<u>\$ 14,429,920</u>	<u>\$ 290,087</u>	<u>\$ -</u>	<u>\$ 17,571,368</u>
Equity in net loss of investees								(168,042)								4,473,374
General income, net								3,239,383								2,904,678
Interest expense								(2,791,776)								(2,372,921)
General expenses (Note D)								(5,030,751)								(1,937,268)
Income before income tax								<u>\$ 13,249,793</u>								<u>\$ 20,639,231</u>
Identifiable assets (Note E)	<u>\$ 79,258,587</u>	<u>\$ 19,934,281</u>	<u>\$ 21,917,013</u>	<u>\$ 3,556,777</u>	<u>\$ 84,788,175</u>	<u>\$ 5,281,015</u>	<u>\$ -</u>	<u>\$ 214,735,848</u>	<u>\$ 61,345,250</u>	<u>\$ 26,040,036</u>	<u>\$ 21,435,433</u>	<u>\$ 940,306</u>	<u>\$ 91,762,291</u>	<u>\$ 4,727,136</u>	<u>\$ -</u>	<u>\$ 206,250,452</u>
Long-term stock investments								48,681,533								56,201,529
General assets								7,404,557								10,457,167
Total assets								<u>\$ 270,821,938</u>								<u>\$ 272,909,148</u>
Depreciation expense	<u>\$ 3,646,187</u>	<u>\$ 429,959</u>	<u>\$ 32,135</u>	<u>\$ -</u>	<u>\$ 11,133,754</u>	<u>\$ 4,926</u>			<u>\$ 1,450,088</u>	<u>\$ 1,899,620</u>	<u>\$ 33,669</u>	<u>\$ 13,277</u>	<u>\$ 11,483,917</u>	<u>\$ 5,063</u>		
Capital expenditures	<u>\$ 3,735,160</u>	<u>\$ 878,982</u>	<u>\$ 667,105</u>	<u>\$ 1,988,674</u>	<u>\$ 7,198,774</u>	<u>\$ -</u>			<u>\$ 7,199,789</u>	<u>\$ 3,891,317</u>	<u>\$ 137,572</u>	<u>\$ -</u>	<u>\$ 6,058,316</u>	<u>\$ 14,351</u>		

Notes A: The Far Eastern Textile Ltd. and subsidiaries operate principally in five segments: Polyester, spinning, weaving and dyeing and apparels; 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, excluding:

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