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Far Eastern Textile Ltd.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
Far Eastern Textile Ltd.

We have audited the accompanying balance sheets of Far Eastern Textile Ltd. (the "Company") as of December 31, 2007 and 2006 and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. However, we did not audit the financial statements of certain investees as of and for the years ended December 31, 2007 and 2006. Stock investments in these companies, either held directly or indirectly by the Company, were all accounted for by the equity method. The carrying values of these investments, included in the accompanying balance sheets, were 1.94% (NT\$2,830,233 thousand or US\$87,272 thousand) and 3.73% (NT\$4,761,701 thousand or US\$146,830 thousand) of the Company's total assets as of December 31, 2007 and 2006, respectively. As shown in the accompanying statements of income, the Company's equity in net losses of NT\$216,742 thousand (US\$6,683 thousand) and that of the foregoing investees of NT\$34,659 thousand (US\$1,069 thousand) were (1.92%) and (0.39%), respectively, of the Company's income before income tax in 2007 and 2006, respectively. The financial statements of these investees were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts pertaining to the above investments, is based solely on the reports of the other auditors.

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

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

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

We have also audited the consolidated financial statements of Far Eastern Textile Ltd. for the years ended December 31, 2007 and 2006 and have expressed a modified unqualified opinion thereon also dated March 10, 2008 based on our audits and the reports of the other auditors.

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

March 10, 2008

Notice to Readers

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

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

FAR EASTERN TEXTILE LTD.

BALANCE SHEETS
DECEMBER 31, 2007 AND 2006
(In Thousands, Except Par Value)

ASSETS	New Taiwan Dollars				U.S. Dollars (Note 4)		LIABILITIES AND STOCKHOLDERS' EQUITY	New Taiwan Dollars				U.S. Dollars (Note 4)		
	2007	%	2006	%	2007	2006		2007	%	2006	%	2007	2006	
	Amount		Amount		Amount	Amount	Amount		Amount		Amount	Amount		
CURRENT ASSETS														
Cash (Note 5)	\$ 7,090,598	5	\$ 2,016,583	2	\$ 218,643	\$ 62,183			\$ 2,855,477	2	\$ 4,808,953	4	\$ 88,050	\$ 148,287
Financial assets at fair value through profit or loss - current (Notes 2, 3 and 6)	143,455	-	21,688	-	4,424	669			-	-	599,232	-	-	18,478
Notes receivable (Notes 2, 21 and 22)	856,005	1	636,146	1	26,395	19,616			8,828	-	23,428	-	272	722
Accounts receivable, net (Notes 2 and 21)	6,772,300	5	5,511,420	4	208,828	169,948			3,465,635	2	2,484,029	2	106,865	76,597
Inventories, net (Notes 2 and 7)	6,535,287	5	5,589,943	4	201,520	172,370			1,711,055	1	1,332,934	1	52,761	41,102
Other financial assets - current (Note 21)	275,904	-	382,988	-	8,508	11,810				-	-	-	12,081	-
Prepaid expenses (Note 21)	540,677	-	484,936	1	16,672	14,953			391,781	-	-	-	9,187	8,166
Deferred income taxes - current (Notes 2 and 17)	189,246	-	215,779	-	5,836	6,654			297,941	-	264,820	-	123,343	61,671
Other current assets	253,196	-	186,195	-	7,807	5,741			4,000,000	3	2,000,000	2	19,522	16,938
									633,098	1	549,277	-		
Total current assets	22,656,668	16	15,045,678	12	698,633	463,944			13,363,815	9	12,062,673	9	412,081	371,961
MUTUAL FUNDS AND INVESTMENTS (Notes 2, 8, 9 and 22)														
Financial assets carried at cost - noncurrent	53,667	-	109,355	-	1,655	3,372								
Equity-method investments	106,612,437	73	95,384,347	75	3,287,463	2,941,238			6,525,680	4	5,500,000	4	201,224	169,596
Total mutual funds and investments	106,666,104	73	95,493,702	75	3,289,118	2,944,610			31,356,800	22	24,980,000	20	966,907	770,274
Derivative financial liabilities for hedging - noncurrent (Notes 2 and 3)									63,816	-	88,999	-	1,968	2,744
Total long-term liabilities									37,946,296	26	30,568,999	24	1,170,099	942,614
RESERVE FOR LAND VALUE INCREMENT TAX (Note 10)									1,018,899	1	1,018,899	1	31,418	31,418
OTHER LIABILITIES														
Accrued pension cost (Notes 2 and 20)									1,268,089	1	1,550,290	2	39,102	47,804
Deferred income (Notes 2 and 21)									50,194	-	50,194	-	1,548	1,548
Other liabilities (Note 23)									615	-	268,057	-	19	8,266
Total other liabilities									1,318,898	1	1,868,541	2	40,669	57,618
Total liabilities									53,647,908	37	45,519,112	36	1,654,267	1,403,611
STOCKHOLDERS' EQUITY														
Capital stock - NT\$10 par value														
Authorized - 4,950,000 thousand shares in 2007 and 2006									-	-	-	-	-	-
Issued and outstanding - 4,480,347 thousand shares in 2007 and 4,349,851 thousand shares in 2006									44,803,469	31	43,498,513	34	1,381,545	1,341,306
Capital surplus														
Additional paid-in capital									932,814	-	932,814	1	28,764	28,764
Equity in capital surplus reported by investees									8,386,464	6	6,878,584	5	258,602	212,106
Others									8,719	-	8,719	-	269	269
Total capital surplus									9,327,997	6	7,820,117	6	287,635	241,139
Retained earnings														
Legal reserve									7,061,162	5	6,231,874	5	217,735	192,164
Special reserve									3,034,766	2	3,378,850	2	93,579	104,189
Unappropriated earnings									13,247,308	9	9,864,900	8	408,489	304,191
Total retained earnings									23,343,236	16	19,475,624	15	719,803	600,544
Other stockholders' equity														
Unrealized valuation gain on financial assets									4,268,337	3	1,823,497	1	131,617	56,229
Cumulative translation adjustments									1,706,254	1	845,490	1	52,613	26,071
Unrealized revaluation increment on properties									8,566,640	6	8,848,431	7	264,158	272,847
Net loss not recognized as pension cost									(69,966)	-	(60,797)	-	(2,157)	(1,875)
Total other stockholders' equity									14,471,265	10	11,456,621	9	446,231	353,272
Net stockholders' equity									91,945,967	63	82,250,875	64	2,835,214	2,536,261
TOTAL	\$ 145,593,875	100	\$ 127,769,987	100	\$ 4,489,481	\$ 3,939,872	TOTAL	\$ 145,593,875	100	\$ 127,769,987	100	\$ 4,489,481	\$ 3,939,872	

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

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

FAR EASTERN TEXTILE LTD.**STATEMENTS OF INCOME**
YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Thousands, Except Earnings Per Share)

	New Taiwan Dollars				U.S. Dollars (Note 4)	
	2007		2006		2007	2006
	Amount	%	Amount	%	Amount	Amount
REVENUES						
Sales (Notes 2 and 21)	\$ 49,720,776	101	\$ 40,200,106	101	\$ 1,533,172	\$ 1,239,596
Less: Sales returns and allowances	<u>574,165</u>	<u>1</u>	<u>572,806</u>	<u>1</u>	<u>17,705</u>	<u>17,663</u>
Net sales	49,146,611	100	39,627,300	100	1,515,467	1,221,933
Processing service income	<u>7,379</u>	<u>-</u>	<u>2,240</u>	<u>-</u>	<u>228</u>	<u>69</u>
Total revenues	<u>49,153,990</u>	<u>100</u>	<u>39,629,540</u>	<u>100</u>	<u>1,515,695</u>	<u>1,222,002</u>
COSTS OF REVENUES						
Cost of sales (Notes 18 and 21)	43,688,540	89	36,451,081	92	1,347,164	1,123,993
Cost of processing services	<u>6,714</u>	<u>-</u>	<u>2,275</u>	<u>-</u>	<u>207</u>	<u>70</u>
Total costs of revenues	<u>43,695,254</u>	<u>89</u>	<u>36,453,356</u>	<u>92</u>	<u>1,347,371</u>	<u>1,124,063</u>
GROSS PROFIT	<u>5,458,736</u>	<u>11</u>	<u>3,176,184</u>	<u>8</u>	<u>168,324</u>	<u>97,939</u>
OPERATING EXPENSES (Notes 18 and 21)						
Marketing	3,096,484	6	2,381,433	6	95,482	73,433
General and administrative	815,607	2	752,631	2	25,150	23,208
Research and development	<u>510,243</u>	<u>1</u>	<u>460,702</u>	<u>1</u>	<u>15,734</u>	<u>14,206</u>
Total operating expenses	<u>4,422,334</u>	<u>9</u>	<u>3,594,766</u>	<u>9</u>	<u>136,366</u>	<u>110,847</u>
OPERATING GAIN (LOSS)	<u>1,036,402</u>	<u>2</u>	<u>(418,582)</u>	<u>(1)</u>	<u>31,958</u>	<u>(12,908)</u>
NONOPERATING INCOME AND GAINS						
Equity in net income of investees, net (Notes 2 and 9)	11,282,355	23	9,870,166	25	347,899	304,353
Reversal of loss on inventories (Notes 2 and 7)	144,736	-	-	-	4,463	-
Interest (Note 21)	113,743	-	80,888	-	3,507	2,494
Exchange profit, net (Note 2)	102,915	-	69,219	-	3,173	2,134
Valuation gain on financial assets, net (Notes 2, 3, and 6)	66,656	-	600	-	2,055	19
Rental (Note 21)	10,148	-	9,847	-	313	304
Gain on disposal of property, plant and equipment	8,524	-	63,329	-	263	1,953
Cash dividends	7,177	-	4,148	-	221	128
Gain on sale of investments, net (Note 9)	3,033	-	208,159	1	94	6,419
Valuation gain on financial liabilities, net (Notes 2 and 6)	-	-	20,333	-	-	627
Others (Notes 6 and 21)	<u>214,034</u>	<u>1</u>	<u>175,657</u>	<u>-</u>	<u>6,600</u>	<u>5,416</u>
Total nonoperating income and gains	<u>11,953,321</u>	<u>24</u>	<u>10,502,346</u>	<u>26</u>	<u>368,588</u>	<u>323,847</u>
NONOPERATING EXPENSES AND LOSSES						
Interest (Notes 10 and 21)	964,040	2	869,368	2	29,727	26,808
Impairment losses on nonoperating properties (Note 2)	65,452	-	47,484	-	2,018	1,464
Valuation loss on financial liabilities, net (Notes 2 and 6)	55,361	-	-	-	1,707	-
Impairment loss on financial assets measured at holding cost (Notes 2 and 8)	2,957	-	722	-	91	22
Allowance for loss on inventories	-	-	34,000	-	-	1,048
Others (Notes 6 and 21)	<u>628,099</u>	<u>1</u>	<u>822,217</u>	<u>2</u>	<u>19,368</u>	<u>25,354</u>
Total nonoperating expenses and losses	<u>1,715,909</u>	<u>3</u>	<u>1,773,791</u>	<u>4</u>	<u>52,911</u>	<u>54,696</u>
INCOME BEFORE INCOME TAX	11,273,814	23	8,309,973	21	347,635	256,243
INCOME TAX BENEFIT (Notes 2 and 17)	<u>93,283</u>	<u>-</u>	<u>27,210</u>	<u>-</u>	<u>2,876</u>	<u>839</u>
NET INCOME	<u>\$ 11,367,097</u>	<u>23</u>	<u>\$ 8,337,183</u>	<u>21</u>	<u>\$ 350,511</u>	<u>\$ 257,082</u>

(Continued)

FAR EASTERN TEXTILE LTD.**STATEMENTS OF INCOME**
YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Thousands, Except Earnings Per Share)

	New Taiwan Dollars				U.S. Dollars (Note 4)			
	2007		2006		2007		2006	
	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income	Income Before Income Tax	Net Income
EARNINGS PER SHARE (Note 19)								
Basic	<u>\$ 2.52</u>	<u>\$ 2.54</u>	<u>\$ 1.85</u>	<u>\$ 1.86</u>	<u>\$ 0.08</u>	<u>\$ 0.08</u>	<u>\$ 0.06</u>	<u>\$ 0.06</u>

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

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

(Concluded)

FAR EASTERN TEXTILE LTD.**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Capital Stock Issued and Outstanding (Note 16)		Capital Surplus (Notes 2 and 16)	Retained Earnings (Notes 2, 16 and 17)			Unrealized Valuation Gain (Loss) on Financial Instruments (Note 2)	Cumulative Translation Adjustments (Note 2)	Unrealized Revaluation Increment on Properties (Note 10)	Net Loss not Recognized as Pension Cost	Total Stockholders' Equity	
	Shares in Thousand	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings						Total
BALANCE, JANUARY 1, 2006	4,103,633	\$41,036,333	\$ 8,046,874	\$ 5,410,930	\$ 3,535,789	\$ 9,296,039	\$ 18,242,758	\$ (632,230)	\$ 707,385	\$ 8,847,006	\$ (419,240)	\$75,828,886
Reversal of special reserve to unappropriated earnings	-	-	-	-	(156,939)	156,939	-	-	-	-	-	-
Appropriation of the 2005 earnings:												
Legal reserve	-	-	-	820,944	-	(820,944)	-	-	-	-	-	-
Stock dividends - NT\$0.6 per share	246,218	2,462,180	-	-	-	(2,462,180)	(2,462,180)	-	-	-	-	-
Cash dividends - NT\$1.0 per share	-	-	-	-	-	(4,103,633)	(4,103,633)	-	-	-	-	(4,103,633)
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-	(494,201)	(494,201)	-	-	-	-	(494,201)
Balance after appropriations	4,349,851	43,498,513	8,046,874	6,231,874	3,378,850	1,572,020	11,182,744	(632,230)	707,385	8,847,006	(419,240)	71,231,052
Net income in 2006	-	-	-	-	-	8,337,183	8,337,183	-	-	-	-	8,337,183
Adjustments due to changes in investees' equity in long-term investments	-	-	(204,277)	-	-	(44,303)	(44,303)	2,544,726	273,454	1,425	8,289	2,579,314
Effect of change in ownership percentage due to investees' issuance of capital stock for cash	-	-	(22,480)	-	-	-	-	-	-	-	-	(22,480)
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	(78,361)	-	-	(78,361)
Reversal of net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	350,154	350,154
Unrealized loss on cash flow hedged	-	-	-	-	-	-	-	(88,999)	-	-	-	(88,999)
Adjustments on stockholders' equity due to the sale of long-term equity investments	-	-	-	-	-	-	-	-	(56,988)	-	-	(56,988)
BALANCE, DECEMBER 31, 2006	4,349,851	43,498,513	7,820,117	6,231,874	3,378,850	9,864,900	19,475,624	1,823,497	845,490	8,848,431	(60,797)	82,250,875
Provision for special reserve	-	-	-	-	(344,084)	344,084	-	-	-	-	-	-
Appropriation of the 2006 earnings:												
Legal reserve	-	-	-	829,288	-	(829,288)	-	-	-	-	-	-
Stock dividends - NT\$0.3 per share	130,496	1,304,956	-	-	-	(1,304,956)	(1,304,956)	-	-	-	-	-
Cash dividends - NT\$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)	76,072,215
Net income in 2007	-	-	-	-	-	11,367,097	11,367,097	-	-	-	-	11,367,097
Adjustments due to changes in investees' equity in long-term investments	-	-	1,507,880	-	-	(15,869)	(15,869)	2,419,658	750,972	(281,791)	(9,169)	4,371,681
Unrealized loss on cash flow hedged	-	-	-	-	-	-	-	25,182	-	-	-	25,182
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	109,792	-	-	109,792
BALANCE, DECEMBER 31, 2007	<u>4,480,347</u>	<u>\$44,803,469</u>	<u>\$ 9,327,997</u>	<u>\$ 7,061,162</u>	<u>\$ 3,034,766</u>	<u>\$ 13,247,308</u>	<u>\$ 23,343,236</u>	<u>\$ 4,268,337</u>	<u>\$ 1,706,254</u>	<u>\$ 8,566,640</u>	<u>\$ (69,966)</u>	<u>\$91,945,967</u>

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

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

FAR EASTERN TEXTILE LTD.

(USD)STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Thousands of U.S. Dollars, Except Dividends Per Share - Note 4)

	Capital Stock Issued and Outstanding (Note 16)		Capital Surplus (Notes 2 and 16)	Retained Earnings (Notes 2, 16 and 17)			Unrealized Valuation Gain (Loss) on Financial Instruments (Note 2)	Cumulative Translation Adjustments (Note 2)	Unrealized Revaluation Increment on Properties (Note 10)	Net Loss not Recognized as Pension Cost	Total Stockholders' Equity	
	Shares in Thousand	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings						Total
BALANCE, JANUARY 1, 2006	4,103,633	\$ 1,265,383	\$ 248,131	\$ 166,850	\$ 109,028	\$ 286,649	\$ 562,527	\$ (19,495)	\$ 21,813	\$ 272,803	\$ (12,928)	\$ 2,338,234
Reversal of special reserve to unappropriated earnings	-	-	-	-	(4,839)	4,839	-	-	-	-	-	-
Appropriation of the 2005 earnings:												
Legal reserve	-	-	-	25,314	-	(25,314)	-	-	-	-	-	-
Stock dividends - US\$0.019 per share	246,218	75,923	-	-	-	(75,923)	(75,923)	-	-	-	-	-
Cash dividends - US\$0.031 per share	-	-	-	-	-	(126,537)	(126,537)	-	-	-	-	(126,537)
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-	(15,239)	(15,239)	-	-	-	-	(15,239)
Balance after appropriations	4,349,851	1,341,306	248,131	192,164	104,189	48,475	344,828	(19,495)	21,813	272,803	(12,928)	2,196,458
Net income in 2006	-	-	-	-	-	257,082	257,082	-	-	-	-	257,082
Adjustments due to changes in investees' equity in long-term investments	-	-	(6,299)	-	-	(1,366)	(1,366)	78,468	8,432	44	256	79,535
Effect of change in ownership percentage due to investees' issuance of capital stock for cash	-	-	(693)	-	-	-	-	-	-	-	-	(693)
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	(2,417)	-	-	(2,417)
Reversal of net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	-	10,797	10,797
Unrealized loss on cash flow hedged	-	-	-	-	-	-	-	(2,744)	-	-	-	(2,744)
Adjustments on stockholders' equity due to the sale of long-term equity investments	-	-	-	-	-	-	-	-	(1,757)	-	-	(1,757)
BALANCE, DECEMBER 31, 2006	4,349,851	1,341,306	241,139	192,164	104,189	304,191	600,544	56,229	26,071	272,847	(1,875)	2,536,261
Provision for special reserve	-	-	-	-	(10,610)	10,610	-	-	-	-	-	-
Appropriation of the 2006 earnings												
Legal reserve	-	-	-	25,571	-	(25,571)	-	-	-	-	-	-
Stock dividends - US\$0.009 per share	130,496	40,239	-	-	-	(40,239)	(40,239)	-	-	-	-	-
Cash dividends - US\$0.04 per share	-	-	-	-	-	(174,370)	(174,370)	-	-	-	-	(174,370)
Remuneration to directors and supervisors and bonus to employees	-	-	-	-	-	(16,153)	(16,153)	-	-	-	-	(16,153)
Balance after appropriations	4,480,347	1,381,545	241,139	217,735	93,579	58,468	369,782	56,229	26,071	272,847	(1,875)	2,345,738
Net income in 2007	-	-	-	-	-	350,511	350,511	-	-	-	-	350,511
Adjustments due to changes in investees' equity in long-term investments	-	-	46,496	-	-	(490)	(490)	74,611	23,158	(8,689)	(282)	134,804
Unrealized loss on cash flow hedged	-	-	-	-	-	-	-	777	-	-	-	777
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	3,384	-	-	3,384
BALANCE, DECEMBER 31, 2007	<u>4,480,347</u>	<u>\$ 1,381,545</u>	<u>\$ 287,635</u>	<u>\$ 217,735</u>	<u>\$ 93,579</u>	<u>\$ 408,489</u>	<u>\$ 719,803</u>	<u>\$ 131,617</u>	<u>\$ 52,613</u>	<u>\$ 264,158</u>	<u>\$ (2,157)</u>	<u>\$ 2,835,214</u>

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

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

FAR EASTERN TEXTILE LTD.**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Thousands)**

	New Taiwan Dollars		U.S. Dollars (Note 4)	
	2007	2006	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 11,367,097	\$ 8,337,183	\$ 350,511	\$ 257,082
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	1,938,483	2,143,711	59,774	66,103
Amortization of deferred costs	48,261	48,558	1,488	1,497
Impairment loss on financial assets carried at cost	2,957	722	91	22
Provision (reversal of allowance) for losses on inventories	(144,736)	34,000	(4,463)	1,048
Amortization on discount of exchangeable bonds	17,337	-	535	-
Equity in net income of investees, net	(11,282,355)	(9,870,166)	(347,899)	(304,353)
Cash dividends received on equity-method investments	6,968,885	8,774,320	214,890	270,562
Provision for pension costs	113,047	173,471	3,486	5,349
Net gain on disposal of properties	(5,331)	(59,637)	(164)	(1,839)
Impairment losses on idle properties	65,452	47,484	2,018	1,464
Gain on sale of investments, net	(3,033)	(208,159)	(94)	(6,419)
Net changes in operating assets and liabilities				
Financial assets held for trading	(121,767)	18,244	(3,755)	563
Financial liabilities held for trading	378,750	-	11,679	-
Notes receivable	(219,859)	(85,368)	(6,779)	(2,632)
Accounts receivable	(1,260,880)	(740,812)	(38,880)	(22,843)
Inventories	(800,608)	140,476	(24,687)	4,332
Other financial assets - current	107,084	(182,255)	3,302	(5,620)
Prepaid expenses	(55,741)	(258,342)	(1,719)	(7,966)
Other current assets	(67,001)	(12,892)	(2,066)	(398)
Notes payable	(14,600)	18,623	(450)	574
Accounts payable	981,606	104,708	30,268	3,229
Accrued expenses	378,121	28,391	11,660	875
Advances from customers	33,121	(101,513)	1,021	(3,130)
Other current liabilities	(2,825)	149,699	(87)	4,616
Net cash provided by operating activities	<u>8,421,465</u>	<u>8,500,446</u>	<u>259,680</u>	<u>262,116</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds of the disposal of available-for-sale financial assets - current	-	57,091	-	1,760
Proceeds of the disposal of financial assets carried at cost - noncurrent	-	167,863	-	5,176
Proceeds of the disposal of long-term equity investments	-	209,992	-	6,475
Increase in long-term equity investments	(2,401,361)	(4,877,942)	(74,048)	(150,414)
Repayments from stock reduction of investees	23,978	-	739	-
Acquisition of properties	(1,458,201)	(1,427,392)	(44,965)	(44,015)
Proceeds of the disposal of properties	18,986	273,921	585	8,447
Increase in patents	-	(5,000)	-	(154)
(Increase) decrease in other assets	(16,862)	19,293	(520)	595
Net cash used in investing activities	<u>(3,833,460)</u>	<u>(5,582,174)</u>	<u>(118,209)</u>	<u>(172,130)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of short-term bank loans	(1,953,476)	(43,517)	(60,237)	(1,342)
Repayments of commercial paper issued	(599,232)	(159,014)	(18,478)	(4,903)
Payments of cash dividends, remuneration to directors and supervisors and bonus to employees	(6,078,983)	(4,572,882)	(187,449)	(141,008)
Increase in long-term liabilities	6,376,800	2,520,535	196,633	77,722
Issuance (payments) for bonds	3,008,343	(2,300,000)	92,764	(70,922)
Decrease in other liabilities	(267,442)	-	(8,247)	-

(Continued)

FAR EASTERN TEXTILE LTD.**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Thousands)**

	New Taiwan Dollars		U.S. Dollars (Note 4)	
	2007	2006	2007	2006
Net cash provided by (used in) financing activities	<u>486,010</u>	<u>(4,554,878)</u>	<u>14,986</u>	<u>(140,453)</u>
NET INCREASE (DECREASE) IN CASH	5,074,015	(1,636,606)	156,457	(50,467)
CASH, BEGINNING OF YEAR	<u>2,016,583</u>	<u>3,653,189</u>	<u>62,183</u>	<u>112,648</u>
CASH, END OF YEAR	<u>\$ 7,090,598</u>	<u>\$ 2,016,583</u>	<u>\$ 218,640</u>	<u>\$ 62,181</u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION				
Interest paid	\$ 1,236,278	\$ 859,021	\$ 38,121	\$ 26,488
Less: Capitalized interest	<u>70,602</u>	<u>53,881</u>	<u>2,177</u>	<u>1,661</u>
Interest paid (excluding capitalized interest)	<u>\$ 1,165,676</u>	<u>\$ 805,140</u>	<u>\$ 35,944</u>	<u>\$ 24,827</u>
Income tax paid	<u>\$ 10,424</u>	<u>\$ 7,575</u>	<u>\$ 321</u>	<u>\$ 234</u>
CASH PAID FOR ACQUISITION OF PROPERTIES				
Increase in properties	\$ 1,746,002	\$ 1,650,497	\$ 53,839	\$ 50,894
Add: Payables for acquisition of properties, beginning of year	35,819	49,341	1,104	1,522
Advances to suppliers of machine and equipment, end of year	87,320	55,465	2,693	1,711
Constructions in progress, end of year	1,870,069	2,186,550	57,665	67,424
Less: Advances to suppliers of machine and equipment, beginning of year	(55,465)	(307,454)	(1,710)	(9,481)
Constructions in progress, beginning of year	(2,186,550)	(2,171,188)	(67,424)	(66,950)
Payables for acquisition of properties, end of year	<u>(38,994)</u>	<u>(35,819)</u>	<u>(1,202)</u>	<u>(1,105)</u>
Cash paid for acquisition of properties	<u>\$ 1,458,201</u>	<u>\$ 1,427,392</u>	<u>\$ 44,965</u>	<u>\$ 44,015</u>
NONCASH FINANCING ACTIVITIES				
Current portion of long-term liabilities	<u>\$ 4,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 123,343</u>	<u>\$ 61,671</u>

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

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

(Concluded)

FAR EASTERN TEXTILE LTD.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2007 AND 2006 (In Thousands, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

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

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

Far Eastern Textile Ltd. had 5,188 and 5,144 employees as of December 31, 2007 and 2006, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

Current and Noncurrent Assets and Liabilities

Current assets are cash or cash equivalents, assets held mainly for trading and other assets to be converted into cash or consumed within 12 months after the balance sheet date. Properties, intangible assets, and other assets not included as current assets are classified under noncurrent assets. Current liabilities are obligations to be settled within 12 months after the balance sheet date. All other liabilities are classified as noncurrent liabilities.

Financial Instruments at Fair Value through Profit or Loss

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

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

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

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

Available-for-sale Financial Assets

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

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

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

Revenue Recognition, Accounts Receivable and Allowance for Doubtful Accounts

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

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

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

Inventories

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

Financial Assets Carried at Cost

Investments in equity instruments without quoted market prices in an active market, including investments in unlisted stocks and emerging stocks, are measured at cost upon initial recognition. The accounting treatment for dividends are similar to that of available-for-sale financial assets. An impairment loss should be recognized as a charge to current income if there is objective evidence that a financial asset is impaired. This loss cannot be reversed.

Equity-method Investments

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

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

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

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

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

Properties and Rental Assets

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

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

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

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

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

Intangible Assets

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

Idle Assets

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

Deferred Charges

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

Impairment Loss

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

Deferred Income

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

Exchangeable Bonds

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

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

Pension Costs

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

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

Income Tax

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

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

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

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

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

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

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

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

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

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

Hedging Derivative Financial Instruments

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

Hedge Accounting

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

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

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

3. CHANGES IN ACCOUNTING PRINCIPLES

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 effects on income before income tax, net income and earnings per share after tax in the year ended December 31, 2007.

The Corporation adopted on January 1, 2006 the newly issued SFAS No. 34 - "Financial Instruments: Recognition and Measurement" and No. 36 - "Financial Instruments: Disclosure and Presentation" and the revisions of previously issued SFASs in harmonizing with SFAS Nos. 34 and 36.

Effects of accounting changes:

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

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

	As Cumulative Effect of Changes in Accounting Principle (After Tax)		As Adjustments to Stockholders' Equity (After Tax)	
	NT\$	US\$ (Note 4)	NT\$	US\$ (Note 4)
Available-for-sale financial assets - current	\$ -	\$ -	\$ 41,090	\$ 1,258
Hedging derivative financial liabilities - noncurrent	-	-	(85,465)	(2,616)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44,375)</u>	<u>\$ (1,358)</u>

The above accounting changes had no effects on income before income tax, net income and earnings per share after tax in the year ended December 31, 2006.

The Company adopted the revised ROC SFAS No. 1 - "Conceptual Framework for Financial Accounting and Preparation of Financial Statements"; No. 5 - "Long-term Investments in Equity Securities"; and No. 25 - "Business Combinations - Accounting Treatment under the Purchase Method." These revisions stated that the difference between the cost of an investment and the amount of the underlying equity in net assets of an investee should no longer be amortized and instead should be tested for impairment loss periodically. The adoption of the revised standards resulted in increases of NT\$26,441 thousand (US\$815 thousand) in net income before income tax expense without any cumulative changes in accounting principles and of NT\$0.006 (US\$0.00019) in basic earnings per share after income tax in the year ended December 31, 2006.

In addition, the Company adopted the newly-amended ROC Statements of Financial Standards ("Statements" or SFAS) starting January 1, 2007, the accounts pertaining to the effects of the accounting changes have been reclassified as follows:

Balance Sheet	As of December 31, 2006 (Before Reclassification)		As of December 31, 2006 (After Reclassification)	
	NT\$	US\$ (Note 4)	NT\$	US\$ (Note 4)
Deferred expense - computer software	\$ 97,826	\$ 3,017	\$ -	\$ -
Intangible asset - computer software cost	-	-	97,826	3,017

4. TRANSLATIONS INTO U.S. DOLLARS

The financial statements are stated in New Taiwan dollars. The translations of the 2007 and 2006 New Taiwan dollars into U.S. dollars are included solely for the convenience of readers, using the exchange rate of NT\$32.43 to US\$1.00 published by the Bank of Taiwan as of December 31, 2007. The convenience translations should not be construed as representations that the New Taiwan dollar amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other exchange rate.

5. CASH

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Cash on hand	\$ 3,873	\$ 3,636	\$ 119	\$ 112
Checking accounts	27,092	25,258	836	779
Savings accounts	1,153,796	824,238	35,578	25,416
Time deposits - 1.97%-4.72% interest in 2007 and 2.60%-5.33% interest in 2006	<u>5,905,837</u>	<u>1,163,451</u>	<u>182,110</u>	<u>35,876</u>
	<u>\$ 7,090,598</u>	<u>\$ 2,016,583</u>	<u>\$ 218,643</u>	<u>\$ 62,183</u>

As of December 31, 2007 and 2006, the foreign demand deposits in U.S.A. (New York) was NT\$344 thousand (US\$11 thousand) and NT\$354 thousand (US\$11 thousand), respectively.

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

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

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Financial assets held for trading</u>				
Cotton futures contracts	\$ 31,456	\$ 16,981	\$ 970	\$ 524
Adjustment for valuation	<u>7,499</u>	<u>4,707</u>	<u>230</u>	<u>145</u>
	38,955	21,688	1,200	669
Exchangeable bonds collection right	<u>104,550</u>	<u>-</u>	<u>3,224</u>	<u>-</u>
	<u>\$ 143,455</u>	<u>\$ 21,688</u>	<u>\$ 4,424</u>	<u>\$ 669</u>
<u>Financial liabilities held for trading</u>				
Exchangeable bonds exchange right	\$ 347,750	\$ -	\$ 10,723	\$ -
Exchangeable bonds redemption right	31,000	-	956	-
Forward exchange contracts	<u>13,031</u>	<u>-</u>	<u>402</u>	<u>-</u>
	<u>\$ 391,781</u>	<u>\$ -</u>	<u>\$ 12,081</u>	<u>\$ -</u>

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

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

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

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

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

	December 31, 2007		
	Currency	Maturity Date	Contract Amount (in Thousands)
<u>December, 2007</u>			
Sell	EUR/US\$	2008/2/27	EUR2,000/USD2,871
Sell	US\$/NT\$	2008/1/4-2008/3/12	USD77,000/NTD2,481,255

Regarding to the issued exchangeable bonds in 2007, the Company separately recognized imbedded derivatives and main debt instruments. Besides, imbedded derivatives are measured at fair value and recognized as financial assets and liabilities at fair value through profit or loss.

Net gains on derivative financial instruments were NT\$11,295 thousand (US\$348 thousand) and NT\$20,933 thousand (US\$645 thousand) in the years ended December 31, 2007 and 2006, respectively.

7. INVENTORIES

	New Taiwan Dollars		U.S. Dollars (Note 4)	
	2007	2006	2007	2006
Finished goods	\$ 2,376,804	\$ 2,193,178	\$ 73,290	\$ 67,628
Work in process	2,003,513	1,753,327	61,781	54,066
Raw materials	2,395,382	2,094,814	73,863	64,595
Supplies	389,852	323,624	12,021	9,979
	<u>7,165,551</u>	<u>6,364,943</u>	<u>220,955</u>	<u>196,268</u>
Less: Allowance for losses	<u>630,264</u>	<u>775,000</u>	<u>19,435</u>	<u>23,898</u>
	<u>\$ 6,535,287</u>	<u>\$ 5,589,943</u>	<u>\$ 201,520</u>	<u>\$ 172,370</u>

8. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	<u>New Taiwan Dollars</u>				<u>U. S. Dollars (Note 4)</u>	
	<u>2007</u>		<u>2006</u>		<u>2007</u>	<u>2006</u>
	<u>Carrying Value</u>	<u>% of Owner -ship</u>	<u>Carrying Value</u>	<u>% of Owner -ship</u>	<u>Carrying Value</u>	<u>Carrying Value</u>
Unlisted common stocks						
Hantech Venture Capital Corp.	\$ 53,667	3.73	\$ 70,129	3.63	\$ 1,655	\$ 2,162
New Century InfoComm Tech Co. (NCIC)	-	-	39,226	0.10		1,210
	<u>\$ 53,667</u>		<u>\$ 109,355</u>		<u>\$ 1,655</u>	<u>\$ 3,372</u>

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

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

New Century InfoComm Tech Co. (NCIC) conducted stock reduction in August 2007. Every one thousand share was cut off 157.895 shares and NT\$7,516 thousand (US\$232 thousand) was returned to the Company.

Hantech Venture Capital Corp. conducted stock reduction in November 2007. Every one thousand share was cut off 250 shares and NT\$16,462 thousand (US\$508 thousand) was returned to the Company.

The value of the investees of financial assets carried at cost - noncurrent had been considered impaired and the chance for recovery is little. Thus, permanent decline losses on these investments of NT\$2,957 thousand (US\$91 thousand) and of NT\$722 thousand (US\$22 thousand) were recognized respectively in 2007 and 2006.

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 since then indirectly gains significant influence on NCIC, and starting on December 31, 2007, related investments are classified using equity method.

9. EQUITY-METHOD INVESTMENTS

	New Taiwan Dollars				U. S. Dollars (Note 4)	
	2007		2006		2007	2006
	Carrying Value	% of Ownership	Carrying Value	% of Ownership	Carrying Value	Carrying Value
With quoted market prices:						
Asia Cement Corp. (ACC)	\$ 13,312,429	24.05	\$ 10,896,207	24.05	\$ 410,497	\$ 335,992
Far Eastern Department Stores (FEDS)	3,874,707	16.80	3,373,879	16.80	119,479	104,036
Oriental Union Chemical Corp.	1,151,125	9.19	1,050,638	9.21	35,496	32,397
Far Eastern International Commercial Bank	708,164	3.88	737,454	3.88	21,837	22,740
Everest Textile Co., Ltd. (Everest Textile)	<u>1,640</u>	0.03	<u>1,562</u>	0.03	<u>51</u>	<u>48</u>
	<u>19,048,065</u>		<u>16,059,740</u>		<u>587,360</u>	<u>495,213</u>
With no quoted market prices:						
Yuang Ding Investment Corporation	38,225,370	100.00	35,290,956	100.00	1,178,704	1,088,219
Far Eastern Resources Development Co., Ltd. (Note 10)	15,261,547	100.00	15,278,067	100.00	470,600	471,109
Yuang Tong Investment Corporation	7,718,546	100.00	7,337,498	100.00	238,006	226,256
Far Eastern Investment (Holding) Ltd.	5,351,578	100.00	3,019,511	100.00	165,019	93,110
Kai-Yuan International Investment Co.	3,493,944	100.00	2,990,015	100.00	107,738	92,199
Yuang Ding Co.	3,386,357	37.13	2,699,585	37.13	104,420	83,243
Far Eastern Polytex (Holding) Ltd.	2,658,679	100.00	2,498,785	100.00	81,982	77,052
Oriental Securities Corp.	2,385,109	19.65	2,231,127	19.65	73,546	68,798
Ding-Yuan International Investment Co.	2,121,482	100.00	2,021,785	100.00	65,417	62,343
Far Eastern Polychem Industries Ltd.	1,989,856	37.79	1,098,743	37.79	61,358	33,880
Far Eastern Construction Co.	1,651,101	65.11	1,275,600	65.11	50,913	39,334
Pacific Liu Tong Investment Corporation	1,186,438	16.83	1,093,750	16.83	36,585	33,726
INVISTA Far Eastern Petrochemicals Co., Ltd.	959,543	21.00	1,415,538	21.00	29,588	43,649
An Ho Garment Co.	959,375	100.00	922,968	100.00	29,583	28,461
Fu Kwork Garment Manufacturing Co.	124,126	99.99	92,760	99.99	3,828	2,860
Ding Ding Hotel Corp.	58,939	19.00	53,748	19.00	1,817	1,657
New Century InfoComm Tech Co. (NCIC) (Note 8)	28,753	0.10	-	-	887	-
Yuan Faun Ltd.	<u>3,629</u>	4.00	<u>4,171</u>	4.00	<u>112</u>	<u>129</u>
	<u>87,564,372</u>		<u>79,324,607</u>		<u>2,700,103</u>	<u>2,446,025</u>
	<u>\$106,612,437</u>		<u>\$ 95,384,347</u>		<u>\$ 3,287,463</u>	<u>\$ 2,941,238</u>

The combined equity of the Company and subsidiaries in FEDS, Everest Textile, Pacific Liu Tong Investment Corporation, Oriental Securities Corp., Yuan Faun Ltd., and NCIC, exceeded 20% of the outstanding common stock of these investees. Thus, related investments were accounted for by the equity method.

Investments in Far Eastern International Commercial Bank, Oriental Union Chemical Corp., and Ding Ding Hotel Corp. were accounted for by the equity method since the Company exercised significant influence over them although it owned less than 20% of these investees' voting stock.

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

In December, 2006, the Company sold to Da Ju Fiber Corp. all its holding of 44 thousand shares of Malaysia Garment Manufacturer Pte. Ltd., amounting NT\$209,992 thousand (US\$6,475 thousand). The Company recorded NT\$139,964 thousand (US\$4,316 thousand) as realized income from this sale.

In 2006, the Company bought 38 thousand common shares of Far Eastern Polytex (Holding) Ltd. for NT\$2,502,777 thousand (US\$77,175 thousand) at US\$2,000 per share.

Pacific Liu Tong Investment Corp. (PLTIC) raised cash capital by issuing new common shares on July 17, 2006. The Company, Kai Yuan International Investment Corp., Ding Yuan International Investment Corp. and Yuan Tong Investment Corp. all gave up their rights to subscribe for the new shares. But An Ho Garment Co., Ltd., Yuan Ding Investment Corp. and Da Ju Fiber Co., Ltd. subscribed for 60,508 thousand shares, amounting to NT\$841,061 thousand (US\$25,935 thousand) at NT\$13.90 (US\$0.43) per share. After PLTIC's capital increased, the percentages of ownership by the Company and by the Company plus its subsidiaries decreased from 26.89% to 16.83% and from 44.84% to 43.13%, respectively.

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

In 2007, the Company bought 600 thousand common shares that were newly issued by Far Eastern Investment (Holding) Ltd. (F.E.I.H.) for NT\$1,592,160 thousand (US\$49,095 thousand) at US\$80 per share.

Also in the same year, the Company bought 84,988 thousand common shares that were newly issued by Far Eastern Polychem Industries Ltd. (F.E.P.I.) for NT\$809,201 thousand (US\$24,952 thousand) at US\$0.29 per share.

The market value of equity-method investment in listed companies were NT\$42,176,567 thousand (US\$1,300,542 thousand) and NT\$25,331,913 thousand (US\$781,126 thousand) in December 31, 2007 and 2006, respectively.

The difference between the cost of an investment and the amount of the underlying equity in net assets of an investee arisen from equity-method investees, belonged to good will, should no longer be amortized, since the Company adopted the newly revised related financial accounting standards. As of January 1, 2007 and 2006, the balances of the difference were all NT\$99,821 thousand (US\$3,078 thousand), and it didn't change in the year ended December 31, 2007 and 2006.

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.

On August 11, 2006, the Company announced a proposal to withdraw from FETC by unconditionally donating its Yuang Tong Investment Co. and Far EasTone's stockholding to the Government. Far EasTone's Board of Directors approved this proposal on August 22, 2006, while those of Tunag Tong Investment Co. approved this proposal on August 23, 2006. However, TANFB already replied officially to these two companies not to accept the donation on August 17, 2007.

On February 14, 2007, the board of directors of Far EasTone approved a cooperation plan with Q-ware System Inc. ("Q-ware") to operate WiFly and other businesses agreed upon by both Far EasTone and Q-ware. After obtaining the authorities' approval of this agreement, Far EasTone, as a specific person, subscribed for 36,460 thousand newly issued shares (NT\$13.60 per share) of Q-ware Com. for NT\$495,855 thousand (US\$15,290 thousand) on July 2, 2007. On July 3, 2007, Q-ware spun off its WiFly business, with a net worth of NT\$349,301 thousand (US\$10,771 thousand), to Q-ware Com. and received 34,930 thousand new shares of Q-ware Com. for this spin-off. 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.

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To enhance the return of stockholders' equity, Far EasTone's board of directors proposed on April 30, 2007 to reduce capital by returning NT\$7,745,326 thousand (US\$238,832 thousand) in cash to stockholders and decreasing common stock by 774,533 thousand shares. This capital reduction was approved at the stockholders' meeting on June 12, 2007. However, since Far EasTone issued 160,370 thousand shares to exchange for New Century InfoComm Tech Co., Ltd.'s common shares held by Infocom Holding Company Pte Ltd. and SingTel Taiwan Limited on December 31, 2007 (Note 8), there were decreases in the capital reduction ratio from 20% to 19.204715% and in the cash return per share from NT\$2.00 to NT\$1.9204715. The paid-in capital was NT\$32,585,008 thousand (US\$1,004,780 thousand) after the capital reduction on January 15, 2008. On January 22, 2008, this capital reduction was registered with the MOEA. Far EasTone's board of directors resolved that March 17, 2008 would be the share exchange date of the capital reduction, which had been approved by the authority.

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

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

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

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

As of December 31, 2007 and 2006, the Company, Yuan Ding Investment Corp., Far Eastern Resources Development Co., Yuan Tong Investment Corp., Far Eastern Investment (Holding) Ltd. (F.E.I.H), Kai Yuan International Investment Corp., Far Eastern Polytex (Holding) Ltd., Ding Yuan International Investment Corp., Far Eastern Polychem Industries Ltd. (F.E.P.I.), Far Eastern Construction Co., Ltd., An Ho Garment Co., Ltd., Fu Kwok Garment Manufacturing Co., Ltd., and Yuan Faun Ltd. were included in the Company's consolidated financial statements.

10. PROPERTIES

a.

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Cost	\$ 49,715,925	\$ 48,289,926	\$ 1,533,023	\$ 1,489,051
Appreciation				
Land	2,647,082	2,647,082	81,624	81,624
Buildings and equipment	250,778	250,778	7,733	7,733
Machinery and equipment	181,568	185,864	5,599	5,731
Miscellaneous equipment	<u>6,241</u>	<u>6,242</u>	<u>192</u>	<u>192</u>
	<u>3,085,669</u>	<u>3,089,966</u>	<u>95,148</u>	<u>95,280</u>
Total cost and appreciation	<u>52,801,594</u>	<u>51,379,892</u>	<u>1,628,171</u>	<u>1,584,331</u>
Accumulated depreciation				
Cost				
Buildings and equipment	3,352,141	3,166,635	103,365	97,645
Machinery and equipment	34,260,711	32,911,286	1,056,452	1,014,842
Miscellaneous equipment	<u>1,954,155</u>	<u>1,836,342</u>	<u>60,258</u>	<u>56,625</u>
	<u>39,567,007</u>	<u>37,914,263</u>	<u>1,220,075</u>	<u>1,169,112</u>
Appreciation				
Buildings and equipment	168,837	163,690	5,206	5,047
Machinery and equipment	181,378	185,542	5,593	5,721
Miscellaneous equipment	<u>6,241</u>	<u>6,242</u>	<u>192</u>	<u>192</u>
	<u>356,456</u>	<u>355,474</u>	<u>10,991</u>	<u>10,960</u>
Total accumulated depreciation	<u>39,923,463</u>	<u>38,269,737</u>	<u>1,231,066</u>	<u>1,180,072</u>
	12,878,131	13,110,155	397,105	404,259
Construction in progress	1,870,069	2,186,550	57,665	67,425
Advances for acquisition of equipment	<u>87,320</u>	<u>55,465</u>	<u>2,693</u>	<u>1,710</u>
Net properties	<u>\$ 14,835,520</u>	<u>\$ 15,352,170</u>	<u>\$ 457,463</u>	<u>\$ 473,394</u>

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

Depreciation expenses for properties were NT\$1,803,567 thousand (US\$55,614 thousand) and NT\$2,006,002 thousand (US\$61,857 thousand) in the years ended December 31, 2007 and 2006, respectively.

b. Capitalized interest on properties was as follows:

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Total interest expense	\$ 1,034,642	\$ 923,249	\$ 31,904	\$ 28,469
Less - interest capitalized -				
2.18%-2.98% in 2007 and				
2.15%-2.50% in 2006	70,602	53,881	2,177	1,661

Construction in progress is associated with the ongoing extension of the hybrid optical film plant in Hsin Pu, which is expected to be completed in 2008.

11. NONOPERATING PROPERTIES, NET

New Taiwan Dollars						
December 31, 2007						
	Cost	Appreciation (Note 11)	Accumulated Depreciation		Impairment Loss	Carrying Amount
			Cost	Appreciation (Note 11)		
<u>Properties leased to others - operating rental</u>						
Land	\$ 5,335	\$ 26,736	\$ -	\$ -	\$ -	\$ 32,071
Building and equipment	9,025	1,201	1,800	104	-	8,322
Machinery and equipment	11	6	9	3	-	5
Furniture and miscellaneous equipment	504	-	196	-	-	308
	<u>14,875</u>	<u>27,943</u>	<u>2,005</u>	<u>107</u>	<u>-</u>	<u>40,706</u>
<u>Idle properties</u>						
Land	938	38,378	-	-	-	39,316
Building and equipment	279,640	8,419	64,273	965	22,709	200,112
Machinery and equipment	601,128	10	200,761	10	90,220	310,147
Furniture and miscellaneous equipment	3,962	-	3,955	-	7	-
	<u>885,668</u>	<u>46,807</u>	<u>268,989</u>	<u>975</u>	<u>112,936</u>	<u>549,575</u>
	<u>\$ 900,543</u>	<u>\$ 74,750</u>	<u>\$ 270,994</u>	<u>\$ 1,082</u>	<u>\$ 112,936</u>	<u>\$ 590,281</u>

New Taiwan Dollars						
December 31, 2006						
	Cost	Appreciation (Note 11)	Accumulated Depreciation		Impairment Loss	Carrying Amount
			Cost	Appreciation (Note 11)		
<u>Properties leased to others - operating rental</u>						
Land	\$ 8,849	\$ 26,736	\$ -	\$ -	\$ -	\$ 35,585
Building and equipment	9,025	1,201	958	53	-	9,215
Machinery and equipment	11	6	7	2	-	8
Furniture and miscellaneous equipment	504	-	104	-	-	400
	<u>18,389</u>	<u>27,943</u>	<u>1,069</u>	<u>55</u>	<u>-</u>	<u>45,208</u>
<u>Idle properties</u>						
Land	938	38,378	-	-	-	39,316
Building and equipment	279,629	8,419	50,327	408	22,709	214,604
Machinery and equipment	403,289	10	81,866	10	24,775	296,648
Furniture and miscellaneous equipment	3,955	-	3,955	-	-	-
	<u>687,811</u>	<u>46,807</u>	<u>136,148</u>	<u>418</u>	<u>47,484</u>	<u>550,568</u>
	<u>\$ 706,200</u>	<u>\$ 74,750</u>	<u>\$ 137,217</u>	<u>\$ 473</u>	<u>\$ 47,484</u>	<u>\$ 595,776</u>

U.S. Dollars (Note 4)						
December 31, 2007						
	Cost	Appreciation (Note 11)	Accumulated Depreciation		Impairment Loss	Carrying Amount
			Cost	Appreciation (Note 11)		
<u>Properties leased to others - operating rental</u>						
Land	\$ 165	\$ 824	\$ -	\$ -	\$ -	\$ 989
Building and equipment	278	37	56	3	-	257
Machinery and equipment	-	-	-	-	-	-
Furniture and miscellaneous equipment	16	-	6	-	-	9
	<u>459</u>	<u>861</u>	<u>62</u>	<u>3</u>	<u>-</u>	<u>1,255</u>
<u>Idle properties</u>						
Land	29	1,183	-	-	-	1,212
Building and equipment	8,623	260	1,982	30	700	6,171
Machinery and equipment	18,536	-	6,191	-	2,782	9,564
Furniture and miscellaneous equipment	122	-	122	-	-	-
	<u>27,310</u>	<u>1,443</u>	<u>8,295</u>	<u>30</u>	<u>3,482</u>	<u>16,947</u>

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\$ 27,769 \$ 2,304 \$ 8,357 \$ 33 \$ 3,482 \$ 18,202

U.S. Dollars (Note 4)						
December 31, 2006						
	Accumulated Depreciation		Accumulated			
	Cost	Appreciation (Note 11)	Cost	Appreciation (Note 11)	Impairment Loss	Carrying Amount
<u>Properties leased to others - operating rental</u>						
Land	\$ 273	\$ 824	\$ -	\$ -	\$ -	\$ 1,097
Building and equipment	278	37	30	2	-	285
Machinery and equipment	-	-	-	-	-	-
Furniture and miscellaneous equipment	16	-	3	-	-	12
	<u>567</u>	<u>861</u>	<u>33</u>	<u>2</u>	<u>-</u>	<u>1,394</u>
<u>Idle properties</u>						
Land	29	1,183	-	-	-	1,213
Building and equipment	8,623	260	1,552	13	700	6,617
Machinery and equipment	12,436	-	2,524	-	764	9,1147
Furniture and miscellaneous equipment	122	-	122	-	-	-
	<u>21,210</u>	<u>1,443</u>	<u>4,198</u>	<u>13</u>	<u>1,464</u>	<u>16,977</u>
	<u>\$ 21,777</u>	<u>\$ 2,304</u>	<u>\$ 4,231</u>	<u>\$ 15</u>	<u>\$ 1,464</u>	<u>\$ 18,371</u>

Depreciation on properties leased to others amounted to NT\$987 thousand (US\$30 thousand) in 2007 and NT\$1,124 thousand (US\$35 thousand) in 2006.

12. FARMLAND

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

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

13. SHORT-TERM BANK LOANS

	New Taiwan Dollars		U.S. Dollars (Note 4)	
	2007	2006	2007	2006
Unsecured loans: Interest - 4.865%-6.34% in 2007 and 1.7300%-6.4667% in 2006 and include US\$87,766 thousand and US\$84,750 thousand on December 31, 2007 and 2006, respectively	\$ 2,855,477	\$ 4,699,185	\$ 88,050	\$ 144,902
Secured loans: Interest - 1.750%-6.334% in 2006 and include US\$1,217 thousand on December 31, 2006	<u>-</u>	<u>109,768</u>	<u>-</u>	<u>3,385</u>
	<u>\$ 2,855,477</u>	<u>\$ 4,808,953</u>	<u>\$ 88,050</u>	<u>\$ 148,287</u>

14. COMMERCIAL PAPER

	<u>As of December 31, 2006</u>		
	Floating Interest Rate	NT\$	US\$ (Note 4)
Commercial paper	1.798%	\$ 600,000	\$ 8,501
Less: Discounted commercial paper		<u>768</u>	<u>24</u>
		<u>\$ 599,232</u>	<u>\$ 8,525</u>

15. LONG-TERM LIABILITIES

	<u>New Taiwan Dollars</u>			<u>U.S. Dollars (Note 4)</u>		
	Current	Long-term	Total	Current	Long-term	Total
<u>December 31, 2007</u>						
Long-term debts:						
Bank loans	\$ -	\$ 28,910,000	\$ 28,910,000	\$ -	\$ 891,459	\$ 891,459
Commercial paper	<u>-</u>	<u>2,446,800</u>	<u>2,446,800</u>	<u>-</u>	<u>75,449</u>	<u>75,449</u>
	<u>-</u>	<u>31,356,800</u>	<u>31,356,800</u>	<u>-</u>	<u>966,908</u>	<u>966,908</u>
Bonds:						
Nonconvertible	4,000,000	4,300,000	8,300,000	123,343	132,593	255,936
Exchangeable bond	-	2,500,000	2,500,000	-	77,089	77,089
Discounted exchangeable bond	<u>-</u>	<u>(274,320)</u>	<u>(274,320)</u>	<u>-</u>	<u>(8,459)</u>	<u>(8,459)</u>
	<u>4,000,000</u>	<u>6,525,680</u>	<u>10,525,680</u>	<u>123,343</u>	<u>201,223</u>	<u>324,566</u>
	<u>\$ 4,000,000</u>	<u>\$ 37,882,480</u>	<u>\$ 41,882,480</u>	<u>\$ 123,343</u>	<u>\$ 1,168,131</u>	<u>\$ 1,291,474</u>
<u>December 31, 2006</u>						
Long-term debts:						
Bank loans	\$ -	\$ 24,980,000	\$ 24,980,000	\$ -	\$ 770,274	\$ 770,274
Bonds:						
Nonconvertible	<u>2,000,000</u>	<u>5,500,000</u>	<u>7,500,000</u>	<u>61,671</u>	<u>169,596</u>	<u>231,267</u>
	<u>\$ 2,000,000</u>	<u>\$ 30,480,000</u>	<u>\$ 32,480,000</u>	<u>\$ 61,671</u>	<u>\$ 939,870</u>	<u>\$ 1,001,541</u>

Bank interest rates were 2.297%-3.90% in 2007 and 1.70%-2.64% in 2006 and are repayable in New Taiwan Dollars in one lump sum on maturity at varying amounts until November 2010.

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

Nonconvertible bonds are repayable in one lump sum on maturity through November 2010, with interest of 0%-2.8% in 2007 and 0%-5.301% in 2006.

FETL issued five-year nonconvertible bonds as follows:

- a. 68th tranche on June 26, 2002. The total face value of the bonds is NT\$2,000,000 thousand (US\$61,671 thousand), with each bond having a face value of NT\$1,000 thousand (US\$31 thousand). These bonds are repayable in lump sum on maturity. Interests are calculated quarterly and repayable annually. The Company already redeemed the full amount in June 2007.

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- b. 69th tranche on January 28, 2003. These bonds have an aggregate face value of NT\$1,000,000 thousand (US\$30,856 thousand), with each unit having a face value of NT\$1,000 thousand (US\$31 thousand). They are repayable in lump sum on maturity, with composite interest calculated semiannually and paid annually. The composite interest rate were 0% as of December 31, 2007 and December 31, 2006.
- c. 70th tranche on August 4 to 6, 2003. These bonds have an aggregate face value of NT\$2,000,000 thousand (US\$61,671 thousand), with each unit having a face value of NT\$10,000 thousand (US\$308 thousand). They are repayable in lump sum on maturity, with composite interest calculated semiannually and paid annually. The composite interest rate were 0% as of December 31, 2007 and December 31, 2006.
- d. 71st tranche on October 22, 2003. These bonds have an aggregate face value of NT\$1,000,000 thousand (US\$30,836 thousand), with each unit having a face value of NT\$10,000 thousand (US\$308 thousand). They are repayable in lump sum on maturity, with composite interest calculated semiannually and paid annually. The composite interest rate were 0% as of December 31, 2007 and December 31, 2006.
- e. 72nd tranche on August 13, 2004. The total face value of the bond is NT\$1,500,000 thousand (US\$46,253 thousand), with each unit having a face value of NT\$10,000 thousand. These bonds are repayable in lump sum on maturity, with the same interest rate of 1.68% as of December 31, 2007 and 2006, respectively. Interest is calculated quarterly and paid annually.

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

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

To hedge the risk on interest rate fluctuation of nonconvertible bonds (69th to the 72nd tranches), the Company entered into interest rate swap contracts.

As of December 31, 2007, the Company had unused credit lines aggregating NT\$22,968,223 thousand (US\$708,240 thousand) (including the share credit of NT\$1,800,000 thousand (US\$55,504 thousand) with Yuang Ding Investment Corp.).

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

Other bond issuance terms are as follows:

- a. Exchangeable period:

The bondholders can exchange their bonds for Asia Cement Corporation's (ACC) shares under the bond terms at any time between October 15, 2007, the day after the issuance date, and September 4, 2012, the 10th day before the maturity date, except during the period starting from (a) the third day before the ex-right date of stock dividend issuance, (b) the third day before the ex-right date of cash dividend issuance, (c) the third day before the ex-right date of new share issuance, or (d) the third day before the

ex-right date of capital decrease, until the effective date of dividend or new share distribution or of capital decrease. In addition, bondholders also cannot exchange bonds for ACC's shares in the period for which this exchange is prohibited by law.

b. Exchange price

- 1) The exchange price was NT\$57.88 (US\$2) 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 Asia Cement Co., Ltd. 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, stock dividends transferred to common stock from additional paid-in capital, stock bonus of employees, new share issuance due to mergers, stock splits, issuance of overseas depositary receipts; etc.; (c) if securities with conversion rights or stock rights have a lower conversion or exercise price than the market price of ACC's stocks; (d) if ACC's common shares for reasons other than the write-off of treasury shares; or (e) if the ratio of cash dividends to the market value of the common stock is higher than 1.5%. The original exchange price of NT\$57.88 (US\$1.77) was unchanged as of December 31, 2007.

c. Call option:

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

d. Put option:

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

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

16. STOCKHOLDERS' EQUITY

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

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

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

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

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

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

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

	2006				2005			
	Appropriation and Distribution		Dividend Per Share (Dollars)		Appropriation and Distribution		Dividend Per Share (Dollars)	
	NT\$	US\$ (Note 4)	NT\$	US\$ (Note 4)	NT\$	US\$ (Note 4)	NT\$	US\$ (Note 4)
Legal reserve	\$ 829,288	\$ 25,572			\$ 820,944	\$ 25,314		
Cash dividend	5,654,807	174,370	\$ 1.30	\$ 0.040	4,103,633	126,538	\$ 1.00	\$
Stock dividend	1,304,956	40,239	0.30	0.009	2,462,180	75,923	0.60	
Remuneration of directors and supervisors	224,508	6,923			211,800	6,531		
Bonus of employees	<u>299,345</u>	<u>9,230</u>			<u>282,401</u>	<u>8,708</u>		
	<u>\$ 8,312,904</u>	<u>\$ 256,334</u>			<u>\$ 7,880,958</u>	<u>\$ 243,014</u>		

As of December 31, 2007, stock dividend of NT\$1,304,956 thousand (US\$40,239 thousand) had been included in stock dividend to be distributed. The effective date of this distribution is August 31, 2007 and was approved by the Company's board of directors and registered on September 19, 2007.

Had the above bonuses for employees and directors been distributed and retroactively charged to net income in 2006 and 2005, the basic earnings per share after tax for 2006 and 2005 would have decreased from NT\$1.92 (US\$0.059) to NT\$1.80 (US\$0.056) in 2006 and NT\$2.04 (US\$0.063) to NT\$1.92 (US\$0.059) in 2005.

As of March 10, 2008, the date of the accompanying auditors' report, the board of directors had not approved the proposal on the distribution of the 2007 earnings. Information about 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://emops.tse.com.tw>).

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

17. 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 ninety percent or more of the total number of the subsidiary's issued shares, the company may opt, from after a year of acquiring the subsidiary's shares, to serve as taxpayer for both itself and the subsidiary (i.e., use the linked-tax system) and file a combined final business income tax return.

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

a. Income tax components:

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Income tax expense on income before income tax at statutory rate (25%)	\$ 2,818,443	\$ 2,077,483	\$ 86,909	\$ 64,061
Add (deduct) tax effects of:				
Tax-exempt income	(1,794)	(1,873)	(55)	(58)
Permanent differences	(2,608,901)	(2,195,432)	(80,447)	(67,698)
Temporary differences	(168,017)	119,822	(5,182)	3,695
10% tax on undistributed earnings generated since 1998	2,428	50,240	75	1,549
Investment tax credit	(42,159)	(50,240)	(1,300)	(1,549)
Additional tax effects on linked-tax system for filing with subsidiaries	<u>(93,283)</u>	<u>(28,339)</u>	<u>(2,876)</u>	<u>(874)</u>
Income tax	<u>\$ (93,283)</u>	<u>\$ (28,339)</u>	<u>\$ (2,876)</u>	<u>\$ (874)</u>
Income tax benefit components:				
Current income tax payable	\$ (93,283)	\$ (28,339)	\$ (2,876)	\$ (874)
Income tax adjustment from previous years	-	1,129	-	35
	<u>\$ (93,283)</u>	<u>\$ (27,210)</u>	<u>\$ (2,876)</u>	<u>\$ (839)</u>

b. Deferred income taxes:

Current

Deferred tax assets

Allowance for losses on inventories

\$ 172,812 \$ 208,996 \$ 5,329 \$ 6,445

Unrealized exchange loss

16,434 6,783 507 209

Deferred income tax assets - current, net

\$ 189,246 \$ 215,779 \$ 5,836 \$ 6,654

Noncurrent

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Deferred tax assets				
Accrued pension costs	\$ 310,798	\$ 243,965	\$ 9,584	\$ 7,523
Investment tax credits	386,307	358,046	11,912	11,041
Equity in net loss of investees	84,919	273,561	2,619	8,435
Allowance for losses on properties	162,125	146,512	4,999	4,518
Realized losses on long-term investments	<u>49,746</u>	<u>49,007</u>	<u>1,534</u>	<u>1,511</u>
	993,895	1,071,091	30,648	33,028
Less: Valuation allowance	<u>620,270</u>	<u>723,999</u>	<u>19,127</u>	<u>22,325</u>
Deferred income tax assets	<u>\$ 373,625</u>	<u>\$ 347,092</u>	<u>\$ 11,521</u>	<u>\$ 10,703</u>

c. Unused investment tax credits and loss carryforwards as of December 31, 2007:

Regulatory Basis of Investment Tax Credits	Investment Tax Credit Item	Deductible Amount	Remaining Deductible Amount	Expiry Year
Statute for Upgrading Industries	Automatic equipment	\$ 152,026	\$ 152,026	2010
	Research development	149,001	149,001	2010
	Personnel training	6,168	6,168	2010
	Others	<u>3,603</u>	<u>3,603</u>	2009
		<u>\$ 310,798</u>	<u>\$ 310,798</u>	

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

d. Information on the Integrated Income Tax System:

	FETL	
	NT\$	US\$ (Note 4)
Year-end balances of imputation credit account (ICA)		
December 31, 2007	<u>\$ 457,845</u>	<u>\$ 14,118</u>
December 31, 2006	<u>\$ 304,881</u>	<u>\$ 9,401</u>

The actual ratios of imputation tax credits to undistributed earnings as of December 31, 2007 and 2006, were 3.52% and 19.5%, respectively.

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

As of December 31, 2007 and 2006, there were no unappropriated earnings before December 31, 1997, in unappropriated earnings.

18. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	2007					
	New Taiwan Dollars			U.S. Dollars (Note 4)		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Personnel expense						
Salary	\$ 2,531,550	\$ 916,995	\$ 3,448,545	\$ 78,062	\$ 28,276	\$ 106,338
Labor and health	185,433	47,721	233,154	5,718	1,472	7,189

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insurance						
Pension cost	213,019	73,016	286,035	6,569	2,251	8,820
Other	<u>106,418</u>	<u>90,564</u>	<u>196,982</u>	<u>3,281</u>	<u>2,793</u>	<u>6,074</u>
	<u>\$ 3,036,420</u>	<u>\$ 1,128,296</u>	<u>\$ 4,164,716</u>	<u>\$ 93,630</u>	<u>\$ 34,792</u>	<u>\$ 128,421</u>
Depreciation	<u>\$ 1,681,108</u>	<u>\$ 122,459</u>	<u>\$ 1,803,567</u>	<u>\$ 51,838</u>	<u>\$ 3,776</u>	<u>\$ 55,614</u>
Amortization	<u>\$ 4,078</u>	<u>\$ 44,183</u>	<u>\$ 48,261</u>	<u>\$ 126</u>	<u>\$ 1,362</u>	<u>\$ 1,488</u>

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	2006					
	New Taiwan Dollars			U.S. Dollars (Note 4)		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Personnel expense						
Salary	\$ 2,295,014	\$ 806,504	\$ 3,101,518	\$ 70,768	\$ 24,869	\$ 95,637
Labor and health insurance	182,723	46,704	229,427	5,634	1,440	7,074
Pension cost	278,296	90,580	368,876	8,581	2,793	11,374
Other	113,803	73,877	187,680	3,509	2,278	5,787
	<u>\$ 2,869,836</u>	<u>\$ 1,017,665</u>	<u>\$ 3,887,501</u>	<u>\$ 88,492</u>	<u>\$ 31,380</u>	<u>\$ 119,872</u>
Depreciation	<u>\$ 1,864,769</u>	<u>\$ 141,253</u>	<u>\$ 2,006,022</u>	<u>\$ 57,501</u>	<u>\$ 4,356</u>	<u>\$ 61,857</u>
Amortization	<u>\$ 4,455</u>	<u>\$ 44,103</u>	<u>\$ 48,558</u>	<u>\$ 137</u>	<u>\$ 1,360</u>	<u>\$ 1,497</u>

19. EARNINGS PER SHARE

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

	New Taiwan Dollars					
	Amounts (Numerator)			Shares in Thousands (Denominator)	Earnings Per Share	
	Income Before Income Tax	Net Income	Income Before Income Tax		Net Income	
<u>2007</u>						
Basic EPS	<u>\$ 11,273,814</u>	<u>\$ 11,367,097</u>	<u>4,480,347</u>	<u>\$ 2.52</u>	<u>\$ 2.54</u>	
<u>2006</u>						
Basic EPS	<u>\$ 8,309,973</u>	<u>\$ 8,337,183</u>	<u>4,480,347</u>	<u>\$ 1.85</u>	<u>\$ 1.86</u>	
	U.S. Dollars (Note 4)					
	Amounts (Numerator)			Shares in Thousands (Denominator)	Earnings Per Share	
	Income Before Income Tax	Net Income	Income Before Income Tax		Net Income (Loss)	
<u>2007</u>						
Basic EPS	<u>\$ 347,635</u>	<u>\$ 350,511</u>	<u>4,480,347</u>	<u>\$ 0.08</u>	<u>\$ 0.08</u>	
<u>2006</u>						
Basic EPS	<u>\$ 256,243</u>	<u>\$ 257,082</u>	<u>4,480,347</u>	<u>\$ 0.06</u>	<u>\$ 0.06</u>	

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

20. PENSION PLAN

- a. The Labor Pension Act (the "Act") took effect on July 1, 2005. This Act provides for a defined contribution plan featuring a portable pension. Employees subject to the Labor Standards Law before July 1, 2005 were allowed to choose to remain subject to the pension mechanism under the Labor Standards Law or to be subject instead to the pension mechanism under the Act, with their service years accumulated before the enforcement of this Act to be retained. Those hired on or after July 1, 2005 automatically become subject to the Act.
- b. Based on the Act, the rate of monthly contributions to the employees' individual pension fund accounts starting on July 1, 2005 is at 6% of monthly wages and salaries. The pension costs under the defined contribution plan amounted to NT\$24,791 thousand (US\$764 thousand) and NT\$34,041 thousand (US\$1,050 thousand) in the years ended December 31, 2007 and 2006, respectively.
- c. The Company have a defined benefit pension plan for all regular employees, as required under the Labor Standards Law. Under this pension plan, employees can accumulate two base points for every service year within the first 15 service years and one base point for every service year thereafter. Employees can accumulate up to 45 base points. These companies accrue pension costs on the basis of actuarial calculations and make monthly contributions, at 4% of salaries and wages, to their respective pension funds, which are administered by their respective pension plan committees and deposited in each committee's name in the Bank of Taiwan (the former appointed Central Trust of China was incorporated into Bank of Taiwan in 2007).

Certain information about defined benefit pension plan were as follows:

- a. Net pension cost consists of:

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Service cost	\$ 126,173	\$ 130,220	\$ 3,891	\$ 4,014
Interest cost	123,866	130,468	3,819	4,023
Expected return on pension assets	(136,872)	(92,317)	(4,221)	(2,847)
Amortization	<u>132,185</u>	<u>169,279</u>	<u>4,076</u>	<u>5,220</u>
Net pension cost	<u>\$ 245,352</u>	<u>\$ 337,650</u>	<u>\$ 7,565</u>	<u>\$ 10,411</u>

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

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Benefit obligation:				
Vested benefit obligation	\$ 2,407,645	\$ 1,740,016	\$ 74,241	\$ 53,655
Non-vested benefit obligation	<u>1,957,444</u>	<u>2,063,837</u>	<u>60,359</u>	<u>63,640</u>
Accumulated benefit obligation	4,365,089	3,803,853	134,600	117,295
Additional benefits based on future salaries	<u>882,824</u>	<u>806,764</u>	<u>27,222</u>	<u>24,877</u>
Projected benefit obligation	5,247,913	4,610,617	161,822	142,172
Fair value of plan assets	<u>(3,476,515)</u>	<u>(2,253,563)</u>	<u>(107,201)</u>	<u>(69,490)</u>
Funded status	1,771,398	2,357,054	54,621	72,682
Unrecognized net transition obligation	(488,718)	(610,899)	(15,070)	(18,838)
Unrecognized pension gains	(14,591)	(591,113)	(449)	(18,228)
Additional liability	<u>-</u>	<u>395,248</u>	<u>-</u>	<u>12,188</u>
Accrued pension cost	<u>\$ 1,268,089</u>	<u>\$ 1,550,290</u>	<u>\$ 39,102</u>	<u>\$ 47,804</u>

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	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
c. Vested benefit amounts	\$ 3,015,224	\$ 2,398,344	\$ 92,976	\$ 73,954
d. Actuarial assumptions were as follows:				
Discount rate used in determining present value	2.75%	3.00%	2.75%	3.00%
Future salary increasing rate	2.00%	2.00%	2.00%	2.00%
Expected rate of return on plan assets	6.00%	6.00%	6.00%	6.00%
e. Changes in pension funds				
Contributions	\$ 132,305	\$ 164,179	\$ 4,080	\$ 5,063
Payments	\$ 130,953	\$ 167,097	\$ 4,038	\$ 5,153

21. RELATED-PARTY TRANSACTIONS

The Company's related parties are shown in Schedule A (attached). The Company's related-party transactions in 2007 and 2006 and the related year-end balances, in addition to those mentioned in Notes 9 and 23, are summarized in the accompanying Schedule A, B and C.

22. ASSETS PLEDGED OR MORTGAGED

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

	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Notes receivable	\$ 250,860	\$ 89,396	\$ 7,735	\$ 2,757
Mutual funds and investments	1,131,683	1,337,499	34,896	41,243
Properties, net	5,504,388	6,420,391	169,731	197,977
Nonoperating properties, net	<u>64,085</u>	<u>67,738</u>	<u>1,976</u>	<u>2,089</u>
	\$ 6,951,016	\$ 7,915,024	\$ 214,338	\$ 244,066

23. COMMITMENTS AS OF DECEMBER 31, 2007

- Unused letters of credit aggregated about NT\$2,141,623 thousand (US\$66,038 thousand).
- Unpaid building construction and equipment installation contracts aggregated approximately NT\$90,557 thousand (US\$2,792 thousand).
- Unsettled cotton futures contract amounted to about NT\$610,252 thousand (US\$18,818 thousand).
- Endorsements of promissory notes issued by affiliates or guarantees for liabilities of other affiliates: Schedule E (attached)

- e. The tax authorities of Taipei County imposed a land tax from 1999 to 2003 on the land in Banciao and penalized the Company with a triple fine, totaling NT\$252,442 thousand (US\$7,784 thousand), because the authorities believed that this land, which FETL registered as a property for manufacturing purposes, was being used for general purposes instead and that FETL did not register the change in purpose of the land. The Company disagreed with the tax authorities' decision and applied for reexamination on December 27, 2004. However, after the reexamination, the tax authorities did not reverse their decision. Thus, the Company filed a lawsuit against the authorities on June 1, 2005. Though the result of this case is uncertain, the Company already accrued any 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 an appeal on May 31, 2007. The Company applied for reexamination on July 13, 2007. As of December 31, 2007, this case was still pending and trial continued. The Company has paid all tax fine on August 30, 2007.
- f. Chang Ming-chian, a former director of PLTIC (an equity-method investee of the Company), filed a lawsuit, claiming that the resolutions passed by PLTIC's stockholders in their general meetings on May 9, 2002 and September 21, 2002 were not valid and that the stockholders' rights of FEDS and FETL on PLTIC do not exist. Chang also claimed that PLTIC should pay him NT\$5,000 thousand (US\$154 thousand) in salary and plus interest. The PLTIC asserted that Chang was not its stockholder and his lawsuit was thus groundless. PLTIC added that its board of directors convene PLTIC's general stockholders' meeting and they register with the Ministry of Economic Affairs all resolutions passed at the stockholders' meetings in compliance with legal requirements. The FETL assessed that the possibility of losing this case is low. This case is now under judicial review by the Taiwan Taipei District Civil Court.

24. SUBSEQUENT EVENTS

The subsidiary Yuan Tone Investment Co., Ltd. acquired the issuance of common stock for cash of Sino Belgium (Holding) Limited in Bermuda totaling 9 thousand shares on March 6, 2008. Each share was amounted US\$2,000 and total shares were amounted NT\$556,706 thousand (US\$17,166 thousand).

25. FINANCIAL INSTRUMENTS

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

	December 31 (in New Taiwan Dollars)			
	2007		2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative financial instruments</u>				
Financial assets				
Cash	\$ 7,090,598	\$ 7,090,598	\$ 2,016,583	\$ 2,016,583
Financial assets at fair value through profit or loss - current	-	-	-	-
Notes receivable	856,005	856,005	636,146	636,146
Accounts receivable, net	6,772,300	6,772,300	5,511,420	5,511,420
Other financial assets - current	275,904	275,904	382,988	382,988
Financial assets carried at cost - noncurrent	53,667	73,977	109,335	130,789
Equity-method investments	106,612,437	130,864,680	95,384,347	105,333,436
Refundable deposits (under "other assets - others")	55,248	55,248	53,177	53,177
Financial liabilities				
Short-term bank loans	2,855,447	2,855,447	4,808,953	4,808,953
Commercial paper - current	-	-	599,232	599,232
Notes payable	8,828	8,828	23,428	23,428

(Continued)

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	December 31 (in New Taiwan Dollars)			
	2007		2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Accounts payable	\$ 3,465,635	\$ 3,465,635	\$ 2,484,029	\$ 2,484,029
Accrued expense	1,711,055	1,711,055	1,332,934	1,332,934
Long-term loans (including current portion)	28,910,000	28,910,000	24,980,000	24,980,000
Commercial paper	2,446,800	2,446,800	-	-
Bonds payable (including current portion)	10,525,680	10,663,102	7,500,000	7,503,489
Guarantee deposits received (under "other liabilities - others")	615	615	15,615	15,615

Derivative financial instruments

Foreign				
Cotton futures contracts	38,955	38,955	21,688	21,688
Forward contracts	(13,031)	(13,031)	-	-
Interest rate swap contracts	(63,816)	(63,816)	(88,999)	(88,999)
Exchangeable bonds exchange right	(347,750)	(347,750)	-	-
Exchangeable bonds redemption right	(31,000)	(31,000)	-	-
Exchangeable bonds collection right	104,500	104,500	-	-

	December 31 (in U.S. Dollars) (Note4)			
	2007		2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative financial instruments</u>				
Financial assets				
Cash	\$ 218,643	\$ 218,643	\$ 62,183	\$ 62,183
Financial assets at fair value through profit or loss - current	-	-	-	-
Notes receivable	26,395	26,395	19,616	19,616
Accounts receivable, net	208,828	208,828	169,948	169,948
Other financial assets - current	8,508	8,508	11,810	11,810
Financial assets carried at cost - noncurrent	1,655	2,281	3,372	4,033
Equity-method investments	3,287,463	4,035,297	2,941,238	3,248,025
Refundable deposits (under "other assets - others")	1,704	1,704	1,640	1,640
Financial liabilities				
Short-term bank loans	88,050	88,050	148,287	148,287
Commercial paper - current	-	-	18,478	18,478
Notes payable	272	272	722	722
Accounts payable	106,865	106,865	76,597	76,597
Accrued expense	52,761	52,761	41,102	41,102
Long-term loans (including current portion)	891,459	891,459	770,274	770,274
Commercial paper	75,449	75,449	-	-
Bonds payable (including current portion)	324,566	328,804	231,267	231,375
Guarantee deposits received (under "other liabilities - others")	19	19	481	481

Derivative financial instruments

Foreign				
Cotton futures contracts	1,201	1,201	669	669
Forward contracts	(402)	(402)	-	-
Interest rate swap contracts	(1,968)	(1,968)	(2,744)	(2,744)
Exchangeable bonds exchange right	(10,723)	(10,723)	-	-
Exchangeable bonds redemption right	(956)	(956)	-	-
Exchangeable bonds collection right	3,224	3,224	-	-

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

1) Short-term instruments: The carrying values of short-term instruments reported in the balance

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sheet approximate the fair values of these instruments because of their short maturities.

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

	<u>December 31 (in New Taiwan Dollars)</u>				<u>December 31 (in U.S. Dollars) (Note4)</u>			
	<u>Quoted Price</u>		<u>Estimated Price</u>		<u>Quoted Price</u>		<u>Estimated Price</u>	
	2007	2006	2007	2006	2007	2006	2007	2006
<u>Derivative financial instruments</u>								
Assets								
Financial assets at fair value through profit or loss - current								
- FETL	\$ 38,955	\$ 21,688	\$ -	\$ -	\$ 1,201	\$ 669	\$ -	\$ -
- FEIH	5,331	6,006	-	-	164	185	-	-
Exchangeable bonds collection right								
- FETL	-	-	104,500	-	-	-	3,222	-
Liabilities								
Forward contract - FETL								
- FETL	(13,031)	-	-	-	(402)	-	-	-
- FEIH	(9,887)	(14,391)	-	-	(305)	(444)	-	-
Interest rate swap- FETL								
- Yuan Ding Investment	-	-	(63,816)	(88,999)	-	-	(1,968)	(2,744)
- Far EasTone	-	-	(2,370)	(32,546)	-	-	(73)	(1,004)
Exchangeable bonds exchange right								
- FETL	-	-	(347,750)	-	-	-	(10723)	-
Exchangeable bonds redemption right								
- FETL	-	-	(31,000)	-	-	-	(956)	-

- d. As of December 31, 2007 and 2006, financial assets with fair value risk from interest rate fluctuations amounted to NT\$5,961,085 thousand (US\$183,814 thousand) and NT\$1,216,628 thousand (US\$37,516 thousand), respectively, while financial liabilities with fair value risk from interest rate fluctuations amounted to NT\$10,590,111 thousand (US\$326,553 thousand) and NT\$104,614 thousand (US\$3,226 thousand), respectively. As of December 31, 2007 and 2006, financial assets with cash flow risk from interest rate fluctuations amounted to NT\$1,180,088 thousand (US\$36,389) and NT\$824,238 thousand (US\$25,416), respectively, while financial liabilities with cash flow risk from interest rate fluctuations amounted to NT\$34,212,277 thousand (US\$1,054,958 thousand) and NT\$37,888,185 thousand (US\$1,168,307 thousand), respectively.
- e. For the year ended December 31, 2007 and 2006, financial assets and liabilities not measured by fair value and at fair value with fair value changes in profit or loss, their interest revenues were NT\$113,743 thousand (US\$3,507 thousand) and NT\$80,888 thousand (US\$2,494 thousand), respectively; interest expenses were NT\$964,040 thousand (US\$29,727 thousand) and NT\$869,368 thousand (US\$26,808 thousand), respectively. There were NT\$36,381 thousand (US\$1,122 thousand) excluded from adjustments of stockholders' equity by disposing available-for-sale financial assets, and recorded as current year's profit or loss in the year 2006.
- f. Financial risks

1) Market risk

Forward contracts and currency option contracts

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

The Company had no outstanding currency option contracts as of December 31, 2007 and 2006. As about the outstanding forward contracts of December 31, 2006, please refer to Note 6.

In the years of 2007 and 2006, Oriental Textile Industry Suzhou (OTIZ), Far Eastern Industries (Shanghai) Ltd. (FEIS), Far Eastern Industries (Wuxi) Ltd. (FEIW), and Sino Belgium (Suzhou) Ltd. in China authorized FEIH to use certain derivative financial instruments to hedge overall fluctuations on exchange rates.

The outstanding forward contracts held by FEIH as of December 31, 2007 and 2006 are summarized as follows:

Type of Derivative Instrument	December 31, 2007		
	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2007</u>			
Sell	USD/CAD	2008.1.25-2008.3.25	USD10,000/CAD 9,779
Sell	USD/JPY	2008.1.30	USD7,000/JPY 752,737
Buy	USD/EUR	2008.1.30	USD5,954/EUR 4,000
<u>December 31, 2006</u>			
Sell	USD/JPY	2007.3.12-2007.3.20	USD24,900/JPY2,879,506

The subsidiary, Far Eastern Investment (Holding) Ltd. had net gains of NT\$5,782 thousand (US\$178 thousand) and NT\$45 thousand (US\$1.39 thousand) resulted from derivative financial instruments, respectively in 2007 and 2006.

ARCOA used forward exchange contracts to hedge its exposure to exchange rate fluctuations on firm commitments in 2006. Gains or losses on exchange rates fluctuations of the forward contracts are likely to offset the gains or losses on the hedged items. As a result, no significant exposure to market risk is anticipated.

Interest rate swap contracts

The Company used interest rate swap contracts to hedge fluctuations of interest rates of corporate bonds (69th, 70th, 71st and 72nd tranches) in the years ended December 31, 2007 and 2006.

Yuan Ding Investment entered into interest rate swap contracts to hedge interest rate fluctuations of corporate bonds - ninth issue. 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.

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

Cotton futures contracts

FEIW authorized FEIH to use certain cotton futures contracts to hedge overall fluctuations on

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cotton prices. The strategy is to hedge FEIW's market risk exposure. Since these transactions do not meet the criteria for hedge accounting, they were classified as used for trading purpose. FEIH had no outstanding cotton futures contracts on December 31, 2007 and 2006.

2) Credit risk

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

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

3) Liquidity risk

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

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

4) Cash-flow risk from interest rate fluctuations

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

g. Cash flow hedge

The cash flows on the Company's 69th to 72nd tranches of nonconvertible bonds. Young Ding Investment's 9th tranche nonconvertible bonds, and Far EasTone's Liabilities with floating interest rates are affected by market interest changes. Because the Company evaluated that the cash flow on these bonds risk would be material, the Company used interest rate swaps to hedge interest rate fluctuations.

Hedged Items	Designated Hedging Instruments			Expected Period of Cash Flows	Expected Realization Period of Gains or Losses	
	Designated Financial Instruments	Fair Value				
		December 31 2007	2006			
	NTS	US\$	NTS			
		(Note 4)				
Bonds with floating interest rate	Interest rate swap					
	- FETL	\$ (63,816)	\$ (1,968)	\$ (88,999)	2003-2009	2003-2009
	- Yuan Ding Investment	(2,370)	(73)	(32,546)	2005-2010	2005-2010
	- Far EasTone	(21,601)	(666)	(66,158)	2003-2008	2003-2008

26. ADDITIONAL DISCLOSURES

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

and investees:

- 1) Financing provided: Schedule D (attached)
- 2) Endorsement/guarantee provided: Schedule E (attached)
- 3) Short-term and long-term stock investments held: Schedule F (attached)
- 4) Securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the capital stock: Schedule G (attached)
- 5) Acquisition of individual real states at costs of at least NT\$100 million or 20% of the capital stock: Schedule H (attached)
- 6) Disposal of individual real states at prices of at least NT\$100 million or 20% of the capital stock: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the capital stock: Schedule I (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the capital stock: Schedule J (attached)
- 9) Names, locations, and related information of investees on which the Company exercises significant influence: Schedule K (attached)
- 10) Derivative financial transactions of investees: See Note 25.

b. Investments in Mainland China

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

27. SEGMENT INFORMATION

- a. Industry segment information. Summarized segment information is shown in Schedule M.
- b. Geographic information. The Company had no revenue-generating unit outside Taiwan as of December 31, 2007.

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c. Export sales

Territory	<u>New Taiwan Dollars</u>		<u>U.S. Dollars (Note 4)</u>	
	2007	2006	2007	2006
Asia	\$ 15,700,919	\$ 11,710,268	\$ 484,148	\$ 361,094
America	12,775,774	7,574,695	393,949	233,571
Europe	4,438,741	6,125,075	136,871	188,871
Other	<u>1,363,824</u>	<u>1,337,144</u>	<u>42,054</u>	<u>41,232</u>
	<u>\$ 34,279,258</u>	<u>\$ 26,747,182</u>	<u>\$ 1,057,022</u>	<u>\$ 824,768</u>

d. Major customers. No single customer accounted for at least 10% of the Company's revenues in 2007 and 2006.

SCHEDULE A**FAR EASTERN TEXTILE LTD.****RELATED-PARTIES
DECEMBER 31, 2007**

No.	Related Party	Nature of Relationship
1	Yuang Ding Investment Corporation	a
2	Far Eastern Resources Development Co., Ltd.	a
3	Yuang Tong Investment Co.	a
4	Ding Yuan Investment Corp.	a
5	Kai Yuan Investment Corp.	a
6	An Ho Garment Co., Ltd.	a
7	Far Eastern Apparel Co., Ltd.	a
8	Ming Ding Co.	a
9	Yuan Faun Ltd.	a
10	Da Ju Fiber Corporation	b
11	Yuan Cheng Human Resource Consultant Corp.	a
12	Far Eastern Construction Co., Ltd.	a
13	Far Eastern General Contractor Inc.	a
14	Ding Ding Management Consulting Ltd.	f
15	Far Eastern Electronic Toll Collection Co. Ltd.	a
16	Fu Kwok Garment Manufacturing Co.	a
17	Oriental Resources Development Ltd. (The former "Taiwan Recycling Corp.")	a
18	Far Eastern Investment (Holding) Ltd. (F.E.I.H.)	a
19	FETG Investment Antilles N.V. (F.E.T.G)	a
20	Waldorf Services B.V.	a
21	Flying Dutchman Ltd.	f
22	Pet Far Eastern (M) Sdn. Bhd.	a
23	PET Packaging (HK)	f
24	Filsyn Corporation	f
25	Malaysia Garment Manufactures PTE Ltd.	f
26	Wellknitters Garment Industries Sdn.Bhd.	f
27	Far Eastern Int'l Garment Inc. (F.E.I.G)	f
28	PT.Malaysia Garment Bintan	f
29	Cemtex Development Pte Ltd.	f
30	Cemtex Apparel Inc.	f
31	Far Eastern Polychem Industries Ltd. (F.E.P.I.)	a
32	F.E.D.P. (Holding) Ltd. (F.E.D.P. (H))	a
33	Far Eastern Apparel (Holding) Ltd. (F.E.A.H)	a
34	Oriental Textile (Holding) Ltd. (O.T (H))	a
35	PET Far Eastern (Holding) Ltd. (Pet F.E (H))	a
36	Pacific Petrochemical (Holding) Ltd. (P.P.L (H))	a
37	Far Eastern Industries (Shanghai) Ltd.	a
38	Wuhan Far Eastern New Material Ltd. (The former "Wuhan FEI Trading Ltd.")	a
39	Shanghai Far Eastern IT Corp.	a
40	Shanghai YuanHua Logistic Corporation	a
41	Far Eastern Apparel (Suzhou) Ltd.	a
42	Far Eastern Industries (Suzhou) Ltd.	a

(Continued)

No.	Related Party	Nature of Relationship
43	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	a
44	Far Eastern Industries (Wuxi) Ltd.	a
45	Oriental Petrochemical (Shanghai) Corp.	a
46	Oriental Industries (Suzhou) Ltd.	a
47	Far Eastern Industries (Jiujiang) Ltd.	a
48	Far Eastern Polytex (Holding) Limited	a
49	Far Eastern (China) Investment Corp.	a
50	Sino Belgium (Holding) Limited	a
51	Sino Belgium (Zuzhou) Limited	a
52	Far EasTone Telecommunications Corp.	a
53	KG Telecommunications Co., Ltd.	a
54	E.world (Holdings) Ltd.	a
55	Yuan Cing Co., Ltd.	a
56	Far Eastern Info Service (Holding) Ltd.	a
57	Far Eastern Tech-Info (Shanghai) Ltd.	a
58	KGT International Holding Co., Ltd. (KGTI)	a
59	KGEx.com	a
60	Far Eas Tron Holding Ltd. (Far Eas Tron)	a
61	Arcoa Communication Co., Ltd.	a
62	Far EasTron Co., Ltd.	a
63	Q-Ware Communication Corp.	a
64	New Century Information Communication Co.	b
65	Digital United Inc.	k
66	ADCAST	k
67	Asia Cement Corporation	b and c
68	Chiahui Power Corporation	c
69	Asia Cement (Singapore) Pte. Ltd.	c
70	Asia Continent Investment Holdings Pte Ltd.	c
71	Ya Tung Ready-Mixed Concrete (Singapore) Ltd.	c
72	Kowloon Cement Corp.	c
73	Kowloon Concrete Corp. Ltd.	c
74	Fu-Ming Transportation Co. Ltd.	c
75	Fu Dar Transportation Corporation	c
76	Far Eastern Department Store	b and c
77	Far Eastern Continent Co., Ltd.	c
78	Far Eastern Enterprise	c
79	FEDS Development Ltd. (BVI)	c
80	Bai Ding Investment Ltd.	c
81	FEDS Asia Pacific Development Ltd.	c
82	Ya Tung Department Store	c
83	FECS City Super	c
84	Bai Chin (Singapore) Pte. Ltd.	c
85	FEDS New Century Development Ltd.	c
86	Yu Ming Co., Ltd.	c
87	Bai Yang Investment Co.	c
88	Oriental Securities Co.	b
89	Invista-Far Eastern Co., Ltd.	b
90	Yuang Ding Company	b
91	INVISTA Far Eastern Petrochemicals Co. Ltd.	b
92	Freudenberg Far Eastern Spunweb Co.	b

(Continued)

No.	Related Party	Nature of Relationship
93	Everest Textile Co., Ltd.	b
94	Yuang Ding Leasing Co.	b
95	Pacific Liu Tong Investment Co.	b
96	Pacific SOGO Department Store Co., Ltd.	e
97	Liquid Air Far East Co., Ltd.	b
98	Yue Ding Industry Co., Ltd.	b
99	Far Eastern International Leasing Corp.	b
100	Yu Ming Trading Co., Ltd.	b
101	U-Ming Marine Transport Corp.	c
102	Ding Ding Hotel Corp.	b and c
103	Far Eastern International Commercial Bank	b and c
104	U Ming (Singapore) Pte Ltd.	c
105	U Ming (Hong Kong) Co., Ltd.	c
106	Ding Ding Integrated Marketing Service Co., Ltd.	c
107	Oriental Union Chemical Corp.	b and c
108	Tranquil Enterprise Co., Ltd.	c
109	New Tranquil Enterprise Co., Ltd.	c
110	Far Eastern Alliance Asset Management Co. Ltd.	f
111	Huey Kang Investment Co., Ltd.	d
112	World-Wide Origin Ltd.	c
113	Yuan Ze University	c
114	F.E. Memorial Foundation	c
115	The Oriental Institute of Technology	c
116	Far Eastern Recreation Center Employee's Welfare Committee of Far Eastern Textile Co., Ltd.	g
117	The Affiliated Golf Club of Employees Welfare Committee of Far Eastern Textile Co., Ltd.	g
118	Far Eastern Memorial Hospital	c
119	Yu Chang Vocational School	c
120	Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	c
121	Asia Concrete Corporation	h
122	Hong-Ton Comprehensive Commerce Development Co., Ltd.	i
123	Everest Textile (Shanghai) Ltd.	j
124	Everest Investment (Holding) Ltd.	j

Note:

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

(Concluded)

FAR EASTERN TEXTILE LTD.

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

	Notes	2007			2006	
		NTS	US\$ (Note 4)	%	NTS	%
Sales						
Everest Textile Co.		\$ 402,180	\$ 12,401	1	\$ 497,344	1
Others	b.	<u>738,781</u>	<u>22,781</u>	<u>1</u>	<u>485,091</u>	<u>1</u>
		<u>\$ 1,140,961</u>	<u>\$ 35,182</u>	<u>2</u>	<u>\$ 982,435</u>	<u>2</u>
Sales costs and expenses						
Purchases						
Invista Far Eastern Petrochemicals Co., Ltd.		\$ 8,811,541	\$ 271,710	26	\$ 6,446,113	24
Oriental Union Chemical Corp.		3,342,205	103,059	10	1,995,956	8
Others	b.	<u>272,012</u>	<u>8,388</u>	<u>1</u>	<u>253,426</u>	<u>1</u>
		<u>\$ 12,425,758</u>	<u>\$ 383,157</u>	<u>37</u>	<u>\$ 8,695,495</u>	<u>33</u>
Manufacturing overhead - processing						
Far Eastern Apparel (Suzhou) Ltd.		\$ 402,763	\$ 12,419	5	\$ 401,509	5
Malaysia Garment Manufactures Pte Ltd.		14,647	452	-	68,666	1
Others	b.	<u>70,241</u>	<u>2,166</u>	<u>1</u>	<u>83,494</u>	<u>1</u>
		<u>\$ 487,651</u>	<u>\$ 15,037</u>	<u>6</u>	<u>\$ 553,669</u>	<u>7</u>
Computer processing expenses						
Ding Ding Management Consulting Ltd.		\$ 41,352	\$ 1,275	36	\$ 37,884	35
Others		<u>62</u>	<u>2</u>	<u>-</u>	<u>37</u>	<u>-</u>
		<u>\$ 41,414</u>	<u>\$ 1,277</u>	<u>36</u>	<u>\$ 37,921</u>	<u>35</u>
Rent expense						
Yuan Ding Co.		\$ 155,703	\$ 4,801	72	\$ 158,310	73
Far Eastern Resources Development Co., Ltd.		31,065	958	14	31,287	14
Others	b.	<u>12,751</u>	<u>393</u>	<u>5</u>	<u>10,898</u>	<u>5</u>
		<u>\$ 199,519</u>	<u>\$ 6,152</u>	<u>91</u>	<u>\$ 200,495</u>	<u>92</u>
Nonoperating revenue						
Rent revenue						
Yuan Ze University		\$ 4,617	\$ 142	45	\$ 3,911	40
Far EasTone Telecommunications Corp.		3,428	106	34	2,732	28
Fu-Ming Transportation Co., Ltd.		<u>2,104</u>	<u>65</u>	<u>21</u>	<u>1,921</u>	<u>20</u>
		<u>\$ 10,148</u>	<u>\$ 313</u>	<u>100</u>	<u>\$ 8,564</u>	<u>88</u>
Other revenue - endorsement guarantee revenue						
Yuan Ding Investment Corp.		\$ 10,250	\$ 316	4	\$ -	-
Pacific Liu Tong Investment Corp.		<u>1,123</u>	<u>35</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 11,373</u>	<u>\$ 351</u>	<u>4</u>	<u>\$ -</u>	<u>-</u>

(Continued)

	Notes	2007			2006	
		NTS	US\$ (Note 4)	%	NTS	%
Nonoperating expense						
Other expense						
Far Eastern Apparel Co., Ltd.		\$ 1,957	\$ 60	-	\$ 3,547	1
Others	b.	<u>20,880</u>	<u>644</u>	<u>3</u>	<u>28,172</u>	<u>4</u>
		<u>22,837</u>	<u>704</u>	<u>3</u>	<u>31,719</u>	<u>5</u>
Endorsement/guarantee expense						
Far Eastern Resources Development Co., Ltd.		41,382	1,276	6		
Yuan Ding Investment Corp.		<u>8,600</u>	<u>265</u>	<u>1</u>	-	-
		<u>49,982</u>	<u>1,541</u>	<u>7</u>	-	-
		<u>\$ 72,819</u>	<u>\$ 2,245</u>	<u>10</u>	<u>\$ 31,719</u>	<u>\$ 5</u>

Note:

- For the relationships between FETL and subsidiaries, please refer to schedule A.
- The transaction amount between related-parties was not over 5% of the total amount of the account.
- The terms of FETL's sales to and purchases from the related parties were the same as those for third parties.
- In years 2006, the Company donated NT\$50,000 thousand (US\$1,542 thousand) to Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation to promote the development of society and technology. In year 2006, the Company as well donated NT\$2,736 thousand (US\$84 thousand) to Yuan Ze University.
- In 2006, the Company acquired 69,750 shares of Invista Far Eastern Petrochemicals Co., Ltd. with each share amounted HK\$2.75 from Everest investment (Holding) Ltd. The Company has paid the total amount of the acquired shares of NT\$810,125 thousand (US\$24,981 thousand).

(Concluded)

SCHEDULE C**FAR EASTERN TEXTILE LTD.****RELATED-PARTY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Thousands of New Taiwan Dollars)**

	Notes	2007			2006	
		NTS	US\$ (Note 4)	%	NTS	%
Notes receivable						
Pacific Liu Tong Investment Corp.		\$ 155,250	\$ 4,787	18	\$ -	-
Everest Textile Ltd.		43,588	1,344	5	69,181	11
Others	b.	<u>6,591</u>	<u>203</u>	<u>1</u>	<u>15,307</u>	<u>2</u>
		<u>\$ 205,429</u>	<u>\$ 6,334</u>	<u>24</u>	<u>\$ 84,488</u>	<u>13</u>
Accounts receivables						
Far Eastern Apparel (SuZhou) Ltd.		\$ 117,310	\$ 3,617	2	\$ 48,808	-
Freudenberg Far Eastern Spunweb Co.		70,363	2,170	1	38,165	1
Far Eastern Apparel (Holding) Ltd.		-	-	-	23,204	-
Others	b.	<u>58,965</u>	<u>1,818</u>	<u>1</u>	<u>47,415</u>	<u>2</u>
		<u>\$ 246,638</u>	<u>\$ 7,605</u>	<u>4</u>	<u>\$ 157,592</u>	<u>3</u>
Prepayments						
Far Eastern Apparel (SuZhou) Ltd.		<u>\$ 221,467</u>	<u>\$ 6,829</u>	<u>41</u>	<u>\$ -</u>	<u>-</u>
Other financial assets - current						
Far Eastern Resources Development Co., Ltd.		\$ 65,452	\$ 2,018	24	\$ 31,871	8
Asia Cement Corporation		14,658	452	5	15,485	4
Far Eastern Apparel (SuZhou) Ltd.		-	-	-	13,520	4
Far Eastern Apparel (Holding) Ltd.		-	-	-	32,620	9
Others	b.	<u>54,553</u>	<u>1,682</u>	<u>20</u>	<u>47,727</u>	<u>12</u>
		<u>\$ 134,663</u>	<u>\$ 4,152</u>	<u>49</u>	<u>\$ 141,223</u>	<u>37</u>
Refundable deposits						
Yuan Ding Co.		\$ 33,251	\$ 1,025	60	\$ 33,251	63
Da Ju Fiber Corporation		8,000	247	14	8,000	15
The Affiliated Golf Club of Employees Welfare Committee of Far Eastern Textile Co., Ltd		4,600	142	8	4,600	9
Others	b.	<u>2,449</u>	<u>76</u>	<u>5</u>	<u>748</u>	<u>1</u>
		<u>\$ 48,300</u>	<u>\$ 1,490</u>	<u>87</u>	<u>\$ 46,599</u>	<u>88</u>

(Continued)

	2007			2006		
	Notes	NT\$	US\$ (Note 4)	%	NT\$	%
Accounts payable						
Invista-Far Eastern Co., Ltd.		\$ 728,744	\$ 22,471	18	\$ 808,946	33
Oriental Union Chemical Corp.		548,396	16,910	13	153,568	6
Others	b.	<u>31,386</u>	<u>968</u>	<u>1</u>	<u>21,707</u>	<u>1</u>
		<u>\$ 1,308,526</u>	<u>\$ 40,349</u>	<u>32</u>	<u>\$ 984,221</u>	<u>40</u>
Accrued expense						
Far Eastern Resources Development Co., Ltd.		\$ 59,504	\$ 1,835	4	\$ -	-
Far Eastern Apparel (SuZhou) Ltd.		21,942	677	1	47,653	4
Oriental Securities Co.		799	25	-	2,405	-
Others	b.	<u>46,192</u>	<u>1,424</u>	<u>2</u>	<u>16,401</u>	<u>1</u>
		<u>\$ 128,437</u>	<u>\$ 3,961</u>	<u>7</u>	<u>\$ 66,459</u>	<u>5</u>
Deferred income						
Sale of securities						
Yuan Ding Investment Corp.	c.	\$ 35,445	\$ 1,093	71	\$ 35,445	71
Sale of land						
Far Eastern Construction Co., Ltd.	d.	<u>14,749</u>	<u>455</u>	<u>29</u>	<u>14,749</u>	<u>29</u>
		<u>\$ 50,194</u>	<u>\$ 1,548</u>	<u>100</u>	<u>\$ 50,194</u>	<u>100</u>

Financing to affiliates:

	Year Ended December 31, 2007			
	Highest Outstanding Balance	Balance on December 31, 2007	Interest Rate (%)	Interest Revenue
Far Eastern Polychem Industries Ltd. (F.E.P.I.)	\$ 1,613,678	\$ -	2.65%-3.1%	\$ 30,659
Oriental Textile (Holding) Ltd. (OT(H))	328,204	-	2.65%-3.1%	<u>4,967</u>
		<u>\$ -</u>		<u>\$ 35,626</u>
	Year Ended December 31, 2006			
	Highest Outstanding Balance	Balance on December 31, 2006	Interest Rate (%)	Interest Revenue
Far Eastern Polychem Industries Ltd. (F.E.P.I.)	<u>\$ 2,159,663</u>	<u>\$ -</u>	2.84%-3%	<u>\$ 27,654</u>

(Continued)

Financing from affiliates:

	Year Ended December 31, 2007			
	Highest Outstanding Balance	Balance on December 31, 2007	Interest Rate (%)	Interest Expense
Far Eastern International Commercial Bank	\$ 440,130	\$ -	NT1.8%-2.8% US6.2077%-6.334%	\$ 6,605

	Year Ended December 31, 2006			
	Highest Outstanding Balance	Balance on December 31, 2006	Interest Rate (%)	Interest Expense
Far Eastern International Commercial Bank	\$ 763,360	\$ 439,768	NT1.8% US6.2077%-6.334%	\$ 9,506

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.
- In 1994, the Company sold the following shares to Yuang Ding Investment Corporation and recognized deferred incomes on these sales: Yu Yuang Investment Company shares for NT\$30,256 thousand (US\$933 thousand); Nan Shan Life Insurance Company, Ltd. shares for NT\$216 thousand (US\$7 thousand); and Hantech Venture Capital Corp. shares for NT\$4,973 thousand (US\$153 thousand).
- The deferred income was from the sale of land in the Hsin-Ya Section of Banchiao to Far Eastern General Constructor Co. in 1998.
- In 2006, the Company bought machinery and equipment from Yuan Faun Ltd. for NT\$1,893 thousand (US\$58 thousand) and sold machineries at cost to Pet Far Eastern (M) Sdn. Bhd. for NT\$7,184 thousand (US\$222 thousand) and Far Eastern Resources Development Co., Ltd. for NT\$207,023 thousand (US\$6,384 thousand).
- The terms of sales to and purchases from the related parties were the same as those for third parties.

(Concluded)

FAR EASTERN TEXTILE LTD.

FINANCING PROVIDED

YEAR ENDED DECEMBER 31, 2007

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

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

(Continued)

No.	Financier	Counter-party	Financial Statement Account	Highest Balance for the Period	Ending Balance	Interest Rate (%)	Nature of Financing (Note A)	Transaction Amount	Reason for the Financing	Allowance for Doubtful Accounts	Collateral		Amount of Individual Company's Financial Limits	Amount of Financing Company's Financial Limits
											Item	Value		
3	Ding Yuan International Investment Corp.	Da Ju Fiber Corporation	Other financial assets - current	\$ 24,000	\$ -	2.17%-4.10%	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 106,074 (Note C)	\$ 1,060,741 (Note D)
5	Far Eastern Polychem Industries	Far Eastern Industries (Shanghai) Ltd.	Receivables from affiliates	US\$ 26,000	US\$ 26,000	-	2	-	For revolving fund	-	Promissory note	-	4,597,298 (Note E)	13,791,895 (Note F)
		Far Eastern Industries (Suzhou) Ltd.	"	US\$ 10,000	US\$ 10,000	-	2	-	For revolving fund	-	Promissory note	-	4,597,298 (Note E)	13,791,895 (Note F)
		Oriental Petrochemical (Shanghai) Corp.	"	US\$ 4,000	US\$ 4,000	-	2	-	For revolving fund	-	Promissory note	-	4,597,298 (Note E)	13,791,895 (Note F)
7	Far Eastern Apparel (Holding) Ltd.	Far Eastern Spinning Waving and Dyeing (Suzhou) Ltd.	Receivables from affiliates	US\$ 7,000	US\$ 6,000	-	2	-	For revolving fund	-	Promissory note	-	4,597,298 (Note E)	13,791,895 (Note F)
		Far Eastern Apparel (Suzhou) Ltd.	"	US\$ 1,500	US\$ 1,100	-	2	-	For revolving fund	-	Promissory note	-	4,597,298 (Note E)	13,791,895 (Note F)
10	F.E.T.G Investment Antilles N.V.	Waldorf Services B.V.	Receivables from related parties	US\$ 13,040	US\$ 13,040	6.37%-6.38786%	2	-	For revolving fund	-	Promissory note	-	4,597,298 (Note E)	13,791,895 (Note F)
11	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	-	4,597,298 (Note E)	13,791,895 (Note F)
		Chuang Yuan Co.	"	US\$ 5,580	US\$ 5,580	6.37%-6.38786%	2	-	For revolving fund	-	Promissory note	-	4,597,298 (Note E)	13,791,895 (Note F)
15	Far EastTone Telecommunication Co., Ltd.	Far Eastern Electronic Toll Collection Co., Ltd.	Receivables from related parties	\$ 50,000	\$ -	6.685%-6.915%	1	50,092	For revolving fund	-	-	-	50,092 (Note G)	39,667,000 (Note H)
18	Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd.	Receivables from affiliates	US\$ 20,000	US\$ 20,000	-	2	-	For revolving fund	-	Promissory note	-	4,597,298 (Note E)	13,791,895 (Note F)
		Far Eastern Polychem Industries Ltd.	"	US\$ 18,000	\$ -	6.37%-6.58417%	2	-	For revolving fund	-	Promissory note	-	4,597,298 (Note E)	13,791,895 (Note F)
		Far Eastern Apparel (Holding) Ltd.	"	US\$ 3,000	-	3%	2	-	For revolving fund	-	Promissory note	-	4,597,298 (Note E)	13,791,895 (Note F)
		Oriental Industries (Suzhou) Ltd.	"	US\$ 25,000	US\$ 25,000	-	2	-	For revolving fund	-	Promissory note	-	4,597,298 (Note E)	13,791,895 (Note F)
19	Pacific Petrochemical (Holding) Ltd. (P.P.L (H))	Oriental Petrochemical (Shanghai) Corp.	Receivables from affiliates	US\$ 24,500	US\$ 24,500	-	2	-	For revolving fund	-	Promissory note	-	4,597,298 (Note E)	13,791,895 (Note F)
20	PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	Receivables from affiliates	US\$ 24,500	US\$ 24,500	-	2	-	For revolving fund	-	Promissory note	-	4,597,298 (Note E)	13,791,895 (Note F)
29	Far Eastern (China) Investment Ltd.	Far Eastern Industries (Shanghai) Ltd.	"	US\$ 30,000	-	4.70%	2	-	For revolving fund	-	-	-	US\$ 30,000 (Note B)	US\$ 30,000 (Note B)
31	Far Eastern Resources Development Co., Ltd.	Da Ju Fiber Corporation	Receivables from related parties	\$ 280,000	\$ -	2.89%	2	-	For revolving fund	-	Promissory note	-	764,296 (Note C)	7,642,960 (Note D)
		An Ho Garment Co., Ltd.	"	500,000	500,000	2.17%-3.25%	2	-	For revolving fund	-	Promissory note	-	764,296 (Note C)	7,642,960 (Note D)
41	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Shanghai) Ltd.	Receivables from affiliates	US\$ 10,000	-	5.20%	2	-	For revolving fund	-	-	-	4,597,298 (Note E)	13,791,895 (Note F)

Notes: A. Reasons for financing are as follows:

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

(Continued)

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

(Concluded)

FAR EASTERN TEXTILE LTD.

ENDORSEMENT/GUARANTEE PROVIDED
YEAR ENDED DECEMBER 31, 2007
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

(Continued)

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

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

B. Equity-method investees.

C. Investee of an equity-method investee.

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

E. Parent company.

F. The parent company of the parent company.

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

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

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

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

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

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

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

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

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

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

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

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

S. Business relationship.

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

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

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

(Concluded)

FAR EASTERN TEXTILE LTD.

MARKETABLE SECURITIES AND INVESTMENTS IN SHARES OF STOCK HELD

DECEMBER 31, 2007

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

No.	Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2007				Note
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
0	Far Eastern Textile Ltd.	Asia Cement Corporation	(Note A)	Equity method investments	\$ 657,751	\$ 13,312,429	24.05	\$ 31,177,397	22,288 thousand shares pledged or mortgaged as collaterals for loans
		Far Eastern Department Store	(Note A)	Equity method investments	188,311	3,874,707	16.80	7,391,207	-
		Oriental Union Chemical Corp.	(Note A)	Equity method investments	72,385	1,151,125	9.19	2,844,731	-
		Far Eastern International Commercial Bank	(Note A)	Equity method investments	72,936	708,164	3.88	762,181	-
		Everest Textile Co., Ltd.	(Note A)	Equity method investments	129	1,640	0.03	1,051	-
		Yuan Ding Investment Corp.	(Note A)	Equity method investments	1,833,824	38,225,370	100.00	38,588,864	-
		Far Eastern Resources Development Co., Ltd.	(Note A)	Equity method investments	245,600	15,261,547	100.00	15,285,920	-
		Yuan Tong Investment Corp.	(Note A)	Equity method investments	683,945	7,718,546	100.00	7,718,546	-
		Far Eastern Investment (Holding) Ltd.	(Note A)	Equity method investments	1,700	5,351,578	100.00	5,351,578	-
		Kai Yuan International Investment Corp.	(Note A)	Equity method investments	246,776	3,493,944	100.00	3,493,944	-
		Yuang Ding Co., Ltd.	(Note A)	Equity method investments	148,529	3,386,357	37.13	4,079,671	-
		Far Eastern Polytex (Holding) Limited	(Note A)	Equity method investments	38	2,658,679	100.00	2,658,679	-
		Oriental Securities Co.	(Note A)	Equity method investments	140,278	2,385,109	19.65	2,390,196	40,000 thousand shares pledged or mortgaged as collaterals for loans
		Ding Yuan International Investment Corp.	(Note A)	Equity method investments	200,000	2,121,482	100.00	2,121,482	-
		Far Eastern Polychem Industries Ltd.	(Note A)	Equity method investments	201,536	1,989,856	37.79	1,995,896	-
		Far Eastern Construction Co.	(Note A)	Equity method investments	101,402	1,651,101	65.11	1,717,302	-
		Pacific Liu Tung Investment Co. (Note J)	(Note E)	Equity method investments	67,500	1,186,438	16.83	1,094,512	-
		Invista Far Eastern Petrochemicals Co., Ltd.	(Note A)	Equity method investments	99,642	959,543	21.00	945,263	-
		An Ho Garment Corp.	(Note A)	Equity method investments	18,600	959,375	100.00	1,027,725	-
		Fu Kwok Garment Manufacturing Co.	(Note A)	Equity method investments	3,999	124,126	99.99	127,457	-
		Ding Ding Hotel Corp.	(Note A)	Equity method investments	5,386	58,939	19.00	58,944	-
		New Century InfoComm Tech Co., Ltd.	(Note A)	Equity method investments	4,008	28,753	0.10	28,505	-
		Yuan Faun Ltd.	(Note A)	Equity method investments	200	3,629	4.00	3,629	-
		Hantech Venture Capital Corp.	-	Financial assets carried at cost	4,939	53,667	3.73	73,977	-
1	Yuan Ding Investment Corp.	Far Eastone Telecommunications Corp.	(Note A)	Equity method investments	1,320,198	25,819,977	32.73	54,128,112	165,000 thousand shares pledged or mortgaged as collaterals to court.
		Everest Textile Co., Ltd.	(Note A)	Equity method investments	118,869	1,212,900	24.24	968,784	93,400 thousand shares pledged or mortgaged as collaterals for loans
		Oriental Union Chemical Corp.	(Note A)	Equity method investments	71,934	1,232,105	9.13	2,827,029	6,000 thousand shares pledged or mortgaged as collaterals for loans
		Far Eastern Department Store	(Note A)	Equity method investments	49,388	1,027,528	4.41	1,938,466	32,600 thousand shares pledged or mortgaged as collaterals for loans
		Far Eastern International Commercial Bank	(Note A)	Equity method investments	18,451	166,876	0.98	192,811	-
		Asia Cement Corporation	(Note A)	Equity method investments	825	13,130	0.03	39,066	-
		Oriental Textile (Holding) Ltd.	(Note A)	Equity method investments	71	4,682,403	100.00	4,682,403	-
		Oriental Securities Co.	(Note A)	Equity method investments	189,907	3,340,736	26.61	3,236,800	82,850 thousand shares pledged or mortgaged as collaterals for short-term loans
		Far Eastern Polychem Industries Ltd.	(Note A)	Equity method investments	331,717	3,275,706	62.21	3,275,706	-
		Liquid Air Far East Glycol	(Note A)	Equity method investments	69,113	1,113,303	35.00	1,112,545	-
		Far Eastern Apparel (Holding) Ltd.	(Note A)	Equity method investments	60	1,086,795	100.00	1,086,795	-
		Yuang Ding Co., Ltd.	(Note A)	Equity method investments	51,457	1,170,648	12.86	1,194,498	43,500 thousand shares pledged or mortgaged as collaterals for short-term loans
		Pacific Liu Tung Investment Co. (Note J)	(Note A)	Equity method investments	59,827	965,036	14.92	970,298	-

(Continued)

No.	Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2007				Note
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
		Far Eastern International Leasing Corp.	(Note A)	Equity method investments	59,240	\$ 866,712	16.42	\$ 875,084	-
		Pacific Petrochemical (Holding) Co.	(Note A)	Equity method investments	20	555,291	39.40	555,291	-
		Far Eastern - Invista Co., Ltd.	(Note A)	Equity method investments	33,082	391,345	50.00	395,830	-
		Yuan Ding Leasing Co.	(Note A)	Equity method investments	36,706	382,207	46.20	383,887	-
		Freudenberg Far Eastern Spunweb Co.	(Note A)	Equity method investments	13,023	251,011	29.80	250,758	-
		Far Eastern Apparel Company	(Note A)	Equity method investments	18,000	233,179	100.00	269,246	-
		Da Ju Fiber Corporation	(Note A)	Equity method investments	11,880	141,874	41.86	152,089	-
		Yuan Faun Ltd.	(Note A)	Equity method investments	4,800	89,096	96.00	86,150	-
		Yue Ming Co.	(Note A)	Equity method investments	1,067	65,024	45.50	66,701	-
		Oriental Resources Development Ltd.	(Note A)	Equity method investments	21,322	199,025	70.32	202,947	-
		New Century InfoComm Tech Co., Ltd.	(Note B)	Equity method investments	154,947	1,111,394	3.87	1,111,394	-
		Yue Yuan Investment Co., Ltd.	(Note D)	Financial assets carried at cost	80,735	677,240	19.05	2,139,903	-
		Chung Nan Textile Corp.	-	Financial assets carried at cost	2,985	81,405	5.27	113,211	-
		Hantech Venture Capital Corp.	-	Financial assets carried at cost	4,688	56,019	3.54	70,228	-
		Taiwan Stock Exchange Corp.	-	Financial assets carried at cost	845	22,493	0.16	42,457	-
		Universal Venture Capital Investment Corp.	-	Financial assets carried at cost	1,400	14,000	1.16	19,494	-
		Overseas Investment and Development Co., Ltd.	-	Financial assets carried at cost	1,000	10,000	1.11	9,760	-
		China Investment and Development Co., Ltd.	-	Financial assets carried at cost	1,287	8,250	0.80	14,814	-
		Gallery Management Ltd.	-	Financial assets carried at cost	914	6,597	9.81	5,242	-
		Nan Shan Insurance Corp.	-	Financial assets carried at cost	3	221	-	3,286	-
		Oriental Securities Investment Consultant Corp.	-	Financial assets carried at cost	1	10	-	12	-
		<u>Under asset management contract (Note I)</u>							
		Formosa Plastics Group	-	Financial assets at fair value through profit or loss - current	325	29,607	0.01	29,607	-
		Nan Ya Plastics Corp.	-	Financial assets at fair value through profit or loss - current	290	24,940	-	24,940	-
		Formosa chemical & Fibre Group	-	Financial assets at fair value through profit or loss - current	330	27,390	0.01	27,390	-
		China Steel Corp.	-	Financial assets at fair value through profit or loss - current	560	24,360	-	24,360	-
		Compal Electronics, Inc.	-	Financial assets at fair value through profit or loss - current	533	18,904	0.01	18,904	-
		Central Reinsurance Corp.	-	Financial assets at fair value through profit or loss - current	443	7,014	0.08	7,014	-
		Mega Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,380	27,531	0.01	27,531	-
		Vanguard International semiconductor Corp	-	Financial assets at fair value through profit or loss - current	454	11,032	0.03	11,032	-
		Formosa Petrochemical Corp.	-	Financial assets at fair value through profit or loss - current	100	9,700	-	9,700	-
		Taiwan Secom Co., Ltd.	-	Financial assets at fair value through profit or loss - current	100	5,040	0.02	5,040	-
		Nan Ya Printed Circuit Board Corp.	-	Financial assets at fair value through profit or loss - current	147	32,527	0.02	32,527	-
		Far Eastern Alliance Taiwan Bond Fund	-	Financial assets at fair value through profit or loss - current	1,833	20,106	-	20,106	-
		ACER	-	Financial assets at fair value through profit or loss - current	455	28,893	0.02	28,893	-
		Novatek	-	Financial assets at fair value through profit or loss - current	240	29,760	0.04	29,760	-
2	Far Eastern Investment (Holding) Ltd.	F.E.T.G. Investment Autilles N.V.	(Note A)	Equity method investments	6	US\$ 2,369	100.00	US\$ 2,645	-
		PET F.E. (M) Sdn. Bhd.	(Note A)	Equity method investments	Common stock: 5,000 Preferred stock: 3,000	US\$ 3,848	50.00	MYR 12,711	-
		Com2B	(Note A)	Equity method investments	9,000	US\$ 928	20.00	US\$ 795	-
		Fashionline Saigon Ltd.	(Note A)	Equity method investments	(Note H)	US\$ 2,566	100.00	US\$ 2,220	-
		Kai Yung Fund	-	Financial assets carried at cost	-	US\$ 8,371	-	US\$ 9,209	-

(Continued)

No.	Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2007				Note
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
3	Ding Yuan International Investment Corp.	FEA Long-Short Strategy Private Placement Fund Asia Cement Corporation Far Eastern International Commercial Bank Far Eastern Department Store Everest Textile Co., Ltd. Orient Union Chemical Corp. Far Eastone Telecommunications Corp. Pacific Liu Tung Investment Co.(Note J) PET Far Eastern (Holding) Ltd. Yue Ding Industry Co., Ltd. Ya Li Transportation Corporation	(Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note E)	Available-for-sale financial asset Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Financial assets carried at cost	500 2,017 73,732 3,031 8,454 8,169 736 9,000 42 563 1,000	\$ 4,740 84,632 777,278 59,403 78,365 196,816 29,131 140,169 591,790 3,842 16,240	- 0.07 3.92 0.27 1.72 1.04 0.02 2.24 39.15 1.30 10.00	\$ 4,855 95,606 770,499 118,967 68,900 321,042 30,176 145,980 594,506 4,949 72,050	- - 9,000 thousand shares pledged or mortgaged as collaterals for loans 1,700 thousand shares pledged or mortgaged as collaterals for loans - - - - - - - -
4	Kai Yuan International Investment Corp.	Asia Cement Corporation Far Eastone Telecommunications Corp. Far Eastern International Commercial Bank Orient Union Chemical Corp. Kowloon Cement Corp. Far Eastern International Leasing Corp. Pacific Liu Tung Investment Co.(Note J) Yi Jinn Industrial Co., Ltd.	(Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) -	Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Equity method investments Available-for-sale financial assets - noncurrent	10,420 112,658 21,195 24,964 1,127 59,005 9,000 23,471	233,841 2,413,672 296,645 467,985 365,113 862,535 140,361 117,355	0.38 2.91 1.13 3.17 49.00 16.35 2.24 6.42	493,924 4,618,962 221,491 981,070 365,113 871,508 145,980 117,355	- 80,800 thousand shares pledged or mortgaged as collaterals for loans - - - - - -
5	Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd. Nippon Parison Co., Ltd PET Far Eastern Holding Ltd. FEDP (Holding) Limited	(Note D) - (Note A) (Note A)	Equity method investments Financial assets carried at cost Equity method investments Equity method investments	(Note H) 36 23 196	HK\$ 1,039,348 HK\$ 16,941 HK\$ 78,894 HK\$ 165,506	82.40 10.00 21.70 44.44	RMB 1,101,708 HK\$ - US\$ 10,115 US\$ 21,219	- - - -
6	Far Eastern Construction Co., Ltd.	U-Ming Marine Transport Corp. Far Eastern General Constructor Inc. Asia Cement Corporation	(Note F) (Note A) (Note A)	Available-for-sale financial assets - current Equity method investments Equity method investments	1,590 93,029 39,740	140,855 1,196,861 1,023,510	0.19 99.95 1.45	140,855 1,225,608 1,883,664	1,152 thousand shares pledged or mortgaged as collaterals for loans - 34,000 thousand shares pledged or mortgaged as collaterals for loans
7	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd. Far Eastern Spinning Wearing and Dyeing (Suzhou) Ltd.	(Note D) (Note D)	Equity method investments Equity method investments	(Note H) (Note H)	US\$ 11,486 US\$ 21,519	47.62 100.00	RMB 83,800 RMB 157,178	- -
8	Far Eastern Apparel Company	Ming Ding Co. Yue Ding Industry Co., Ltd.	(Note A) (Note A)	Equity method investments Equity method investments	448 6	7,739 28	44.80 0.01	7,739 38	- -
9	Far Eastern General Contractor Inc.	U-Ming Marine Transport Corp. Asia Cement Corporation Kaohsiung Rapid Transit Corp. Ya Li Precast & Prestressed Concrete Industries Ltd. Far Eastern Technical Consultants Co., Ltd. Bond fund	(Note F) (Note A) - - - -	Available-for-sale financial assets - current Equity method investments Financial assets carried at cost Financial assets carried at cost Financial assets carried at cost Limited asset	746 9,681 20,000 3,106 450 4	66,140 279,058 200,000 25,142 3,864 3,500	0.09 0.35 2.00 16.03 9.00 -	66,140 458,891 185,332 22,204 5,541 -	- - - - - Pledged to NTU as a contracting guarantee
10	F.E.T.G Investment Antilles N.V.	Waldorf Services B. V.	(Note D)	Equity method investments	0.04	US\$ 2,519	100.00	US\$ 2,519	-

(Continued)

No.	Holding Company	Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2007				Note	
					Shares or Units (All Common Shares unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value		
11	Waldorf Services B.V.	Cemtex Apparel Inc.	(Note A)	Equity method investments	90	US\$ 233	50.00	PHP 9,582	-	
		Albert & Orient Glycol Ltd.	(Note A)	Financial assets carried at cost	0.3	US\$ 6,026	25.00	-	-	
		Malaysia Garment Manufactures Pte. Ltd.	(Note A)	Equity method investments	30	US\$ -	37.90	SG\$ -	-	
		Far Eastern International Garments	(Note A)	Equity method investments	59	US\$ -	41.00	PHP -	-	
12	An- Ho Garment Corp.	Far EastTone Telecommunications Corp.	(Note A)	Equity method investments	106,834	2,290,549	2.65	4,380,194	36,750 thousand shares pledged or mortgaged as collaterals for loans	
		Asia Cement Corporation	(Note A)	Equity method investments	2,528	105,878	0.09	119,827	-	
		Far Eastern International Commercial Bank	(Note A)	Equity method investments	18,361	251,698	0.98	191,872	-	
		Yue Ding Industry Co., Ltd.	(Note C)	Equity method investments	11,494	100,434	26.50	101,032	-	
		Pacific Liu Tung Investment Co. (Note J)	(Note A)	Equity method investments	4,841	80,252	1.21	78,521	-	
13	Yuan Faun Ltd.	Yi Tong Fiber Co., Ltd.	-	Financial assets carried at cost	3,504	28,519	3.56	31,839	-	
		Far Eastern International Commercial Bank	(Note A)	Equity method investments	3,891	31,299	0.21	40,657	-	
		Yuan Cheng Human Resources Consultant Corp.	(Note A)	Equity method investments	111	3,498	55.56	3,461	-	
14	Yuan Tong Investment Corp.	New Century InfoComm Tech Co., Ltd.	(Note G)	Financial assets carried at cost	480,442	3,446,078	12.01	3,423,478	-	
		Pacific Liu Tung Investment Co. (Note J)	(Note A)	Equity method investments	9,000	139,163	2.24	145,980	-	
		Far EastTone Telecommunications Corp.	(Note A)	Equity method investments	117,150	2,600,384	2.90	4,803,168	62,100 thousand shares pledged or mortgaged as collaterals for loans	
		Far Eastern Electronic Toll Collection Co., Ltd	(Note A)	Equity method investments	35,048	137,748	9.15	142,598	-	
		Far Eastern International Commercial Bank	(Note A)	Equity method investments	17,743	240,908	0.94	185,413	-	
		Far Eastern Department Store	(Note A)	Equity method investments	139	2,370	0.01	5,438	-	
		Oriental Union Chemical Corporation	(Note A)	Equity method investments	431	9,714	0.05	16,928	-	
		Asia Cement Corporation	(Note A)	Equity method investments	7,449	316,213	0.27	353,062	-	
		FEDP (Holding) Limited	(Note A)	Equity method investments	196	817,258	44.44	688,052	-	
		Sino Belgium (Holding) Limited	(Note A)	Equity method investments	9	595,190	100.00	595,190	-	
		<u>Under asset management contract (Note I)</u>								
		UNI-president Enterprises Corp.	-	Financial assets at fair value through profit or loss - current	90	3,951	-	3,951	-	
		Chung Hwa Pulp Corp.	-	Financial assets at fair value through profit or loss - current	783	15,111	-	15,111	-	
		Foxconn Technology Group	-	Financial assets at fair value through profit or loss - current	225	45,450	-	45,450	-	
		Universal Scientific Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,071	20,397	-	20,397	-	
		ACER	-	Financial assets at fair value through profit or loss - current	324	20,574	-	20,574	-	
		Gold Circuit Electronics.	-	Financial assets at fair value through profit or loss - current	144	4,162	-	4,162	-	
		Tatung Co.	-	Financial assets at fair value through profit or loss - current	1,620	25,515	-	25,515	-	
		Realtek Semiconductor Corp.	-	Financial assets at fair value through profit or loss - current	180	20,250	-	20,250	-	
		AUO	-	Financial assets at fair value through profit or loss - current	540	34,290	-	34,290	-	
		Mosel Vitelic Inc.	-	Financial assets at fair value through profit or loss - current	295	12,950	-	12,950	-	
		I-Chiun Precision	-	Financial assets at fair value through profit or loss - current	234	8,635	-	8,635	-	
Evergreen Marine Corp.	-	Financial assets at fair value through profit or loss - current	450	13,320	-	13,320	-			
SKFHC	-	Financial assets at fair value through profit or loss - current	900	20,070	-	20,070	-			
CHIMEI Corporation	-	Financial assets at fair value through profit or loss - current	360	16,380	-	16,380	-			

(Continued)

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

(Continued)

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

(Continued)

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

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.

(Concluded)

FAR EASTERN TEXTILE LTD.

SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTS100 MILLION OR 20% OF THE CAPITAL STOCK
 YEAR ENDED DECEMBER 31, 2007
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Company Name	Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Investment Income under the Equity Method	Ending Balance	
						Shares (Thousands)/ Thousand Units	Amount	Shares (Thousands)	Amount	Shares (Thousands)	Price	Book Value	Disposal Gain		Shares (Thousands)/ Thousand Units	Amount
0	Far Eastern Textile Ltd.	Far Eastern Polychem Industries Ltd.	Equity method investments	Issuance of stock by cash	Note B	116,548	\$ 1,098,743	84,988	\$ 809,201	-	\$ -	\$ -	\$ -	\$ 81,912	201,536	\$ 1,989,856
		Far Eastern Investment (Holding) Ltd.	Equity method investments	Issuance of stock by cash	-	1,100	3,019,511	600	1,592,160	-	-	-	-	739,907	1,700	5,351,578
1	Yuan Ding Investment Corp.	Asia Cement Corporation	Equity method investments	Open market	-	97,459	1,857,379	378	-	13,013	472,410	250,751	221,659	7,542	824	13,130
				Issue GDR	-	-	-	-	-	84,000	2,734,372	1,601,040	1,133,332	-	-	-
		Far Eastern International Leasing Corp.	Equity method investments	Issuance of stock by cash	-	49,394	704,627	9,833	117,999	-	-	-	-	43,933	59,240	866,712
		Far Eastern Department Store	Equity method investments	Jhang Yi Bin Open market	-	-	-	13	153	-	-	-	-	-	-	-
		Far Eastern Polychem Industries Ltd.	Equity method investments	Issuance of stock by cash	-	54,815	1,030,056	2,193	-	7,620	298,408	155,247	143,161	152,719	49,388	1,027,528
		Oriental Resources Development Ltd.	Equity method investments	Issuance of stock by cash	-	191,870	1,808,753	139,848	1,334,681	-	-	-	-	132,272	331,718	3,275,706
3	Ding Yuan International Investment Corp.	Oriental Textile (Holding) Ltd.	Equity method investments	Issuance of stock by cash	-	7,322	49,586	16,000	160,000	2,000	-	-	-	(10,561)	21,322	199,025
			Equity method investments	Issuance of stock by cash	-	59	3,888,122	12	749,777	-	-	-	-	44,503	71	4,682,402
4	Kai Yuan International Investment Corp.	Far Eastern Department Store	Equity method investments	Open market	-	10,334	122,704	-	-	7,716	299,439	127,674	171,765	66,134	3,031	61,164
		Far Eastern Petrochemicals Co., Ltd.	Equity method investments	Issuance of stock by cash	-	36	694,680	6	101,082	-	-	-	-	(203,972)	42	591,790
6	Far Eastern Construction Co., Ltd.	Far Eastern Alliance Taiwan Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	9,158	100,000	9,158	100,056	100,000	56	-	-	-
9	Far Eastern General Contractor Inc.	President James Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	15,284	238,000	15,284	238,105	238,000	105	-	-	-
		Far Eastern Alliance Taiwan Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	15,330	166,000	15,330	166,054	166,000	54	-	-	-
		Invesco Bond Fund	Financial assets at fair value through profit or loss - current	-	-	2,289	34,002	15,223	229,000	17,512	263,171	263,002	169	-	-	-

(Continued)

No.	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)	Amount	Shares (Thousands)	Price	Book Value	Disposal Gain		Shares (Thousands)/ Thousand Units	Amount
14	Yuan Tong Investment Corp.	FEDP (Holding) Limited.	Equity method investments	Issuance of stock by cash	-	-	\$ -	196	\$ 810,739	-	\$ -	\$ -	\$ -	\$ 6,519	196	\$ 817,258
		Sino Belgium (Holding) Limited.	Equity method investments	Issuance of stock by cash	-	-	-	9	591,783	-	-	-	-	3,407	9	595,190
		Asia Cement Corporation	Equity method investments	Open market	-	-	-	7,034	297,092	-	-	-	-	19,121	7,449	316,213
		Far Eastern Electronic Toll Collection Co., Ltd.	Equity method investments	Issuance of stock by cash	-	-	23,700	89,606	11,348	113,476	-	-	-	(65,334)	35,048	137,748
15	Far Eastone Telecommunications Corp.	Far Eastern Electronic Toll Collection Co., Ltd.	Equity method investments	Issuance of stock by cash	-	106,650	395,686	51,064	510,640	-	-	-	-	(261,470)	157,714	644,856
		Q-Ware Communications Co., Ltd.	Equity method investments	Issuance of stock by cash	-	-	-	36,460	495,855	-	-	-	-	(143,753)	36,460	352,102
		New Century InfoComm Tech Co.	Equity method investments	Note C	-	-	-	980,315	6,062,000	-	-	-	-	-	980,315	6,062,000
23	KG Telecommunication Co., Ltd.	Fuh Hwa Value Added Strategy Fund	Financial assets carried at cost - current	-	-	-	-	14,866	150,000	-	-	-	-	-	14,866	150,000
		Far Eastern Alliance Taiwan Bond Fund	Available-for-sale financial assets - current	-	-	46,469	500,000	27,492	300,000	-	-	-	-	-	73,960	800,000
24	ARCOA Communications Co., Ltd.	Capital Income Fund	Financial assets at fair value through profit or loss - current	-	-	6,146	91,500	8,025	120,000	14,170	212,428	211,500	928	-	-	-
		Dresdner Bond Dam Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	12,007	140,000	12,007	140,498	140,000	498	-	-	-
		Prudential Financial Bond Fund	Financial assets at fair value through profit or loss - current	-	-	1,369	20,000	6,103	90,000	7,471	110,424	110,000	424	-	-	-
		Pea Well Pool Fund	Available-for-sale financial assets - current	-	-	-	-	10,268	150,000	-	-	-	-	-	10,268	150,000
		Yuanta Wan Tai Bond Fund	Available-for-sale financial assets - current	-	-	-	-	8,487	120,000	-	-	-	-	-	8,487	120,000
34	Fu Kwok Garment Manufacturing Co., Ltd.	Asia Cement Corporation	Equity method investments	Open market	-	1,150	21,362	-	-	1,150	42,414	23,524	22,125	2,162	-	-

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

B. Same chairman as FETL's.

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

(Concluded)

FAR EASTERN TEXTILE LTD.

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

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

FAR EASTERN TEXTILE LTD.

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

No.	Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
				Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	% to Total	
0	Far Eastern Textile Ltd.	Everest Textile Co., Ltd.	(Note A)	Sale	(402,180)	(1)	In 30 to 90 days	\$ -	-	\$ 43,588	5	\$ 16,631	-	
		Oriental Union Chemical Corp.	(Note A)	Purchase	3,342,205	10	Average 45 days	-	-	-	-	(548,396)	(13)	
		INVISTA Far Eastern Petrochemicals Co., Ltd.	(Note A)	Purchase	8,811,541	26	Cash payment on 15th of the next month	-	-	-	-	(728,744)	(18)	
		Oriental Resources Development Ltd. (the former "Taiwan Recycling Corp.")	(Note J)	Purchase	195,198	-	For contract	-	-	-	-	(25,586)	1	
		Freudenberg Far Eastern Spunweb Co.	(Note A)	Sale	(396,557)	(1)	For contract	-	-	-	-	70,363	1	
		Far Eastern Apparel (Suzhou) Ltd.	(Note J)	Sale	(225,988)	-	For contract	-	-	-	-	117,310	2	
6	Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	(Note F)	Purchase	817,041	87	Average 30 days	-	-	-	-	(93,960)	100	
9	Far Eastern General Contractor Inc.	Oriental Concrete Private Ltd.	(Note D)	Purchase	258,088	8	Average 45 days	-	-	(18,483)	(7)	(22,056)	(4)	
		Far Eastern Construction Co., Ltd.	(Note E)	Construction income	(716,040)	(21)	Average 30 days	-	-	93,960	37	1,216,070	10	
15	Far EasTone Telecommunications Corp.	KG Telecommunications Co., Ltd.	(Note F)	Operation revenue	(2,828,152)	(7)	For contract	-	-	-	-	329,351	6	
		ARCOA Communication Co., Ltd.	(Note F)	Operation cost	1,831,295	9	For contract	-	-	-	-	(138,458)	(15)	
				Sales revenue and operation revenue	(142,695)	-	For contract	-	-	-	-	166,627	3	
				Operation cost, sales expenses and purchase	1,680,574	5	For contract	-	-	-	-	(266,558)	(6)	
		KGEx.com Co., Ltd.	(Note J)	Operation revenue	(268,304)	(1)	For contract	-	-	-	-	34,750	1	
		New Century InfoComm Tech Co., Ltd.	(Note G)	Operation revenue	(461,167)	(1)	For contract	-	-	-	-	-	-	-
										(Note C)				
										(56,247)	(6)			
										(Note C)				
										(25,233)	(1)			
16	Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Textile Ltd.	(Note E)	Purchase	225,988	1	For contract	-	-	-	-	(117,310)	17	
17	Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note I)	Sales	(1,307,067)	(6)	Average 60 days	-	-	-	-	296,906	9	
		Far Eastern Industries (Suzhou) Ltd.	(Note I)	Purchase	1,403,417	7	Average 60 days	-	-	(90,348)	-	(262,713)	(7)	
		Oriental Petrochemical (Shanghai) Corp.	(Note I)	Purchase	6,837,908	30	Average 60 days	-	-	(1,241,424)	(99)	(590,038)	(15)	
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note I)	Sales revenue	(237,026)	(1)	Average 60 days	-	-	-	-	129,323	4	
23	KG Telecommunications Co., Ltd.	Far EasTone Telecommunications Corp.	(Note E)	Operation revenue	(1,831,295)	(9)	For contract	-	-	-	-	138,458	7	
		ARCOA Communication Co., Ltd.	(Note H)	Operation cost	2,828,152	26	For contract	-	-	-	-	(329,351)	(65)	
				Marketing expense and purchase	379,293	12	For contract	-	-	-	-	(54,000)	(4)	
		New Century InfoComm Tech Co., Ltd.	(Note G)	Operation revenue	(104,043)	(1)	For contract	-	-	-	-	-	-	-
												(Note C)		
										(8,080)	(2)			
										(Note C)				
										16,717	1			

(Continued)

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

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. Equity-method investee of a Asia Cement Corporation.
- E. Parent company.
- F. The subsidiary.
- G. Same chairman.
- H. Same parent company.
- I. Same ultimate parent company.
- J. The subsidiary of subsidiary.

(Concluded)

FAR EASTERN TEXTILE LTD.

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

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

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

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

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

Note D: Same ultimate parent company.

Note E: The subsidiary.

Note F: The parent company.

FAR EASTERN TEXTILE LTD.

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
YEAR ENDED DECEMBER 31, 2007

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

No.	Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2007			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
					December 31, 2007	December 31, 2006	Shares (Thousands)	Percentage of Ownership (%)	Carrying Value			
0	Far Eastern Textile Ltd.	Asia Cement Corporation	Taipei, Taiwan	Cement production	\$ 2,857,181	\$ 2,857,181	657,751	24.05	\$ 13,312,429	\$ 10,100,422	\$ 1,801,762	Gain or loss recognized under the treasury stock method
		Far Eastern Department Store	Taipei, Taiwan	Department store operations	1,254,158	1,254,158	188,311	16.80	3,874,707	1,607,152	197,878	Including deferred revenue (\$55,114)
		Oriental Union Chemical Corp.	Taipei, Taiwan	Chemical materials production	1,176,211	1,176,211	72,385	9.19	1,151,125	2,331,830	199,929	Including deferred revenue (\$8,807)
		Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	567,639	567,639	72,936	3.88	708,164	(780,091)	(30,268)	
		Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	1,689	1,689	129	0.03	1,640	115,551	33	
		Yuan Ding Investment Corp.	Taipei, Taiwan	Investment	100,539	100,539	1,833,824	100.00	38,225,370	6,295,817	6,290,504	Including deferred revenue \$353
		Far Eastern Resources Development Co., Ltd.	Taipei, Taiwan	Real estate rental	14,931,733	14,931,733	245,600	100.00	15,261,547	235,761	324,114	
		Yuan Tong Investment Corp.	Taipei, Taiwan	Investment	5,850,000	5,850,000	683,945	100.00	7,718,546	242,439	242,221	
		Far Eastern Investment (Holding) Ltd.	Clarendon House, Hamilton HM 11, Bermuda	Investment	5,833,333	4,241,173	1,700	100.00	5,351,578	797,774	797,774	
		Kai Yuan International Investment Corp.	Taipei, Taiwan	Investment	999,993	999,993	246,776	100.00	3,493,944	346,731	346,699	
		Yuang Ding Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	857,447	857,447	148,529	37.13	3,386,357	1,452,057	538,663	
		Far Eastern Polytex (Holding) Limited	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	Investment	2,502,777	2,502,777	38	100.00	2,658,679	27,095	27,095	
		Oriental Securities Co.	Taipei, Taiwan	Broker	159,823	159,823	140,278	19.65	2,385,109	1,424,511	264,801	
		Ding Yuan International Investment Corp.	Taipei, Taiwan	Investment	2,000,062	2,000,062	200,000	100.00	2,121,482	75,356	75,288	
		Far Eastern Polychem Industries Ltd.	Clarendon House, Hamilton HM 11, Bermuda	Investment	1,784,176	974,975	201,536	37.79	1,989,856	(182,506)	(70,301)	
		Far Eastern Construction Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	143,450	143,450	101,402	65.11	1,651,101	356,116	226,702	
		Pacific Liu Tung Investment Co.	Taipei, Taiwan	Investment	810,000	810,000	67,500	16.83	1,186,438	1,469,334	245,063	
		Invista Far Eastern Petrochemicals Limited	Taoyuan, Taiwan	PTA production and sale	1,821,575	1,821,575	99,642	21.00	959,543	(2,186,100)	(455,995)	Including deferred revenue \$3,085
		An-Ho Garment Corp.	Taipei, Taiwan	Garment production	1,023	1,023	18,600	100.00	959,375	223,703	223,683	
		Fu Kwok Garment Manufacturing Co.	Kaohsiung, Taiwan	Garment production	9,129	9,129	3,999	99.99	124,126	34,133	31,366	
		Ding Ding Hotel Corp.	Taipei, Taiwan	Hotel	249,795	249,795	5,386	19.00	58,939	28,224	5,358	
		New Century Information Communication Co.	Taipei, Taiwan	Telecommunications	40,560	48,076	4,008	0.10	28,753	-	-	
		Yuan Faun Ltd.	Taipei, Taiwan	PET bottle production and selling	1,999	1,999	200	4.00	3,629	(350)	(14)	
1	Yuan Ding Investment Corp.	Far EasTone Telecommunications Corp.	Taipei, Taiwan	Telecommunications	5,259,000	5,259,000	1,320,198	32.73	25,819,977	11,619,441	-	
		Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	470,103	470,103	118,869	24.24	1,212,900	115,551	-	
		Oriental Union Chemical Corp.	Taipei, Taiwan	Petrochemical materials production	1,129,885	1,129,885	71,934	9.13	1,232,105	2,331,830	-	
		Far Eastern Department Store	Taipei, Taiwan	Department store operations	825,684	958,997	49,388	4.41	1,027,528	1,607,152	-	
		Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	366,333	366,333	18,451	0.98	166,876	(780,091)	-	
		Asia Cement Corporation	Taipei, Taiwan	Cement production	9,642	2,108,925	825	0.03	13,130	10,100,422	-	
		Oriental Textile (Holding) Ltd.	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	Investment	4,660,330	3,910,553	71	100.00	4,682,403	(183,796)	-	
		Oriental Securities Co.	Taipei, Taiwan	Broker	258,846	256,955	189,907	26.61	3,340,736	1,424,511	-	
		Far Eastern Polychem Industries Ltd.	Clarendon House, Hamilton Hm 11, Bermuda	Investment	1,620,452	285,771	331,717	62.21	3,275,706	(182,506)	-	
		Liquid Air Far East Co., Ltd.	Taipei, Taiwan	Industrial gas production and selling	329,778	329,778	69,113	35.00	1,113,303	495,570	-	
		Far Eastern Apparel (Holding) Ltd.	Clarendon House, Hamilton Hm 11, Bermuda	Sale of textile, garments, and clothing	1,132,374	1,132,374	60	100.00	1,086,795	(29,676)	-	
		Yuang Ding Co.	Taipei, Taiwan	Real estate construction and selling	188,846	188,846	51,457	12.86	1,170,648	1,452,057	-	
		Pacific Liu Tung Investment Co. (Note C)	Taipei, Taiwan	Investment	796,491	796,491	59,827	14.92	965,036	1,469,334	-	
		Far Eastern International Leasing Corp.	Taipei, Taiwan	Leasing of real estate and movable property, etc.	855,697	737,545	59,240	16.42	866,712	114,907	-	
		Pacific Petrochemical (Holding) Ltd.	P.O. Box 3140 Tortola British Virgin Islands	Investment	681,000	681,000	20	39.40	555,291	(253,280)	-	
		Invista-Fast Eastern Co., Ltd.	Taoyuan, Taiwan	Nylon proeluction	585,000	585,000	33,082	50.00	391,345	91,470	-	
		Yuang Ding Leasing Co.	Taipei, Taiwan	Leasing	319,380	319,380	36,706	46.20	382,207	14,376	-	
		Freudenberg Far Eastern Spunweb Co.	Taoyuan, Taiwan	Production of nonwoven industrial fabrics	144,797	144,797	13,023	29.80	251,011	125,834	-	
		Far Eastern Apparel Company	Taipei, Taiwan	Sale of textile, garments, and clothing	287,984	287,984	18,000	100.00	233,179	30,343	-	
		Da Ju Fiber Corporation	Taipei, Taiwan	Polyester production	136,532	136,532	11,880	41.86	141,874	(71,757)	-	

(Continued)

No.	Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2007			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
					December 31, 2007	December 31, 2006	Shares (Thousands)	Percentage of Ownership (%)	Carrying Value			
		Yuan Faun Ltd. Yue Ming Co. Oriental Resources Development Ltd. New Century Information Communication Co.	Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan	PET bottle production and selling Trading Waste recycling and processing Telecommunications	\$ 48,000 36,482 279,901 1,549,473	\$ 48,000 36,482 119,901 1,840,000	4,800 1,067 21,322 154,947	96.00 45.50 70.32 3.87	\$ 89,096 65,024 199,025 1,111,394	\$ (350) 826 (14,554) -	\$ - - - -	
2	Far Eastern Investment Ltd.	F.E.T.G. Investment Antilles N.V. PET F.E. (M) Sdn Bhd. Com 2B Fashionline Saigon Ltd.	EEG Boulerard 62 P.O. Box 342 Bonaire Malaysia Cayman Islands Vietnam	Investment Bottle production E-business Clothing production	US\$ 6 MYR 8,000 US\$ 3,375 US\$ 3,000	US\$ 6 MYR 8,000 US\$ 3,375 US\$ 3,000	6 Common stock: 5,000 Preferred stock: 3,000 9,000 -	100.00 50.00 20.00 100.00	US\$ 2,369 US\$ 3,848 US\$ 928 US\$ 2,566	US\$ (9,163) MYR 5,877 US\$ 117 US\$ (416)	- - - -	
3	Ding Yuan International Investment Corp.	Far Eastern International Commercial Bank Far Eastern Department Store Everest Textile Co., Ltd. Oriental Union Chemical Corp. Far EasTone Telecommunications Corp. Pacific Liu Tung Investment Co. (Note C) PET Far Eastern (Holding) Ltd. Yue Ding Industry Co., Ltd. Asia Cement Corporation	Taipei, Taiwan Taipei, Taiwan Tainan, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Clarendon House, 2 Church St. Hamilton HM 11, Bermuda Taipei, Taiwan Taipei, Taiwan	Banking Department store operations Chemical fiber production Petrochemical materials production Telecommunications Investment Investment Department store operations Cement production	839,359 38,076 146,077 188,674 27,922 90,000 795,762 4,424 79,989	839,359 134,998 146,077 188,674 - 90,000 694,680 4,424 -	73,732 3,031 8,454 8,169 736 9,000 42 563 2,017	3.92 0.27 1.72 1.04 0.02 2.24 39.15 1.30 0.07	777,278 59,403 78,365 196,816 29,131 140,169 591,790 3,842 84,632	(780,091) 1,607,152 115,551 2,331,830 11,619,441 1,469,334 (278,984) (77,694) 10,100,422	- - - - - - -	
4	Kai Yuan International Investment Corp.	Asia Cement Corporation Far EasTone Telecommunications Corp. Far Eastern International Commercial Bank Oriental Union Chemical Corp. Kowloon Coment Corp. Far Eastern International Leasing Corp. Pacific Liu Tung Investment Co. (Note C)	Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Taipei, Taiwan Hong Kong Taipei, Taiwan Taipei, Taiwan	Cement production Telecommunications Banking Petrochemical materials production Cement production Leasing Investment	151,277 1,888,882 326,368 569,344 226,896 870,747 90,000	151,277 1,888,882 326,368 569,344 226,896 870,747 90,000	10,420 112,658 21,195 24,964 1,127 59,005 9,000	0.38 2.91 1.13 3.17 49.00 16.35 2.24	233,841 2,413,672 296,645 467,985 365,113 862,535 140,361	10,100,422 11,619,441 (780,091) 2,331,830 29,882 114,907 1,469,334	- - - - -	
5	Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd. PET Far Eastern Holding Ltd. FEDP (Holding) Limited	China Clarendon House, 2 Charch St. Hamilton HM 11, Bermuda Clarendon House, 2 Charch St. Hamilton HM 11, Bermuda	Chemical fiber production Investment Investment	HK\$ 604,500 US\$ 12,822 US\$ 24,440	HK\$ 604,500 US\$ 11,086 US\$ 20,000	(Note B) 23 196	82.40 21.70 44.44	HK\$ 1,039,348 HK\$ 78,894 HK\$ 165,506	RMB (45,750) US\$ (8,603) US\$ (767)	- -	
6	Far Eastern Construction Co.	Far Eastern General Contractor Inc. Asia Cement Corporation	Taipei, Taiwan Taipei, Taiwan	Construction Cement production	274,332 597,871	274,332 597,871	93,029 39,740	99.95 1.45	1,196,861 1,023,510	102,545 10,100,422	- -	
7	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd. Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	China China	Garment production Dyeing and finishing	US\$ 5,000 US\$ 20,000	US\$ 5,000 US\$ 20,000	(Note B) (Note B)	47.62 100.00	US\$ 11,486 US\$ 21,519	RMB 11,230 RMB 2,434	- -	
8	Far Eastern Apparel Company	Ming Ding Co. Yue Ding Industry Co., Ltd.	Taipei, Taiwan Taipei, Taiwan	Underwear buying and selling Department store operations	2,174 50	2,174 50	448 6	44.80 0.01	7,739 28	286 -	- -	
9	Far Eastern General Contractor Inc.	Asia Cement Corporation	Taipei, Taiwan	Cement production	190,686	190,686	9,681	0.35	279,058	10,100,422	-	
10	F.E.T.G. Investment Antilles N.V.	Waldorf Services B.V.	Leidesplein 9, 1017 PS Amsterdam, The Netherland	Investment	US\$ 19	US\$ 19	-	100.00	US\$ 2,519	US\$ 9,167	-	
11	Waldorf Services B.V.	Cemtex Apparel Inc. Malaysia Garment Manufactures Pte. Ltd. Far Eastern International Garments	#100 Marc Alvarez Ave. Talon Las Pinas City Filipino No. 5-9, Little Rd, Singapore (536985) Bldg. #5 Cor. Sirloinand Bagsakan Ave, FTI Taguig, MM Filipino	Clothing O.E.M. Garment production Garment production	PESO 6,000 SG\$ 2,999 US\$ 290	PESO 6,000 SG\$ 2,999 US\$ 290	90 30 59	50.00 37.90 41.00	US\$ 233 US\$ - US\$ -	PHP (259) US\$ (337) PESO (6,110)	- - -	

(Continued)

No.	Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2007			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
					December 31, 2007	December 31, 2006	Shares (Thousands)	Percentage of Ownership (%)	Carrying Value			
12	An Ho Garment Co., Ltd.	Far EasTone Telecommunications Corp.	Taipei, Taiwan	Telecommunications	\$ 1,786,941	\$ 1,786,941	106,834	2.65	\$ 2,290,549	\$ 11,619,441	\$ -	
		Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	297,898	297,898	18,361	0.98	251,259	(780,091)	-	
		Asia Cement Corporation	Taipei, Taiwan	Cement production	99,925	-	2,528	0.09	105,878	10,100,422	-	
		Yue Ding Industry Co., Ltd.	Taipei, Taiwan	Department store operations	111,997	111,997	11,494	26.50	100,434	(77,694)	-	
		Pacific Liu Tung Investment Co. (Note C)	Taipei, Taiwan	Investment	67,285	67,285	4,841	1.21	80,252	1,469,334	-	
13	Yuan Faun Ltd.	Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	32,145	33,303	3,891	0.21	31,299	559,159	-	
		Yuan Cheng Human Resources Consultant Corp	Taipei, Taiwan	Personnel recruitment	3,498	4,282	111	55.56	3,498	1,866	-	
14	Yuang Tong Investment Corporation	Pacific Liu Tung Investment Co. (Note C)	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	139,163	1,469,334	-	
		Far EasTone Telecommunications Corp.	Taipei, Taiwan	Telecommunications	1,959,640	1,959,640	117,150	2.90	2,600,384	11,619,441	-	
		Far Eastern Electronic Toll Collection Co., Ltd.	Taipei, Taiwan	Electronic toll collection service	350,476	237,000	35,048	9.15	137,748	(717,513)	-	
		Far Eastern International Commercial Bank	Taipei, Taiwan	Banking	276,581	276,581	17,743	0.94	240,908	(789,091)	-	
		Far Eastern Department Store	Taipei, Taiwan	Department store operations	1,954	1,954	139	0.01	2,370	1,607,152	-	
		Oriental Union Chemical Corp.	Taipei, Taiwan	Chemical materials production	9,543	9,543	431	0.05	9,714	2,331,830	-	
		Asia Cement Corporation	Taipei, Taiwan	Cement production	297,092	-	7,449	0.27	316,213	10,100,422	-	
		FEDP (Holding) Limited	Clarendon House 2 Church Street, Hamilton HM11, Bermuda	Investment	810,739	-	196	44.44	817,258	(69,783)	-	
		Sing Belgium (Holding) Limited	Clarendon House 2 Church Street, Hamilton HM11, Bermuda	Investment	591,783	-	9	100.00	595,190	(825)	-	
15	Far EasTone Telecommunications Corp.	KG Telecommunications Co., Ltd.	Taiwan	Type I telecommunications services	29,629,139	29,629,139	1,332,998	100.00	35,027,145	3,895,307	-	
		New Century Information Communication Co.	Taiwan	Type I and II telecommunications services	6,062,000	-	980,315	24.51	6,062,000	(235,630)	-	
		ARCOA Communication Co., Ltd.	Taiwan	Type II telecommunications services, sales of communications products and office equipment	1,278,944	1,278,944	79,353	59.1	999,769	(44,883)	-	
		Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan	Electronic toll collection service	1,577,140	1,066,500	157,714	41.18	644,856	(717,513)	-	
		Qware Inc.	Taiwan	Type II telecommunications services, sales of communications products and office equipment	495,855	-	36,460	51.00	352,102	(281,868)	-	
		Far Eastern Info Service (Holding) Ltd.	Bermuda	Investment	92,616	92,616	1	100.00	138,977	(3,319)	-	
		E. World (Holdings) Ltd.	Cayman Islands	Investment	82,883	82,883	6,015	85.92	61,082	(6,606)	-	
		Far EasTron Holding Ltd.	Cayman Islands	Investment	150,000	150,000	4,487	100.00	39,314	(61,207)	-	
		Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	45,000	45,000	4,500	15.00	17,300	(55,304)	-	
		Far EasTron Co., Ltd.	Taiwan	Internet service	1,000	1,000	100	0.67	233	(61,358)	-	
16	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 (557)	-	
		Shanghai Yuan Zi Information Co., Ltd.	China	Software development, equipment maintenance and consulting	RMB 100	RMB 100	(Note B)	5.00	RMB 100	RMB 11	-	
17	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 (557)	-	
		Shanghai Yuan Zi Information Co., Ltd.	China	Software development, equipment maintenance and consulting	RMB 1,900	RMB 1,900	(Note B)	95.00	RMB 1,676	RMB 11	-	
		Shanghai Far Eastern Petrochemical Logistic Ltd.	China	Transportation	RMB 5,000	RMB 5,000	(Note B)	100.00	RMB 5,381	RMB 413	-	
18	Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd.	China	Fiber and textile production	US\$ 59,960	US\$ 45,960	(Note B)	100.00	US\$ 69,066	RMB 17,671	-	
		Oriental Industries (Suzhou) Ltd.	China	Textile production	US\$ 50,000	US\$ 50,000	(Note B)	100.00	US\$ 47,243	RMB 23,668	-	
		Far Eastern Industries (JiuJiang) Ltd.	China	Textile production	US\$ 1,200	-	(Note B)	100.00	US\$ 1,081	-	-	
19	Pacific Petrochemical (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	China	PTA production and sale	US\$ 50,755	US\$ 50,755	(Note B)	50.00	US\$ 44,382	RMB 86,403	-	
20	PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	China	PTA production and sale	US\$ 50,755	US\$ 50,755	(Note B)	50.00	US\$ 44,382	RMB 86,403	-	
21	FEDP (Holding) Limited	Far Eastern Industries (Suzhou) Ltd.	China	Garment production	US\$ 45,000	US\$ 25,000	(Note B)	100.00	US\$ 37,967	RMB 14,868	-	

(Continued)

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

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 December 26, 2002 to acquire equity in Pacific Liu Tung Investment Co.

(Concluded)

FAR EASTERN TEXTILE LTD.

**INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2007**

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

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

(Continued)

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

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

Notes:

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

(Concluded)

FAR EASTERN TEXTILE LTD.

INVESTMENT IN MAINLAND CHINA - INVESTMENT TYPE
YEAR ENDED DECEMBER 31, 2007
(In Thousands of U.S. Dollars)

Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Far Eastern Industries (Shanghai) Ltd. (FEIS)	Far Eastern Textile Ltd.	1996.07.09	No. 84015136	Far Eastern Polychem Industries Ltd.	\$ 6,000	\$ 6,000			
	Yuan Ding Investment Corp.			Far Eastern Polychem Industries Ltd.	24,000	24,000			
	Far Eastern Textile Ltd.	2004.12.29	No. 093032400	Far Eastern Polychem Industries Ltd.	1,712		\$ 1,712		
	Far Eastern Textile Ltd.	2004.12.30	No. 093032090	Far Eastern Polychem Industries Ltd.	1,540			\$ 1,540	
	Far Eastern Textile Ltd.	2004.11.03	No. 093032240	Far Eastern Polychem Industries Ltd.	3,879		3,879		
	Yuan Ding Investment Corp.	2004.12.29	No. 093032402	Far Eastern Polychem Industries Ltd.	7,014		7,014		
	Yuan Ding Investment Corp.	2004.11.02	No. 093032239	Far Eastern Polychem Industries Ltd.	15,898		15,898		
	Yuan Ding Investment Corp.	2004.12.29	No. 093032089	Far Eastern Polychem Industries Ltd.	6,313			6,313	
	Far Eastern Textile Ltd.	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Ltd.	31,779	31,779			
	Far Eastern Apperal (Shanghai) Ltd. (FEAS)	Yuan Ding Investment Corp.	1996.10.16	No. 85016219	Far Eastern Apperal (Holding) Ltd.	10,000	10,000		
Yuan Ding Investment Corp.		2003.10.30	No. 092033299	Far Eastern Apperal (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 Industries (Wuxi) Ltd. (FEIW)	Yuan Ding Investment Corp.	2002.06.21	No. 091011903	Oriental Textile (Holding) Ltd.	19,960	19,960			
	Yuan Ding Investment Corp.	2005.11.03	No. 094024169	Oriental Textile (Holding) Ltd.	40,000	40,000			
Oriental Petrochemical (Shanghai) Ltd. (OPC)	Yuan Ding Investment Corp.	2003.11.04	No. 092028575	Pacific Petrochemical (Holding) Ltd.	20,000	20,000			
	Ding Yuan International Investment Corp.	2003.02.26	No. 091039560	PET Far Eastern (Holding) Ltd.	20,000	20,000			
	Far Eastern Textile Ltd.	2004.01.14	No. 092035971	Far Eastern Polychem Industries Ltd.	1,228				\$ 1,228
	Yuan Ding Investment Corp.	2004.01.14	No. 092035970	PET Far Eastern (Holding) Ltd.	5,031				5,031
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Yuan Ding Investment Corp.	2003.10.31	No. 092033525	Far Eastern Polychem Industries Ltd.	20,000	20,000			
Far Eastern Industries (Suzhou) Ltd.	Yuan Ding Investment Corp.	2002.11.26	No. 091035216	Far Eastern Polychem Industries Ltd.	9,352				9,352
	Far Eastern Textile Ltd.	2004.10.11	No. 093025506	F.E.D.P. (Holding) Ltd.	1,569			1,569	
	Far Eastern Textile Ltd.	2004.10.14	No. 093030298	Far Eastern Polychem Industries Ltd.	713				713
	Far Eastern Textile Ltd.	2007.3.13	No. 09600059830	F.E.D.P. (Holding) Ltd.	5,288	5,288			

(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\$)
Oriental Industries (Suzhou) Ltd.	Far Eastern Textile Ltd.	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Ltd.	\$ 4,524	\$ 4,524			
	Yuang Tong Investment Corp.	2007.07.11	No. 09600243260	F.E.D.P. (Holding) Ltd.	20,000	20,000			
	Yuan Ding Investment Corp.	2005.08.01	No. 094015006	F.E.D.P. (Holding) Ltd.	19,800	19,800			
	Yuan Ding Investment Corp.	2006.02.09	No. 094037416	Oriental Textile (Holding) Ltd.	30,200	30,200			
	Yuan Ding Investment Corp.	2007.10.02	No. 09600280400	Oriental Textile (Holding) Ltd.	23,000	23,000			
Far Eastern Industries (Jiujiang) Ltd.	Yuan Ding Investment Corp.	2006.03.03	No. 09500033740	Oriental Textile (Holding) Ltd.	8,000	8,000			
Wu Han Far Eastern New Material Ltd.	Far Eastern Textile Ltd.	2006.05.19	No. 09500090070	Far Eastern Polytex (Holding) Limited	12,000	12,000			
Far Eastern (China) Investment Ltd.	Far Eastern Textile Ltd.	2006.08.01	No. 09500124430	Far Eastern Polytex (Holding) Limited	48,000	48,000			
Sino Belgium (Suzhou) Ltd.	Yuang Tong Investment Corp.	2007.08.02	No. 09600248620	Far Eastern Polytex (Holding) Limited	18,000	18,000			
Far Eastern Tech-info Ltd. (Shanghai)	Far EasTone Telecommunications Corp.	2004.08.26	No. 093018811	SINO BELGIUM (Holding) Limited	18,000	18,000			
				Far Eastern Info Service (Holding) Limited	2,700	2,700			

(Concluded)

FAR EASTERN TEXTILE LTD. AND INVESTEEES

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

Industry information

	2007				2006			
	Polyester	Spinning, Weaving and Dyeing	Adjustments and Eliminations	Total (Note A)	Polyester	Spinning, Weaving and Dyeing	Adjustments and Eliminations	Total (Note A)
Sales to customers	\$ 39,134,262	\$ 10,019,728	\$ -	\$ 49,153,990	\$ 30,045,170	\$ 9,584,370	\$ -	\$ 39,629,540
Intracompany sales (Note B)	<u>1,252,380</u>	<u>-</u>	<u>(1,252,380)</u>	<u>-</u>	<u>1,225,515</u>	<u>-</u>	<u>(1,225,515)</u>	<u>-</u>
Total revenue	<u>\$ 40,386,642</u>	<u>\$ 10,019,728</u>	<u>\$ (1,252,380)</u>	<u>\$ 49,153,990</u>	<u>\$ 31,270,685</u>	<u>\$ 9,584,370</u>	<u>\$ (1,225,515)</u>	<u>\$ 39,629,540</u>
Segment operating income (Note C)	<u>\$ 1,889,159</u>	<u>\$ 447,073</u>	<u>\$ -</u>	\$ 2,336,232	<u>\$ 313,025</u>	<u>\$ 558,301</u>	<u>\$ -</u>	\$ 871,326
Investment income under the equity method				11,223,232				9,870,166
General income, net				(80,904)				(272,243)
Interest expense				(964,040)				(869,368)
General expenses (Note D)				<u>(1,240,793)</u>				<u>(1,289,908)</u>
Income before income tax				<u>\$ 11,273,745</u>				<u>\$ 8,309,973</u>
Identifiable assets (Note E)	<u>\$ 23,001,404</u>	<u>\$ 7,118,895</u>	<u>\$ -</u>	\$ 30,120,299	<u>\$ 20,776,509</u>	<u>\$ 6,873,660</u>	<u>\$ -</u>	\$ 27,650,169
Long-term stock investments				105,374,847				95,493,702
General assets				<u>9,662,834</u>				<u>4,626,116</u>
Total assets				<u>\$ 145,157,980</u>				<u>\$ 127,769,987</u>
Depreciation expense	<u>\$ 1,536,523</u>	<u>\$ 221,106</u>			<u>\$ 1,684,739</u>	<u>\$ 260,578</u>		
Capital expenditures	<u>\$ 1,184,255</u>	<u>\$ 76,328</u>			<u>\$ 1,524,022</u>	<u>\$ 72,969</u>		

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

B. Inter-division revenue from goods and services.

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

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

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

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