



遠東百貨股份有限公司九十四年度年報
FAR EASTERN DEPARTMENT STORES LTD.

2005

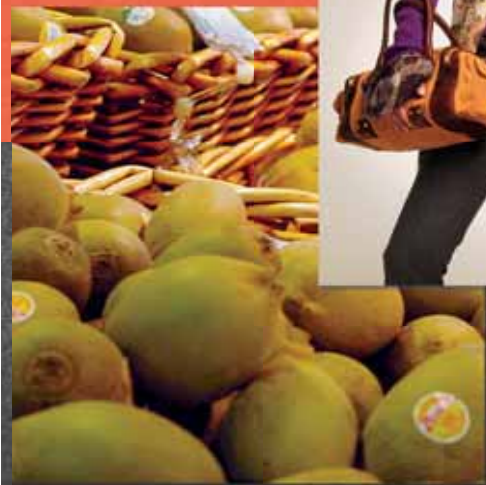
ANNUAL REPORT

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營業績效

Financial Highlights

For the years ended December 31, 2005 and 2004

民國94年度及93年度

(Expressed in Thousands of New Taiwan Dollars and U.S. Dollars)

(單位：新台幣仟元及美金仟元)

	2005 (US\$)	2005 (NT\$)	2004 (NT\$)	% Change
For the Year:				
全年度				
Revenues 收入	554,423	18,212,804	17,160,773	6.13
Income before income tax 稅前利益	31,672	1,040,431	1,563,093	-33.44
Net income 純益	29,815	979,426	1,479,529	-33.80
Percentage of revenues from net income 佔營業收入百分比	-	5.4%	8.6%	-
Per share of common stock:				
每股股票				
Net income 純益	0.030	0.98	1.51	-35.10
Cash dividends 現金股利	0.015	0.50	0.60	-
Stock dividends 盈餘配股	0.012	0.40	0.50	-
Capitalization of capital surplus 資本公積配股	-	-	-	-
At year-end				
年底				
Total assets 總資產	1,121,082	36,827,556	34,716,132	6.08
Stockholders' equity 股東權益	556,570	18,283,333	17,223,853	0.15
Property & equipment 財產及設備	665,764	21,870,333	22,713,114	-3.71
Shares outstanding (thousands) 流通在外股數(仟股)	-	1,036,397	987,045	-
Number of employees 員工人數	-	1,483	1,470	0.88

Notes:

(A) U.S. dollar amounts in this annual report are calculated on a basis of NT\$32.85=US\$1.0 the approximate effective rate exchange on December 31, 2005.

(B) Property & equipment included operating properties, rental properties and properties.

註：

1. 本年報美金金額計算基礎為94年12月31日的美金匯率NT\$32.85=US\$1.0

2. 財產及設備包括固定資產出租資產閒置資產。

Message to Shareholders



董事長 Chairman
徐旭東 Douglas Tong Hsu

Preface

Reflecting on 2005, while under macroeconomic impact thanks to better-than-expected export performance the nation registered a GDP growth of 4.09%, according to Directorate General of Budget, Accounting & Statistics, Executive Yuan. Among which, private consumption contributed positively to the GDP growth. Statistics show that Taiwan's retail industry attributed 22.07% to our GDP growth, up from 18.39% of a decade ago indicating as high as 20% plus of product value coming from the retail industry. The economic recovery since 2004 did help improve the nation's employment for the past two years. As a whole, unemployment gradually dropped to 4.13% last year, the lowest within the past five years. Therefore, general consumer incomes maintain a steady growth of 3%. According to official statistics, whole sale, retail, food and beverage revenues grew at 6.6% in 2005, higher than our economic growth.

Looking into 2006, though facing with ongoing uncertain factors including political turbulence, oil price rising, avian flu, and etc., given the world trade growth momentum Taiwan's economic performance is expected to improve and reach a targeted growth of 4.5%, higher than that of 2005.

From competition point of view, consumers have reserved

faith due to credit card debts and commodity price rising. Within this year over 600,000 square meters of new sale space will join operations throughout the Island, including Fu Hsing Store of our Pacific SOGO Department Store scheduled to be opened during third quarter. While this will surely intensify the industry's competition, allowing Mainland Chinese tourists to enter Taiwan is indeed welcome news to local retail industry.

On the other hand, the most obvious trend change in retail is the urbanization of hyper stores pressing department stores to further improve their supermarkets to be more exquisite. The ongoing trend is "department stores turning into shopping centers and shopping centers becoming more fun-oriented", thus resulting the popular cinemas, Ferris wheels, high-rise observatories, and etc. In order to survive and succeed in this highly competitive market, department stores must elevate operating efficiency, enhance differentiation and diversification.

Operating Report for 2005

During the year 2005, Far Eastern Department Stores recorded total sales revenues of NT\$18.21 billion. When combined with subsidiaries, consolidated revenues amounted to NT\$76.81 billion, up 3% year on year. Net income before tax was NT\$979 million, and earnings per share at NT\$0.98. The Far Eastern Retail Group's 2005

performance is summarized as follows:

1. Far Eastern Department Stores Ltd.

To cope with intense competition, our Paoching Branch located at downtown commercial circle underwent the largest renovation within the past decade. The Store decoration with urban style now looks bright and transparent. Merchandise mix is more fashion and lady oriented. Furthermore, the newly added two VIP rooms with ample space offer better customer services. After thorough renovations, FE21' Paoching Store reopened on June 3, 2005 providing consumers a more exquisite, trendy, and pleasant shopping environment.

With full promotion, membership of Far Eastern Happy Go Group Cards has already exceeded 2.5 million which may help bring more customers to spend at FEDS. This is a cross-industrial smart card to collect bonus points at the Group's affiliated Far Eastern Department Stores, Pacific SOGO Department Store, the Mall, Far Eastern Geant hyper stores, Far Eastone Telecommunications, New Century InfoComm Tech (sparq), Far Eastern International Bank, and Far Eastern Plaza Hotel. Being the most convenient card for collecting bonus points, the Happy Go Card has received warm welcome since its launch in early 2006.

To create shareholders' value, FEDS has shifted from pursuing higher revenues to profit growths via strengthening of merchandise mix and increasing in gross margin. Therefore, we have reviewed and readjusted our merchandise mix and space allocation. While sale space for cosmetics, high-end goods, clothing and household items has been expanded, percentage of supermarket, food court and household appliance has been lowered. Thus, operating profit surged 51% as compared to the previous year.

To promote international exchanges and help consumers better understand exotic fine products, FEDS held "Taste of France" exhibition in May and "Canada-Naturally

Delicious" in September 2005. These events not only provide consumers with diversified foreign commodities, but also enhance customer visits as well as revenues.

FEDS has always been a good corporate citizen who cares about customers and colleagues. We also want to make contributions to our communities. Therefore, the Company has participated in various charity events such as blood donation, anti-drug campaign, AIDS prevention, and etc.

2. Pacific SOGO Department Stores Co., Ltd.

2005 revenues were NT\$30.5 billion, up 5.7% than a year ago, net income after tax was NT\$1.67 billion which surged 55% than that of 2004.

During the 18th anniversary celebration, Pacific SOGO Taipei Store registered record-high revenues amounted to NT\$2.76 billion. Total incomes island-wide reached NT\$4.9 billion, also a new high for the Company.

To achieve higher customer satisfaction, Pacific SOGO's Kaohsiung, Chungli and Chungli New Stores have completed smoothly their respective renovations, introduced new brand names, and improve operating efficiency.

For more flexible promotions, the Company accumulated some half a million Happy Go Group Card members which have contributed much to the establishment of customer database as well as the implementation of marketing and sales information.

3. Far Eastern Geant Co., Ltd.

Far Eastern Geant's 14th Store Tachih Branch had its soft opening on December 29, 2005. Located at Tachih rezoning area, it is the Company's new-generation flagship store with high growth potential and is expected to create revenues of NT\$1.8 billion per year.

After reviewing and negotiating rentals of each store's land and building, seven branches completed renegotiations in 2005 and saved annual rents of NT\$51 million for the whole Company.

We have launched "First Price" commodities to provide customers with best buy products to not only establish image of lowest reasonable prices, but also increase store visits. During 2005, altogether 134 "First Price" items were introduced accounting for 1% of total revenues.

The Space Management and Sales Development Team was formed to offer precise realtime sales analysis and market information, as well as establish standard display, tracking, category, and range.

Reinforce on-the-job trainings, focus on reserving manpower for store managers and division heads and on fresh hypermarket training, establish fresh hypermarket training centers at Taipei Panshing and Taichung Fuhsing Stores.

Prospects for 2006

1. Far Eastern Department Stores Ltd.

- (1) FEDS Tienjin Store opened on May 19, 2006 with some 562,000 square meters is Far Eastern Retail Group's (including Pacific Department Stores in China) largest store in Mainland China. Operating performance exceeds expectation as it is the first store to introduce theme restaurants, high-end supermarkets and top-quality fine products.
- (2) Continue to sponsor international exhibitions, "Austria - More than Mozart" was held from April 13 to 24, 2006, "Australian Weeks" will be held from September 21 till October 2, 2006.
- (3) Strengthen self-owned brand products and achieve efficient differentiation. Self-owned imported brands have long been the Company's focus of operations. Currently we have already obtained concessions of 4 Italian fashion, 5 Australian fashion and 3 Australian handbag brands. This year we will also include shoes

and have acquired a dozen of Italian brands for lady shoes and handbags which are expected to open concessions in FEDS branch store beginning this fall or winter.

- (4) To cope with construction of the adjacent Far Eastern Hotel, FE21' MegA Tainan Chenkong Store will also go through large-scale renovations to cater to the needs of future hotel guests and expand office lady wear so as to heighten customer spending and improve revenues.
- (5) FEDS has acquired tenancy right for a piece of land located at Shi Tun District of Taichung City which will be developed into large shopping mall to offer a lifestyle store integrated with leisure, shopping, food, beverage, and fun entertainment.
- (6) To promote revenues and increase operating channels, the Company aims to enter into Internet market and has established e-commerce department to make proper preparations.
- (7) To be quickly responsive to market changes and operate with higher efficiency, FEDS plans to introduce world-renowned ERP system of SAP. Presently we are at the evaluating and schedule planning stage.
- (8) To enhance cashier efficiency, improve service quality through various promotions, and effectively collect consumption data to better understand targeted customers' behaviors, FEDS is now evaluating the latest cashier hardware and software systems to initiate total renewal starting from latter half of this year.
- (9) Continue to promote "higher customer satisfaction". We believe that the key success of retail industry lies in customer satisfaction. To provide a gratifying shopping experience is more important than diversified merchandise choice and acceptable price range. Therefore, creating a friendly, comfortable and pleasant shopping environment will still remain as our company goal this year.

2. Pacific SOGO Department Stores Co., Ltd.

- (1) Introduce for the first time into Taiwan completely new brands to differentiate with Taipei Chung Hsiao Store to successfully open SOGO Fuhsing (BR4) Store in October 2006.
- (2) Actively plan for Tienmu Store in compliance with conditions of Tienmu commercial circle. Target market position and coordinate relevant construction schedule to ensure its smooth opening in 2008.
- (3) Promote Happy Go Group Bonus Cards to reach 800,000 members, make good use of this ample consumer database, and improve customer satisfaction.
- (4) Expedite the cultivation of store managers and management talents, regularly rotate executives within the company to learn different fields of expertise, fortify operating, merchandise and ethic education of basic staffs.

3. Far Eastern Geant Co., Ltd.

- (1) Try best to achieve targeted 7% revenue growth of the existing stores. Join forces with Happy Go Group Bonus Cards and our "Loyalty Membership Plan" to elevate customer loyalty and increase customer visits and spending through price management and flexible promotions.
- (2) Improve merchandise mix, strengthen the portfolio of concessions operating on the shopping street to heighten operating income, effectively control marketing expenses so as to make a positive EBITDA.
- (3) Evaluate carefully the development of new stores and devote every effort to investing in high-profit new stores.

In the 21st century, the ever advancing technologies have brought complex and highly changeable phenomenon for

the lifestyle industry. To exceed customer needs, the retail industry must take full advantage of the latest information technology, be very professional to have new operating model, and keep an innovative spirit and courage to try different new directions.

Far Eastern Department Stores has always been committed to "operating in compliance with customers' wishes". In future we plan to integrate all resources within the Group to complement one another. With outstanding management team, the Company is confident to become the retail group with highest customer satisfaction and create maximum growth value for our shareholders. Thank you for your continued support and wish you success and health for the coming year.

Chairman

Douglas Tong Hsu



致股東報告書

一、前言

回顧民國94年，在總體經濟環境的影響下，由於出口表現比預期好，因此，主計處公布之我國的GDP成長率仍有4.09%。其中，並提到民間消費對GDP的成長具有正面貢獻。根據統計，我國流通業對全國GDP的貢獻度，從十年前的18.39%，增加到去年的22.07%，顯示國民生產毛額中，高達五分之一的產值來自於流通業。而自2004年起的景氣復甦確實改善了近兩年來國內的就業情況。整體而言，我國失業率呈現緩降趨勢，去年為4.13%，亦是5年來的新低。因此，一般消費大眾的實質所得亦皆能維持穩定的成長達3%。根據主計處的統計，2005年批發、零售及餐飲的營業額年增率為6.6%，高過經濟成長率。

展望民國95年，在總體經營環境上，雖然政治紛擾、油價波動、禽流感等不確定因素仍未消除，但我國的經濟成長表現，應可在世界貿易成長腳步加快，我國出口動能維持不墜及民間消費穩定成長的情況下，GDP的成長率可望更進一步達到4.5%之目標而優於2005年。

再從零售產業的競爭角度來看，由於受到卡債效應及物價上漲因素的影響，消費心態將趨於保守。而包括本公司轉投資之太平洋SOGO百貨於第三季將開幕的復興店內，今年一年中，全國將有18萬坪之新賣場加入零售市場，這也會加深零售業者之競爭難度。但是，已開放的大陸居民來台觀光之措施，對零售產業而言，卻又是一大福音。

另一方面，零售產業中最明顯的變化就是“量販店都會化”，進而壓迫百貨公司內的超市更精緻化。而“百貨公司購物中心化，購物中心娛樂化”也是持續進行中的趨勢，從幾年前流行的影城，進而摩天輪、高空觀景台...等，都是趨勢下的產物。因此，如何在競爭激烈的市場中生存，提昇作業效率、發展差異化、多角化的經營都將是百貨零售業經營成敗的關鍵。

二、九十四年度營業結果說明

本公司94年度總體營業結果，在業績方面，全年度營業收入為182億1仟3佰萬元。若加計子公司部份，合併總營收約為768億1仟萬元，較上年度成長3%。而在盈餘方面，本年度稅後淨利約為9億7仟9佰萬元，每股稅後盈餘為0.98元。以下即就遠百零售體系94年度營業結果說明於後。

(一)遠東百貨

(1)在百貨競爭愈趨激烈的狀況下，位在西門商圈的遠東百貨賣場進行十年來首度的全面性大規模改裝。在整體裝潢上採用明亮透感、都會風格為主，商品結構上則增加流行性、女性化的佔比。而新增的兩個50坪VIP室則讓顧客服務在硬體設施上更加完備。改裝後，已於6月3日以FE21，

賣場的全新面貌出發，提供消費者一個更精緻、細膩、流行、愉快的購物新環境！

- (2)全力推廣遠東集團Happy Go快樂購集點卡，並活用250萬持卡人的資源，帶動更多消費者至遠百購物。由於這是一張可讓消費變聰明的卡，只要消費皆能集點。更可在遠東百貨、太平洋SOGO百貨、遠東購物中心、愛買吉安量販店、遠傳、速博、遠銀、遠東飯店跨產業集點，是目前市面上紅利回饋最方便的卡，年初上市即獲得廣大回響。
- (3)強化商品結構，提昇營業毛利。由於本公司已將過去追求營業額的營運目標轉變為追求利潤，以創造股東價值。因此，在提高營收及毛利抽成方面，已重新檢討並調整商品結構及配置面積。如：提高化妝品、精品、服裝、家用之營業面積，降低超市、餐飲、家電之面積比重。因此，營業利益與去年比，大幅提昇51%。
- (4)而本公司為提昇商品國際化的形象，並讓消費者更加瞭解各國的風物及精緻商品，於5月舉辦“品味法國展”及9月舉辦“加拿大商品展”。該主題性活動不但可提供消費者多元化之異國商品，亦可同時提昇顧客來店率與業績。
- (5)“取之社會，用之社會”是遠百永遠秉持的“企業責任”。我們不只關懷遠百的顧客與同仁，同時也關懷我們所服務的社區。因此，我們積極參與社區的各種慈善與公益活動，如：愛心捐血活動、青少年反毒宣導活動、防治愛滋宣導活動...等。

(二)太平洋崇光百貨

- (1)94年度的營業收入約為305億元，比去年實績成長5.7%。稅後純益為16億6仟6佰餘萬元，較93年度成長約55%。
- (2)94年十八週年慶，台北店營業收入達27億6仟1佰萬元創新台幣紀錄，全省總營業收入也超過49億，再創本公司營業新高。
- (3)為提昇消費滿意度，本公司高雄店、中壢本館暨新館均順利完成局部改裝，引進新的品牌；並提昇營業績效。
- (4)為使販促活動更加靈活，本公司全力推行遠東集團Happy Go快樂購集點卡約達50萬張，對主顧客的建立及銷售資訊之運用，發揮了極佳的效果。

(三)愛買吉安量販店

- (1)愛買第十四家分店—大直店，於12月29日試賣，該店為愛買最新一代的旗艦店，位於台北市大直重劃區，深具市場潛力。預計1年可創造18億的營業收入。
- (2)重新審閱與談判協商各店之土地與建物租金，94年度完成協商者計7家分公司，節省年租金5仟1佰萬元。
- (3)推出最划算商品(First Price)，可提供消費者物超所值商品，

並建立低價的價格形象，以提昇來店顧客數。商品部推出之最划算商品，94年共計134項單品，佔營業額1%。

- (4)成立空間管理與銷售發展小組(Space Management and Sales Development Team)，及時提供正確的銷售分析與市場資訊，建立標準陳列、追蹤及評選品類(category & range)。
- (5)加強在職訓練。儲備店長、部門經理與生鮮訓練為年度訓練重點，並於台北板新店、台中復興店設立生鮮訓練中心。

三、九十五年度營業計畫概要與展望

(一)遠東百貨

- (1)遠百天津店將於5月19日開幕，賣場面積一萬七千餘坪，是遠百零售集團(含大陸太平洋百貨)於大陸最大的店，並首度引進主題餐廳、頂級超市及一線精品，營業狀況超乎預期。
- (2)持續本公司最具特色的主題活動“國際商品展”。已於4月13日至24日舉辦“奧地利展”，並將於9月21日至10月2日舉辦“澳洲展”。
- (3)強化自營進口商品，力求有效之差異化經營。長久以來自營進口商品即為本公司的營運重點。目前服飾部分已取得4個義大利服裝品牌、5個澳洲服飾品牌及3個澳洲包包品牌之代理。而今年更將自營商品之陣容，由服飾切入鞋子，並已取得十多個義大利女鞋及包包品牌，最快將於今年秋冬於遠百各店設櫃上市。
- (4)台南成功店將於下半年配合隔壁遠東飯店之工程，進行近年來最大規模之改裝。並配合飯店客層之特性，擴大女性上班族之服飾賣場，以提高客單價並提昇業績。
- (5)本公司已標得教育部台中市西屯區惠國段89、91地號學產土地之土地承租權，該土地將開發大型百貨商場，為台中鄉親提供集休閒、購物、餐飲、娛樂於一體，有趣的生活場所。
- (6)為提升營業額，增加經營通路，本公司擬於本年度進軍網路市場，並已成立e事業部，積極籌備招商等建置作業。
- (7)而為因應市場快速變化及提高工作效率，本公司擬引進國際知名軟體SAP之ERP系統，目前正進入評估及導入時程規劃之階段。
- (8)另為提高結帳效率及為因應各種促銷方式以提升服務品質，並能有效收集各種消費資訊以增進對主顧客消費行為之掌握，目前正評估最新之收銀軟硬體系統，並擬於下半年開始進行全面更新作業。
- (9)持續推動“提昇顧客滿意度活動”。我們相信，零售業的成功之鑰在於顧客滿意。提供讓顧客滿意的購物經驗，比

豐富的商品選擇與價格的高低更為重要。因此，塑造一個親切、舒適、愉快的購物環境仍將是我們今年努力的目標。

(二)太平洋崇光百貨

- (1)引進首度登台的新品牌，與忠孝本館做區隔，全力促使台北復興店(BR4)於95年10月開幕圓滿成功。
- (2)積極進行天母店的籌備規劃，依天母商圈及立地條件，設定市場定位，並協調相關營建進度，務期在97年能順利加入營運。
- (3)全力推行遠東集團Happy Go快樂購集點卡，使卡量達80萬張，並有效運用消費資訊，提昇顧客滿意度。
- (4)加速培養店長及管理人才，並進行幹部定期輪調，學習不同領域之專長，並強化基層幹部之營業、商品及品德教育。

(三)愛買吉安量販店

- (1)努力達成既有店業績成長7%之目標：本公司將結合遠東集團Happy Go快樂購集點卡與行銷部擬定之“會員忠誠計劃”來提昇顧客忠誠度，並藉助價格管理與機動性促銷，以提高來店客數與客單價。
- (2)改善商品結構，強化商店街之專櫃組合，以提高營業利益，並有效控制管銷費用，以達成年度EBITDA為正值之目標。
- (3)審慎評估新店開發，全力開發高獲利率之新店。

廿一世紀，科技的日新月異，帶動生活產業產生了複雜又多變的現象。零售業在新的世紀，一定要有新型態的經營模式，更要有革新的精神及嘗試新方向的勇氣，充分利用資訊科技及專業的經營態度，才能超越消費者之需求。

而自創業以來即秉持著“以消費者的心願而經營”的遠東百貨，亦將有計劃地整合集團內的各項資源，專長互補，並憑藉著優異的經營團隊，期望在兩岸中，為顧客創造滿意度最高百貨零售集團，為股東創造最大的成長價值。

謹此 敬祝 各位股東

身體健康 萬事如意

董事長

徐旭東

President's Remarks



總經理 President
徐雪芳 Nancy Hsu

According to Directorate General of Budget, Accounting, and Statistics, Executive Yuan, in 2005 the nation's service industry accounted for as high as 73.6% of GDP and 58.2% of total employment population. These data demonstrate that Taiwan's economy has already transformed to be service-oriented and department stores have been playing the most vital and indispensable role in the service industry.

To make a comprehensive survey of the prosperous developments of Taiwan's department stores during recent years which nearly peaked in 2005, we can prove this economic development trend. Currently in Taipei alone there are 26 department stores with the world's highest density, another kind of "Economic Miracle" in Taiwan.

However, according to retail industry's calculation for one department store to operate smoothly would require the support of some 150,000 to 200,000 population. Thus, it is estimated that Taipei City can only accommodate a dozen of department stores to operate efficiently.

In spite of the above, to achieve revenue growth and also

higher market share, department store operators continue to expand new stores. Within the next four years, there will still be five more new stores being opened in the Taipei metropolitan area, among which four stores belong to the Far Eastern retail system including SOGO Fu Shing Store scheduled to open 4th quarter of 2006, SOGO Shih Lin Store in 2008, plus Panchiao Store and A13 Project at Hsinayi District in 2009.

Furthermore, Far Eastern Department Stores (FEDS) won the bid of a piece of finest land located at Chung Kang Road, Taichung which is expected to develop into the largest department store in the central part of Taiwan in 2009.

These store opening projects though somewhat inconsistent with current economic condition, almost all retail operators predict cross-strait relations to improve around 2008 and strongly hope that the loosening of tourists from Mainland China to Taiwan at the end of 2006 will bring great prosperity for local department stores.

Therefore, aside from the above-mentioned opening projects, FEDS has also made efforts to improve its

operations. First of all, we would like to mention the renovation of Taipei Paoching Store. In view of increasingly intense competition among department stores, to be more competitive FEDS Paoching Store located at downtown Ximen commercial circle underwent the largest renovation within the last decade. With bright and transparent color tone, trendy fashion and high percentage of feminine merchandise, the whole Store is filled with chic trendy style. In particular the ample and comfortable VIP room refines Paoching Store's complete customer service hardware. FE21' Paoching Store was reopened on June 3, 2005 with fresh look and marked a brand new milestone for FEDS's operations in the western district of Taipei.

As to managing merchandise, given the fact that FEDS has shifted from simply pursuing revenue growth in the past to achieving profit growth and creating highest value for our stockholders, the Company has been evaluating its operating policy to increase revenues, profit margin and commission. We will also readjust our merchandise mix to increase sales space of cosmetics, high-end quality goods and fashion wear while lowering the space ratio of supermarket, food court and home appliances.

Management-wise we firmly believe that the key of success in retail industry depends on customer satisfaction. To provide the most gratifying shopping experience for customers is more important than offering a wide selection of merchandise mix and different price ranges. Therefore, FEDS will continue to promote "Improving Customer Satisfaction Campaign" to create a friendly, comfortable, and delightful shopping environment which remains one of

our operating goals for this year.

On the other hand, the Company operates smoothly in exploring the China growth market. The 67,000 square-meter FEDS Tienjin Store opened on May 19, 2006 is FEDS retail system's first exclusively owned department store in Mainland China. It is also our largest store (including Pacific Department Stores) in China. With the introduction of theme restaurants, top-end supermarket and most famous brand names, this Store has given better than expected operating results.

To further develop "cross straits as well as Taiwan operations" has been our focus of attention. While facing with unceasing intense competition, with the continued support and encouragement of our shareholders and customers, all colleagues of FEDS are confident and determined to give outstanding performances on both sides of the Taiwan Straits.

President

Nancy Hsu

A handwritten signature in black ink, appearing to read 'Nancy Hsu', written in a cursive style.

總經理的話

根據行政院主計處之統計，2005年我國服務業之產值佔國內生產毛額（GDP）之比重已高達73.6%，而從業人口之比重則佔總就業人口的58.2%。就這項數據而言，台灣的經濟已轉化為以服務業為主體的結構。而百貨業更是服務業中，最重要且不可或缺之一環。

綜觀台灣百貨業這幾年之蓬勃發展，幾乎於2005年達到顛峰，亦印證了此一經濟發展之趨勢。目前，光是台北市就有26家百貨公司，密度居世界之冠，也可說是台灣的另類“經濟奇蹟”。

然而，依業界之算法，大都以15-20萬人支撐一家百貨公司的正常營運而言，推估台北市頂多只能容納十幾家百貨公司可有效經營。

雖然如此，為了業績的成長，也為了市佔率的提高，百貨業的開店計畫卻仍持續進行中。未來四年，大台北地區至少還會有五家大型百貨公司開幕。而光是遠百零售體系就有四家。包括：BR4（SOGO復興店）今年第四季開幕；後年（2008）年SOGO士林店；2009年板橋店、信義計畫區A13案也都將開幕。

而遠東百貨更標下台中市中港路之精華地段的土地，預定2009年開設台灣中部最大的百貨公司。

這些開店計畫，雖然與目前之景氣環境略有出入，但幾乎所有業者都預期2008年前後兩岸關係可能緩和，更寄望今年底政府會開放大陸客來台觀光，為百貨業帶來偌大商機。

因此，除了以上所談之開店計畫，本公司在營業面上亦做了必須的努力。首先一提的是，台北寶慶店的改裝案。由於百貨業的競爭愈來愈激烈，為提昇競爭力，位在西門商圈的遠百寶慶店進行十年來首度的大規模改裝。明亮透感的整體裝潢，高流行性及高佔比的女性化商品，處處洋溢都會風。而

30坪寬敞舒適的VIP室，讓寶慶店在顧客服務的硬體上更加完備。該店已於2005年6月3日以FE21'寶慶店的全新面貌出發，也讓本公司在台北市西區的經營，邁向全新里程碑！

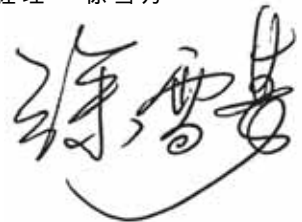
其次，商品面的經營上。由於本公司已將過去單純追求營業額的努力，轉變為追求利潤，為股東創造最高利益的經營目標。因此，在提高營收及毛利抽成方面，已重新檢討，並調整商品結構。如：提高化妝品、精品、服裝之營業面積，另一方面則降低超市、餐飲、家電之面積比重。

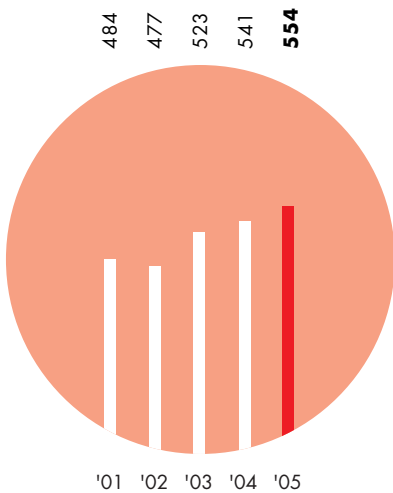
而在管理面的經營上。我們相信，零售業的成功之鑰在於顧客滿意。提供讓顧客滿意的購物經驗，比豐富的商品選擇與價格的高低更為重要。因此，持續推動“提昇顧客滿意度活動”，以塑造一個親切、舒適、愉快的購物環境，仍將是我們今年努力的目標。

另一方面，在大陸市場的經營上，已於今年5月19日開幕的遠百天津店是遠東百貨零售體系在大陸第一個以獨立型態設立的百貨公司，賣場面積兩萬餘坪，是遠百零售體系(含大陸太平洋百貨)於大陸最大的店，並首度引進主題餐廳、頂級超市及一線精品。至目前為止，營業狀況超乎預期。

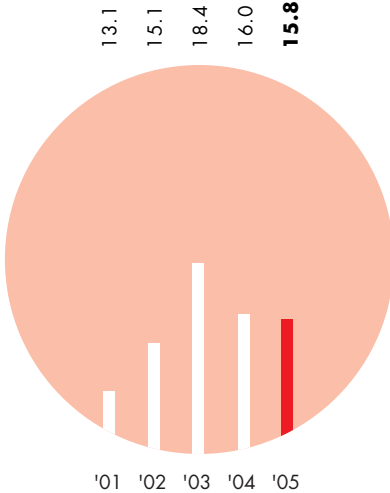
“跨越兩岸，深耕台灣”，是我們努力的目標。雖然競爭永遠激烈，但是，遠東百貨公司全體同仁，在各位股東的支持和鼓勵下，有信心亦有決心再創兩岸業績更高峰。

總經理 徐雪芳

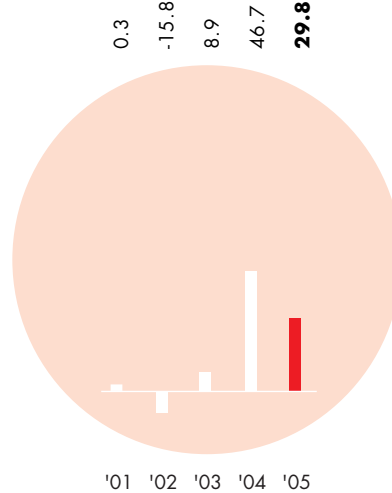




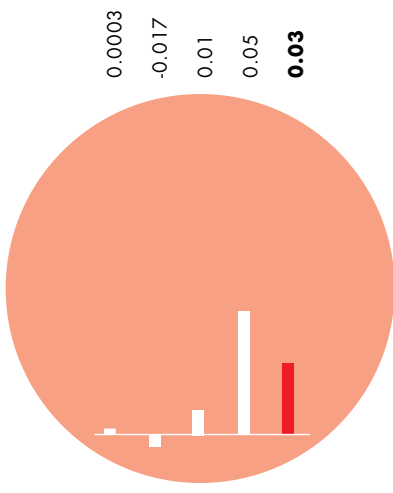
Revenues From Operation
(In Million US\$)
營業收入
(百萬美元)



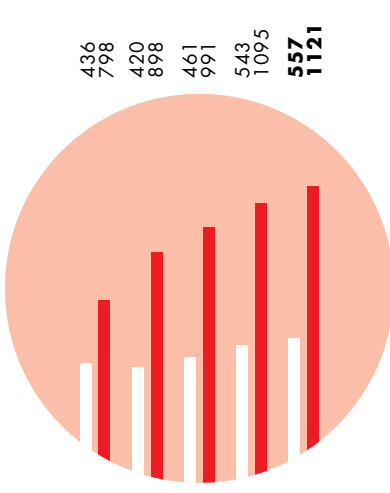
Depreciation & Amortization
(In Million US\$)
折舊及攤銷
(百萬美元)



Net Income
(In Million US\$)
淨利
(百萬美元)

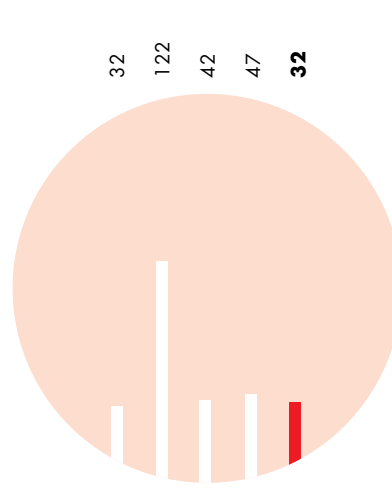


Net Income per Share
(US\$)
每股純益
(美元)



Stockholders' Equity & Total Assets
(In Million US\$)
股東權益 & 總資產
(百萬美元)

□ Stockholders' Equity 股東權益
■ Total Assets 總資產



Capital Expenditures
(In Million US\$)
資本支出
(百萬美元)

時尚據點 Fashion Spotlight

百變衣領風貌

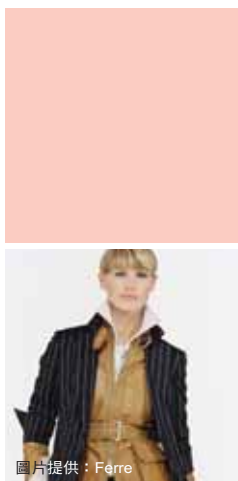
不論是演藝巴洛克低調奢華的自營品牌，還是經典潮流的復古名牌風尚。遠東百貨永遠跟您站在同一陣線，隨時新貨上架。徹底展露您的主張，炫出最自我的風格來！

Always on the Change

Whether the Baroque low-key extravagance of our self-owned brands, or classical famous world brand fashion, Far Eastern Department Stores has always been trendy with you to display the newest merchandise so as for you to reveal your unique and glamorous style!



圖片提供：Ferre



圖片提供：Ferre



圖片提供：Just Cavalli



圖片提供：GEORG JENSEN



時尚據點 Fashion Spotlight



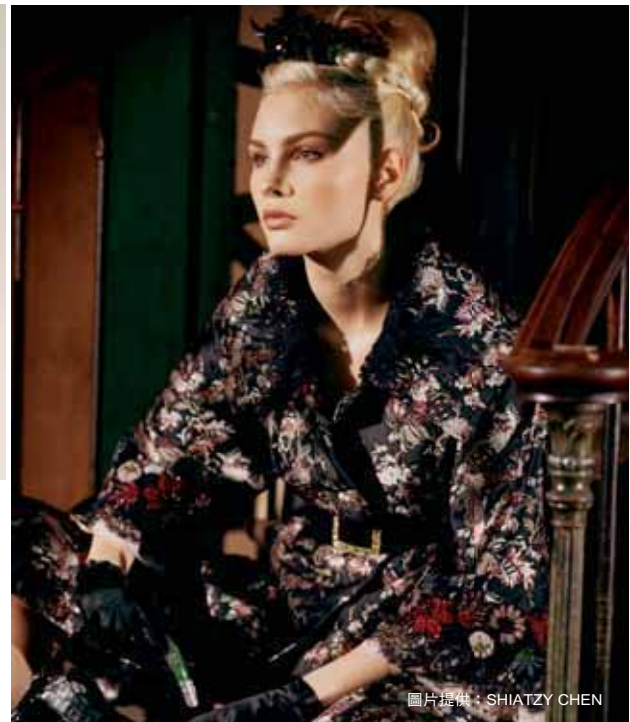
圖片提供：D&G



圖片提供：GAS



圖片提供：GF Ferre



圖片提供：SHIATZY CHEN



圖片提供：Aquascutum



圖片提供：ck Calvin Klein

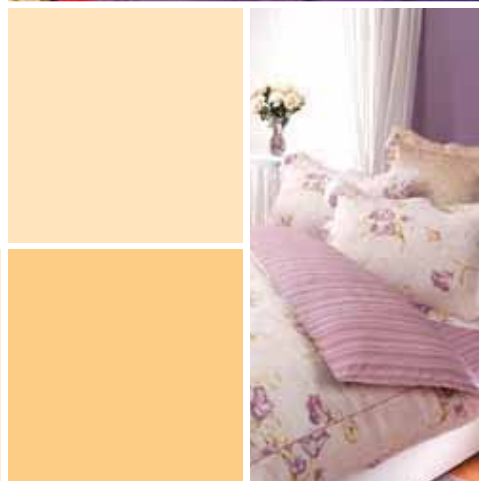
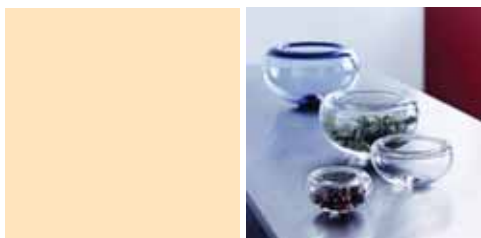
創意家居 Household Innovation

打造家的自在態度

不論如何深度探訪世界，人的腳步依然不忘留連最熟悉的家園。富想像力的設計元素，將生活與居家妝點的更有趣及活力。這就是遠東百貨居家所提供的細膩生活。

Creating Comfortable Attitude at Home

No matter how deeply one explores into the world, no one can forget the most familiar sweet home. Design rich in imagination and innovation adds fun, vigor and exquisiteness to Far Eastern Department Stores' household appliances.

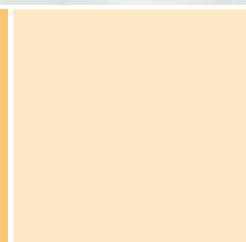
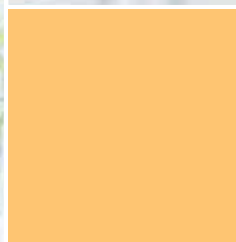


Lonia Nicole

東妮寢飾



創意家居 Household Innovation





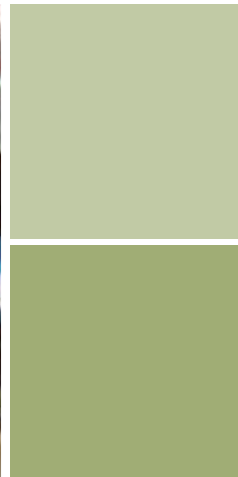
新鮮市集 Fresh Market

玩味廚娘把戲

生活愜意點、態度輕鬆點，來到遠東百貨超市，琳瑯滿目的生鮮食材、純天然的製品將喚醒您幸福的味覺，沉浸於與美好料理的對話中，您將久久不能自己。

Play with Culinary Art

Make life more pleasant and easier and visit the supermarket of Far Eastern Department Stores. Let yourself be devoured in and have a dialogue with a complete selection of fresh food materials and natural products to waken up your palate.





藝文書香美饌

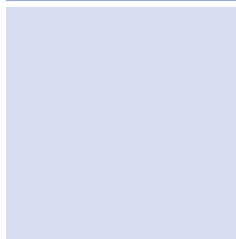
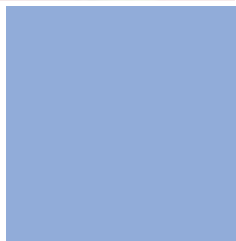
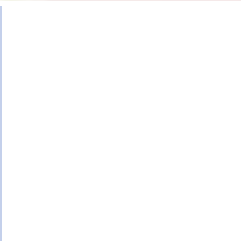
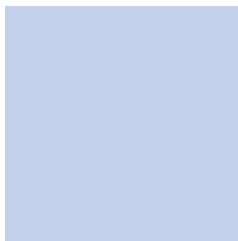
Culture, Knowledge and Gourmet Food

心靈的私密天堂

遠東百貨延伸閱讀、將書香與饗宴融合自成一區。讓知識零時差跨國界的被人分享，而幸福在這裡將以美食的姿態呈獻，享受身心靈的平衡就在遠東藝文書香美饌！

Private Paradise for Heart and Soul

Far Eastern Department Stores extend and combine the pleasure of reading plus eating in one particular area, to let knowledge be shared by all with no limit of time or space. Bliss is illustrated here in the form of gourmet food. Customers can enjoy peace of mind and a balanced life here flipping through the pages and savoring fine food at FEDS.





活動集錦 Colorful Activities

▼ 來自加拿大的龍蝦，生長在清澈寒冷而零污染的北大西洋深海裡，其肉質鮮美且富含各種礦物質及維他命，是活動中極具看頭的商品

Lobsters from Canada grown in the crystal clear, icy cold and unspoiled North Atlantic deep ocean rich in all kinds of minerals and vitamins are the most popular merchandise on display.



▲ 「自然純淨健康加拿大」活動由徐董事長、徐總經理、加拿大駐台北貿易辦事處代表黎義恩先生及與會貴賓共同剪綵展開

Ribbon cutting to inaugurate "Canada - Naturally Delicious" by Mr. Gordon Houlden, Executive Director, Canadian Trade Office in Taipei, FEDS Chairman Douglas Hsu, President Nancy Hsu and other honorable guests.



▲ Salsa團體充滿熱情及POWER的勁舞表演，為加拿大展開幕活動帶來無限的活力

The Salsa Formosa Dancing Company's performance brings unlimited passion, power and energy to highlight the opening of the Canadian Weeks.



◀ 徐董事長、徐總經理、奧地利商務代表毛瑞之先生偕同與會貴賓共同剪綵，為「奧地利饗曲」活動揭開幕序

Dr. Wolfram Moriz, Trade Delegate, Austrian Trade Delegation, Chairman Douglas Hsu and President Nancy Hsu jointly inaugurate "Austria - More Than Mozart".



▲ 超過45家奧地利廠商參與此次的活動，其產品包括食品、飲料、服飾、珠寶、水晶、瓷器、餐具等眾多品項

Over 45 Austrian brand names participated in this activity including food products, beverage, clothing, jewelry, crystal, china-ware, tableware, and etc.



▲ 來自薩爾茲堡音樂協會的「莫札特歌劇樂團」，由五位弦樂演奏家及兩位聲樂家組成，其身著17、18世紀傳統古典服裝加上高水準的演出，讓在場貴賓猶如置身莫札特的年代

"Mozart Dinner Concert" from Salsburg Musical Association is comprised of five string players and two vocalists all dressed in traditional costumes of the 17th and 18th centuries. Their classical costumes and quality performance easily take audiences back to Mozart's time.



◀ 琳瑯滿目的奧地利道地商品吸引無數消費者的目光，讓人感受到彷彿置身異國般充滿情趣

A variety of excellent Austrian products has attracted innumerable consumers and made them feel as if they are in exotic land.



◀ 特別邀請留歐鋼琴家劉美貞女士於奧地利展午宴上演奏，其台風優雅、技巧純熟，以細膩的音色及獨特的風格將蕭邦的音樂散發出迷人的魅力

Renowned pianist Liu Mei-jeen plays at luncheon party of Austrian Weeks exhibition. The elegant, proficient and unique pianist made excellent performance of the romantic music of Chopin.

活動集錦 Colorful Activities

- ▼ 端午節傳統立蛋活動，讓嘉義FE21' 大門口一時間豎蛋無數、充滿生趣

Interesting egg standings filled with fun to mark the Dragon Boat Festival held at FE21' Chiayi Store.



- ▲ 桃園FE21' 美食街的新櫃開幕剪綵，全新的美食饗宴挑動味蕾、令人吮指

Opening of new stands at the Food Court of FE21' Taoyuan Store, a real treat to satisfy people's appetite.

- ▼ 於板橋FE21' 舉辦的「師奶殺手選拔決賽」活動，由12位優質陽光男孩以載歌載舞、機智問答的方式共同角逐

The "Lady Killer Contest Finals" were held at FE21' Panchiao Store. 12 sunshine boys tried their best to display talents in singing, dance, and quiz tests.



- ▲ 在台南大遠百廣場所舉辦的楊丞琳簽唱會，現場聚集無數熱情的歌迷，好不熱鬧
Pop singer Rainie Yang held her signing party event at FE21' MegA Tainan which gathered countless passionate fans.



遠東百貨股份有限公司
Far Eastern Department Stores, Ltd.
民國九十四年及九十三年度
財務報表暨查核報告

Financial Statements For the years Ended December 31, 2005 and 2004
Together with Independent Auditors' Report

CONSOLIDATED STATEMENTS OF INCOME
合併損益表
YEARS ENDED DECEMBER 31, 2005 AND 2004 民國九十四年及九十三年一月一日至十二月三十一日

(In Thousands, Except Per Share Amounts) (單位：新台幣仟元，惟每股合併盈餘為元)

		2005			2004		
		九十四年度			九十三年度		
		New Taiwan Dollars	U.S. Dollars	%	New Taiwan Dollars	U.S. Dollars	%
	新台幣	美金	%	新台幣	美金	%	
REVENUES	營業收入						
Sales	銷貨收入	\$ 74,949,774	\$ 2,281,576	98	\$ 73,059,470	\$ 2,224,032	98
Other operating revenues	其他營業收入	1,862,773	56,705	2	1,369,969	41,704	2
Total revenues	營業收入合計	76,812,547	2,338,281	100	74,429,439	2,265,736	100
COSTS	營業成本						
Cost of goods sold	銷貨成本	60,360,927	1,837,471	79	58,572,658	1,783,034	79
Other operating costs	其他營業成本	177,601	5,406	-	123,040	3,745	-
Total costs	營業成本合計	60,538,528	1,842,877	79	58,695,698	1,786,779	79
GROSS PROFIT	營業毛利	16,274,019	495,404	21	15,733,741	478,957	21
OPERATING EXPENSES	營業費用						
Marketing	推銷費用	7,910,801	240,816	10	6,471,847	197,012	9
General and administrative	管理及總務費用	5,934,461	180,653	8	6,717,829	204,500	9
Total operating expenses	營業費用合計	13,845,262	421,469	18	13,189,676	401,512	18
OPERATING INCOME	營業利益	2,428,757	73,935	3	2,544,065	77,445	3
NONOPERATING INCOME AND GAINS	營業外收入及利益						
Gain on disposal of property waiting to be sold	處分待出售資產利益	463,358	14,105	1	-	-	-
Gain on sale of investments in real estate	出售不動產投資淨益	56,679	1,726	-	-	-	-
Gain on disposal of investments in shares of stock	處分投資淨益	-	-	-	1,260,295	38,365	2
Investment income on equity-method investees	權益法認列之投資淨益	217,462	6,620	1	225,258	6,857	1
Dividend income	股利收入	205,378	6,252	-	109,256	3,326	-
Interests income	利息收入	78,834	2,400	-	78,906	2,402	-
Gains on market price recovery of short-term investments	短期投資市價回升利益	40,373	1,229	-	8,409	256	-
Gains on write-off of accounts payable	沖銷逾期應付款利益	61,146	1,861	-	-	-	-
Other income	什項收入	191,101	5,817	-	173,186	5,272	-
Total nonoperating income and gain	營業外收入及利益合計	1,314,331	40,010	2	1,855,310	56,478	3
NONOPERATING EXPENSES AND LOSSES	營業外費用及損失						
Interests expenses	利息費用	747,298	22,749	1	815,508	24,825	1
Loss on disposal of investments in shares of stock, net	處分投資淨損	9,440	287	-	-	-	-
Loss on disposal of properties	處分固定資產損失	86,385	2,630	-	208,580	6,350	-

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(Continued)

CONSOLIDATED STATEMENTS OF INCOME

合併損益表

YEARS ENDED DECEMBER 31, 2005 AND 2004 民國九十四年及九十三年一月一日至十二月三十一日

(In Thousands, Except Per Share Amounts) (單位：新台幣仟元，惟每股合併盈餘為元)

		2005 九十四年度			2004 九十三年度		
		New Taiwan Dollars 新台幣	U.S. Dollars 美金	%	New Taiwan Dollars 新台幣	U.S. Dollars 美金	%
Loss on investments in shares of stock	投資損失	\$ 66,618	\$ 2,028	-	\$ 46,235	\$ 1,407	-
Loss on physical inventory	存貨盤點損失	47,977	1,461	-	53,097	1,616	-
Other expense	什項支出	416,385	12,675	1	493,536	15,024	1
Total nonoperating expenses and losses	營業外費用及損失合計	1,374,103	41,830	2	1,616,956	49,222	2
INCOME BEFORE INCOME TAX	稅前利益	2,368,985	72,115	3	2,782,419	84,701	4
INCOME TAX EXPENSE	所得稅費用	944,725	28,759	1	877,572	26,714	1
SUBSIDIARIES' BONUS TO EMPLOYEES AND REMUNERATION TO DIRECTORS AND SUPERVISORS	子公司之員工紅利及董監酬勞	(24,797)	(755)	-	(13,978)	(426)	-
INCOME BEFORE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLE	加計會計原則變動之累積影響數前純益	1,399,463	42,601	2	1,890,869	57,561	3
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLE	會計原則變動累積影響數	10,601	323	-	-	-	-
NET INCOME	合併總純益	\$ 1,410,064	\$ 42,924	2	\$ 1,890,869	\$ 57,561	3
ATTRIBUTE TO:	歸屬予：						
Equity holders of the parent	母公司股東權益	\$ 979,426	\$ 29,815	1	\$ 1,479,529	\$ 45,039	2
Minority interest	少數股權	430,638	13,109	1	411,340	12,522	1
		\$ 1,410,064	\$ 42,924	2	\$ 1,890,869	\$ 57,561	3
		2005 九十四年度			2004 九十三年度		
		Before Tax 稅前		After Tax 稅後	Before Tax 稅前		After Tax 稅後
		New Taiwan Dollars 新台幣	U.S. Dollars 美金	New Taiwan Dollars 新台幣	U.S. Dollars 美金	New Taiwan Dollars 新台幣	U.S. Dollars 美金
CONSOLIDATED EARNINGS PER SHARE Basic	每股合併盈餘 基本每股合併盈餘	\$ 1.05	\$ 0.03	\$ 0.98	\$ 0.03	\$ 1.60	\$ 0.05
		\$ 0.98	\$ 0.03	\$ 1.51	\$ 0.05	\$ 1.51	\$ 0.05

(Concluded)

BALANCE SHEETS

資產負債表

DECEMBER 31, 2005 AND 2004 民國九十四年及九十三年十二月三十一日

(In Thousands of New Taiwan Dollars, Except Par Value) (單位：除每股面額為新台幣元外，餘係新台幣仟元)

	資產	2005		2004	
		Amount	%	Amount	%
		金額	%	金額	%
ASSETS					
CURRENT ASSETS	流動資產				
Cash and cash equivalents (Notes 2 and 3)	現金及約當現金 (附註二及三)	\$ 587,227	2	\$ 434,207	1
Short-term investments, net (Notes 2 and 4)	短期投資 (附註二及四)	830,000	2	225,046	1
Receivables:					
Notes	應收票據	27,436	-	9,271	-
Accounts, net of allowance for doubtful accounts of \$3,550 thousand (Notes 2 and 24)	應收帳款－減備抵呆帳3,550仟元後之淨額 (附註二及二十四)	187,269	-	161,027	-
Others (Notes 7, 24 and 26)	其他應收款 (附註七、二十四及二十六)	677,933	2	311,917	1
Inventories, net (Notes 2 and 5)	存貨－淨額 (附註二及五)	236,643	1	188,986	1
Prepayments	預付款項	32,339	-	33,288	-
Deferred tax assets (Notes 2 and 20)	遞延所得稅資產 (附註二及二十)	36,250	-	94,747	-
Pledged time deposits (Note 25)	質押定存單 (附註二十五)	2,000	-	4,000	-
Other current assets	其他流動資產	61,762	-	65,426	-
Total current assets	流動資產合計	2,678,859	7	1,527,915	4
LONG-TERM STOCK INVESTMENTS (Notes 2, 6 and 25)	長期股權投資 (附註二、六及二十五)				
Equity method	採權益法之長期股權投資	10,485,031	29	8,523,215	25
Cost method	採成本法之長期股權投資	1,479,081	4	1,479,081	4
Prepayments for long-term investments in stocks	預付款	30,000	-	-	-
Total long-term stock investments	長期股權投資合計	11,994,112	33	10,002,296	29
PROPERTIES (Notes 2, 7, 8, 9, 11, 24, 25 and 26)	固定資產 (附註二、七、八、九、十一、二十四、二十五及二十六)				
Cost	成本				
Land	土地	4,106,379	11	4,783,151	14
Buildings and equipment	房屋及設備	5,850,997	16	5,860,054	17
Furniture and equipment	器具及設備	3,078,922	9	2,984,322	8
Total cost	成本合計	13,036,298	36	13,627,527	39
Revaluation increment	重估增值	1,194,771	3	1,197,577	4
Cost and appreciation	成本及重估增值	14,231,069	39	14,825,104	43
Less: Accumulated depreciation	減：累積折舊	3,194,636	9	3,007,093	9
		11,036,433	30	11,818,011	34
Unfinished construction	未完工程	4,698,008	13	4,683,188	13
Leasehold rights, net	租賃權益－淨額	4,069,133	11	4,129,298	12
Properties leased to others, net	出租資產－淨額	1,604,237	4	1,620,095	5
Net properties	固定資產淨額	21,407,811	58	22,250,592	64
OTHER ASSETS	其他資產				
Idle properties, net (Notes 2, 10 and 25)	閒置資產－淨額 (附註二、十及二十五)	462,522	1	462,522	1
Property waiting to be sold (land replacement for government - expropriated land) (Note 11)	待出售 (重劃) 資產－土地 (附註十一)	-	-	160,632	1
Refundable deposits (Notes 8 and 12)	存出保證金 (附註八及十二)	166,537	1	161,702	1
Prepaid pension costs (Notes 2 and 23)	預付退休金 (附註二及二十三)	87,597	-	109,236	-
Miscellaneous	其他資產－其他	30,118	-	41,237	-
Total other assets	其他資產合計	746,774	2	935,329	3
TOTAL	資產總計	\$ 36,827,556	100	\$ 34,716,132	100

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(Continued)

BALANCE SHEETS

資產負債表

DECEMBER 31, 2005 AND 2004 民國九十四年及九十三年十二月三十一日

(In Thousands of New Taiwan Dollars, Except Par Value) (單位：除每股面額為新台幣元外，餘係新台幣仟元)

		2005		2004	
		九十四年十二月三十一日		九十三年十二月三十一日	
		Amount	%	Amount	%
LIABILITIES AND STOCKHOLDERS' EQUITY	負債及股東權益	金額	%	金額	%
CURRENT LIABILITIES	流動負債				
Short-term debts (Notes 13 and 25)	短期借款 (附註十三及二十五)	\$ 1,350,000	4	\$ 1,005,000	3
Short-term notes and bills payable (Note 14)	應付短期票券 (附註十四)	399,540	1	998,105	3
Accounts payable (Note 24)	應付帳款 (附註二十四)	1,764,407	5	1,603,434	4
Accrued expenses (Note 24)	應付費用 (附註二十四)	501,126	1	471,045	1
Balance payable-properties (Note 26)	應付工程設備款 (附註二十六)	520,323	1	584,191	2
Advanced receipts	預收款項	1,050,364	3	1,019,873	3
Current portion of bonds issued (Notes 15 and 25)	一年內到期之應付公司債 (附註十五及二十五)	2,300,000	6	600,000	2
Current portion of long-term borrowings (Notes 16 and 25)	一年內到期之長期借款 (附註十六及二十五)	535,700	2	285,700	1
Current portion of franchise liability (Notes 2 and 8)	一年內到期之應付權利金負債 (附註二及八)	460,284	1	466,613	1
Other current liabilities	其他流動負債	536,083	2	512,182	1
Total current liabilities	流動負債合計	9,417,827	26	7,546,143	21
LONG-TERM LIABILITIES, NET OF CURRENT PORTION	長期付息負債				
Bonds issued (Notes 15 and 25)	應付公司債 (附註十五及二十五)	3,700,000	10	5,500,000	16
Long-term borrowings (Notes 16, 24 and 25)	長期借款 (附註十六、二十四及二十五)	3,582,067	10	1,721,400	5
Franchise liability (Notes 2 and 8)	應付權利金負債 (附註二及八)	601,283	1	1,061,567	3
Total long-term liabilities	長期付息負債合計	7,883,350	21	8,282,967	24
RESERVES	各項準備				
Reserve for land revaluation increment tax (Note 7)	土地增值稅準備 (附註七)	575,490	1	987,738	3
OTHER LIABILITIES	其他負債				
Deposits received (Notes 9 and 24)	存入保證金 (附註九及二十四)	56,447	-	57,232	-
Deferred tax liabilities (Notes 2 and 20)	遞延所得稅負債—非流動 (附註二及二十)	228,491	1	226,435	1
Deferred credits - gains on intercompany accounts (Notes 2 and 24)	遞延盈餘 (附註二及二十四)	369,086	1	369,086	1
Miscellaneous (Notes 2 and 6)	其他負債—其他 (附註二及六)	13,532	-	22,678	-
Total other liabilities	其他負債合計	667,556	2	675,431	2
Total liabilities	負債合計	18,544,223	50	17,492,279	50
STOCKHOLDERS' EQUITY	股東權益				
Capital stock NT\$10 par value	股本				
Authorized - 1,350,000 thousand shares	普通股股本—每股面額10元，額定：1,350,000仟股，發行：九十四年1,036,397仟股及九十三年987,045仟股	10,363,970	28	9,870,448	29
Issued and outstanding - 1,036,397 thousand shares in 2005 and 987,045 thousand shares in 2004					
Capital surplus:	資本公積				
Additional paid-in capital - common	股票發行溢價	2,606,859	7	2,606,859	7
Treasury stock transactions	庫藏股票交易	204,272	1	19,894	-
Reserve for asset revaluation increment	資產重估增值	883,944	2	614,880	2
Long-term equity investments	因長期股權投資按權益法計價而發生	324,135	1	313,621	1
Total capital surplus	資本公積合計	4,019,210	11	3,555,254	10
Retained earnings:	保留盈餘				
Legal reserve	法定盈餘公積	1,179,369	3	1,031,416	3
Special reserve	特別盈餘公積	2,159,977	6	2,159,977	6
Unappropriated earnings	未分配盈餘	1,149,216	3	1,485,215	5
Total retained earnings	保留盈餘合計	4,488,562	12	4,676,608	14
Other equity adjustments	股東權益其他項目				
Unrealized valuation losses on long-term equity investments	長期股權投資未實現跌價損失	(349,486)	(1)	(474,272)	(2)
Cumulative translation adjustments	累積換算調整數	(18,875)	-	(96,459)	-
Net loss not recognized as pension costs	未認為退休金成本之淨損失	(9,669)	-	(14,067)	-
Total other equity adjustments	股東權益其他項目合計	(378,030)	(1)	(584,798)	(2)
Treasury stock - 33,830 thousand shares in 2005 and 44,977 thousand shares in 2004	庫藏股票—九十四年33,830仟股及九十三年44,977仟股	(210,379)	-	(293,659)	(1)
Total stockholders' equity	股東權益合計	18,283,333	50	17,223,853	50
TOTAL	負債及股東權益總計	\$ 36,827,556	100	\$ 34,716,132	100

The accompanying notes are an integral part of the financial statements. 後附之附註係本財務報表之一部分

(Concluded)

STATEMENTS OF INCOME

損益表

YEARS ENDED DECEMBER 31, 2005 AND 2004 民國九十四年及九十三年一月一日至十二月三十一日

(In Thousands of New Taiwan Dollars, Except Per Share Amounts) (單位：除每股盈餘為新台幣元外，餘係仟元)

		2005		2004	
		九十四年度		九十三年度	
		Amount	%	Amount	%
		金額		金額	
REVENUES	營業收入				
Sales (Notes 2 and 24)	銷貨收入 (附註二及二十四)	\$ 17,872,659	98	\$ 16,827,261	98
Other operating revenues (Notes 2, 19 and 24)	其他營業收入 (附註二、十九及二十四)	340,145	2	333,512	2
Total revenues	營業收入合計	18,212,804	100	17,160,773	100
COSTS (Note 21)	營業成本 (附註二十一)				
Cost of goods sold (Note 24)	銷貨成本 (附註二十四)	14,333,323	79	13,487,030	79
Other operating costs (Note 19)	其他營業成本 (附註十九)	42,278	-	41,933	-
Total costs	營業成本合計	14,375,601	79	13,528,963	79
GROSS PROFIT	營業毛利	3,837,203	21	3,631,810	21
OPERATING EXPENSES (Notes 7, 8, 21, 23 and 24)	營業費用 (附註七、八、二十一、二十三及二十四)				
Selling	行銷費用	602,347	3	626,477	3
General and administrative	管理及總務費用	2,553,464	14	2,553,951	15
Total operating expenses	營業費用合計	3,155,811	17	3,180,428	18
OPERATING INCOME	營業淨利	681,392	4	451,382	3
NONOPERATING INCOME AND GAINS	營業外收入及利益				
Gain on disposal of property (Note 11)	處分待出售資產利益 (附註十一)	463,358	3	-	-
Gains on sale of investments, net	處分投資利益—淨額	88,203	1	15,442	-
Interest income	利息收入	5,087	-	1,831	-
Dividend income	股利收入	86,688	-	50,777	-
Investment income on equity-method investees (Notes 2 and 6)	權益法認列之投資收益 (附註二及六)	-	-	1,270,399	8
Gains on market price recovery of short-term investments	短期投資市價回升利益	-	-	33,973	-
Other income (Note 24)	什項收入 (附註二十四)	59,805	-	58,079	-
Total nonoperating income and gains	營業外收入及利益合計	703,141	4	1,430,501	8
NONOPERATING EXPENSES AND LOSSES	營業外費用及損失				
Investment losses on equity-method investees (Notes 2 and 6)	權益法認列之投資損失 (附註二及六)	132,048	1	-	-
Interest expense (Notes 7 and 24)	利息費用 (附註七及二十四)	107,719	1	119,056	1
Loss on disposal of properties and idle assets (Note 7)	處分及報廢固定資產及閒置資產損失 (附註七)	38,362	-	117,680	1
Other expenses (Notes 21 and 24)	什項支出 (附註二十一及二十四)	65,973	-	82,054	-
Total nonoperating expenses and losses	營業外費用及損失合計	344,102	2	318,790	2
INCOME BEFORE INCOME TAX	稅前淨利	\$ 1,040,431	6	\$ 1,563,093	9
INCOME TAX EXPENSES (Notes 2 and 20)	所得稅費用 (附註二及二十)	61,005	1	83,564	-
NET INCOME	淨利	\$ 979,426	5	\$ 1,479,529	9

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		2005 九十四年度		2004 九十三年度	
		Before Tax 稅前	After Tax 稅後	Before Tax 稅前	After Tax 稅後
EARNINGS PER SHARE (Note 22)	每股盈餘 (附註二十二)				
Basic	基本每股盈餘	<u>\$ 1.05</u>	<u>\$ 0.98</u>	<u>\$ 1.60</u>	<u>\$ 1.51</u>

Pro forma information on the assumption that the Company's shares traded or held by subsidiaries are treated as investments instead of treasury stocks (Note 22):

假設子公司買賣及持有母公司股票不視為庫藏股票而作為投資時之擬制資料 (稅後金額) (附註二十二) :

		2005 九十四年度		2004 九十三年度	
		Before Tax 稅前	After Tax 稅後	Before Tax 稅前	After Tax 稅後
EARNINGS PER SHARE	每股盈餘				
Basic	基本每股盈餘	<u>\$ 1.18</u>	<u>\$ 1.12</u>	<u>\$ 1.53</u>	<u>\$ 1.45</u>

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

(Concluded)

後附之附註係本財務報表之一部分

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

股東權益變動表

YEARS ENDED DECEMBER 31, 2005 AND 2004 民國九十四年及九十三年一月一日至十二月三十一日

(In Thousands of New Taiwan Dollars, Except Dividends Per Share) (單位：除每股現金股利為新台幣元外，係新台幣千元)

Capital Surplus (Notes 2, 7, 11, 17 and 18)
資本公積 (附註二、七、十一、十七及十八)

		Capital Stock 股本	Additional Paid-in Capital - Common 股票溢價	Treasury Stock Transactions 庫藏股票交易	Reserve for Asset Revaluation Increment 資產重估增值
		Issued and Outstanding 普通股			
BALANCE, JANUARY 1, 2004	九十三年一月一日餘額	\$ 9,870,448	\$ 2,606,859	\$ 51,380	\$ 614,880
Treasury stock transferred to employees - 14,845 thousand shares	庫藏股票轉讓 - 14,845仟股	-	-	(31,486)	-
Appropriation of prior year earnings:	九十二年度盈餘分配				
Legal reserve	法定盈餘公積	-	-	-	-
Employee bonuses	員工紅利	-	-	-	-
Remuneration to directors and supervisors	董監酬勞	-	-	-	-
Cash dividends - \$0.25 per share	現金股利 - 每股0.25元	-	-	-	-
Reversal of unrealized valuation losses on long- term investments	長期股權投資未實現跌價損失調整	-	-	-	-
Translation adjustments on long-term equity investments	外幣長期股權投資換算調整	-	-	-	-
Adjustment reported by equity-method investees	按權益法認列被投資公司之長期股權投 資調整	-	-	-	-
Net income in 2004	九十三年度淨利	-	-	-	-
BALANCE, DECEMBER 31, 2004	九十三年十二月三十一日餘額	9,870,448	2,606,859	19,894	614,880
Appropriation of prior year earnings:	九十三年度盈餘分配				
Legal reserve	法定盈餘公積	-	-	-	-
Stock dividends - 5%	股票股利 - 5%	493,522	-	-	-
Cash dividends - \$0.6 per share	現金股利 - 每股0.6元	-	-	-	-
Employee bonuses	員工紅利	-	-	-	-
Remuneration to directors and supervisors	董監酬勞	-	-	-	-
Adjustment on gain from disposal of property (Note 11)	處分待出售土地沖銷	-	-	-	(49,756)
Adjustment due to a decrease in land revaluation increment tax rate	土地增值稅稅率調降調整	-	-	-	318,820
Adjustment due to disposal of parent's stocks by subsidiaries	子公司處分母公司股票之調整	-	-	184,378	-
Reversal of unrealized valuation losses on long- term investments	長期股權投資未實現跌價損失調整	-	-	-	-
Translation adjustments on long-term equity investments	外幣長期股權投資換算調整	-	-	-	-
Adjustment reported by equity-method investees	按權益法認列被投資公司之長期股權投 資調整	-	-	-	-
Net income in 2005	九十四年度淨利	-	-	-	-
BALANCE, DECEMBER 31, 2005	九十四年十二月三十一日餘額	\$ 10,363,970	\$ 2,606,859	\$ 204,272	\$ 883,944

The accompanying notes are an integral part of the financial statements. 後附之附註係本財務報表之一部分。

	Retained Earnings (Notes 2, 17 and 20) 保留盈餘 (附註二、十七及二十)				Other Equity Adjustments 股東權益其他項目			Treasury Stock (Notes 2 and 18) 庫藏股票 (附註二及十八)	Total Stockholders' Equity 股東權益合計
	Long-term Equity Investments 因長期股權投資按權益法計價而發生	Legal Reserve 法定盈餘公積	Special Reserve 特別盈餘公積	Unappropriated Earnings 未分配盈餘	Unrealized Valuation Loss on Long-term Equity Investments (Note 2 and 17) 長期股權投資未實現跌價損失 (附註二及十七)	Cumulative Translation Adjustments (Note 2) 累積換算調整數 (附註二)	Net Loss not Recognized as Pension Cost (Note 17) 未認為退休金成本之淨損失 (附註十七)		
\$	312,553	\$ 1,001,745	\$2,159,977	\$ 296,701	\$(874,488)	\$ 53,790	\$(18,990)	\$(428,748)	\$ 15,646,107
	-	-	-	-	-	-	-	135,089	103,603
	-	29,671	-	(29,671)	-	-	-	-	-
	-	-	-	(10,454)	-	-	-	-	(10,454)
	-	-	-	(7,840)	-	-	-	-	(7,840)
	-	-	-	(243,050)	-	-	-	-	(243,050)
	-	-	-	-	100,549	-	-	-	100,549
	-	-	-	-	-	(21,399)	-	-	(21,399)
	1,068	-	-	-	299,667	(128,850)	4,923	-	176,808
	-	-	-	1,479,529	-	-	-	-	1,479,529
	313,621	1,031,416	2,159,977	1,485,215	(474,272)	(96,459)	(14,067)	(293,659)	17,223,853
	-	147,953	-	(147,953)	-	-	-	-	-
	-	-	-	(493,522)	-	-	-	-	-
	-	-	-	(592,227)	-	-	-	-	(592,227)
	-	-	-	(46,699)	-	-	-	-	(46,699)
	-	-	-	(35,024)	-	-	-	-	(35,024)
	-	-	-	-	-	-	-	-	(49,756)
	-	-	-	-	-	-	-	-	318,820
	-	-	-	-	-	-	-	83,280	267,658
	-	-	-	-	124,786	-	-	-	124,786
	-	-	-	-	-	10,979	-	-	10,979
	10,514	-	-	-	-	66,605	4,398	-	81,517
	-	-	-	979,426	-	-	-	-	979,426
\$	324,135	\$ 1,179,369	\$2,159,977	\$ 1,149,216	\$(349,486)	\$(18,875)	\$(9,669)	\$(210,379)	\$ 18,283,333

STATEMENTS OF CASH FLOWS

現金流量表

YEARS ENDED DECEMBER 31, 2005 AND 2004 民國九十四年及九十三年一月一日至十二月三十一日

(In Thousands of New Taiwan Dollars) (單位：新台幣仟元)

		2005 九十四年度	2004 九十三年度
CASH FLOWS FROM OPERATING ACTIVITIES	營業活動之現金流量		
Net income	淨利	\$ 979,426	\$ 1,479,529
Adjustments to reconcile net income to net cash provided by operating activities:	調整項目		
Depreciation	折舊	429,111	415,513
Amortization of deferred charges	攤銷	16,658	17,624
Amortization of leasehold rights included as part of rental expense	租賃權益攤銷	74,667	74,667
Gains on market price recovery of short-term investments	短期投資市價回升利益	-	(33,973)
Gain on disposal of property (Note 11)	處分待出售資產利益	(463,358)	-
Cash dividends from equity-method investees	權益法認列之被投資公司現金股利	161,598	48,615
Investment loss (gain) on equity-method investees, net	權益法認列之投資損失(利益)	132,048	(1,270,399)
Loss on disposal of properties, net	處分及報廢固定資產及閒置資產損失	36,794	117,552
Deferred income taxes	遞延所得稅	60,553	83,380
(Increase) decrease in prepaid pension cost	預付退休金減少(增加)	21,639	(29,521)
Net changes in operating assets and liabilities	營業資產及負債之淨變動		
Notes receivable	應收票據	(18,165)	10,382
Accounts receivable	應收帳款	(26,242)	(12,541)
Other receivables	其他應收款	135,828	9,200
Inventories	存貨	(47,657)	48,404
Prepayments	預付款項	949	7,700
Other current assets	其他流動資產	3,664	21,020
Accounts payable	應付帳款	160,973	(617,498)
Income tax payable	應付所得稅	-	(3,327)
Accrued expenses	應付費用	30,081	(67,019)
Advanced receipts	預收款項	173,862	298,918
Other current liabilities	其他流動負債	23,901	(53,942)
Net cash provided by operating activities	營業活動之淨現金流入	1,886,330	544,284
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動之現金流量		
(Increase) decrease in short-term investments, net	短期投資(增加)減少	(604,954)	370,019
Decrease in pledged time deposits	質押定存單減少	2,000	-
Acquisition of long-term investments	購買長期股權投資價款	(1,809,678)	(160,192)
Return of capital due to subsidiary capital reduction	子公司減資退還股款	-	399,680
Proceeds from disposals of properties and idle properties	處分固定資產及閒置資產價款	165,790	758
Acquisition of properties and idle properties	購置固定資產及閒置資產價款	(1,039,277)	(1,486,580)
Proceeds from disposal of property (Note 11)	處分待出售資產價款	480,806	-
Increase in refundable deposits	存出保證金增加	(4,835)	(2,965)
Increase in other assets	其他資產-其他增加	(5,539)	-
Net cash used in investing activities	投資活動之淨現金流出	(2,815,687)	(879,280)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動之現金流量		
Increase (decrease) in short-term debts	短期借款增加(減少)	345,000	(215,000)
(Decrease) increase in short-term notes and bills payable	應付短期票券(減少)增加	(598,565)	269,018

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		2005 九十四年度	2004 九十三年度
Proceeds from issuance of bonds	發行公司債	\$ 500,000	\$ -
Repayments of bonds issued	償還公司債	(600,000)	(300,000)
Increase in long-term borrowings	長期借款增加	2,110,667	1,007,100
Decrease in deposits received	存入保證金減少	(785)	(554)
Increase (decrease) in other liabilities	其他負債 - 其他增加 (減少)	10	(9)
Proceeds from transferred treasury stock	轉讓庫藏股票取得價款	-	103,603
Cash dividend, bonuses paid to employees and remuneration paid to supervisors and directors	發放現金股利、董監事酬勞及員工紅利	(673,950)	(261,344)
Net cash provided by financing activities	融資活動之淨現金流入	1,082,377	602,814
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及約當現金淨增加	153,020	267,818
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	年初現金及約當現金餘額	434,207	166,389
CASH AND CASH EQUIVALENTS, END OF YEAR	年底現金及約當現金餘額	\$ 587,227	\$ 434,207
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	現金流量資訊之補充揭露		
Interest paid	當年度支付利息	\$ 253,292	\$ 256,530
Less: Capitalized interest	減: 資本化利息	128,771	130,789
Interest paid, excluding capitalized interest	不含資本化利息之當年度支付利息	\$ 124,521	\$ 125,741
Income tax paid	支付所得稅	\$ 1,060	\$ 3,597
NONCASH INVESTING AND FINANCING ACTIVITIES	不影響現金流量之投資及融資活動		
Proceeds from disposal of properties classified as other receivables	處分固定資產價款帳列其他應收款	\$ 115,564	\$ -
Compensative receivable from reduced payment for land purchased	應收土地受償金沖減土地成本	\$ 386,280	\$ -
Idle properties reclassified into properties	閒置資產轉列固定資產	\$ -	\$ 56,814
Land to be exchanged by the government reclassified into properties	待重劃資產轉列固定資產	\$ -	\$ 385,341
Adjustment to advanced receipts and depreciation	預收裝修補助款沖減折舊	\$ 143,371	\$ 117,171
Adjustment to advanced receipts and loss on disposal of properties	預收裝修補助款沖減處分及報廢資產損失	\$ -	\$ 38,956
Adjustment to the cost of property waiting to be sold and reserve for land revaluation increment tax	土地增值稅準備沖減待出售土地成本	\$ 93,428	\$ -
Adjustment to the cost of property waiting to be sold and capital surplus	資本公積沖減待出售土地成本	\$ 49,756	\$ -
Adjustment to the cost of buildings and payable on properties	應付工程設備款沖減處分建物成本	\$ 51,198	\$ -
Refundable deposits reclassified into others receivables	存出保證金轉列其他應收款	\$ -	\$ 50,000
Current portion of bonds issued	一年內到期之應付公司債	\$ 2,300,000	\$ 600,000
Current portion of long-term borrowings	一年內到期之長期借款	\$ 535,700	\$ 285,700
Current portion of franchise liabilities	一年內到期之應付權利金負債	\$ 460,284	\$ 466,613
Credit balance of long-term investments reclassified into other liabilities	長期投資貸方餘額列為其他負債	\$ 12,973	\$ 22,129
CASH PAID FOR ACQUISITION OF PROPERTIES AND IDLE PROPERTIES	購置固定資產及閒置資產支付現金		
Acquisition of properties and idle properties	固定資產及閒置資產增加	\$ 671,973	\$ 810,306
Decrease in unfinished construction	未完工程減少	(111,979)	-
Decrease in balance payable - properties	應付工程設備款減少	12,670	45,569
Decrease in franchise liabilities	應付權利金負債減少	466,613	630,705
		\$ 1,039,277	\$ 1,486,580

The accompanying notes are an integral part of the financial statements. 後附之附註係本財務報表之一部分

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
Far Eastern Department Stores, Ltd.

We have audited the accompanying balance sheets of Far Eastern Department Stores, Ltd. as of December 31, 2005 and 2004 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.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Far Eastern Department Stores, Ltd. as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

We have also audited the consolidated financial statements of Far Eastern Department Stores, Ltd. and subsidiaries as of and for the years ended December 31, 2005 and have expressed an unqualified opinion thereon in our report dated February 24, 2006.

February 24, 2006

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.

會計師查核報告

遠東百貨股份有限公司 公鑒：

遠東百貨股份有限公司民國九十四年及九十三年十二月三十一日之資產負債表，暨民國九十四年及九十三年一月一日至十二月三十一日之損益表、股東權益變動表及現金流量表，業經本會計師查核竣事。上開財務報表之編製係管理階層之責任，本會計師之責任則為根據查核結果對上開財務報表表示意見。

本會計師係依照會計師查核簽證財務報表規則及一般公認審計準則規劃並執行查核工作，以合理確信財務報表有無重大不實表達。此項查核工作包括以抽查方式獲取財務報表所列金額及所揭露事項之證據、評估管理階層編製財務報表所採用之會計原則及所作之重大會計估計，暨評估財務報表整體之表達。本會計師相信此項查核工作可對所表示之意見提供合理之依據。

依本會計師之意見，第一段所述財務報表在所有重大方面係依照證券發行人財務報告編製準則及一般公認會計原則編製，足以允當表達遠東百貨股份有限公司民國九十四年及九十三年十二月三十一日之財務狀況，暨民國九十四及九十三年度之經營成果與現金流量。

遠東百貨股份有限公司民國九十四年度財務報表重要會計科目明細表，主要係供補充分析之用，亦經本會計師採用第二段所述之查核程序予以查核。據本會計師之意見，該等科目明細表在所有重大方面與第一段所述財務報表相關資訊一致。

遠東百貨股份有限公司已編製民國九十四年度之合併財務報表，並經本會計師出具修正式無保留意見之查核報告在案，備供參考。

勤業眾信會計師事務所

會計師吳恩銘

財政部證券暨期貨管理委員會核准文號

台財證六字第0920123784號

會計師葉淑娟

財政部證券暨期貨管理委員會核准文號

台財證六字第0920123784號

中 華 民 國 九 十 五 年 二 月 二 十 四 日

FAR EASTERN DEPARTMENT STORES, LTD.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

Far Eastern Department Stores, Ltd. (the "Company") manages and operates a nationwide chain of department stores, which numbered 9 as of December 31, 2005. Its shares are listed on the Taiwan Stock Exchange.

The Company had 1,483 and 1,470 employees as of December 31, 2005 and 2004, 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 and accounting principles generally accepted in the Republic of China. These guidelines and principles require the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of revenues and expenses during the reporting period. Actual results could differ from those 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

Cash and cash equivalents and other assets to be converted to cash, sold or consumed within one year from the balance sheet date are classified as current. Obligations to be paid or settled within one year from the balance sheet date are classified as current. All other assets and liabilities are classified as noncurrent.

Cash Equivalents

Cash equivalents are commercial paper with maturities of three months or less from the purchase date.

Short-term Investments

Short-term investments are stocks traded over the counter and mutual funds.

Short-term investments are carried at the lower of aggregate cost or market value. If the aggregate carrying value of the investments exceeds their total market value, an allowance for losses is recognized and charged to income for the current year. Any recovery of the market value is recognized as income. Stock dividends received are recorded only as increases in the number of shares held and not as investment income. The costs of investments per share are recalculated on the basis of the increased number of shares. Cash dividends received within a year from the investment acquisition date are deducted from investment cost, and cash dividends received in subsequent years are accounted for as investment revenue.

The market value of funds is determined at the net asset value of the funds at the end of the year, and the market value of listed stocks is determined at the average closing prices of the listed stocks in the last month of the year.

The costs of mutual fund beneficiary certificates sold are determined using the specific identification method, while the costs of shares of stocks sold are determined using the weighted-average method.

Allowances for Doubtful Accounts

The Company has an account receivable management policy. Allowances for doubtful accounts are provided on the basis of a review of the aging and collectibility of individual receivables, which come in the form of gift vouchers, coupons and credit cards.

Inventories

Merchandise is stated at the lower of the aggregate of the weighted-average cost or market value, using the retail method. Other inventories are stated using the lower of the aggregate of weighted-average cost or market value (replacement cost). In addition to periodic physical counts, an allowance for inventory devaluation is provided on the basis of reviewing attributes as well as turnover of merchandise.

Investments in Shares of Stock

Stock investments in which the Company exercises significant influence over the investees are accounted for by the equity method. Under this method, the investments are stated at cost on the acquisition date and subsequently adjusted for the Company's equity in the investees' net income or net loss. Cash dividends received are accounted for as a reduction of the carrying value of the in-

vestments. The difference between investment cost and the equity in the investees' net assets when the shares are acquired or when the equity method is first used, is amortized over 5 or 10 years. If an investment is identified as impaired on the balance sheet date, the carrying amount of the investment is reduced to reflect other-than-temporary decline, with the impairment loss charged to current income.

When the Company subscribes for additional investee shares at a percentage different from its existing ownership percentage of equity interest, the resulting carrying amount of the investment in the investee differs from the amount of the Company's share of the investee's net equity. The Company records such difference as an adjustment to long-term investments with the corresponding amount charged or credited to capital surplus. If capital surplus is not enough for debiting purposes, the difference is debited to unappropriated retained earnings.

Starting in 2005, if the Company's cumulative share in an investee's net loss exceeds the original investment acquisition cost, the entire amount of the loss will be recognized by the Company unless other stockholders of the investee commit to provide financial support to the investee. If the investee returns to profitable operations, the Company will have precedence over other stockholders in sharing in the investee's profits until the Company fully recovers from its investment loss.

Investments in which the Company exercises no significant influence over the investees are accounted for by the cost method. The investments are accounted at the lower of aggregate cost or market value if stocks have quoted market prices. The investments in shares of stock with no quoted market prices are accounted for by the cost method. Cash dividends received within a year from investment acquisition are recorded as dividend income on the date of the stockholders' declaration of the dividend or on the actual date of its distribution. If there is temporary decline in market value of listed stocks below carrying value, an allowance for this decline is recognized and debited to a stockholders' equity account. The carrying amounts of investments in unlisted stocks are reduced to reflect an other than temporary decline in their value, with the related losses charged to income.

For both equity-method and cost- method stocks, the costs of investments sold or transferred are determined using the weighted-average method.

Properties and Properties Leased to Others

Properties and properties leased to others are stated at cost or cost plus appreciation. Major renewals and betterments are capitalized. Maintenance and repairs are expensed currently and are presented as a separate expense line item or as part of rental cost. Interest expenses incurred during construction are capitalized as cost of the building during the construction period.

An impairment loss should be recognized on the balance sheet date if the carrying amount of properties leased to others exceeds their recoverable amount, and this impairment loss should be charged to current income. An impairment loss recognized in prior years could be reversed if there is a 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 it does not exceed the carrying amount that would have been determined for the asset (net of depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss should be recognized in the income statement for assets carried at cost and treated as a revaluation increase for assets carried at the revalued amount.

Depreciation on costs and revaluation increment on properties acquired as of December 31, 1998 was computed using the fixed-percentage-of-declining-balance method. However, depreciation on properties acquired starting January 1, 1999 is computed using the straight-line method over useful lives initially estimated as follows: buildings and equipment, 8 to 55 years; and furniture and equipment, 4 to 8 years. Revaluation increment is depreciated on the basis of the remaining service lives when assets are revalued. Properties that have reached their residual value but are still being used by the Company are depreciated over their newly estimated service lives.

Upon sale or other disposal of properties, the related cost, appreciation and accumulated depreciation are removed from the accounts, and any gain or loss is credited or charged to current income.

Leasehold Rights

Leasehold rights pertain to the cost of acquiring the land use right and the construction cost of a commercial building that the Company will exchange for the use of a parcel of land.

The costs of the land use rights and the interest imputed thereon are accounted for as liabilities. The cost of the land use rights is amortized during the contract term. The imputed interest is treated as unrealized expense and periodically recognized as interest expense as it realized. The construction cost, which includes the interests and amortized expenses which were capitalized as the cost of the building during the construction period, is amortized by using the straight-line method over the remaining service life of the building.

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If asset impairment is identified on the balance sheet date and the carrying amount of an asset exceeds its recoverable amount, the excess is recognized as a loss. If the recoverable amount increases, the amount previously recognized as impairment would be reversed and recognized as a gain. However, the adjusted amount may not exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized.

Idle Properties

Idle properties are stated at the lower of carrying value or net realizable value. If the aggregate carrying value of the idle properties exceeds market value, an allowance for losses is recognized.

Pension Costs

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

Under the defined contribution plan, pension costs are recorded on the basis of the Company's monthly contributions to employees' individual pension accounts. Under the defined benefit plan, pension costs are recorded on the basis of actuarial calculations.

Deferred Income

Gains or losses on sales to subsidiaries are deferred until related products are sold to third parties.

Revenue Recognition

Sales are recognized when titles to products and risks of ownership are transferred to customers or when the earnings process has been completed or substantially completed and revenue is realized or realizable.

Sales are determined at fair value, taking into account business and quantity discounts agreed on by the Company and its customers. Since sales transactions are frequent and the sales receivables are collectible within one year, the fair value of receivables is equivalent to the nominal amount of cash received.

Concessionaires'Sales

Sales made at special counters operated by concessionaires in the Company's stores are recorded as revenue at an agreed ratio based on contracts with the Company. Concessionaires are responsible for the nature, pattern, features and prices of the merchandise or service sold at the special counters. The titles to and risk of loss on unsold merchandise at these counters remain with the concessionaires and are thus excluded from the Company's inventories.

Treasury Stock

If the Company buys back the Company's issued shares, the cost of the payment is debited as treasury stock, which is treated a deduction to arrive at stockholders' equity.

When treasury stock is retired, the treasury stock account is credited, and the capital surplus - issue of stock in excess of par value and the capital stock account should be debited according to the share ratio. If the carrying value of treasury stock exceeds the sum of its par value and stock premium, the excess should first be offset against capital surplus - treasury stock transaction, and any remainder should be debited to retained earnings. If the carrying value of treasury stock is lower than the sum of the par value and the stock premium equals, the difference is credited capital surplus from treasury stock transactions.

The losses on disposal of treasury stocks are recognized as capital surplus - treasury stock transaction to the extent that its carrying value is reduced to zero. The disposal loss in excess of carrying value of capital surplus - treasury stock transaction is charged to retained earnings.

Under the Statement of Financial Accounting Standards ("SFAS") No. 30, "Accounting for Treasury Stocks," and relevant regulations by the Securities and Futures Commission, the Company should reclassify its common stock held by subsidiaries from short/long-term investments to treasury stock. The reclassification is based on the carrying value recorded by the Company's subsidiaries as of January 1, 2002.

Income Tax

Deferred 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 provided for deferred income tax assets that are not certain to be realized. Deferred tax assets or liabilities are classified as current or noncurrent on the basis of the classification of the related assets or liabilities for financial reporting. A

deferred tax liability or asset that cannot be related to an asset or liability for financial reporting, including deferred tax assets related to net loss carryforwards, is classified according to the expected realization date of the temporary difference.

Income tax credits for certain purchases of equipment, research and development expenditures, personnel training expenses and stock investment are accounted for as a reduction of the current year's income tax expense.

Adjustments to prior years' tax liabilities are added to or deducted from the current year's tax expense.

Income tax of 10% on undistributed earnings generated since January 1, 1998 is recorded as expense in the year when the stockholders resolve to retain the earnings.

Foreign-currency Transactions

Foreign-currency transactions are recorded in New Taiwan dollars at the exchange rates prevailing on the transaction dates. Gains or losses (measured from transaction date or the most recent intervening balance sheet date, whichever is later) realized upon the settlement of a foreign currency transaction are included in the period in which the transaction is settled. At year-end, the balances of foreign-currency assets and liabilities are restated at the prevailing exchange rates, and resulting differences are recorded as follows:

- a. Equity-method investments - as cumulative translation adjustments under stockholders' equity;
- b. Other assets and liabilities - as credits or charges to current income.

3. CASH AND CASH EQUIVALENTS

	December 31	
	2005	2004
Cash		
Cash on hand and petty cash	\$ 63,604	\$ 48,380
Checking accounts	445,749	105,793
Savings accounts	17,874	16,514
Cash equivalents		
Commercial paper - annual discount rates of 1.37% in 2005 and 1.12%-1.15% in 2004	60,000	263,520
	<u>\$ 587,227</u>	<u>\$ 434,207</u>

4. SHORT-TERM INVESTMENTS, NET

	December 31	
	2005	2004
Mutual funds	\$ 830,000	\$ 50,000
Common stocks - traded over the counter	-	175,046
	<u>\$ 830,000</u>	<u>\$ 225,046</u>

The fair values of the short-term investments as of December 31, 2005 and 2004 were \$830,028 thousand and \$289,270 thousand, respectively.

5. INVENTORIES, NET

	December 31	
	2005	2004
Merchandise	\$ 231,474	\$ 186,972
Others	14,479	11,324
	245,953	198,296
Less: Allowance for losses	9,310	9,310
	<u>\$ 236,643</u>	<u>\$ 188,986</u>

As of December 31, 2005, the maximum insurance indemnification to which the Company is entitled for any loss on inventory, properties, properties leased to others and idle properties was \$14,345,899 thousand.

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6. LONG-TERM INVESTMENTS, NET

	December 31			
	2005		2004	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
<u>Equity method</u>				
Stocks with no quoted market prices:				
Oriental Securities	\$ 2,151,127	20	\$ 2,043,606	20
FEDS Asia Pacific Development	1,508,186	69	1,485,071	69
Bai Yang Investment ("Bai Yang")	1,434,560	100	1,360,871	100
Bai Ding Investment	1,415,511	100	1,107,483	100
Pacific Liu Tong Investment	1,370,023	36	1,050,487	36
Far Eastern International Leasing Corp.	1,357,991	34	-	-
Far Eastern Geant Co., Ltd. ("FE GEANT")	850,709	50	1,111,078	50
FEDS Development	295,071	76	294,550	100
FEDS New Century Development	184,803	100	155,950	100
Yu Ming Advertising Agency	47,505	100	35,018	100
Ya Tung Department Stores (YTDS)	36,244	75	18,058	73
Far Eastern Hon Li Do Co., Ltd.	20,260	55	15,639	55
Ding Ding Integrated Marketing Service	18,149	10	27,371	10
Asians Merchandise Co.	4,877	100	-	-
Bai Chin (Singapore) Pte. Ltd.	394	90	516	90
Far Eastern CitySuper Ltd.	(12,973)	87	111,176	87
Far Eastern Department Stores (U.S.A.) Inc. (FEDS-USA)	-	-	(22,129)	100
	<u>10,682,437</u>		<u>8,794,745</u>	
Add: Reclassification of credit balance in long-term investment as other liability	12,973		22,129	
Less: Common stock held by subsidiaries and reclassified from short/long-term investments to treasury stock				
Bai Ding Investment	173,175		229,831	
Bai Yang Investment ("Bai Yang")	37,204		57,891	
Yu Ming Advertising Agency	-		5,937	
	<u>210,379</u>		<u>293,659</u>	
	<u>10,485,031</u>		<u>8,523,215</u>	
<u>Cost method</u>				
Listed stocks:				
Asia Cement	1,068,261	2	1,068,261	2
Far Eastern International Commercial Bank	179,771	1	179,771	1
Far Eastern Textile	123,679	-	123,679	-
	<u>1,371,711</u>		<u>1,371,711</u>	
Stocks with no quoted market prices:				
Kaohsiung M.R.T.	\$100,000	1	\$100,000	1
Yuan Ding Leasing	7,360	9	7,360	9
Yuan Ding Co., Ltd.	10	-	10	-
Hwa An International Trade	-	-	-	-
	<u>107,370</u>		<u>107,370</u>	
	<u>1,479,081</u>		<u>1,479,081</u>	
Prepayment for long-term investments in stocks				
Far Eastern Citysuper Ltd.	30,000	-	-	-
	<u>\$ 11,994,112</u>		<u>\$ 10,002,296</u>	

The carrying values of equity-method investments, except those in Bai Chin (Singapore) Pte. Ltd. and Asians Merchandise Co. in 2005 and Bai Chin (Singapore) Pte. Ltd. and FEDS-USA in 2004, were based on audited financial statements. There is no material effect expected on our financial position if all investees were audited.

The cost-method investments were as follows:

	December 31	
	2005	2004
Listed stocks - market value	\$ 1,582,311	\$ 1,727,949
Stocks with no quoted market prices - equity in the net assets of investees (based on audited and unaudited financial statements)	109,175	112,338

In January 2005, the Company subscribed for 104,196 thousand shares (34% equity) of Far Eastern International Leasing Corp. at NT\$13.00 per share and increased its equity on YTDS by 75% by subscribing for 6,089 thousand shares of YTDS at NT\$10.00 per share.

The Company paid \$28,238 thousand to subscribe for 180 thousand shares of FEDS-USA in June 2005 and subscribed for 3,600 thousand shares of Yu Ming Advertising Agency at NT\$10.00 per share in August 2005. The Company subscribed for 3,000 thousand shares of Far Eastern CitySuper Ltd. at NT\$10.00 per share in December 2005. However, the registration of Far Eastern CitySuper Ltd.'s capital had not been completed as of December 31, 2005. Thus, the investment in Far Eastern City Super Ltd. of \$30,000 thousand was classified as prepayment for long-term investments in stocks.

FEDS-USA went into liquidation and transferred its investment in Asians Merchandise Co. to the Company on September 30, 2005. The liquidation of FEDS-USA had been completed on November 1, 2005.

The Company subscribed for 13,000 thousand shares (87% equity) of Far Eastern CitySuper Ltd.'s issued stock at NT\$10.00 per share and 3,000 thousand shares (10% equity) of Ding Ding Integrated Marketing Service Co., Ltd.'s issued stock at NT\$10.00 per share in August 2004 and September 2004, respectively.

As of December 31, 2004, the Company and its indirect subsidiary (Pacific Sogo Department Stores Co., Ltd.) owned 20% of Ding Ding Integrated Marketing Service Co., Ltd.'s outstanding common stock. Thus, the Company accounted for its investment in Ding Ding Integrated Marketing Service Co., Ltd. by the equity method.

On February 4, 2005, the Company's board of directors resolved to invest US\$2,000 thousand in FEDS Development to set up Tain Ching Far Eastern Department Stores, Ltd. in Mainland China. The Investment Commission approved this investment. On April 6, 2005, the Company's board of directors resolved to invest - through FEDS Development - US\$2,900 thousand provided by its subsidiary (Bai Yang) in Tianjin FEDS Limits., Co. in Mainland China. This investment had been approved by the Investment Commission and remitted to Mainland China.

All of the accounts of the Company's subsidiaries were included in its 2005 consolidated financial statements.

7. PROPERTIES

	December 31	
	2005	2004
Cost	\$ 13,036,298	\$ 13,627,527
Revaluation increment		
Land	1,183,852	1,183,852
Buildings and equipment	10,919	13,725
	1,194,771	1,197,577
Total cost and appreciation	14,231,069	14,825,104
Less: Accumulated depreciation		
On cost		
Buildings and equipment	1,617,565	1,484,523
Furniture and equipment	1,568,876	1,511,722
	3,186,441	2,996,245
On appreciation		
Buildings and equipment	8,195	10,848
Total accumulated depreciation	3,194,636	3,007,093
	11,036,433	11,818,011
Unfinished construction	4,698,008	4,683,188
Leasehold right, net (Note 8)	4,069,133	4,129,298
Properties leased to others, net (Note 9)	1,604,237	1,620,095
	\$ 21,407,811	\$ 22,250,592

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Under government regulations, the Company revalued its land in 1980, 1981, 1984 and 1995 and other properties in 1975 and 1981. The resulting appreciation (net of reserve for land value increment tax) was credited to capital surplus. The Land Tax Act was amended on January 30, 2005, resulting in the reduction of the land value increment tax effective February 2005. Therefore, the Company's reserve for land value increment tax payable would decrease by \$318,820 thousand, to be charged to capital surplus - reserve for asset revaluation increment.

Depreciation expenses were \$429,111 thousand in 2005 and \$410,897 thousand in 2004. Capitalized interest expenses were \$128,771 thousand in 2005 and \$130,789 thousand in 2004. The interest rate used in computing the amounts capitalized ranged from 2.31% to 2.58% in 2005 and 2.50% to 2.80% in 2004.

In February 2005, the Company entered into a contract with Far Eastern Construction Company (FECC) to build a mall on the land owned by the Company and FECC for the Company's customers in the Pan-Chiao City area. Under the contract, the cost of the construction would be paid on the basis of land ownership ratio. Thus, as of December 31, 2005, FECC had paid the Company \$111,979 thousand for the construction. The construction cost as of December 31, 2004 consisted mainly of the acquisition cost for land located in Pan-Chiao City and architect's fee of \$4,697,868 thousand.

In June 2005, the Company entered into an agreement to sell the land and building located in Tainan City to a related party, Yuan Bo Asset Management Company. The proceeds of this sale were \$291,244 thousand (including VAT of \$5,778 thousand). After the deduction of the relevant cost of \$286,359 thousand and expense and tax of \$6,307 thousand, the gain on this disposal was \$7,200 thousand. However, a portion of the proceeds, amounting to \$121,342 thousand (including VAT \$5,778 thousand), had been unpaid as of December 31, 2005 and was thus classified as other receivables, to be collected within one year from the date of sale in July 2005. The transference of the title to the land and the building was registered in July 2005 and September 2005, respectively.

8. LEASEHOLD RIGHTS, NET

	December 31	
	2005	2004
Cost	\$ 4,530,780	\$ 4,516,278
Less: Accumulated amortization	461,647	386,980
	<u>\$ 4,069,133</u>	<u>\$ 4,129,298</u>

a. The land use rights for A13 in the Hsinyi district, amounting to \$3,146,638 thousand:

In September 2003, the Company acquired the land use rights for No. A13 in the Hsinyi district, which is owned by the Taipei City Government. The total amount of the land use rights was \$3,196,888 thousand, and the Company completed the registration of its acquisition of the land use right in October 2003. Under the contract, the Company has the right to use the land for 50 years from the completion of the right registration. The initial monthly rent is \$3,771, to be adjusted annually according to the land price announced on the contract date. The monthly rent has been adjusted to \$4,536 thousand since January 2004. The monthly rent is \$54,429 in 2005 and 2004, shown as rent expense (under operating expense).

In September 2003, the Company paid \$959,066 thousand, or 30% of the total land use rights payment. The rest, amounting to \$2,237,822 thousand, would be paid annually in five consecutive years at no interest. After the deduction of unrealized interest expenses of \$78,937 thousand, the net value of the rights was \$2,158,885 thousand, shown as accrued franchised liabilities. In 2005, the franchised liabilities amounted to \$1,061,567 thousand, current portion was \$460,284 thousand.

b. Tao-Yuan Farmers' Association of \$1,384,142 thousand:

Under an agreement made in March 1997, the Company built a commercial building on land owned by the Tao-Yuan Farmers' Association. The Company paid a guarantee deposit of \$150,000 thousand. The initial monthly rent is \$3,000 thousand, to be adjusted according to increases in the consumer price index.

Building and improvements pertain to a commercial building, including all improvements made thereon, the ownership of which will be transferred to Tao-Yuan Farmer Association in April 2018. The total construction cost of the commercial building is capitalized as leasehold rights, and cost amortization is from November 1999 to April 2018. The total amortization expense, classified as operating expenses - rental, was \$74,667 thousand in both 2005 and 2004.

9. PROPERTIES LEASED TO OTHERS, NET

	December 31	
	2005	2004
Cost		
Land	\$ 966,002	\$ 966,002
Buildings and equipment	528,282	528,170
Furniture and equipment	9,732	9,732
	<u>1,504,016</u>	<u>1,503,904</u>
Revaluation increment		
Land	211,744	211,744
Building and equipment	3,027	3,027
	<u>214,771</u>	<u>214,771</u>
Less: Accumulated depreciation		
Cost	102,904	87,019
Buildings and equipment	9,674	9,635
Furniture and equipment	112,578	96,654
Revaluation increment		
Building and equipment	1,972	1,926
Total accumulated depreciation	<u>114,550</u>	<u>98,580</u>
	<u>\$ 1,604,237</u>	<u>\$ 1,620,095</u>

The Company's lease contracts are mainly as follows:

- a. The Company leases the land located in Yung-Kang Tainan County to Far Eastern Hon Li Do Co. and Far Eastern Geant Co., Ltd. under a contract expiring on September 23, 2015. Under the contract, the Company received deposits of \$13,380 thousand from Far Eastern Hon Li Do Co., classified as deposits received, and receives monthly rent from Far Eastern Geant Co., Ltd. The monthly rent has been adjusted to \$8,886 thousand since October 2005.
- b. The Company leases the site located in Kaohsiung City to two related parties, Far Eastern International Bank and Oriental Securities Co., for their office building; the lease terms will end in February 2010 and April 2005, respectively.
- c. The Company leases sections of sites separately located at the Tainan branch and the Hsin-Chu branch to Warner Village Movies Co. for its movie theatres. Both lease terms are 15 years each, and the monthly rent has been adjusted to \$3,005 thousand since July 2005. The monthly rent has been adjusted to \$3,486 thousand since November 2005. Under the contract, the Company obtained \$33,000 thousand, classified as deposits received.
- d. The Company leases the site located in Ren-ai Road Taipei City to Wellcome Department Stores Ltd. and two related parties, Yu Ming Advertising Agency Co. and Far Eastern CitySuper Ltd., the lease term will end in August 2008 and August 2007, respectively.

The rental income on all lease contracts for the next five years is summarized below.

Year	
2006	\$ 230,685
2007	225,385
2008	224,157
2009	224,692
2010	<u>221,706</u>
	<u>\$ 1,126,625</u>

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10.IDLE PROPERTIES, NET

	December 31	
	2005	2004
Cost		
Land	\$ 153,247	\$ 153,247
Buildings and equipment	225,078	225,078
Furniture and equipment	28,403	28,403
	<u>406,728</u>	<u>406,728</u>
Revaluation increment		
Land	255,291	255,291
Buildings and equipment	16,470	16,470
	<u>271,761</u>	<u>271,761</u>
	678,489	678,489
Less: Allowance for impairment losses	215,967	215,967
	<u>\$ 462,522</u>	<u>\$ 462,522</u>

11.PROPERTY SOLD (LAND REPLACEMENT FOR GOVERNMENT-EXPROPRIATED LAND)

	December 31	
	2005	2004
Land		
Cost	\$ -	\$ 7,646
Revaluation increment	-	152,986
	<u>\$ -</u>	<u>\$ 160,632</u>

The Company owned a land and a building (the "property") located in the Ban Qiao Train Station area, designated as a special economic zone by the Taipei County Government (TPG). Under a notice sent by the TPG, the Company vacated the building in February 1998. The building was demolished, and the Company received compensation in October 1999.

Under the Ban Qiao Urban Development Plan, the Company will receive a replacement land also located in the same area, which the Company can use as it deems appropriate. However, the Company believes that the size of the replacement land is improper, so the Company raised an appeal to the Ministry of the Interior (MOTI) in 2003. As of February 17, 2005, the date of the accompanying auditors' report, MOTI had no response on this matter.

Part of the Ban Qiao land was being used by the Company's Ban Qiao branch; thus, the land cost of \$18,344 thousand and revaluation increment on property of \$366,997 thousand were reclassified as fixed asset according to the plan mentioned above. The other parts of the Ban Qiao property had been sold to the Bank of PanHsin on January 12, 2005 and the title of the land was transferred to the Company on February 15, 2005; thus, the cost \$7,646 thousand and revaluation increment on property of \$152,986 thousand should be reclassified as property for disposal. Proceeds from disposal of the land were \$496,720 thousand. After the deduction from the proceeds of the relevant cost and revaluation increment of \$160,632 thousand, relevant expenses and tax of \$15,914 thousand, capital surplus of \$49,756 thousand reserved for asset revaluation increment in prior years and reserve of \$93,428 thousand for land revaluation increment tax, the gain on disposal of properties was \$463,358 thousand. In addition, the Company made an agreement with the Bank of PanHsin, that after the building construction, the Bank of PanHsin will lease to the Company the first three floors, approximately 64,800 sq ft., for the Company's management of the operating site.

12.REFUNDABLE DEPOSITS

	December 31	
	2005	2004
Deposits on lease contracts	\$ 150,252	\$ 150,252
Others	16,285	11,450
	<u>\$ 166,537</u>	<u>\$ 161,702</u>

13.SHORT-TERM DEBTS

	December 31	
	2005	2004
Unsecured bank loan - interest from 1.400% to 1.448% in 2005 and 1.25% to 1.30% in 2004	\$ 1,000,000	\$ 1,005,000
Secured bank loan - interest from 1.448%-1.449%	350,000	-
	<u>\$ 1,350,000</u>	<u>\$ 1,005,000</u>

14.SHORT-TERM NOTES AND BILLS PAYABLE

	December 31			
	2005		2004	
	Interest (%)	Value	Interest (%)	Value
China Bills Finance	1.32-1.36	\$ 250,000	1.102	\$ 200,000
Taiwan Finance	1.15	150,000	1.00	50,000
Chung Hsing Bills Finance	-	-	1.01	550,000
International Bills Finance	-	-	0.94	100,000
Fu Bon Bills Finance	-	-	1.05	100,000
		400,000		1,000,000
Less: Discount on commercial paper payable		460		1,895
		<u>\$ 399,540</u>		<u>\$ 998,105</u>

15.BONDS ISSUED

	Due in One Year	Due Over One Year	Total
<u>December 31, 2005</u>			
Domestic secured bonds issued on:			
February 7 and 8, 2001	\$ 300,000	\$ -	\$ 300,000
June 20 and 21, 2001	500,000	-	500,000
December 4, 5, 6 and 7, 2001	1,000,000	-	1,000,000
August 7 and 8, 2002	-	500,000	500,000
November 25, 26, 27 and 28, 2002	-	1,500,000	1,500,000
June 24, 2003	500,000	-	500,000
August 25, 26, 27 and 28, 2003	-	1,200,000	1,200,000
August 12, 2005	-	500,000	500,000
	<u>\$ 2,300,000</u>	<u>\$ 3,700,000</u>	<u>\$ 6,000,000</u>
<u>December 31, 2004</u>			
Domestic secured bonds issued on:			
July 28, 2000	\$ 300,000	\$ -	\$ 300,000
February 7 and 8, 2001	300,000	300,000	600,000
June 20 and 21, 2001	-	500,000	500,000
December 4, 5, 6 and 7, 2001	-	1,000,000	1,000,000
August 7 and 8, 2002	-	500,000	500,000
November 25, 26, 27 and 28, 2002	-	1,500,000	1,500,000
June 24, 2003	-	500,000	500,000
August 25, 26, 27 and 28, 2003	-	1,200,000	1,200,000
	<u>\$ 600,000</u>	<u>\$ 5,500,000</u>	<u>\$ 6,100,000</u>

a. The domestic secured bonds issued on February 7 and 8, 2001 had an aggregate face value of \$600,000. These instruments consisted of Types A and B bonds, each with a face value of \$300,000 thousand and interest rate of 5.38%, payable annually.

The bonds are repayable as follows: (i) \$300,000 thousand on February 7, 2005 and February 8, 2005, and (ii) \$300,000 thousand on February 7, 2006 and February 8, 2006.

b. The aggregate face value of domestic secured bonds issued on June 20 and 21, 2001 was \$500,000 thousand. These instruments consisted of Type A bonds with aggregate face value of \$300,000 thousand and Type B bonds with aggregate face value of \$200,000 thousand. The bonds will mature on June 20 and 21, 2006. For both bonds, the interest rate is 4.25%, payable annually.

c. The aggregate face value of domestic secured bonds issued on December 4 to 7, 2001 was \$1,000,000 thousand. These instruments consisted of Types A and B bonds, with face value of \$300,000 thousand each, and Types C and D bonds, with face value of \$200,000 thousand each. The bonds will all mature between December 4 and 7, 2006. Interest on all bonds is 2.6%, payable annually.

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- d. The aggregate face value of domestic secured bonds issued on August 7 and 8, 2002 was \$500,000 thousand. These instruments consisted of Type A bonds with face value of \$300,000 thousand and Type B bonds with face value of \$200,000 thousand. The bonds will mature on August 7 and 8, 2007. Interest on both bonds is 3.7%, payable annually.
- e. The aggregate face value of domestic secured bonds issued on November 25 to 29 2002 was \$1,500,000 thousand. These instruments consisted of Types A, B, C, D and E bonds with face value of \$300,000 thousand each. The bonds will all mature on November 25 to 29, 2007. Interest on all bonds is 2.588%, payable annually.
- f. The average face value of domestic secured bonds issued on June 24, 2003 was \$500,000 thousand. The bonds will all mature on June 24, 2006. Interest on all bonds is 1.165%, payable annually.
- g. The average face value of domestic secured bonds issued on August 25 to 28, 2003 was \$1,200,000 thousand. These instruments consisted of Types A, B, C and D bonds with face value of \$300,000 thousand each. The bonds will all mature on August 25 to 28, 2008. Interest on all bonds is 1.178%, payable annually.
- h. The average face value of domestic secured bonds issued on August 12, 2005 was \$500,000 thousand. The bond will all mature on August 12, 2010. Interest on all bond is 1.81% payable annually.
- i. Domestic secured bonds issued on July 28, 2000 had an aggregate face value of \$600,000 thousand. The bonds consisted of Types A and B bonds with aggregate face values of \$300,000 thousand each. The annual interest rates were 5.4500% for the Type A bonds and 5.3777% for the Type B bonds.

The interest on the Type A bonds is payable annually, while interest on the Type B bonds is also payable annually but compounded semiannually. The bonds were repayable on July 28, 2004 and 2005 at \$150,000 thousand for each payment period.

16. LONG-TERM BORROWINGS

	December 31	
	2005	2004
Secured bank loan - interest from 1.51% to 2.00% in 2005 and 1.28% to 1.96% in 2004	\$ 2,471,400	\$ 1,657,100
Commercial paper issued - from 1.26% to 1.612% interest	896,367	-
Unsecured bank loan - interest from 1.44% to 1.46% in 2005 and 1.30% to 1.40% in 2004	750,000	350,000
	4,117,767	2,007,100
	535,700	285,700
Less: Current portion	<u>\$ 3,582,067</u>	<u>\$ 1,721,400</u>

As of December 31, 2005, the secured bank loans amounted to \$571,400 thousand, repayable semiannually in three years. The other borrowings were repayable within one year. Under the loans contracts, the Company could extend the repayment deadline for these loans. Thus, these secured bank loans were classified as long-term liabilities.

As of December 31, 2005, unused bank credit lines aggregated \$8,281,000 thousand, of which the Company, Bai-Ding, Bai-Yang, Yu-Ming, Feds Asia Pacific and Far Eastern Continent Co., Ltd. collectively had unused bank credit lines aggregating \$2,793,000 thousand.

17. STOCKHOLDERS' EQUITY

Under relevant regulations, capital surplus from equity-method investments cannot be used for any purpose while other capital surplus items can only be used to offset a deficit. Further, paid-in capital from the issue of stock in excess of par value may be capitalized (as stock dividend) at a certain percentage of the Company's paid-in capital.

The Company's Articles of Incorporation provide that annual net income less any deficit, 10% legal reserve and a certain amount for operational requirements should be appropriated, together with the unappropriated earnings from prior years, as follows:

Dividend	60%
Additional dividend	33%
Bonus to employees	4%
Remuneration to directors and supervisors	3%

These appropriations and earnings distributions should be approved by the stockholders in the following year and given effect to in the financial statements of that year.

Based on the Company Law, legal reserve should be appropriated until the reserve equals the Company's paid-in capital. The reserve can be used to offset a deficit. If the reserve exceeds 50% of the Company's paid-in capital and the Company has no unappropriated earnings, the excess may be distributed as dividends and bonuses. The Company Law also prescribes that, when the reserve has reached 50% of the Company's paid-in capital, up to 50% of the reserve may be transferred to capital.

The Company's dividend distribution depends on economic conditions, tax obligations, and operating requirements for cash. After taking into account the need to strengthen the Company's financial structure and meet cash demand for investments, store expansion, and other expenditures, the distribution of cash dividends should be over 10% of total cash and stock dividends for the year.

Under regulations promulgated by the Securities and Futures Commission, a special reserve equivalent to the net debit balance of specific accounts shown in the stockholders' equity, other than the deficit and the cost of the treasury stock arising from the reclassification of the Company's stock held by subsidiaries since January 1, 2002, should be appropriated from unappropriated retained earnings. The balance of the special reserve should be adjusted according to the debit balance of such accounts at year-end.

Under the Integrated Income Tax System, which took effect on January 1, 1998, resident stockholders are allowed a tax credit for the income tax paid by the Company on earnings generated since January 1, 1998. An imputation credit account (ICA) is maintained by the Company for such income tax and the tax credit allocated to each resident stockholder.

On June 7, 2005 and May 26, 2004, the Company's stockholders resolved earnings appropriation and distribution of bonus to employees and remuneration to directors and supervisors in 2004 and 2003, that is shown as follows:

	Earnings Appropriation		Dividends Per Shares(NT\$)	
	2004	2003	2004	2003
Legal reserve	\$ 147,953	\$ 29,671		
Stock dividend - common stock	493,522	-	\$ 0.50	\$ -
Cash dividend - common stock	592,227	243,050	0.60	0.25
Bonus to employees - cash paid	46,699	10,454		
Remuneration to directors and supervisors - cash paid	35,024	7,840		
	<u>\$ 1,315,425</u>	<u>\$ 291,015</u>		

The stock issuance for the above appropriation of stock dividends was approved by the Securities and Futures Bureau (SFB), and the board of directors resolved that the effective date of stock dividend appropriation was August 10, 2005.

Had the above bonus to employees and remuneration to directors and supervisors been paid entirely in cash and charged against earnings for 2004 and 2003, the after-tax basic earnings per share would have decreased from NT\$1.51 to NT\$1.43 in 2004 and from NT\$0.33 to NT\$0.31 in 2003.

As of the accompanying auditors' report date (February 24, 2006), the board of directors had not approved the proposal on the distribution of the 2005 earnings. Information on the appropriation of earnings can be accessed through the Market Observation Post System on the Web site of the Taiwan Stock Exchange (<http://mops.tse.com.tw>).

18. TREASURY STOCK

Reason for Acquisition	Shares in Thousands (Beginning of Year)	Increase	Decrease	Shares in Thousands (End of Year)
<u>Year 2005</u>				
a. Company's issued stock held by subsidiaries	<u>44,977</u>	<u>1,908</u>	<u>13,055</u>	<u>33,830</u>
<u>Year 2004</u>				
a. For possible transfer to employees	14,845	-	14,845	-
b. Company's issued stock held by subsidiaries	<u>44,977</u>	-	-	<u>44,977</u>
	<u>59,822</u>	-	<u>14,845</u>	<u>44,977</u>

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The Company reclassified the Company's shares held by its subsidiaries from short-term and long-term investments to treasury stocks, which amounted to \$293,659 thousand, based on the Company's equity in these subsidiaries in 2002. The treasury stocks held by subsidiaries increased by 1,908 thousand shares because of the Company's stock dividend distribution in 2005. Between July 2005 and December 2005, subsidiaries disposed of 13,055 treasury shares, with proceeds amounting to \$267,861 thousand. After deducting the treasury stock acquisition cost of \$83,352 thousand from the foregoing proceeds, the Company debited \$184,378 thousand to capital surplus - treasury stock transactions based on the Company's equity in these subsidiaries.

As of December 31, 2005, the book value of the treasury shares was \$210,379 thousand and fair value was \$641,395 thousand. As of December 31, 2004, the book value of the treasury shares was \$293,659 thousand and fair value was \$798,307 thousand.

Under the Securities and Exchange Law, the Company may buy up to 10% of its issued and outstanding capital stock. In addition, the Company may not spend more than the sum of the balances of the retained earnings, paid-in capital from the issue of stock in excess of par value and capital surplus from gain on sale of properties to buy its capital stock.

The Company may not pledge or hypothecate treasury stock. In addition, the Company may not exercise any stockholders' rights on the treasury stock. The Company's stocks held by its subsidiaries are treated as treasury stock and the holders are entitled to the rights of stockholders, except that starting from June 24, 2005, pursuant to the revised Company Law, the holders are no longer entitled to the right to vote.

On August 18, 2004, the Company transferred to its employees 14,845 thousand treasury shares amounting to \$103,603 thousand. After deducting the treasury stock acquisition cost of \$135,089 thousand from the amount of the treasury shares transferred to employees, the Company debited \$31,486 thousand to capital surplus-treasury stock transaction.

19. OTHER OPERATING REVENUES AND COSTS

	2005	2004
Other operating revenues		
Concessionaires' sales	\$ 135,613	\$ 138,322
Revenue on properties leased to others	140,256	138,577
Revenue on parking lots	64,276	56,613
	<u>\$ 340,145</u>	<u>\$ 333,512</u>
Other operating costs		
Concessionaires' sales	\$ 21,864	\$ 21,965
Revenue on properties leased to others	7,249	9,553
Revenue on parking lots	13,165	10,415
	<u>\$ 42,278</u>	<u>\$ 41,933</u>

20. INCOME TAX

a. A reconciliation of income tax expense based on "income before income tax" at statutory rate and current income tax expense before tax credits was as follows:

	2005	2004
Tax on pretax income at 25% statutory rate	\$ 260,108	\$ 390,773
Add (deduct) tax effects of:		
Permanent differences	(303,608)	(436,469)
Temporary differences	92,264	65,283
Loss carryforwards	(48,764)	(19,587)
Currently payable	<u>\$ -</u>	<u>\$ -</u>

b. Income tax expense consisted of:

Income tax expense - current	\$ -	\$ -
Prior years' adjustment	1	137
Income tax expense on short-term negotiable instruments taxed at 20%	451	47
Income tax expense - deferred	60,553	83,380
Income tax expense	<u>\$ 61,005</u>	<u>\$ 83,564</u>

c. Deferred income tax consisted of the following:

	2005	2004
Current		
Deferred income tax assets		
Investment tax credits	\$ 20,000	\$ 20,000
Loss carryforwards	16,243	63,145
Allowance for doubtful accounts	10,534	20,869
Allowance for losses on obsolescence	2,328	2,328
Others	7	1,351
	<u>49,112</u>	<u>107,693</u>
Less: Valuation allowance	(12,862)	(12,946)
Net deferred tax assets	<u>\$ 36,250</u>	<u>\$ 94,747</u>
Noncurrent		
Deferred income tax assets		
Cumulative equity in net loss of investees	\$ 318,700	\$ 209,369
Less: Valuation allowance	(271,391)	(160,209)
	<u>47,309</u>	<u>49,160</u>
Deferred income tax liabilities		
Difference of depreciation expense between financial reporting and tax reporting	(238,819)	(211,584)
Cumulative equity in net income of foreign-domiciled investees	(54,121)	(56,613)
Difference of pension cost between financial income and tax income	17,140	(7,398)
	<u>(275,800)</u>	<u>(275,595)</u>
Net deferred tax liabilities	<u>\$ (228,491)</u>	<u>\$ (226,435)</u>
d. Information on the integrated income tax system is as follows:		
Balance of imputation credit account (ICA)	<u>\$ 75,919</u>	<u>\$ 36,228</u>

The actual creditable tax ratio for earnings of the Company in 2004 was 2.72%. The projected creditable tax ratio for earnings of the Company as of December 31, 2005 was 6.61%. The imputation credit allocated to stockholders is based on the ICA balance as of the date of dividend distribution. Thus, the projected creditable ratio may change depending on the ICA balance on the date of dividend distribution.

The Company's unappropriated earnings before 1998 were used to offset deficit in 2002.

The loss carryforwards and unused investment tax credits as of December 31, 2005 were as follows:

Year	Item	Amount	Expiry Year	Status of Examination by Tax Authorities
2003	Loss carryforward	\$ 16,243	2008	Unexamined
2002	Investment tax credit	\$ 20,000	2006	examined

Income tax returns through 2002 had been examined and cleared by the tax authorities.

21. PAYROLL, DEPRECIATION AND AMORTIZATION EXPENSES

	Operating Costs	Operating Expenses	Nonoperating Expenses	Total
2005				
Payroll expenses				
Salary	\$ 15,150	\$ 746,899	\$ -	\$ 762,049
Insurance	1,180	53,061	-	54,241
Pension	1,013	30,025	-	31,038
	<u>17,343</u>	<u>829,985</u>	<u>-</u>	<u>847,328</u>
Depreciation	17,174	411,937	-	429,111
Amortization	-	78,057	13,268	91,325
	<u>\$ 34,517</u>	<u>\$ 1,319,979</u>	<u>\$ 13,268</u>	<u>\$ 1,367,764</u>
2004				
Payroll expenses				
Salary	\$ 24,451	\$ 723,416	\$ -	\$ 747,867
Insurance	1,873	52,963	-	54,836
Pension	1,139	34,875	-	36,014
	<u>27,463</u>	<u>811,254</u>	<u>-</u>	<u>838,717</u>
Depreciation	17,148	393,749	4,616	415,513
Amortization	-	78,921	13,370	92,291
	<u>\$ 44,611</u>	<u>\$ 1,283,924</u>	<u>\$ 17,986</u>	<u>\$ 1,346,521</u>

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22.EARNINGS PER SHARE

Numerators and denominators used to calculate earnings per share (EPS) were as follows:

	Amount (Numerator)		Shares in Thousands (Denominator)	Earnings Per Share(NT\$)	
	Before Tax	After Tax		Before Tax	After Tax
<u>2005</u>					
Net income of common stockholders	\$ 1,040,431	\$ 979,426		\$ 1.05	\$ 0.98
Basic earnings per share			995,407		

Pro forma information on the assumption that the Company's stocks traded or held by subsidiaries are treated as investments instead of treasury stock is as follows:

	Amount (Numerator)		Shares in Thousands (Denominator)	Earnings Per Share(NT\$)	
	Before Tax	After Tax		Before Tax	After Tax
<u>2005</u>					
Net income of common stockholders	\$ 1,224,809	\$ 1,163,804		\$ 1.18	\$ 1.12
Basic earnings per share			1,036,397		
<u>2004</u>					
Net income of common stockholders	\$ 1,563,093	\$ 1,479,529		\$ 1.60	\$ 1.51
Basic earnings per share			979,376		

Pro forma information on the assumption that the Company's stocks traded or held by subsidiaries are treated as investments instead of treasury stock is as follows:

	Amount (Numerator)		Shares in Thousands (Denominator)	Earnings Per Share(NT\$)	
	Before Tax	After Tax		Before Tax	After Tax
<u>2004</u>					
Net income of common stockholders	\$ 1,567,601	\$ 1,484,037		\$ 1.53	\$ 1.45
Basic earnings per share			1,026,602		

The denominators for the purposes of calculating the above basic EPS had been adjusted retroactively to reflect the issuance of stock dividends in August 2005 (see Note 17). This adjustment caused the basic EPS in 2004 before and after tax to decrease from NT\$1.68 to NT\$1.60 and from NT\$1.59 to NT\$1.51, respectively.

23.PENSION PLAN

The Labor Pension Act (the "Act"), which took effect and the pension mechanism under the Act is deemed a defined contribution plan. The employees who were subject to the Labor Standards Law before July 1, 2005 were allowed to choose to be subject to the pension mechanism under the Act or continue to be subject to the pension mechanism under the Labor Standards Law. For Company employees who were subject to the Labor Standards Law before July 1, 2005 and chose to be subject instead to the pension mechanism under the Act, their service years as of June 30, 2005 were retained. Based on the Act, the Company's rate of monthly contributions to employees' individual pension accounts is at 6% of monthly salaries and wages starting on July 1, 2005. Thus, the Company's monthly contributions to employees' pension accounts, which were recognized as pension costs, amounted to \$9,399 thousand in the second half of 2005.

The Company has a defined benefit plan under the Labor Standards Law, which provides benefits based on an employee' length of service and average salary of the six months before retirement. The Company contributes an amount equal to 6% of monthly salaries and wages to a pension fund. This fund is administered by a pension fund monitoring committee and deposited in the committee's name in the Central Trust of China.

Other information on the defined benefit plan is summarized as follows:

	2005	2004
a. Net periodic pension cost		
Service cost	\$ 20,626	\$ 29,485
Interest cost	17,087	16,955
Projected return on plan assets	(15,007)	(13,139)
Amortization	(1,067)	2,713
	<u>\$ 21,639</u>	<u>\$ 36,014</u>
b. Reconciliation of the funded status of the plan and prepaid pension cost		
Present value of benefit obligation:		
Vested benefit obligation	\$ (110,116)	\$ (92,661)
Non-vested benefit obligation	(228,153)	(282,657)
Accumulated benefit obligation	(338,269)	(375,318)
Additional benefits based on future salaries	(67,075)	(152,092)
Projected benefit obligation	(405,344)	(527,410)
Fair value of plan assets	489,502	463,406
Funded status	84,158	(64,004)
Unrecognized net transition assets	(172,993)	(192,215)
Unrecognized prior service cost due to the adoption of the Labor Standards Law in 1998	(17,778)	(19,145)
Unrecognized net actuarial loss	194,210	384,600
Prepaid pension cost	<u>\$ 87,597</u>	<u>\$ 109,236</u>
c. Vested benefits - undiscounted	<u>\$ 133,416</u>	<u>\$ 121,011</u>
d. Actuarial assumptions		
Discount rate used in determining present value	3.25%	3.25%
Future salary increase rate	2.00%	3.00%
Expected rate of return on plan assets	3.25%	3.25%
e. Contributions to and payments from the fund		
Contributions	\$ -	\$ 65,535
Payments	<u>\$ 47,581</u>	<u>\$ 49,744</u>

24. RELATED-PARTY TRANSACTIONS

Significant related party transactions, in addition to those shown in Notes 7, 9, 16 and 26, are summarized in the accompanying Tables 1 and 2.

Related Party	Relationship with the Company
Far Eastern Textile Co.	Equity-method investor
Far Eastern Geant Co., Ltd.	Equity-method investee
Far Eastern Hon Li Do Co., Ltd.	Equity-method investee
Bai Ding Investment Co.	Equity-method investee
Ya Tung Department Stores	Equity-method investee
Oriental Securities Corporation	Equity-method investee
FEDS Asia Pacific Development Co., Ltd.	Equity-method investee
Yu Ming Advertising Agency Co.	Equity-method investee
Bai Yang Investment Co.	Equity-method investee
FEDS New Century Development	Equity-method investee
Far Eastern CitySuper Ltd.	Equity-method investee
Pacific Liu Tong Investment Co.	Equity-method investee
Ding Ding Integrated Marketing Service	Equity-method investee
Far Eastern International Leasing Corp.	Equity-method investee
Asia Cement Corp.	Same director
Yuan Ding Co., Ltd.	Same director
Far Eastern International Bank	Same director
Far Eastone Telecom Co., Ltd.	Same director
Far Eastern Resource Development Ltd., Corp.	Same director
New Century Infocom Tech., Co., Ltd.	Same director
Far Eastern Construction Company	Same director
Pacific Sogo Department Stores Co., Ltd.	An indirect subsidiary
Far Eastern Apparel Co., Ltd.	An indirect subsidiary of Far Eastern Textile Co.
Yuan Bo Asset Management Company	An indirect subsidiary of Far Eastern International Leasing Corp.
Others	Others (no transactions; see Table 10)

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25. ASSETS PLEDGED OR MORTGAGED

The following assets had been pledged as security for purchases of certain items, as mortgages for bonds issued and as collaterals for bank loans:

	2005	2004
Pledged time deposits	\$ 2,000	\$ 4,000
Long-term investments, net	2,041,552	2,197,216
Properties, net	9,767,340	10,580,336
Idle properties, net	278,445	278,445
	<u>\$ 12,089,337</u>	<u>\$ 13,059,997</u>

26. COMMITMENTS AND CONTINGENT LIABILITIES AS OF DECEMBER 31, 2005

Significant commitments and contingent liabilities are summarized as follows:

- a. Unused letters of credit aggregated \$4,083 thousand.
- b. Outstanding construction contracts aggregated \$178,935 thousand.
- c. Guarantees on the loans of related parties were as follows:

Bai-Ding Investment Corporation	\$ 2,744,156
Pacific Sogo Department Store Co.	3,590,056
Far Eastern Geant Co., Ltd.	1,595,000
FEDS Asia Pacific Development	1,195,000
Tianjin FEDS Limits., Co	476,252
Far Eastern Citysuper Ltd.	195,333
Far Eastern Hon Li Do Co., Ltd.	165,000
Yu Ming Advertising Agency Co.	69,166
	<u>\$ 10,029,963</u>

- d. In addition to the lease contracts mentioned in Notes 8 and 9, other major operating lease contracts are listed below:

- 1) The Company leases from Asia Cement Corporation (a related party) the site of its store in Taipei. The lease agreement will expire on December 31, 2006, but the lessor allowed the Company to renew the lease upon its expiry. The total monthly rent is \$5,468 thousand.
- 2) The Company leases from FEDS Asia Pacific Development (a related party) the site of its store in Kaohsiung. The lease agreement will expire on October 23, 2016, but the lessor allowed the Company to renew the lease upon its expiry. The total monthly rent is \$19,000 thousand.
- 3) The Company leases from Cooperative Bank the site of its store in Chungli. The lease term is up to October 15, 2008. The Company paid this bank \$50,000 thousand, shown as refundable deposits. The total monthly rent is \$5,529 thousand. On February 21, 2004, the Company transferred the store to the Pacific Sogo Department Store Co. (an indirect subsidiary). After the transfer date, the Pacific Sogo Department Stores Co. would pay the rent to Cooperative Bank. The deposit would be paid by the Pacific Sogo Department Store Co. on the date that the Company, the Pacific Sogo Department Store Co., and the Cooperative Bank, the parties involved in this transfer, agree on the lease transfer. The refundable deposits were reclassified as other receivables on December 31, 2004 and were collected in December 2005.
- 4) On November 28, 2005, the Company paid a deposit of \$5,100 thousand, shown as part of refundable deposits, to enter a bid on the right to lease land owned by the Ministry of Education and located in Taichung City. The Company won the bid and thus got back its refundable deposit. The Company then used a credit letter guaranteed by the International Commercial Bank of China to secure its execution of the leasing rights. The credit letter will expire on December 25, 2006. As of December 31, 2005, the Company had not signed a new lease contract with the Ministry of Education.

The Company also executed lease contracts with other parties. The future minimum rental expenses for all lease contracts for the next five years are summarized below:

Year	Rental Expense
2006	\$ 414,750
2007	332,013
2008	324,965
2009	323,556
2010	323,556
	<u>\$ 1,718,840</u>

e. In 1997, the Company and Taiwan Development and Trust Corporation (TDTC) entered into an agreement for the Company to buy land and building located in Hsin-Chu. The cost of this property was \$4,046,030 thousand after deducting the public funds and discounts of \$68,426 thousand from \$4,114,456 thousand (total cost of property - pretax). The building construction was completed on November 2002. The Company transferred the net amount of \$4,046,030 thousand from unfinished construction to the cost of property. However, as of December 31, 2002, the Company had not paid the construction final payment of \$457,819 thousand, shown as part of payable on properties.

On January 23, 2003, TDTC sued the Company for not making the final payment of \$1,020,367 thousand (the final payment for the sales contract and additional payment for the change of design) and demanded that the Company make this payment plus interest. On February 14, 2006, the Taipei District Court ruled that the Company should pay TDTC \$724,111 thousand plus an (a) interest, from June 5, 2002 to the full-repayment date, of \$692,801 thousand based on the 0.03% daily interest rate for and (b) interests, from January 31, 2003 to the full-repayment date, of \$28,365 thousand based on the 0.03% daily interest rate and of \$2,945 thousand based on the 5% annual interest rate. However, the Company would file an appeal with the Taiwan High Court against TDTC for serious breaches of the related contract and claim compensation from TDTC, which can be offset against the payments to TDTC. Thus, the Company had recorded a final construction payment of only \$457,819 thousand as of December 31, 2005.

27. FINANCIAL INSTRUMENTS

The Company had no derivative transactions in 2005 and 2004.

Nonderivative Financial Instruments	December 31, 2005		December 31, 2004	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Cash and cash equivalents	\$ 587,227	\$ 587,227	\$ 434,207	\$ 434,207
Short-term investments	830,000	830,028	225,046	289,270
Notes receivable	27,436	27,436	9,271	9,271
Accounts receivable	187,269	187,269	161,027	161,027
Other receivable	677,933	677,933	311,917	311,917
Pledged time deposit	2,000	2,000	4,000	4,000
Long-term stock investments (including credit balance of long-term stock investment)	11,981,139	12,680,122	9,980,167	11,103,499
Refundable deposits	166,537	166,537	161,702	161,702
Liabilities				
Short-term debts	1,350,000	1,350,000	1,005,000	1,005,000
Short-term notes and bills payable	399,540	399,540	998,105	998,105
Accounts payable	1,764,407	1,764,407	1,603,434	1,603,434
Accrued expense	501,126	501,126	471,045	471,045
Balance payables - properties	520,323	520,323	584,191	584,191
Bonds issued	6,000,000	6,024,893	6,100,000	6,128,380
Long-term borrowings	4,117,767	4,117,767	2,007,100	2,007,100
Franchise liability	1,061,567	1,061,567	1,528,180	1,528,180
Deposits received	56,447	56,447	57,232	57,232

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

- The carrying values of financial instruments approximate fair values because of the short maturity of these instruments. This assumption was applied to cash and cash equivalents, notes receivable, accounts receivable, other receivable, short-term debts, short-term notes and bills payable, accounts payables, accrued expenses and balance payables - properties.
- Long-term and short-term investments in shares of listing stocks and mutual funds are based on quoted market prices on the balance sheet date, or, if the market prices are unavailable, on the equity in the investees' net assets on the latest balance sheet date.
- The fair values of pledged time deposits, refundable deposits, and deposits received are based on book values because there is no big difference between the book values and the amounts of future cash flows.
- The fair value of the bonds issued are based on their market values on the balance sheet date.
- The fair value of long-term borrowings and the accrued franchise liability are based on the present values of expected cash outflows discounted at the rate of bank loans with similar maturities.

FAR EASTERN DEPARTMENT STORES, LTD.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2005 AND 2004
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

28.ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the Securities and Futures Bureau:

- a. Financing provided: Table 3 (attached)
- b. Endorsement/guarantee provided: Table 4 (attached)
- c. Marketable securities held: Table 5 (attached)
- d. Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached)
- e. Acquisition of individual real estates at costs of at least NT\$100 million or 20% of the paid-in capital: None
- f. Disposal of individual real estates at prices of at least NT\$100 million or 20% of the paid-in capital: Table 7 (attached)
- g. Total purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 8 (attached)
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 9 (attached)
- i. Names, locations, and related information of investees on which the Company exercises significant influence: Table 10 (attached)
- j. Derivative financial transactions: None
- k. Investment 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: Table 11 (attached)
 - 2) Significant direct or indirect transactions with the investee company, prices, payment terms and unrealized gain or loss:
 - a) Amount and percentage of sales; the balance and percentage of related accounts payables: None
 - b) Amount and percentage of purchase; the balance and percentage of related accounts receivables: None
 - c) Gain (loss) on and amounts of asset: None
 - d) The balance and purpose of note endorsement/guarantee provided or collateral security pledged: Table 4 (attached)
 - e) Maximum balance for the period, ending balance, interest rate and amount of financing provision: Table 3 (attached)
 - f) Other transactions which have significant influence over current year's gain or loss or financial status: None

29.SEGMENT INFORMATION

- a. Industry information: The Company solely operates department stores.
- b. Geographic information: The Company operates entirely in the Republic of China in 2005 and 2004.
- c. Export sales: There were no export sales in 2005 and 2004.
- d. Sales to major customers: In 2005 and 2004, no revenue from a single customer was at least 10% of total operating revenues.

Senior Officers 經營團隊



Chairman 董事長
Douglas Tong Hsu 徐旭東

President
Nancy Hsu 徐雪芳

Vice President
C. S. Yeh 葉清水

Operation Division II
C. S. Chuang 莊見祥

Administration Division
Teh Hsiang Tsou 鄒德祥

Human Resources Dept.
Jim Huang 黃靖武

Auditor Office
Marco Tu 杜文星

Operation Division I
Kuan Wen Hsieh 謝寬文

Operation Division III
Tony Liu 劉朝雄

Finance Dept.
Hou Kun Ni 倪候昆

Promotion Planning Dept.
Chang Li Lin 林彰豐

Senior Managers 經理人



FE21' PaoChing Store
Steven Bai 白明玉

FE21' Taoyuan Store
C. C. Lan 藍卓成

FE21' Chiayi Store
Dough Wu 吳道鏞

FE21' MegA Kaohsiung Store
Jacky Pi 畢監永

FE21' Panchiao Store
J. C. Chou 周宜全

FE21' MegA Hsinchu Store
Chris Lin 劉志成

FE21' MegA Tainan Store
Hanche CHIU 邱漢哲

FE21' Hualien Store
Chen Yun Chung 鍾陳雲

Far Eastern Department Stores Ltd.



FE21' PaoChing Store
FE21' 寶慶店



FE21' Panchiao Store
FE21' 板橋店



FE21' Taoyuan Store
FE21' 桃園店



FE21' Mega Hsinchu Store
FE21' MegA 新竹店



FE21' Chiayi Store
FE21' 嘉義店



FE21' Mega Tainan Konyuan Store
FE21' MegA 台南公園店



FE21' Mega Tainan ChenKong Store
FE21' MegA 台南成功店



FE21' Mega Kaohsiung Store
FE21' MegA 高雄店



FE21' Hualien Store
FE21' 花蓮店

FEDS Investment (I) Pacific Sogo Department Stores Co., Ltd.



Chairman 董事長
Chin Chung 鍾 琴

General Manager 總經理
Satoshi Inoue 井上 哲

Taiwan Area 台灣事業部
Chief Operating Office
James Wangkuo 汪郭鼎松

China Area 中國事業部
Chief Operating Office
Kuang Jong Lee 李光榮



FEDS Investment (II) Far Eastern Geant Co., Ltd.



President 總經理
Pascal Billaud 畢 尤

VP of Merchandise 副總 商品部
Vincent Wang 王普敬

VP of MIS Dept. 副總 資訊部
Paul Shao 邵仲明

Controller of Accounting Dept.
會計長 會計部
Thomas Chen 陳添壽

Director of Human Resource Dept.
協理 人力資源部
Lily Liu 劉麗玉

Chief Auditor of
Auditor Office 稽核長 稽核室
Alex Chen 陳志鴻

CFO & General Secretary 總經理特助
Tim Chuang 莊金龍

Director of Development Dept.
協理 開發部
James Lee 李鎮宇

Director of Marketing Dept. 協理 行銷部
Wendy Yang 楊文婷

Regional Operation Director-North
北區營運協理
Nick Liu 劉政國

Regional Operation Manager-South
南區營運經理
David Liu 劉文堯



FEDS Investment (III) Ya Tong Department Stores Co., Ltd.



Chief Operation Officer Office 營運長
Nakano Yoshihisa 中野善壽

Vice President 副總經理
Edward Chang 張宗元

Store Operation Division 協理
Shirley Lo 羅中秀

Chief Operation Officer Office 特別助理
Yu-Fung Wang 王玉園

Store Operation Division 特別助理
JO JO Chen 陳淑惠

Marketing Dept. 副理
Hermonsa 何美喬

Store Operation Division 副理
Leon Wang 王汝中



FEDS Investment (IV) Far Eastern Citysuper Ltd.



Managing Director & COO
Masashi Takemura 竹村 匡史

Vice President
Yoshita Kasahara 笠原 芳哉

Live Division Manager
Takaki Yano 矢野 貴己

Supporting Division Manager
Ting Wen 溫昆庭



Branch Stores of Far Eastern Department Stores Ltd.

遠東百貨股份有限公司各分公司

Branch Stores of Far Eastern Department Stores Ltd. 遠東百貨股份有限公司各分公司

- | | |
|------------------------------------|------------------|
| ① FE21' PaoChing Store | FE21' 寶慶店 |
| ② FE21' Panchiao Store | FE21' 板橋店 |
| ③ FE21' Taoyuan Store | FE21' 桃園店 |
| ④ FE21' MegA Hsinchu Store | FE21' MegA 新竹店 |
| ⑤ FE21' Chiayi Store | FE21' 嘉義店 |
| ⑥ FE21' MegA Tainan ChenKong Store | FE21' MegA 台南成功店 |
| ⑦ FE21' MegA Tainan Konyuan Store | FE21' MegA 台南公園店 |
| ⑧ FE21' MegA Kaohsiung Store | FE21' MegA 高雄店 |
| ⑨ FE21' Hualien Store | FE21' 花蓮店 |

Subsidiaries Of Far Eastern Department Stores Ltd.

遠東百貨股份有限公司子公司

Far Eastern Geant Co., Ltd. 愛買吉安股份有限公司

- | | |
|---------------------|-------|
| ① Chunghsiao Branch | 忠孝分公司 |
| ② Chingmei Branch | 景美分公司 |
| ③ Panhsin Branch | 板新分公司 |
| ④ Yungho Branch | 永和分公司 |
| ⑤ Dazch Branch | 大直分公司 |
| ⑥ Taoyang Branch | 桃園分公司 |
| ⑦ Yangmei Branch | 楊梅分公司 |
| ⑧ Hsinchu Branch | 新竹分公司 |
| ⑨ Yungfo Branch | 永福分公司 |
| ⑩ Chungkang Branch | 中港分公司 |
| ⑪ Yuanlin Branch | 員林分公司 |
| ⑫ Tainan Branch | 台南分公司 |
| ⑬ Fuhsin Branch | 復興分公司 |
| ⑭ Pingdeng Branch | 平等分公司 |

Pacific Sogo Department Stores Co., Ltd. 太平洋崇光百貨股份有限公司

- | | |
|--------------------|------|
| ▲ Taipei Store | 台北店 |
| ▲ Tun Hua New Hall | 敦化新館 |
| ▲ Chungli Store | 中壢店 |
| ▲ Chungli New Hall | 中壢新館 |
| ▲ Hsinchu Store | 新竹店 |
| ▲ Kaohsiung Store | 高雄店 |

Ya Tung Department Store Co., Ltd.

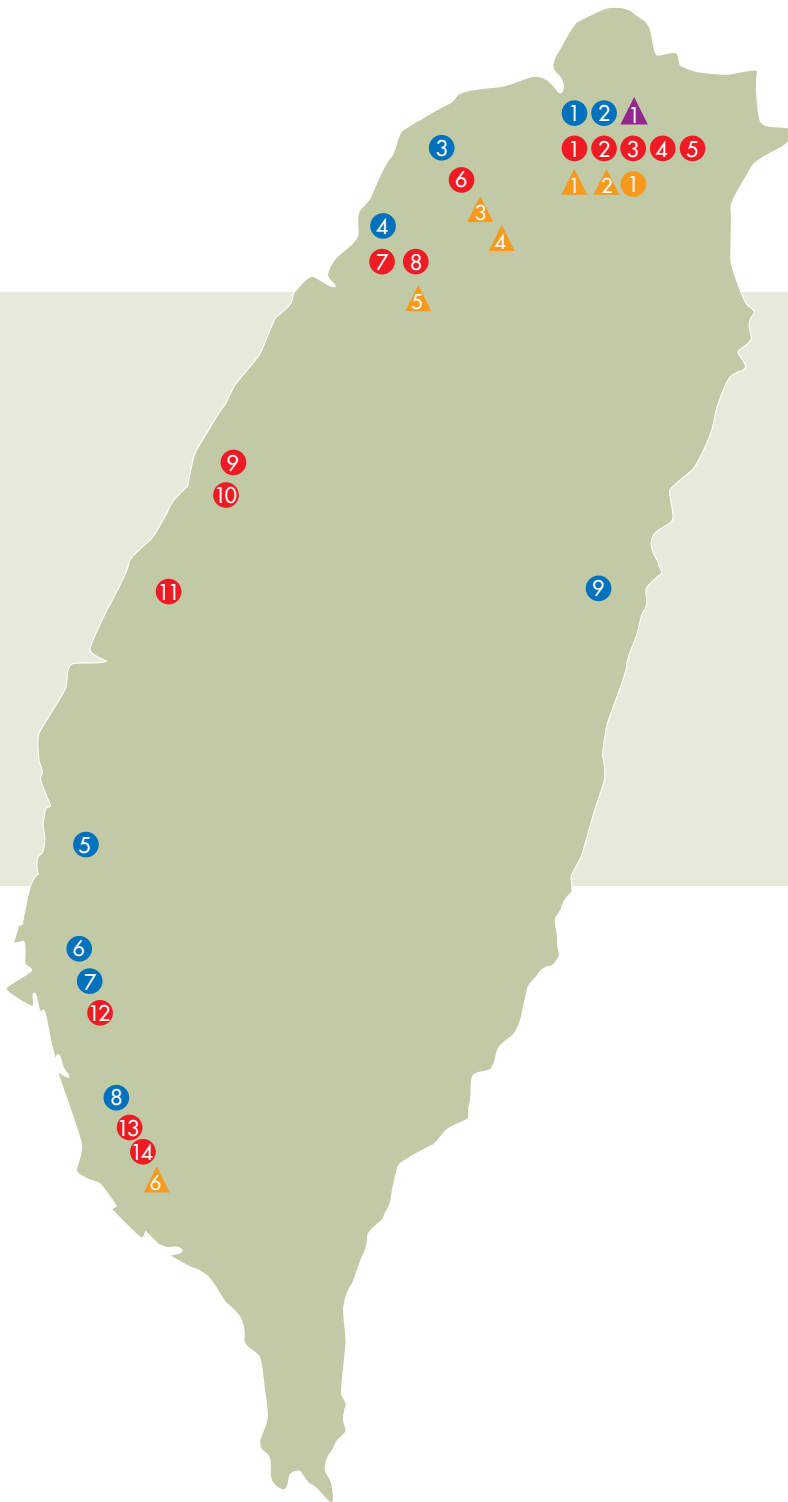
亞東百貨股份有限公司 (台北購物中心)

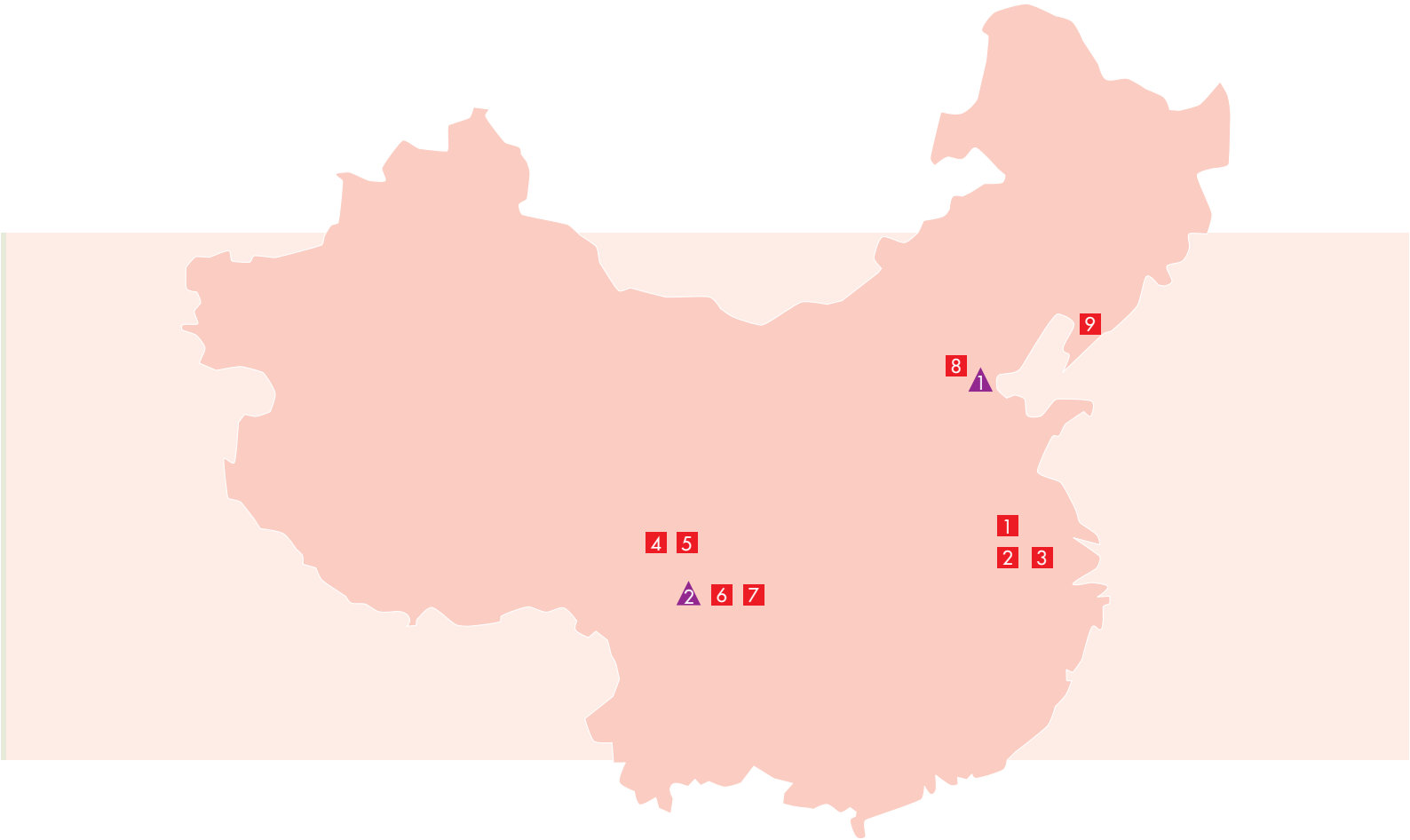
- ① Taipei Metro, The Mall

Far Eastern Citysuper Ltd.

遠東都會股份有限公司

- ▲ Tun Hwa Branch





Far Eastern Department Stores Co., Ltd. 遠東百貨股份有限公司

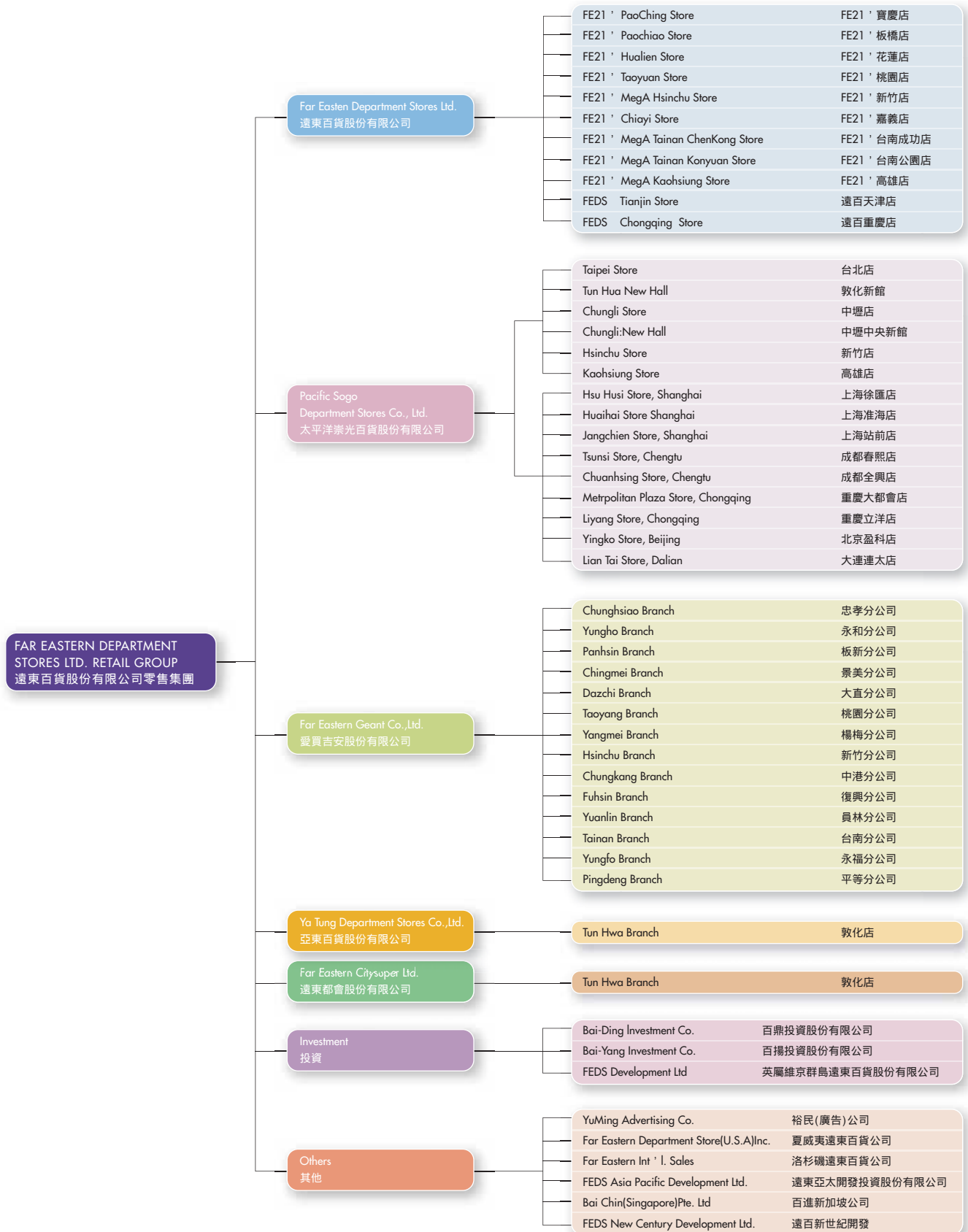
- ▲ FEDS Tianjin Store 遠百天津店
- ▲ FEDS Chongqing Store 遠百重慶店

Pacific Department Stores Co., Ltd. 太平洋百貨股份有限公司

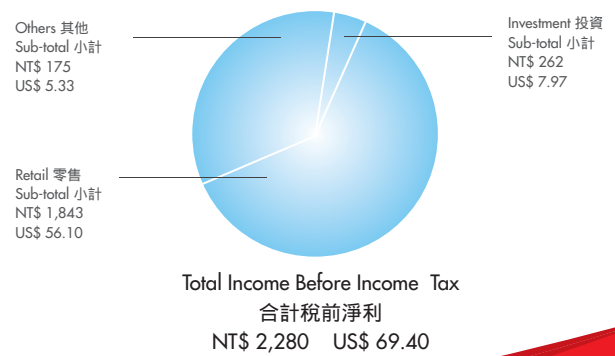
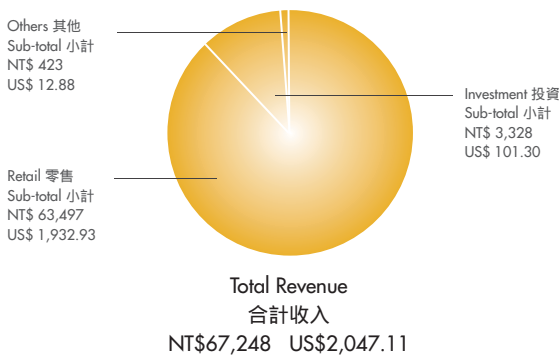
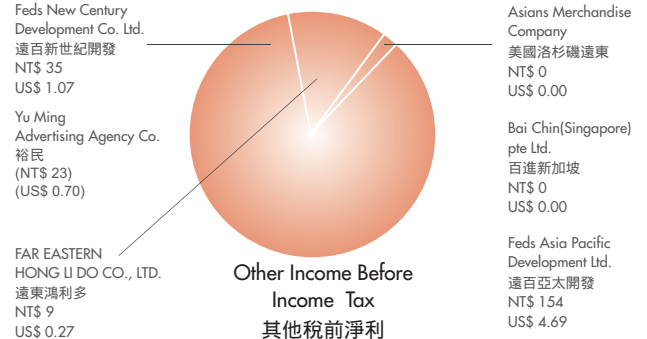
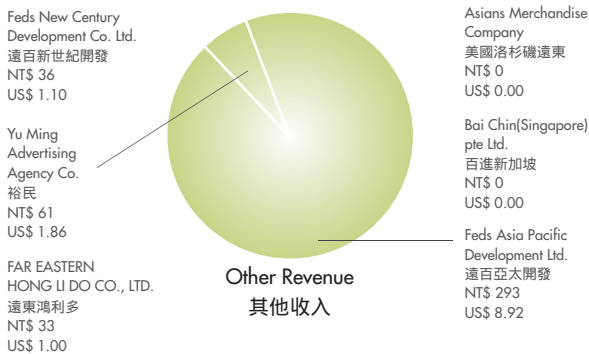
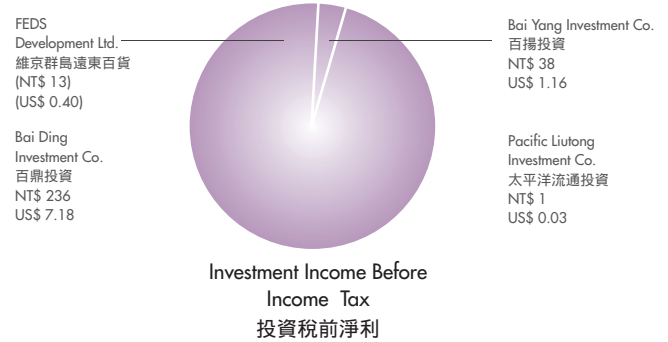
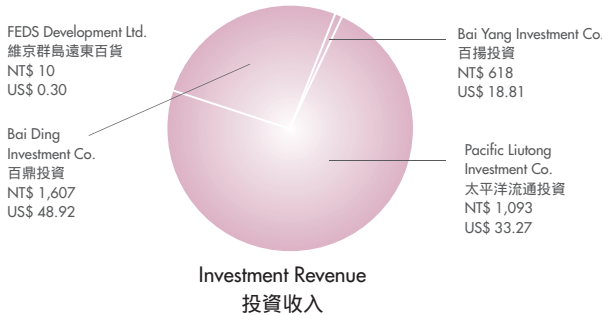
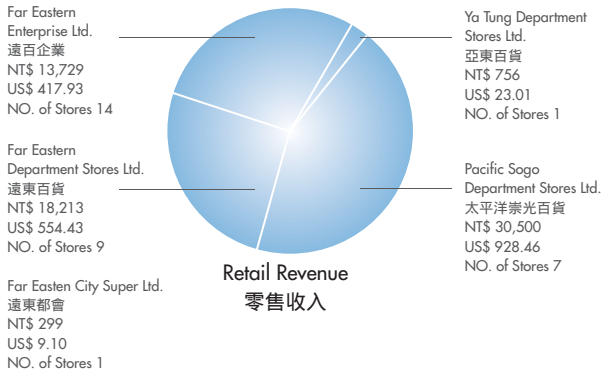
- | | | | |
|-----------------------------|-------|---------------------------------------|--------|
| 1 Hsu Hwei Store, Shanghai | 上海徐匯店 | 6 Metropolitan Plaza Store, Chongqing | 重慶大都會店 |
| 2 Huaihai Store, Shanghai | 上海淮海店 | 7 Liyang Store, Chongqing | 重慶立洋店 |
| 3 Jangchien Store, Shanghai | 上海站前店 | 8 Yingko Store, Beijing | 北京盈科店 |
| 4 Tsunsi Store, Chengtu | 成都春熙店 | 9 Lian Tai Store, Dalian | 大連連太店 |
| 5 Chuanhsing Store, Chengtu | 成都全興店 | | |

Far Eastern Department Stores Ltd. Retail Group

遠東百貨股份有限公司—零售集團



Unit: Million 單位: 百萬



Address of Far Eastern Department Stores Ltd. Retail Group

遠東百貨股份有限公司各地分公司地址

Far Eastern Department Stores Ltd. 遠東百貨股份有限公司

Head Office 總公司
27, Pao Ching Rd., Taipei 100, Taiwan, R.O.C.
TEL: (02)23816155-9 FAX: (02)23821371
Web: www.feds.com.tw e-mail: service@feds.com.tw

FE21' PaoChing Store FE21' 寶慶店
32, Pao Ching Rd., Taipei 100, Taiwan, R.O.C.
TEL: (02)23816088 FAX: (02)23140669

FE21' Panchiao Store FE21' 板橋店
152, Chung Shan Rd., Sec. 1, Panchiao 220, Taiwan, R.O.C.
TEL: (02)89525678 FAX: (02)89530009

FE21' Hualien Store FE21' 花蓮店
125, Chung Hwa Rd., Hualien 970, Taiwan, R.O.C.
TEL: (03)8355588 FAX: (03)8362720

FE21' Taoyuan Store FE21' 桃園店
20, Chung Cheng Rd., Taoyuan 330, Taiwan, R.O.C.
TEL: (03)3359811 FAX: (03)3380194

FE21' MegA Hsinchu Store FE21' MegA 新竹店
323, Shida Rd., Hsinchu 300, Taiwan, R.O.C.
TEL: (03)5233121-9 FAX: (03)5269413

FE21' Chiayi Store FE21' 嘉義店
537, Chuei Yang Rd., Chiayi 600, Taiwan, R.O.C.
TEL: (05)2365137-47 FAX: (05)2365358

FE21' MegA Tainan ChenKong Store FE21' MegA 台南成功店
210, Chen Kong Rd., Tainan 700, Taiwan, R.O.C.
TEL: (06)2098999 FAX: (06)2097907

FE21' MegA Tainan Konyuan Store FE21' MegA 台南公園店
60, Konyuan Shida Rd., Tainan 700, Taiwan, R.O.C.
TEL: (06)2259101 FAX: (06)2259120

FE21' MegA Kaohsiung Store FE21' MegA 高雄店
21, Sando 4th Shida Rd., Kaohsiung 807, Taiwan, R.O.C.
TEL: (07)9728888 FAX: (07)9722845

FEDS Tianjin Store 遠百天津店
168, Nankai District, Tianjin, China
TEL: 86(22)2727-1688, FAX: 86(22)2735-2489

FEDS Chongqing Store 遠百重慶店
10 Yanghe Rd. Jiangbai, Chongqing, China
TEL: 86(23)8918-0088 FAX: 86(23)8911-8111

Far Eastern Int'l. Seles 洛杉磯遠東百貨公司
13360 East Firestone BLVD., #J.
SANTA FE SPRINGS, CA 90670, U.S.A.
TEL: (562)404-7376 FAX: (562)404-8663

Far Eastern Dept. Store (U.S.A.) Inc. 夏威夷遠東百貨公司
P.O. Box 937 AIEA, HAWAII 90670, U.S.A.
TEL: (808)487-6441 FAX: (808)487-5469

Pacific Sogo Department Stores Co., Ltd. 太平洋崇光百貨股份有限公司

Taipei Store 台北店
No.45, Sec.4, Chung Hsiao E. Rd, Taipei, Taiwan, R.O.C.
TEL: 886-2-2776-5555 FAX: 886-2-2741-2869

Tun Hua New Hall 敦化新館
No.246, Sec.1, Tun Hua South Road, Taipei, Taiwan, R.O.C.
TEL: 886-2-2776-5555 FAX: 886-2-2711-2632

Chungli Store 中壢店
No.357, Yuan Hua Road, Chungli, Taiwan, R.O.C.
TEL: 886-3-422-7000 FAX: 886-3-422-1212

Chungli New Hall 中壢中央新館
No.120, C HUNG Yuan W.Rd, Sec. 1 Chungli, Taiwan, R.O.C.
TEL: 886-3-422-7000 FAX: 886-3-422-1212

Hsinchu Store 新竹店
No.2, Ming Chu Road, Hsinchu, Taiwan, R.O.C.
TEL: 886-3-522-7000 FAX: 886-3-524-8888

Kaohsiung Store 高雄店
No.217, Sando 3th Road, Kaohsiung, Taiwan, R.O.C.
TEL: 886-7-338-1000 FAX: 886-7-338-2000

Hsu Huei Store, Shanghai 上海徐匯店
No.932, Hengshan Road, Hsu Huei Dist, Shanghai
TEL: 86-21-6407-8888 FAX: 86-21-6469-6688

Huaihai Store, Shanghai 上海淮海店
No.333, Huai Hai Central Road, Luwan Dist, Shanghai
TEL: 86-21-5306-8888 FAX: 86-21-6385-9456

Jangchien Store, Shanghai 上海站前店
No.218, Tienmu W. Road, Zabei Dist, Shanghai
TEL: 86-21-6381-8888 FAX: 86-21-6381-6688

Tsuni Store, Chengtu 成都春熙店
No.12, Tzongfu Road, Chengtu
TEL: 86-28-8665-3388 FAX: 86-28-8666-5281

Chuanhsing Store, Chengtu 成都全興店
No.68, Sec.2, Renming Center Road, Chengtu
TEL: 86-28-8625-6688 FAX: 86-28-8625-6656

Metropolitan Plaza Store, Chongqing 重慶大都會店
No.68, Zou Rong Road, Shapingba District, Chongqing
TEL: 86-23-6371-0088 FAX: 86-23-6372-0293

Liyang Store, Chongqing 重慶立洋店
No.99, Xiaoxin Road, Yu Zhong District, Chongqing
TEL: 86-23-6535-0909 FAX: 86-23-6547-9081

Yingko Store, Beijing 北京盈科店
No.2A, Gong Ti Bei Lu Chaoyang District, Beijing
TEL: 86-10-6539-3888 FAX: 86-10-6539-3889

Lian Tai Store, Dalian 大連連太店
No.19, Jie Fang Road, Yu Zhong Shan District, Dalian
TEL: 86-411-230-6999 FAX: 86-411-230-0023

Far Eastern Geant Co., Ltd.
愛買吉安股份有限公司

Head Office 總公司

13F, 110 Yen Ping S. Rd., Taipei 100, Taiwan, R.O.C.
TEL: (02)23613691 FAX: (02)23715298

Panhsin HYPER Branch 板新分公司

389, Sze Chuan Rd., Sec.1, Panchiao 220, Taiwan, R.O.C.
TEL: (02)29569888 FAX: (02)29569777

Chingmei HYPER Branch 景美分公司

12, Ching St., Lane 30, Taipei 116, Taiwan, R.O.C.
TEL: (02)29332088 FAX: (02)29318459

Chunghsiao HYPER Branch 忠孝分公司

B2/B3, Chunghsiao E. Rd., Sec.5, Taipei, Taiwan, R.O.C.
TEL: (02)25289388 FAX: (02)25289389

Yungho HYPER Branch 永和分公司

56, Ming-Sheng Rd., Lane 46, Yungho, Taiwan, R.O.C.
TEL: (02)29488988 FAX: (02)29488939

Dazhi Hyper Branch 大直分公司

123, Ching-Yeh 3rd Rd., Taipei, Taiwan, R.O.C.
TEL: (02)77015168, FAX: (02)77015056

Taoyuan HYPER Branch 桃園分公司

939, Chung Sang Rd., Taoyuan, Taiwan, R.O.C.
TEL: (03)37856888 FAX: (02)3783088

Yangmei HYPER Branch 楊梅分公司

6, Chung Sang N. Rd., Lane 23, Sec.5, Yangmei, Taiwan, R.O.C.
TEL: (03)4816988 FAX: (03)4816958

Hsinchu HYPER Branch 新竹分公司

469, Gongdaowu Rd., Sec.2, Hsinchu 300, Taiwan, R.O.C.
TEL: (03)55735566 FAX: (03)2752112

Chungkang HYPER Branch 中港分公司

71, Chungkang Rd., Sec.2, Taichung, Taiwan, R.O.C.
TEL: (04)23199883 FAX: (04)2327443

Fuhsin HYPER Branch 復興分公司

359, Fuhsin Rd., Sec.1, Taichung, Taiwan, R.O.C.
TEL: (04)22658686 FAX: (04)23247190

Yuanlin HYPER Branch 員林分公司

90-100, Lane2, Chung-Cheng Rd., Yuanlin, Ghanghua
Taiwan, R.O.C.

Tainan HYPER Branch 台南分公司

533, Chung Cheng S. Rd., Yung Kung, Tainan700, Taiwan, R.O.C.
TEL: (06)2542532 FAX: (06)2542997

Pingdeng HYPER Branch 平等分公司

171, Pingdeng Rd., Kauhsiung, Taiwan, R.O.C.
TEL: (07)3860600 FAX: (07)3919190

Yungfu HYPER Branch 永福分公司

174, Ching Hai Rd., Sec.3, Taichung 400 Taiwan, R.O.C.
TEL: (04)4268568 FAX: (04)4630515

Ya Tung Department. Stores Co., Ltd.
亞東百貨股份有限公司

Head Office 總公司

11F, 270, Tun Hwa S Rd., Sec.2, Taipei 106, Taiwan, R.O.C.
TEL: (02)23776666 FAX: (02)23775223

Taipei Branch

203, Tun Hwa S Rd., Sec.2, Taipei 106, Taiwan, R.O.C.
TEL: (02)23786666 FAX: (02)23775223

Far Eastern Citysuper Ltd.
遠東都會股份有限公司

Head Office 總公司

7F, No.64, Sec.4, Ren'ai Rd., Da-an District, Taipei 106, Taiwan,
R.O.C.
TEL: (02)77113288 FAX: (02)77113289

Tun Hwa

203, Tun Hwa S Rd., Sec.2, Taipei 106, Taiwan, R.O.C.
TEL: (02)77113830 FAX: (02)77113831

INTRODUCTION OF FETL 遠東集團簡介

FAR EASTERN TEXTILE LTD. (FETL), founded by Mr. Y. Z. Hsu in 1942 in Shanghai, is Taiwan's largest and most vertically integrated textile company. After more than sixty years continuous renovations, expansions, R&D, mergers and acquisitions, FETL not only ranks among the top 30 textile manufacturers worldwide, but also is the flagship company of the US\$33.8 billion-asset Far Eastern Group, one of the largest industrial conglomerates in Taiwan. With revenues of US\$11.1 billion and a work force of nearly 40,000 in 2004, the Group holds diversified businesses including the world's top five polyester fiber producer, a 10 million MT cement company, Taiwan's only 23-department-store chain, and a 2.6 million DWT shipping fleet.

With full operations of Fiber, Textile (Spinning/Weaving/Dyeing/Finishing) and Apparel Divisions, as well as a complete product line of polyester fiber, filament, chips and PET bottles, yarn & piece goods, and knitted & woven goods, FETL registered total revenues of US\$1.19 billion in 2004. With annual exports of US\$669 million to more than fifty countries worldwide, FETL was again awarded the prestigious Premier's Golden Medal, which has been presented to the Company since 1977 for its excellent performances.

To prepare for international competition and to increase the degree of globalization, FETL has engaged in foreign investments and formed joint ventures with many international firms. While the various investments in Canada, Hong Kong, Malaysia, Indonesia, the Philippines, Singapore, Thailand, the United States and Mainland China enable the Company to explore and penetrate new markets more effectively, the joint ventures broaden the Company's product mix.

Since 1987, FETL has entered into several major joint ventures with L'Air Liquide of France to produce industrial gases; Germany's Carl Freudenberg and Japan Lutravil to

produce spunbonded nonwovens, polyester membranes and spunwebs; Dow Chemical to establish Alberta & Orient Glycol Co., Ltd. to manufacture ethylene glycol from natural gas at Red Deer, Alberta of Canada; Invista to produce locally PTA and nylon 66 in Taoyuan plant, and Cargill Dow to manufacture and sell IN-GEOTM. Furthermore, FETL's wholly owned subsidiaries Far Eastern Industries (Shanghai), Far Eastern Petrochemicals (Shanghai), Far Eastern Apparel (Suzhou) and etc. in Mainland China have achieved excellent results. All these have enabled FETL to develop into a world-class polyester producer with most advanced technology as well as a substantial investor in the following high-tech industries.

Far EasTone Telecommunications (FET) was granted two valuable and most competed licenses and inaugurated operations on January 20, 1998 to provide unparalleled wireless services to subscribers in Taiwan. In February 2002, Far EasTone was awarded a 3G license in Taiwan at the lowest price to date in Asia. In October 2003, FET and KG Telecom signed a merger agreement. In February 2004, Far Eastern Electronic Toll Collection (FETC) won a bid for the valuable license of 20-year ETC BOT project. In March 2004, NTT DoCoMo and Far EasTone concluded Consulting Agreement for 3G WCDMA service launch in Taiwan. Since April 2004, both FET and KG Telecom subscribers are able to enjoy i-mode service. In mid June 2004, Far EasTone successfully issued GDR totaling 150 million common shares making FET the first Taiwan telecom to successfully list on the European stock market. Being the leader in convergent communications services in Taiwan, the Company had 6.51 million revenue-producing subscribers and recorded total revenues of NT\$40.2 billion in 2004. While FET is targeted to launch 3G services in July 2005, FETC is scheduled to initiate commercial operations by the end of 2005.

NCIC sparq, a joint venture by the FEG, SingTel and the best local enterprises, was awarded an integrated fixed network license in March 2000. Operations were launched in March 2001. After completing the building of its island-wide backbone, C2C international submarine cable, APCN2, VSAT small land satellite to ensure connectivity, sparq has focused on providing 007 international direct calls and ADSL services. Sparq set up an operation site in Shanghai in January 2002, invested SeedNet in February 2003, and completed connection of island-wide network to provide ADSL and IP-VPN broadband services in December 2003. Sparq recorded total revenues of NT\$6.5 billion in 2004, 65% of which is attributed to international voice service.

The 41-story TAIPEI METRO twin tower complex comprises a state-of-the-art office tower which serves as Far Eastern Group's headquarters, an exquisite five-star 422-room FAR EASTERN PLAZA HOTEL managed by the Shangri-La International Group, and Taipei's first city shopping mall THE MALL. With ample land properties, the Far Eastern Resources Development Company is currently responsible for the planning and development of Panchiao Telecom Park, Wuku Commercial Zone and Ilan Spa Resort Projects.

FETL has always been a good corporate citizen. Through several large Foundations set up by the Company, the Group established the now 1,041-bed Far Eastern Memorial Hospital in 1981, founded the 7,000-student Oriental Institute of Technology in 1969, and 7,000-student Yuan Ze University with both graduate and undergraduate studies in 1989. Furthermore, the Company has also been an enthusiastic sponsor of both domestic and international cultural and educational activities.

遠東紡織公司乃台灣規模最宏大且最多元化的紡織及相關產品製造者，係由創辦人徐有庠先生於民國三十一年創立於上海。三十八年隨政府遷台，五十六年四月股票正式上市，成為股權大眾化之公開發行公司。歷經多年來不斷的創新、研發、經營與擴充，現有專業人才及技術員工近六千人，不僅發展成為全球前三十大紡織業者之一，亦是擁有資產高達三百三十八億美元的遠東企業集團之母公司。

由人纖、紡紗、織布，印染到製衣一貫作業的遠東紡織公司，為我國民營企業中首創應用高速現代化電腦設備處理管理上的資料（MIS），促進公司系統化與制度化，績效卓越。主要產品計有：聚酯粒、聚酯棉、聚酯絲、聚酯瓶、假撚絲、棉紗、混紡紗、胚布、各類染色布、高級印花布、窗簾布、格子布、襯衫、內衣、床單、西服、西褲等，外銷地區遍及全球五十餘國。九十三年營收額為十億一千一百萬美元，外銷金額逾六億六千九百萬美元，榮列出進口績優廠商，且自六十六年起，連續獲頒行政院長獎並屢次接受表揚。

除持續研究開發新產品外，遠東紡織公司為拓展多元化的生產結構，更積極步入高科技領域，與國際知名廠商跨國投資合作，例如與法國 L'Air Liquide 公司合作，生產工業用氣體；與德國 Freudenberg 及日本 Vilene 公司合作，產銷防黏不織布；與美國陶氏化學合作，在加拿大投資設廠，以天然氣為原料生產乙二醇；與美國 Invista 合作生產 PTA 原料及高科技尼龍 66 纖維；與美國 Cargill Dow 策略聯盟，產銷全新環保纖維 INGEOTM，商機無限，獲利可期。

遠東紡織公司多年來積極促進產業多元化及國際化，除轉投資亞洲水泥、遠東百

貨、裕民航運等績優股票上市公司外，亦配合政府國際金融政策，分別投資亞東證券及遠東國際商業銀行，並與全美最大資產管理公司合作，成立遠東大聯投信；更投身服務業，與香格里拉國際旅館集團合作經營五星級旅館；其他轉投資行業尚包括石化、能源、營建、租賃、管理顧問等。並致力於海外轉投資多項生產事業，以擴大國際行銷網路；在新加坡、香港、泰國、馬來西亞、印尼、菲律賓投資生產成衣、聚酯類產品、PET 寶特瓶及水泥等；在大陸轉投資的遠紡工業（上海）、蘇州製衣、亞東石化等公司，成績亮麗，結合一條龍產銷佈局、上下游有力整合的有利條件，朝向成為國際品牌特約供應廠商邁進。

此外，為迎接行動通訊與網際網路時代之來臨，遠東紡織也積極延伸經營觸角，擴張企業版圖，轉投資開闢多項高科技新事業，遠傳電信於九十一年二月以亞洲最低每單位人口頻寬價格奪得第三代行動電話執照，九十三年三月與 NTT DoCoMo 簽訂諮詢協議書，發展以 W-CDMA 技術為主的 3G 服務，同年四月與和信電訊正式完成合併，客戶同享 i-mode 服務。六月中旬，遠傳順利完成發行一億五千萬普通股海外存託憑證，為國內第一家在歐洲掛牌上市成功的電信業者。遠傳電信九十三年度全年營收近新台幣四百零二億元，年底有效客戶數已超過六百五十一萬，九十四年四月遠傳電信股票正式上市，七月正式推出 3G 各項創新服務，將會是一個高獲利及無線通訊全方位的領導者，並已獲得高速公路電子收費系統 ETC 標案，遠通電收公司預計九十四年年底開始營運，未來遠東集團整體發展商機無限。

固網則為另一經營重心，新世紀資通速博 sparq 已完成光纖網路鋪設及國際海纜、

衛星傳輸規劃的基礎建設，且加強 007 國際直撥電話及 ADSL 等服務。九十一年一月份速博正式登陸上海成立辦事處，成為民營業者首家登陸上海的公司，更積極推動兩岸國際數據專線、企業虛擬網路服務及視訊會議服務。九十三年度速博營收近新台幣六十五億元，其中國際語音服務乃營收最大來源，佔百分之六十四。日後將全力衝刺整合語音、數據與影音的 Triple Play 服務，期以完整貼心的角度出發，讓顧客享受到推陳出新的加值服務及整合應用服務。

本公司轉投資興建，樓高四十一層、地下五層、總樓地板面積逾五萬坪的「遠企中心」，為國內最具規模與創意的雙塔式超高綜合商業大樓，已成台北東區地標；不僅為本企業集團總樞紐，亦為融合五星級國際觀光旅館、休閒購物中心及智慧型現代辦公大樓之多功能複合建築物。遠東紡織擁有龐大土地資產，九十二年九月正式成立「遠東資源開發公司」，加速土地開發，現正積極進行板橋廠區遠東通訊數位園區、五股工商綜合區與宜蘭廠區休閒旅館之土地開發規劃，創造極高資產價值。

遠東企業集團為回饋社會、造福鄉里、培育人才，特先後成立徐元智先生紀念基金會、徐元智先生醫藥基金會及徐有庠先生紀念基金會；分別於民國五十八、七十及七十八年，贊助創設亞東工業技術學院、亞東紀念醫院以及元智大學。同時，更熱心贊助國內外多項藝文展演活動和醫學研究計劃等，並連年舉辦以突破與創新為主題之「遠東建築獎」，以期對國家建設有所貢獻。

THE FAR EASTERN GROUP

THE FAR EASTERN GROUP (FEG)

comprises 168 companies and institutions. Listed below are 50 of the more active operations including: 35 in Taiwan, 6 in China, 3 in Singapore, 2 in Hong Kong, 1 in Bermuda, 1 in BVI, 1 in Canada, and 1 in Thailand. (* indicates the Group's nine listed public companies)

*1) FAR EASTERN TEXTILE LTD. (FETL):

formerly a knitting factory founded in Shanghai in 1942, is the first textile company in Taiwan. With fully integrated production processes plus sales and liaison offices in many countries, FETL has been crowned the leading company in the textile industry in the ROC. Sales revenues in 2004 were NT\$38 billion (US\$1.19 billion, using 2004 yearend rate NT\$31.92=US\$1.0).

*2) ASIA CEMENT CORP. (ACC):

founded in 1957, is the most profitable cement company in Taiwan. Sales revenues reached NT\$10.4 billion (US\$326 million) in 2004 with net profit of NT\$6.71 billion (US\$210 million), and total annual production exceeded 10 million metric tons.

*3) FAR EASTERN DEPARTMENT STORES (FEDS):

established in 1967, has 23 retail chain stores in all major cities around the Island. Total sales revenues in 2004 were US\$537 million.

*4) U-MING MARINE TRANSPORT CORP. (UMTC):

established in 1984 to support the Group's global transportation needs. Its shipping capacity exceeded 2.6 million MT in 2004.

*5) ORIENTAL UNION CHEMICAL CORPORATION (OUCC):

founded in 1975 to establish an EG and a gas plant on a 23-hectare area in the Lin Yuan Industrial Zone in Kaohsiung County. OUCC has engaged in various investments and evaluations in the special chemicals sector, biotechnological (C\$3 million investment in Sino-Canada Biotechnology Development Fund) and pharmaceutical arenas. Total revenues in 2004 amounted to NT\$10.5 billion (US\$329 million).

*6) EVEREST TEXTILE CO., LTD.:

established in 1988 in Tainan, south of Taiwan to produce fabrics, shien gosen, polyester textured yarns and print cloth. Sales revenues in 2004 were NT\$6.5 billion (US\$204 million).

*7) FAR EASTERN INTERNATIONAL BANK (FEIB):

FETL's affiliated FEIB inaugurated its banking operations in early 1992, now with a capital of NT\$16.3 billion and 36 branches throughout Taiwan, was listed on Taiwan Stock Market in 1998.

*8) FAR EASTERN POLYCHEM INDUSTRIES LIMITED (FEPI):

was successfully listed on the Growth Enterprise Market (GEM) of the

Stock Exchange of Hong Kong on January 31, 2000. 2004 revenue was HK\$302 million, gross profit amounted to HK\$26 million.

*9) FAR EASTONE TELECOMMUNICATIONS LTD. (FET):

consortium headed by the Far Eastern Group plus other members, was awarded two valuable licenses to provide cellular services to Taiwan. Operations were launched on January 20, 1998. The Company was listed on the Taiwan OTC Stock market in December 2001. In October 2003, FET and KG Telcom signed a merger agreement. Gross revenue for 2004 was NT\$40.2 billion (US\$126 million) with revenue-producing customer reached 6.51 million in December 2004. While FET launched 3G services in July 2005, Far Eastern Electronic Toll Collection is scheduled to initiate commercial operations by the end of 2005.

10) NEW CENTURY INFOCOMM TECH CO., LTD. (NCIC):

formed by the Far Eastern Group, SingTel, President Group, China Development plus other members with a capital of NT\$48 billion as a fixed line info-comm operator in Taiwan, was awarded an integrated fixed network license in March 2000. Operations were launched in March 2001. Revenues for 2004 were NT\$650 million (US\$20.36 million)

11) Far Eastern Electronic Toll Collection Co., Ltd. (FETC):

Consortium headed by Far Eastone, Teco, Mitac and Systex, was awarded the one and only license to provide freeway electronic toll collection services to Taiwan in 2004. Services will be launched on January 1, 2006.

12) INVISTA-FAR EASTERN COMPANY LIMITED:

Invista's first manufacturing joint venture in Taiwan to begin production of "nylon 66", durable, high-performance technical yarns during the first quarter of 1997.

13) INVISTA FAR EASTERN PETROCHEMICALS LIMITED:

FETL's joint venture with Invista to construct a second plant of 900,000 kites PTA capacity at the Kuan Yin site. The new plant, utilizing the most advanced generation proprietary PTA technology, was completed in early 1999. Revenues for 2004 were NT\$22.6 billion (US\$708 million).

14) LIQUID AIR FAR EAST LTD. (LAFE):

established in 1987, is a joint venture by FETL and France's L'Air Liquide for the production of industrial gases.

15) FREUDENBERG FAR EASTERN SPUNWEB CO., LTD.:

established in 1987, is a joint venture with Germany's Carl Freudenberg and Japan Vilene Co. for the production of non-woven fabrics and related high-tech polyester products.

16) YUAN DING CO., LTD.:

founded by FETL and ACC in 1984 as a real estate developer and structural designer, was in charge of constructing the Group's 41-story Taipei Metro Complex plus other major projects. Yuan Ding, FEIB and Far Eastern General Contractor jointly founded Far Eastern Technical Consultant Co. in July 2001 to handle land development, project management and other real estate consultant services.

17) FAR EASTERN GENERAL CONTRACTOR INC.:

established in 1982, a renowned A-Class contractor to handle the Group's as well as other local major construction projects.

18) ALBERTA & ORIENT GLYCOL COMPANY LIMITED:

FETL's joint venture with Dow Chemical, total investment amounts to C\$400 million, to produce ethylene glycol. Its plant in Red Deer, Alberta, Canada commenced beneficial production in early September 1994.

19) PET (THAILAND) CO., LTD.:

FETL's investment in Thailand, established in 1987 with a capital of US\$4.5 million, producing all kinds of PET bottles.

20) MALAYSIA GARMENT MANUFACTURERS PTE LTD.:

FETL's investment in Singapore since 1964.

21) FAR EASTERN INDUSTRIES (SHANGHAI) LTD. (FEIS):

FEPI's wholly owned subsidiary, a vertically integrated polyester polymer plant which obtained a 'high-tech enterprise' status in Pudong District, Shanghai during the third quarter of 2000. Sales revenues in 2004 were RMB 2.72 billion.

22) FAR EASTERN APPAREL (SUZHOU) CO., LTD.:

US\$10 million investment in Wuxian City, Jiangsu to manufacture and sell underwear and apparel products in Mainland China.

23) YA TUNG READY-MIXED CONCRETE CO., LTD.:

ACC's subsidiary formed in January 1999 to enter into strategic alliances and to have 40 sales outlets throughout Taiwan. Sales revenues in 2004 were NT\$6.71 billion (US\$21 million).

24) CHIAHUI POWER CORPORATION:

established in 1996 with a capital of NT\$3.2 billion. ACC decided to invest in Chiahui Power in mid 1999. Annual capacity is designed to be 67 MW. Based on a 25-year contract already signed, Chiahui will sell all of its power generated to Taipower.

25) FU MING TRANSPORT CORP.:

founded in February 1980 by ACC to support its needs for inland

transportation.

26) NAN HWA CEMENT CORP.:

acquired by ACC in 1979, completed Taichung grinding plant in October 1997, producing cement, lime and granulated blast-furnace slag. Sales revenues in 2004 were NT\$799 million (US\$25 million).

27) KOWLOON CEMENT CORPORATION LTD.:

was set up in Hong Kong in 1986.

28) ASIA CEMENT (SINGAPORE) PTE.:

was set up in 1965 in partnership with Singaporean investors, dealing with the procurement and sales of cement, registered 2004 sales revenues of NT\$426 million (US\$13.3 Million).

29) WUHAN YADONG CEMENT CO.:

set up in 2001, cement plant in Wuhan, Hubei. 2004 revenues were RMB 352 million.

30) WUHAN ASIA MARINE TRANSPORT CORP. LTD.:

joint venture with China Changjiang Transport Group with a capital of RMB20.5 million, founded in 2000 in Wuhan, Hubei Province to mainly assist Jiangxi Yadong Cement's transportation needs.

31) JIANGXI YADONG CEMENT COMPANY LIMITED:

set up in 1997, cement plant in Ruichang, Jiangxi, began operations in September 2000. With annual capacity of 3.2 million MT, 2004 revenues were RMB 845 million, net profit RMB133 million.

32) SHANGHAI YA LI CEMENT PRODUCT CORP.:

ACC's Shanghai investment and outpost to further expand its cement operations in Mainland China. Production began in March 1997. 2004 revenues were RMB 101 million, net profit RMB 6.6 million.

33) PACIFIC SOGO DEPARTMENT STORES:

established in 1987, currently operating with 6 branches in Taiwan, was acquired by FEG during 3rd quarter of 2002. 2004 revenues were NT\$28.8 billion (US\$902 million). In addition, SOGO also has 9 stores in Mainland China.

34) PACIFIC CHINA HOLDINGS LTD.:

registered in British Virgin Island with 2003 paid-in capital of US\$19 million and total assets of US\$48.1 million as the holding company for Pacific SOGO's China operations.

THE FAR EASTERN GROUP

35) FAR EASTERN GEANT CO., LTD.:

joint venture formed with Casino Group of France in July 2000 to specialize in the distribution and sale of large-volume, low-margin merchandises. It now operates 14 branches around the Island. 2004 revenues were NT\$14.8 billion (US\$46.4 million).

36) YA TUNG DEPARTMENT STORE LTD.:

established by FEDS, is responsible for handling the management and operation of The Mall within the Taipei Metro Complex opened since March 1994. Far Eastern Retail Group introduced into Taiwan in end 2004 the exquisite CitySuper lifestyle supermarket within Taipei Metro, The Mall to provide top-quality products and services to high-end customers.

37) U-MING MARINE TRANSPORT (SINGAPORE) PTE LTD.:

established in January 1994 by U-Ming Marine Transport Corp. in Singapore with a capital of S\$150 million (US\$98.5 million) to further expand UMTC's international service network.

38) FAR EASTERN ALLIANCE ASSET MANAGEMENT CO., LTD.:

opened in June 2001 with a capital of NT\$400 million, FEG's joint venture with Alliance Capital Management to build a new investment management business. Its first Far Eastern Alliance Taiwan Flagship Fund successfully raised fund of NT\$320 million. The Company now operates with 6 funds totaling NT\$8.5 billion.

39) FAR EASTERN INTERNATIONAL LEASING CORP.:

established in 1998 jointly by FEIB, FETL, ACC and FEDS with a capital of NT\$1.05 billion to handle leasing, installment payment, local factoring and other related businesses.

40) FAR EASTERN PLAZA HOTEL:

invested by the Far Eastern Group, is a 422-room, 5-star hotel located at Taipei Metro Complex managed by the Shangri-La International Group. It is considered one of the best hotels in Asia.

41) YUAN DING INVESTMENT CORP.:

founded by FETL in 1986 as the holding company for the Group's major subsidiaries. Its total assets reached NT\$1.9 billion (US\$5.95 million) at the end of 2004.

42) ORIENTAL SECURITIES CORP.:

established in 1979, is a fully integrated securities house now operating with 7 branches throughout the Island.

43) FAR EASTERN INVESTMENT (HOLDING) LIMITED:

registered under Bermuda laws in 1989 as the offshore investment holding arm of FETL. The Company has been capitalized with US\$100 million.

44) FAR EASTERN MEMORIAL FOUNDATION (FEMF):

established by FEG late Founder Mr. Y. Z. Hsu and his late younger brother Mr. W. Y. Hsu in memory of their beloved father, Mr. Yuan-Ze Hsu, is a non-profit institution dedicated to the promotion of cultural, educational, scientific and technological activities through program sponsorships.

45) FAR EASTERN MEDICAL FOUNDATION:

extended from FEMF in 1977, established the Far Eastern Memorial Hospital and Far Eastern United Clinical Centers.

46) Y. Z. HSU MEMORIAL FOUNDATION:

set up in 2001 by the Far Eastern Group in memory of its late Founder Mr. Y. Z. Hsu to mainly sponsor high-tech research and development.

47) FAR EASTERN MEMORIAL HOSPITAL (FEMH):

located in Panchiao is a 1,041-bed, full-service medical center serving the general public since April 1981, entered into cooperative alliance with National Taiwan University Hospital in mid 1999.

48) FAR EASTERN UNITED CLINICAL CENTERS:

associated clinic expanded from FEMH established in 1988 in downtown Taipei, also joined alliance with National Taiwan University Hospital.

49) YUAN ZE UNIVERSITY (YZU):

established in 1989, comprises Colleges of Engineering, Management, Informatics, Humanities and Social Science, plus School of Lifelong Education, aims to cultivate specialists in technology and management. R&D Center for the Far Eastern Group was established in 1993 to reinforce research cooperation and cooperative project service for local enterprises. YZU was evaluated as the best University in general education by the Ministry of Education in 2000.

50) ORIENTAL INSTITUTE OF TECHNOLOGY (OIT):

founded in 1969, is a two-year polytechnic institute offering courses in mechanical engineering, materials and textile science, electrical engineering, electronic engineering, industrial engineering and management, fashion business and industrial design.

GROUP PROFILE 集團名錄

Diversified Management Teams Working Together to Improve People's Lives

遠東集團由 117 家關係企業和非營利機構共組而成，以下依經營領域別，臚列其中較具規模或代表性的 44 家，包括位於台灣的 35 家、中國大陸 6 家、新加坡 2 家及加拿大 1 家。

Petrochemical Business

石油化學事業

Oriental Union Chemical Corp. 東聯化學股份有限公司
28F, 207, Tun Hwa S. Rd., Sec. 2, Taipei 106, Taiwan.
台北市敦化南路二段 207 號 28 樓
TEL:+886 2 27366355
URL: www.oucc.com.tw
Funded: 1975

DuPont Far Eastern Petrochemicals Ltd. 杜邦遠東石化股份有限公司
47, Ching Chien 4th Rd., Kuanyin ind Dist., Kuanyin hsiang,
Taoyuan hsien, Taiwan.
桃園縣觀音工業區經建四路 47 號
TEL:+886 3 4838855
URL: www.dupont.com.tw
Funded: 1997

Liquid Air Far Eastern Ltd. 亞東工業氣體股份有限公司
18-1, 76 Tun Hwa S. Rd., Sec. 2, Taipei, Taiwan.
台北市敦化南路二段 76 號 18 樓之 1
TEL:+886 2 87733318
URL: www.airliquide.com.tw
Funded: 1987

Alberta & Orient Glycol Co., Ltd.
P.O. Box. 5501, Red Deer, Alberta, Canada
TEL:403 8857000
Funded: 1994

Textile & Synthetic Fiber Business

紡織人纖事業

Far Eastern Textile Ltd. 遠東紡織股份有限公司
33~40F, 207 Tun Hwa S. Rd., Sec. 2, Taipei, 106, Taiwan.
台北市敦化南路二段 207 號 33~40 樓
TEL:+886 2 27338000
URL: www.fetl.com.tw
Funded: 1954

Everest Textile Co., Ltd. 宏遠興業股份有限公司
256, Ming Ho Tsun, Shanshang Hsiang, Tainan Hsien 743, Taiwan.
台南縣山上鄉明和村 256 號
TEL:+886 6 578256
URL: www.everest.com.tw
Funded: 1988

DuPont-Far Eastern Co., Ltd. 遠東杜邦股份有限公司
13F, 167, Tun Hwa N. Rd., Taipei, Taiwan.
台北市敦化北路 167 號 13 樓
TEL:+886 2 25144470
URL: www.dupont.com.tw
Funded: 1995

Freudenberg Far Eastern Spunweb. Co., Ltd. 科德寶遠東股份有限公司
38, Lun Din Rd., Shi Hai Village, 5 Lin, Taoyuan, Taoyuan County, Taiwan
桃園縣大園鄉溪海村 5 鄰崙頂路 38 號
TEL:+886 3 3867003
URL: www.ffe.com.tw
Funded: 1988

Far Eastern Industries(Shanghai) Ltd. 遠東紡織(上海)有限公司
No. 198, Baisha Rd., Xinghuo Development Zone, Pudong, Shanghai,
China.
中國上海市星火開發區白沙路 198 號
TEL:+86 21 57501888
URL: www.fepi.com.hk
Funded: 1998

Far Eastern Apparel (Suzhou) Ltd. 遠東服裝(蘇州)有限公司
No. 88, Tian-Ling Rd., Wuxian Econmic Development Zone, Jiangsu, China.
Funded: 1996

Cement and Building Material Business

水泥建材事業

Asia Cement Corp. 亞洲水泥股份有限公司
30~31F, 207, Tun Hwa S. Rd., Sec.2, Taipei 106, Taiwan.
台北市敦化南路二段 207 號 30~31 樓
TEL:+886 2 27338000
URL: www.asiacement.com.tw
Funded: 1957

Nanhua Cement Corp. 南華水泥股份有限公司
31F, 207, Tun Hwa S. Rd., Sec.2, Taipei 106, Taiwan.
台北市敦化南路二段 207 號 31 樓
TEL:+886 2 27338000
Funded: 1968

Asia Cement(Singapore)Pte. Ltd. 亞泥(新加坡)股份有限公司
5, Little Road, #9-01, Cemtex Industrial Building, Singapore 1953.
TEL:65 2828733
Funded: 1964

Jiangxi Yadong Cement Co., Ltd. 江西亞東水泥股份有限公司
No. 6, Ya Dong Road, Ma-Town, Rui-Chang City, Jiangxi 32207 China.
江西省瑞昌市碼頭鎮亞東大道 6 號
TEL:+86 792 4886998
URL: www.yadongc@public.iippt.jx.cn
Funded: 2000/9/29
Shanghai Yali Concrete Products Co., Ltd.

上海亞力水泥製品股份有限公司
No. 138, Liang Yun Gang Road, Pu Dong, Shanghai 200126, China.
中國上海氏浦東新區連雲港路 138 號
TEL: 86 21 5830011
URL: yali@sh163.net
Funded: 1995

GROUP PROFILE 集團名錄

Wuhan Ya Dong Concrete Co., Ltd. 武漢亞東水泥製品股份有限公司
Cihui Avenue, Wujiashan Taiwan Business Investment Zone, Dongxihu China,
Wuhan, China.
湖北省武漢市東西湖區吳家山台商投資區慈惠大道
TEL: 86 27 83898105
URL: wacc@public.wh.hb.cn
Funded: 2000

Retailing Business 零售事業

Far Eastern Department Stores Ltd. 遠東百貨股份有限公司
No. 27, Pao Ching Rd., Taipei 100, Taiwan.
台北市寶慶路 27 號
TEL:+886 2 23816155
URL: www.feds.com.tw
Funded: 1967

Pacific Sogo Department Stores Co., Ltd. 太平洋崇光百貨股份有限公司
No. 45, Sec. 4 Chung Hsiao E. Rd., Taipei, Taiwan. R.O.C.
台北市忠孝東路 4 段 45 號
TEL:+886 2 27765555
FAX:+886 2 27412869

Far Eastern Enterprise Co., Ltd. 遠百企業股份有限公司
5F, No. 110, Yen-ping S. Rd., Taipei, Taiwan.
台北市延平南路 110 號 5 樓
TEL:+886 2 23613691
URL: www.fe-geant.com.tw
Funded: 1985

Ya Tung Department Store Ltd. 亞東百貨股份有限公司
B2~5F, 203 & 1F, 209, Tun Hwa S. Rd., Sec2. Taipei Taiwan.
台北市敦化南路二段 203 號 B2~5 樓及 209 號 1 樓
TEL:+886 2 23772441
URL: www.themall.com.tw
Funded: 1972

Far Eastern Citysuper Ltd. 遠東都會股份有限公司
Head Office 總公司
7F, No.64, Sec.4, Ren-ai Rd., Da-ab District, Taipei 106, Taiwan, R.O.C.
TEL:(02)77113288 FAX:(02)77113289

Financial Services Business 金融服務事業

Far Eastern International Bank. 遠東國際商業銀行
27F, 207, Tun Hwa S. Rd., Sec2. Taipei 106 Taiwan.
台北市敦化南路二段 207 號 27 樓
TEL:+886 2 23786868
URL: www.feib.com.tw
Funded: 1992

Oriental Securities Co., Ltd. 亞東證券股份有限公司
2~4F, 86, Chung Ching S. Rd., Sec1. Chung Chung Dist. Taipei
100, Taiwan.
台北市重慶南路一段 86 號 2 4 樓
TEL:+886 2 23618600
URL: www.osc.com.tw
Funded: 1979

Far Eastern International Leasing Corp. 遠銀國際租賃股份有限公司
2F, 171, Nan King E. Rd., Sec5. Taipei, Taiwan.
台北市松山區南京東路五段 171 號 2 樓
TEL:+886 2 27455038
Funded: 1998

Oriental Securities Investment Advisory Co., Ltd.
亞東證券投資顧問股份有限公司
5F, 86, Chung Ching S. Rd., Sec1. Taipei 100, Taiwan.
台北市重慶南路一段 86 號 5 樓
TEL:+886 2 23618600
URL: www.osc.com.tw
Funded: 1999

Sea/Land Transportation Business 海陸運輸事業

U-Ming Marine Transport Corp. 裕民航運股份有限公司
29F, 207, Tun Hwa S Rd., Sec. 2, Taipei 106, Taiwan.
台北市敦化南路二段 207 號 29 樓
TEL:+886 2 27338000
URL: www.uming.com.tw
Funded: 1968

Fu Ming Transport Co., Ltd. 富民運輸股份有限公司
5F, 168, Tun Hwa S. Rd., Sec. 2, 106, Taiwan.
台北市敦化南路二段 168 號 5 樓
TEL:+886 2 23770788
URL: www.fu-ming.com.tw
Funded: 1980

U-Ming Marine Transport(Singapore) Pte.Ltd.
裕民航運(新加坡)私人有限公司
5 Little Rd, #02-01, Cemtex Industrial Building, Singapore 536983
TEL:+65 2899397
URL: norman.lim@uming.com.sg
Funded: 1994

Wuhan Asia Marine Transport Corporation Ltd.
武漢長亞航運有限公司
No.52, Yan Jiang Avenue, Wuhan, Navigational Fairs Mansion 7F, Hubei,
China.
湖北省武漢市沿江大道 52 號湖北省航運大廈 7 樓
TEL:+86 27 85360047
Funded: 2000

Communications & Internet Business 通訊網路事業

Far Eastone Telecommunications Co.,Ltd 遠傳電信股份有限公司
5F, 486, Juikuang Rd., Nei Hu, Taipei, Taiwan.
台北市內湖區瑞光路 468 號 5 樓
TEL:+886 2 29505000
URL: www.fareastone.com.tw
Funded: 1997

New Century Infocomm Tech.,Co.,Ltd 新世紀資通股份有限公司
9F, 468, Juikuang Rd., Nei Hu, Taipei, Taiwan.
台北市內湖區瑞光路 468 號 9 樓
TEL:+886 2 87938888
URL: www.nice.com.tw
Funded: 2000

Com2B Corp. 首席電子商務股份有限公司
9F, No 126, Chien Kuo N. Rd., Sec 1, Taipei, Taiwan.
台北市建國北路一段 126 號 9 樓
TEL:+886 2 25189779
URL: www.com2b.com.tw
Funded: 2000

Universal Exchange Inc. 網際優勢股份有限公司
11F, No.19-11, Sanchung Rd., Taipei 115, Taiwan.
台北市南港區三重路 19 之 11 號 11 樓
TEL:+886 2 26553111
URL: www.uxb2b.com.tw
Funded: 2000

e.World Ltd. 意世界股份有限公司
9F, 35, Kuang Fu S. Rd., Taipei, Taiwan.
台北市光復南路 35 號 9 樓
TEL:+886 2 29507635
URL: www.egomy.com.tw
Funded: 2000

Construction Business 營造建築事業

Yuan Ding Construction Co.,Ltd 遠鼎建設股份有限公司
12F, 207, Tun Hwa S. Rd., Sec2, Taipei 106, Taiwan.
台北市敦化南路二段 207 號 12 樓
TEL:+886 2 27363033
URL: www.ydc.com.tw
Funded: 1984

Far Eastern General Contractor Co.,Ltd 遠揚營造工程股份有限公司
4-1F, 267, Tun Hwa S. Rd., Sec2, Taipei 106, Taiwan
台北市敦化南路二段 267 號 4 樓之 1
TEL:+886 2 23788022
URL:www.feg.com.tw
Funded:1982

Far Eastern Construction Co., Ltd. 遠揚建設股份有限公司
4-1F, 267, Tun Hwa S. Rd., Sec 2, Taipei 106, Taiwan.
台北市敦化南路二段 267 號 4 樓之 1
TEL:+886 2 23788008
URL:www.feg.com.tw
Funded:1978

Tourist Hotel Business 觀光旅館事業

Ding Ding Hotel Co.,Ltd. 鼎鼎飯店股份有限公司
201, Tun Hwa S. Rd., Sec.2, Taipei 106, Taiwan.
台北市敦化南路二段 201 號
TEL:+886 2 23788888
URL: www.shangri-la.com.tw
Funded: 1983

Social Responsibilities 社會公益事業

Far Eastern Memorial Foundation 徐元智先生紀念基金會
207, Tun Hwa S. Rd., Sec.2, Taipei 106, Taiwan.
台北市敦化南路二段 207 號
TEL:+886 2 27338000
URL: www.fegfound.com.tw
Funded: 1976

Far Eastern Memorial Foundation 徐元智先生醫藥基金會
207, Tun Hwa S. Rd., Sec.2, Taipei 106, Taiwan.
台北市敦化南路二段 207 號
TEL:+886 2 27338000

Memorial Hospital 亞東紀念醫院
No.21, Nan Ya S. Rd., Sec.2, Pan-Chiao City, Taipei Shien, Taiwan.
台北縣板橋市南雅南路二段 21 號
TEL:+886 2 29546200
URL: www.femh.org.tw
Funded: 1981

Far Eastern United Clinical Centers 遠東聯合門診中心
No.8~14, Yung Sui Street, Taipei, Taiwan.
台北市永綏街 8~14 號
TEL:+886 2 23111525
Funded: 1987

Yuan Ze University 元智大學
135, Yuan-Tung Rd., Chung-Li, Taoyuan 32026, Taiwan.
桃園縣中壢市遠東路 135 號
TEL:+886 3 4638800
URL:www.yzu.edu.tw
NT\$ 0.48B
Funded: 1987

Oriental Institute of Technology 亞東技術學院
No. 58, Szu-Chuan Rd., Sec. 2, Pan-Chiao City, Taipei Shien, Taiwan.
台北縣板橋市四川路二段 58 號
TEL:+886 2 296410145
URL: www.oit.edu.tw
Funded: 1969

Yu Chang Vocational School 豫章工商職業學校
No. 391, Szu-Chuan Rd., Sec. 1, Pan-Chiao City, Taipei Shien, Taiwan.
台北縣板橋市四川路一段 391 號
TEL:+886 2 29519810
URL:www.ycvs.edu.tw
Funded: 1970



誠 勤 樸 慎

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