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The Mission of Business Future

Dr. Peter Drucker wrote: “The best way to predict the future is to create it.”

Far Eastern Group is a corporation which possesses the foresight and ability to execute. We are able to operate and expand in both Taiwan and mainland China through vertical integration and diversification of operations.

This concept was established by Founder Mr. Yu-Ziang Hsu: “We must see what others have never seen. We pick the right market and enter it before others do. By doing so, we will secure a good chance to succeed.”

Chairman Douglas Tong Hsu elaborated the key of Blue Ocean Strategy is value innovation – a corporation, desiring for a market with little or no competition, has to define the values of its consumers and of itself. A market where competition no longer exists is considered a “Blue Ocean.”

A “Blue Ocean” is now emerging in the business plan developed by Far Eastern Group. When the opportunity arrives, Far Eastern Group will position itself in a market where it will exceed far beyond that of any existing competition.





Far Eastern New Century Corporation

(Formerly Far Eastern Textile Ltd.)

Innovative Competitive Edge, Leading the New Era



Far Eastern New Century Corporation
Vice Chairman
Johnny Shih

With 60 years of accumulated experience and growth, Far Eastern Textile has the competitive power to meet the challenges of the new era.

Far Eastern New Century Corporation (FENC)'s Vice Chairman Johnny Shih is like a Far Eastern Group (FEG) encyclopedia where at any given time, he is able to tell an interesting FEG story, spread company spirit and communicate its vision.

In 1967, Far Eastern Textile Ltd. (FETL) became a publicly-traded company. It was among the first 41 companies in Taiwan and the first textile company to go public. Of these 41 companies, 19 are no longer in business. Shih says, "Walking down this path, many companies have closed shop. We seem to be one of the few that's still growing, and this truly sets us apart from our competitors."

Critical Decision

In 1967, the American company Monsanto ceased supplying raw materials to FETL. As a result, Far Eastern Group Founder, Mr. Yu-Ziang Hsu, shifted FETL's focus towards the upstream supply chain to streamline the business. In 1969, Mr. Hsu established Oriental Chemical Fiber Corporation (OCFC) to supply FETL upstream materials. Johnny Shih believes that Founder Yu-Ziang Hsu's vision and foresight put FETL on the steady footing that led to its strong leadership in Taiwan's textile industry.

At that time, there were two fiber-producing processes, which used the raw materials Purified terephthalic acid (PTA) and Dimethyl terephthalate (DMT) respectively. DMT was the mainstream material in the market while PTA due to technological limitations was more challenging to produce with only three companies worldwide with the ability to produce it. Mr. Yu-Ziang Hsu believed FETL should possess "the best technology, state-of-the-art equipment, and the lowest plant production cost" in the business. Despite a 7% higher cost to adopt the PTA process, raw material costs at the time of production were reduced by 15%. After evaluating the risk and potential of the new technology, Mr. Hsu decided to collaborate with the Swiss company Inventa to set up the chemical fiber production process utilizing the PTA material sold by American company AMOCO. OCFC became the first company in Asia to produce chemical fiber using PTA as the primary raw material. After forty years, Mr. Yu-Ziang Hsu's decision was a wise one with PTA currently the mainstream technology having completely replaced the need for DMT.

Despite high plant construction costs, OCFC posted profits early in its operations and in 1972, after its third year of operation, posted a NT\$1 billion profit. At that time, Mr. Yu-Ziang Hsu embarked on another venture to introduce the cutting-edge technology partially-oriented yarn (POY). The production process was shortened by one step to reduce costs and increase efficiency, which was a major breakthrough in the textile industry at the time.

When the first global energy crisis occurred in 1973, the number of downstream textile businesses in Taiwan dropped to 30 from over 120. Johnny Shih recalls that due to a greater number of delinquent accounts and a lack of fair trade laws, FETL decided to revise its customer payment method from 90 days credit to a mandatory down payment, in cash. Since then FETL has strengthened its corporate governance through its vigilant payment terms management.





■ Far Eastern Industries Shanghai Plant, China

International Collaboration

In 1987, FETL collaborated with the West German company Freudenberg and Japanese company Vilene. The three firms invested NT\$1 billion to establish Freudenberg Far Eastern Spunweb Co., Ltd. to produce non-woven industrial fabrics and related high-tech polyester fiber products. This was Freudenberg's only manufacturing venture in Asia involved with non-woven polyester fiber products. In the same year, FETL also introduced Air Liquide's production technology to establish Air Liquide Far Eastern Co., Ltd., investing NT\$230 million to produce industrial gases. FETL then collaborated with American company DuPont in 1995 to establish Far Eastern DuPont Co., Ltd. to produce high-tech nylon 66 at Guanyin Plant. FETL also set up ICI Far Eastern Ltd. with British company ICI to establish a PTA plant in Taoyuan County, northern Taiwan. (ICI transferred equity to DuPont in 1997, and was re-

named DuPont Far Eastern Petrochemicals Co., Ltd.; DuPont sold its textile department to Koch Industries in 2004, and the company renamed itself again as Invista Far Eastern Petrochemicals Co., Ltd.)

These international companies when entering the Asian market chose FETL as their preferred partner for good reason. FETL has good communication with foreign firms and their staff thanks to a long history of overseas trading characterized by financial transparency and an innovative spirit. Over the past 20 years, FETL has established partnerships with many international firms, set higher goals, and focused on improving the value added services and contributions it brings to the marketplace and its community. For instance, FETL has transformed itself from a traditional cost center to a profit center. Every department and factory has its own financial reports, including income statements and balance sheets. "These types of experiences raised our

teams' standards to the international level," Johnny Shih pointed out. While forming strategic alliances, thorough analysis, feasibility studies and due diligence needed to be carried out, discussed and debated. Even political situations, business operations, and technological uncertainties have had to be evaluated in order to create a better, more resilient business management model. International collaboration has had a profound impact on FETL's management style.

By engaging with international corporations, Johnny Shih realized the importance of streamlining operations vertically to provide more complete information and reduce risk. "This is the key point for business model reform," he says. In 2008, Invista disinvested and FETL took over the entire operation renaming the PTA factory Oriental Petrochemical (Taiwan) Corporation. In 2009, Oriental Petrochemical turned the corner from financial loss to profit showing FETL's management team is proving its worth.

Leader in Industry, Brand and Innovation

"Far Eastern Textile transformed from apparel to non-apparel; from textile to non-textile products," Johnny Shih says: "These decisions were a turning point for our operations." Outlining the future strategy, Johnny Shih emphasizes that there are three major directional focuses: leadership in industry, brand and innovation. The three critical factors to achieve these goals are our strategic layout in China, vertical integration and continuous innovation. Of these three, innovation is the most important.

In order to reinvent ourselves in the non-textile area, FETL has had to keep abreast of the latest advances from abroad to introduce state-of-the-art technology and work closely with our research and development team. At the end of 2002, all FETL sub-business groups reorganized forces and established Far Eastern Group R&D Center. R&D's core focus is to expand the Group's non-textile applications. Our fiber and polymer divisions focus on the development of FETL's core businesses and value-added materials. With Taiwan's photoelectric and biochemical technology industries on the rise, the R&D Center also established the optoelectric and biotech divisions in order to meet the demand for optical thin film and medical materials.

Johnny Shih believes that FETL must break out of the traditional polyester and textile model and create its own brand value. "In our customers' eyes, we are also a brand. Currently, we estimate 70% of our customer-partners are here because of the brand 'Far Eastern.'" He emphasizes that the only way to keep customers is to

enhance our products' quality and value, and speed up R&D. By doing so, customers see us as reliable and with planning capabilities resulting in peace of mind. Amid the global financial crisis in 2008 and during the recent U.S. economic recession (from December 2007 through July 2009), FETL's polyester and textile business despite the odds stacked against it grew 8% that year.

FETL entered the Chinese market in 1988 after seven years of market research and regulatory approval. In 1995, having finally being able to invest in a Shanghai plant, FETL became one of the first Taiwanese companies to have sole proprietorship over its investment in China.

In China, FETL introduced an integrated operating model to control quality, lower costs and increase efficiency in production lines. With upstream headquarters in Shanghai the midstream/downstream headquarters in Suzhou one can see product lines of staple fibers, filaments, and Polyethylene Terephthalate (PET). Staple fibers line includes spinning, weaving, dyeing and apparel. Filament line includes false-twist and industrial yarn. As for PET, the main products are PET chips for drinking bottles, preform, and APET film.

Create Brand Power

The operating environment in China never ceases to be challenging. In 2008, amid the global economic

recession, PTA plants and spinning factories in China across the board slashed production and in some cases faced bankruptcy. The changes taking place, however, opened new windows of opportunity in industrial tire cord, electronic packaging materials, and PET bottles, etc. Non-textile product now accounts 76% of FETL revenue. The product applications cover electronics, food, automobiles, construction, medical use, sanitary materials, and more, making high-tech innovation applied to textile products a focus of the future. At the 2006 FIFA World Cup, seven out of the final 16 teams wore Nike 3D jerseys. These colorful FETL's innovated jerseys were: UV resistant, highly elastic, and sweat- and dirt-repellent.

"After the economic crisis hit, we cut all costs except R&D, which was necessary for growth. When collaborating with name brands, the need to reinvent, research, and innovate, drive momentum. You don't stop the business from growing, since you might be eliminated by market or by your customers." Johnny Shih points out.

Approximately 70% of FETL's customers are major key name-brand customers. Working with these customers long-term, the FETL brand must be trustworthy and reliable with a strategy which includes staying in the top three at every level of the industry. Through our own branding and integration with customer brands,

the company is able to form strong strategic alliances. Competitors are unable to replicate the close relationships we maintain with our customers – especially when it comes to cost control.

In 2008, there was a greater need to tackle cost issues along with the carbon footprint reduction mandate. FETL embraced action plans on many fronts to simultaneously deal with these issues. FETL was able to trim NT\$52 million in costs from management, equipment outlays, product structure, and production process, while at the same time effectively reaching the goals of environmental protection, social responsibility, and operational efficiency. Amazingly, these reductions took place in a single month.

Far Eastern Textile Ltd. renamed Far Eastern New Century Corporation (FENC) on its 60th anniversary acts as the parent company of the Far Eastern Group. Of the eight public listed companies owned by Far Eastern Group in Taiwan, FENC is a significant shareholder in seven of them. In addition, FENC counts an abundance of land among its assets. This brings flexibility to its business operations and shows promise for the company's future. "Many foreign and Chinese investors want to invest in FENC. They see the potential of our structure and value," Johnny Shih says. The future development of Far Eastern Group depends on Far Eastern New Century's strategic plan.



Asia Cement (China) Holdings Corporation

Exploring Western China

Asia Cement (China)
CEO
Tsai-Hsiung Chang



After its survival in the Xichuan earthquake, Asia Cement was a business miracle in China producing a win-win situation in environmental protection and economics. Asia Cement China has since its inception continually generated a competitive edge and maintains its goal to raise the performance standards in the cement industry in China.



Before Asia Cement established its Hualien plant in 1973, Taiwan's cement plants and their environs were engulfed in dust pollution. This adversely impacted the surrounding air quality, scenery and nature and gave a negative perception of economic development at the environment's expense.

With the support of Far Eastern's Founder, Mr. Yu-Ziang Hsu, Tsai-Hsiung Chang designed the Hualien plant to utilize the double-mixing equipment for the reduction of raw material reaction in the kiln. This advanced effort created a new method to stabilize the kiln process and reduced pollution through dust reduction helping to solve pollution issues and increase production efficiency. In addition, by incorporating the stage method to mine limestone and reintroduce vegetation to the quarry areas, the company was able to preserve the site's beautiful scenery and air quality and become a role model where government officials chose to bring other cement operators to study and observe successful ways to solve their own pollution problems.

Revolution in the Cement Industry

"Solving the cement industry's pollution problem effectively started with Asia Cement Corporation (ACC)," Asia Cement (China) CEO, Tsai-Hsiung Chang says.

In addition, to better plant design, another revolution in the industry occurred with the method of cement delivery. The Hualien plant uses a fully enclosed self-loading/unloading cement vessel to ship cement around the island, with major cement storage facilities set up in the Kaohsiung, Taichung, Keelung, and Hualien harbors all across Taiwan to increase efficiency and reduce transportation costs. The entire loading/unloading process is completed through enclosed pipelines to prevent any adverse affects on the surrounding air quality. ACC's innovative transportation method takes place without compromising the environment or its efficiency creating an excellent competitive edge for ACC to enter China's cement market.

With a far-sighted vision, Tsai-Hsiung Chang realized the potential of the western regions of China. While planning an ACC site in Jiangxi, China, difficulties arose as Chinese government officials concerned about pollution in the cement industry as a whole. With this in mind, in 1996, Chinese officials were invited to visit the special intricacies of ACC's Hualien plant and witnessed the process, which all agreed provided a win-win situation in both the preservation of the environment and an efficient business operation. Sold on its

design, a visiting official exclaimed that this was the type of cement plant China wanted and the Chinese officials' stance changed from doubt to eagerly awaiting ACC's mainland plant applications.

In 2000, ACC seamlessly installed the first mining plant in Jiangxi, China and put its first kiln into operation. In keeping with its plan of 10 operating kilns by October 2010, the annual yield has potential to reach 24 million tons of cement.

Focus on Plant Quality, Seek Operating Efficiency

The top two continuing areas of focus for ACC are the design quality of the plant and its ability to withstand seismic activity. Most of the kilns in western China are ancient and are the source of many pollution issues in the area. Because of this, Tsai-Hsiung Chang insists on ACC designing the building plan itself. Key equipment and parts were imported from Europe and with the experience gained from earthquakes from the Hualien plant in eastern Taiwan, Chang insisted on its ability to withstand an earthquake with 7.0 Richter magnitude, despite escalating costs significantly. This approach paid off during the catastrophe of the Xichuan earthquake that struck on May 12, 2008.

During that time, ACC (China) was planning to list on the Hong Kong Stock Exchange a few days later on May 20. The Xichuan earthquake caused prospective investors to worry about damage incurred at the ACC (China) Chengdu plant located only 40 kilometers away from the epicenter fearing it would be unable to list in Hong Kong as well. ACC's Chengdu plant recovered and was back in production within seven days allowing ACC (China) to successfully list on the Hong Kong Stock Exchange according to plan. The rebuilding of Xichuan in the aftermath of the earthquake increased the demand for cement in western China, and ACC (China) was able to make important contributions to benefit the rebuilding efforts.

The ACC (China) plant's production efficiency is high compared to its peers. Annually, the plant has 340 operating days, compared to its peers' 330 days of production. According to Taiwan Stock Exchange statistics, other Taiwanese companies have reported investment losses in China, while ACC (China) has had continuous profits since 2004, reporting over NT\$2.6 billion in record profits, even the major Chinese cement businesses such as, Anhui Conch Cement Company, have commented that "Asia Cement (China) is critical to us."

"Asia Cement's vision is to become the most competitive cement company in central-western China," Tsai-Hsiung Chang says.

Asia Cement Corporation

Vision of Global Deployment

Asia Cement
President
Kun Yan Lee



Over the last 50 years, Asia Cement Corporation (ACC) has expanded across the island of Taiwan, entered the Chinese market and plans on expanding to other parts of the world.



■ Asia Cement Green Way

In 1960, ACC Hsinchu plant's first kiln went into production. In 1970, the energy and oil crisis caused many cement companies to consider halting production or expansion. ACC however saw potential and went against this trend investing in the eastern part of Taiwan to establish its Hualien plant.

In 1980, by establishing the maritime shipping strategy, ACC solved the high cost issues resulting from shipping cement from the east coast to the west coast of Taiwan. This method significantly reduced transportation costs, and imposed eco-friendly standards on the industry. It was also the key foundation for its initial expansion from a single region to all across the island of Taiwan.

In 1995, the company entered the China market becoming the first Taiwanese cement company to legally invest in China. Currently, ACC (China) has four major plants in Jiangxi, Xichuan, Hubei, and Yangzhou. It is estimated that ACC (China) will produce 24 million tons of cement in 2010.

Foresight and Persistence

Taiwan's aggregate cement demand dropped from 28 million tons in 1993 to 10.4 million tons in 2008 with imported cement accounting for 25% of the market. Domestic companies are facing unprecedented challenges and thus ACC in particular has focused on improving its operating environment and establishing a market system in the industry. Persistently lobbying Taiwan's Ministry of Economic Affairs, Ministry of Finance, and the Legislative Yuan, ACC contributed significantly to the elimination of an unfair import tariff, by passing a bill, which modified the import tax

to be based on the quantity of imported goods.

In 2000, Mexican company CEMEX, along with Korean and Filipino cement companies entered Taiwan's market with a strategy of dumping at a significantly reduced price lower than cost. ACC convinced its Taiwanese peers to supply the relevant information about the unfairly priced trade dumping to the Ministry of Finance with recommendations to impose an anti-dumping duty on any goods priced unfairly. As a result of this collaboration between the industry and ACC, unfair competition was eliminated.

ACC believes that economic growth and environmental protection can be achieved in parallel. The Hualien, Taiwan plant received the business environmental protection award for three consecutive years and therefore was awarded a special honor in 1998. It also introduced a waste-heat electricity generating system to transform waste heat and hot air into electricity. Every year, it saves one third of its electricity usage worth approximately 120 million kilowatt hours. Remaining environmentally-friendly is no longer a hindrance to business growth; it has become a competitive edge.

"Foresight and persistence help Asia Cement to remain the leader," ACC President Kun Yan Lee says. ACC's "three highs and one low" – high efficiency, high quality, high environmental protection, and low cost, along with its management capability, have given the company the competitive edge to competently face changes in the market and profit for 50 years.

Keep One's Roots in Taiwan, Cultivate China, Map out the World

Facing global competition, ACC's next steps are to focus on vertical integration, multi-faceted operations, and strategically plan its global layout. The maturing market made the downstream sales channel the deciding factor of who would stay at the top of Taiwan's cement industry. Our Group's Ya Tung Ready Mixed Concrete Co. expanded from four plants to more than 20 in just ten short years, making it the number three company in Taiwan. Ya Tung's ready-mix concrete has been used in constructing such major projects as the Taipei Metropolitan Rapid Transit system, the Kaohsiung Rapid Transit System, and public construction projects such as freeways and railroads.

Asia Cement completed its vertical integration through extensive collaboration with Far Eastern Construction, Far Eastern Contractor, and Ya Li Precast Prestressed Concrete Industries Companies. The multi-faceted operating strategy has been carried out by investing in Chiahui Power and Yuan Long Stainless Steel Companies. ACC's strategic layout for the world not only includes the complete production and sales channels in Taiwan and China; it also has representative offices in Hong Kong and Singapore. Furthermore, it is also expanding into the world market, exporting cement to North America, Africa, the Middle East and Southeast Asia.

ACC President Kun Yan Lee, who has served Far Eastern Group for more than 55 years, sincerely believes the words of Chairman Douglas Tong Hsu: "In the early days Taiwan's environment was simple: as long as you worked hard and did your due diligence, you could succeed. But now, good strategy and innovation are a priority where one not only has to think about today, but also the future."

Far Eastern Department Stores Ltd.

Creating Happy, Infinite Living Space

Far Eastern Department Stores
President
Nancy Hsu



Far Eastern Department Stores is a retail industry leader in department store chains given the length of time of its existence and the number of locations spread throughout Taiwan. For 42 years, continual reinvention and setting lifestyle trends throughout the country have made significant contributions to the quality living standards the Taiwanese enjoy today.



■ Far Eastern Department Stores, Tainan Store, Taiwan

Far Eastern Department Stores (FEDS) is regarded as a giant of department store chains in Taiwan. After investing in Pacific SOGO (SOGO), FEDS' reach has expanded from Taiwan to China and now includes 11 FEDS stores, 17 SOGO stores, and 15 Far Eastern Ai Mai hypermarkets (A-Mart), totaling 43 retail stores. In addition, FEDS is the only publicly-traded department store group in Taiwan.

In recent years, Far Eastern's retail and department store business has been growing aggressively with plans for expansion in six major cities in Taiwan and China, which includes Beijing, Chengdu, and Wuxi, China. The current plan will boost the number of retail stores to 49 with total revenue expected to surpass NT\$100 billion.

With a dual brand strategy (FEDS and SOGO), the department store business will create two distinct styles and brands, which caters not only to the growing needs of upscale urban customers but also provide basic necessities to the general public. "Far Eastern Department Store hopes to integrate locally to meet the specific needs of local residents," says FEDS President Nancy Hsu.

In Touch with Local Lifestyles

Nancy Hsu believes that "Crisis eventually passes - but even at its start, one needs to find the business opportunity, or even create the opportunity oneself. This advantage enables the business to function long-term." From the beginning, Far Eastern Department Stores understood this very well. Opening Far Eastern Department Stores' Baoqiao Store in 1971 after Taiwan was forced to withdraw from the United Nations boosted public morale. It also opened the A-Mart Sanzhong Store known for its consumer staples during the 2008 global financial crisis. The strategic method of creating business opportunities during crisis has proven successful and to the benefit of many.

With the strong growth in Taiwan's economy, FEDS has excelled at keeping up with the trends, turning small stores into megastores, or remodeling an old store to become a contemporary one. In 2009, a suc-

cessful FEDS Hualien Store located in southeast Taiwan reopened in the fourth quarter after completing expansion and renovations is one such example which represents steady consecutive growth. The expansion of the current Hualien Store made it three times larger than the original store, while integrating itself with A-Mart offering a broader consumer experience. With local lifestyles in mind, FEDS offers many unique services to satisfy its customers. Designed to suit the modern shopper but with some local style, its exterior incorporates local aboriginal totem markings for decoration.

In the past, FEDS were usually designed with 3,300 to 6,600 square meters operating areas with limited parking space. Now, most stores have expanded to 10 times their original sizes to capitalize on the expanding market demands. The Taoyuan second-generation store is approximately 50,000 square meters; Banqiao store in Taipei County is 66,000 square meters; and Kaohsiung store is 110,000 square meters. In the future, the new Banqiao store will be approximately 132,000 square meters and the new Taichung store will be approximately 178,000 square meters.

Creating a Happy Atmosphere

FEDS' goal is to create a bright and happy atmosphere for its customers. "I hope all of our customers' cultural and daily needs can be met when they come to a Far Eastern Department Store, where they not only come to shop but can spend time and enjoy the atmosphere," Nancy Hsu says. The department store has worked to provide a multicultural experience with an international style and it collaborates with numerous foreign consulates in Taiwan to host international product exhibitions. In the next two years, the company will open two flagship stores in Banqiao and Taichung reflecting the tremendous growth of the company and its desire to set lifestyle trends full of imagination. "The stage is set. Our performance will be even better in the next 60 years; stay tuned," Nancy Hsu says confidently.

Oriental Union Chemical Corporation

Exquisite Petrochemicals to Lead Change

Oriental Union Chemical Corporation
President
Alex Kuo





■ OUCC, Linyuan Plant

In the past 30 years, Oriental Union Chemical has continually improved by bettering its production efficiency and developmental capabilities. It has a unique competitive edge, which creates added value for its customers in an uncertain economic environment.

Oriental Union Chemical Corporation (OUCC) has gone through ups and downs, including the global energy crisis and the company's American partner selling its stake. In 2008, countries in the Middle East began to produce ethylene glycol (EG), which has a steady and affordable supply of the raw material needed to make ethylene, greatly affecting the petrochemical industry and giving the Middle East a competitive edge. Despite these drawbacks, the important task is to aim for a better future utilizing the invaluable lessons learned in this competitive environment.

Petrochemical Boutique Store

OUCC, like many other chemical plants, has a long-term dependence on crude oil prices. Starting in 1995, former OUCC President Johnny Shih began a series of plant modifications. In 1999, anticipating world population growth, he expanded OUCC's EG production, increasing production capacity to 300,000 tons. The company then diversified its product lines to reduce market risk. It purchased two specialized ethanolamine (EA) and ethylene carbonate (EC) product lines from Switzerland and Japan, respectively, completing the first phase of the project in 2002. The specialty petrochemical products including EA and EC currently make up 45% of OUCC's revenue, yet their sales account for 80% of the company's profit. In order to reduce the impact of higher crude oil prices, OUCC recently invested in the ethylene oxide derivatives (EOD) industry. This is a customized field where the company tailors the product to customer needs. Though orders are not large, production still

has enabled a nice profit. "EG is like Wal-Mart and EOD is like Tiffany," says company President Alex Kuo. OUCC is expected to become the boutique store of the petrochemical industry with its customized products.

Developing Multi-dimensional Talent

The foresight of both Far Eastern Group Founder Mr. Yu-Ziang Hsu and Chairman Douglas Tong Hsu has been apparent throughout the process of establishing OUCC. From building a foundation in the upstream petrochemicals market to the strategic transformation over 10 years ago, OUCC remains a pioneer in the industry.

OUCC implemented Six Sigma in 2005 to ensure excellent business strategy management. Following international standards creates steady performance, even during crisis. Over four years' work, with the combined efforts of the entire staff, the company reduced production costs by NT\$50 million.

OUCC is also well known for its safety standards. President Alex Kuo, who experienced the poison gas leak incident in India in 1984 while working for the American company Union Carbide Corporation, insists on the practice of good safety habits. Besides building a safe environment for its employees, another important issue is the cultivation of human talent. Kuo believes that with the expansion of the company, the younger generation has accumulated a broader experience, but work in a more complex environment. He believes that while not able to predict future changes, we can cultivate the talent that can adapt and face these challenges.

U-Ming Marine Transport Corporation

Global Operations, Sovereign of the Seven Seas

U-Ming Marine Transport Corporation
President
Choo-Kiat Ong



U-Ming Marine Transport Corporation sailed steadily through the global economic crisis producing outstanding results. After the company's success in expanding its oil transportation business, it is now developing and fortifying its world market share.

For the most part, U-Ming Marine Transport Corporation (U-Ming) transports raw materials such as ore, coal, and grain. Without a set route, vessels travel to many countries throughout the world's continents. As the dry bulk shipping industry reaches global market saturation, there has been minimal change to the industry. It is an industry that is both highly competitive and highly invested. "Your judgment needs to be one step faster than the others in order to control changes in the market," President Choo-Kiat Ong explains, with the analogy of a hunter: "Just like a hunter, you need to go where the prey is."

Information System – Grasping the World's Movement

U-Ming is the largest bulk shipping transportation company in Taiwan. With a company focus on market research, information management, and risk management, it utilizes blog, VMS, SAP, and VPN systems to establish a network for its staff to communicate, regardless of their location. The vessel status, freight, and quantity of raw material trading information are all at the fingertips of employees. Furthermore, the firm employs an intelligence team, which focuses on world's economic shifts and raw material industries. "The key point is to look for business opportunities through analysis, then execute and implement," Ong says.

U-Ming understands the importance of focusing on risk management. After accepting that the market had rapidly become saturated two, three years ago, U-Ming saw the writing on the wall. They knew that this would inevitably lead to a market collapse, so paid extra special attention to partner with only the most reliable and financially stable companies. It also refused to blindly expand operations when shipping prices were too high. When the global economy collapsed, many transportation companies went bankrupt. U-Ming generated a profit of NT\$10.4 billion in 2008 and the company expanded during the economic crisis through acquisition and fleet renewal. In 2010, the firm will add three new vessels to its fleet, for a total of 35 vessels with a total containment capacity of 3,650,000 tons.

Transportation and Logistics Company of International Caliber

Choo-Kiat Ong also expanded the company's business into crude oil, upstream raw materials transportation and related logistics industries to create a streamlined business model. With its headquarters in Taiwan and subsidiaries in Singapore and Hong Kong, U-Ming currently has nine vessels that are permitted to ship directly across the Taiwan Strait to China. The company has also set up representative offices in Shanghai and Xiamen to establish a foundation for entering the Chinese market. Through strategic alliances, the company has gradually expanded its core competency to oil carriers and other related businesses.

Choo-Kiat Ong realizes there is a greater need to develop talent among the young generation in Taiwan as there are more Filipinos and mainland Chinese entering this industry. He aggressively implements education programs to cultivate talent in Taiwan through internships and hands-on training. Hoping to nurture a new batch of talented recruits, he states, "I hope 30% or more Grade A crew, including the captain, will be from Taiwan."



Everest Textile Co., Ltd.

Green Frontier, Everlasting Innovation

Everest Textile Co., Ltd.
President
Ching-Lai Yeh



Everest believes that through a close relationship with the land and a core strategy of continual innovation, it can create a win-win scenario in environment, society, and economy, whereby the company can continue to grow.



The textile business has historically been a core business of Taiwan having played a pivotal role in shaping Taiwan's economic growth. However, with increasing labor costs in a labor-intensive textile industry, business has gradually moved offshore. In this difficult environment, Everest Textile has through sheer reinvention broken through the traditional boundaries of the industry in order to develop and grow its business.

Striving for Perfection One Step at a Time

Thanks to Everest's breakthroughs in spinning, weaving, and dyeing in the last 20 years, competitors have been fortunately few. "If it were just one field, then it would be easy for competitors to catch up. However, with high standards set in every field, competitors are unable to overtake us easily," President Ching-Lai Yeh says. With the changes in the industry, Everest has made important developments on several fronts. Starting out, the company produced synthetic fashion apparel, such as shirts, dresses, women's knitted products, and ultrathin fiber jackets. Ten years ago it began to produce sportswear, partnering with major players in the industry such as Nike and Adidas. It has developed a laboratory to develop functional fabric that is sweat repellent, water resistant, and anti-UV. At the same time, Everest also applied fashion garment concepts to sportswear, making sportswear more fashionable.

Everest moved into the outdoor sportswear market six years ago, establishing the Everest Technology Research Center, which developed premium-priced functional fabric coating and laminating technology. It moved from textile physics to textile chemistry, and began to develop various kinds of coating materials. The entire textile industry has gradually upgraded from traditional industry to a high-tech industry. In 2006, Everest joined the Southern Taiwan Textile Research Alliance, and is now able to use different industry alliances and industry-government-academia resources to generate more innovative R&D synergy.

Ching-Lai Yeh uses his firm's partnership with Nanpao Resins as an example: Everest utilized the technology of Polyurethane (PU) glue, which it had previously imported from other coun-

tries such as Japan, to reduce its costs by 30%. With innovative thought, waste created from the production line is delivered back to Nanpao for recycling and reuse. While these early trials do not always yield the best results, Ching-Lai Yeh knows in his heart that innovation in environment friendly solutions is an important strategic advantage and insists on implementing concepts to further this and remain true to the philosophy of Everest.

From Green Products to bluesign®

In May 2009, Everest received bluesign® certification, becoming the first Asian company to win certification for laminated fabric. This is a testament to Everest's continuing efforts to achieve sustainability by upholding the five strict bluesign® principles since officially becoming a bluesign® partner in 2007: resource productivity, consumer safety, air emissions, water emissions, and occupational health and safety. Some of Everest's innovations at its Tainan, Taiwan headquarters are a water plant pond, a wastewater processing system, and water curtain all designed and created by Everest employees. Everest also permanently turned off the air conditioning in its plant in 2008 to utilize natural airflow to lower the temperature in the plant and revamp the factory environment. In addition, the company made improvements to waste-water processing, implementing heat recycling, and conserving electricity.

In 13 short months, the company reduced electricity costs by NT\$47.52 million helping the company to weather the economic storm in 2008. Ching-Lai Yeh stated frankly that these improvements were done with the economy in mind. Yet they produced favorable results in three areas: cost reduction, an eco-friendly environment, and social responsibility. Everest is a unique eco-friendly brand, which has attracted many large international brands as partners, such as The North Face and Patagonia thanks to its innovations.

From a simple textile brand to an eco-friendly brand, Everest has become a business that considers life, production, and the environment to better serve the community now and in the future.

Far Eastern International Bank

Small but Efficient, Exploring Greater China

Far Eastern International Bank

Chairperson

Ching-Ing Hou



In the competitive banking industry, Far Eastern International Bank maintains its competitive advantage through organizational and product/service innovation. With opportunities lying ahead in both mainland China and Taiwan, Far Eastern International Bank will be utilizing Far Eastern Group’s potential in creating even more business opportunities.

The Taiwan government first allowed private banks to be established 17 years ago. During these years, there have been many financial crises to weather. In addition, Far Eastern International Bank (FEIB) exists in such a highly competitive financial services industry that of the original 16 banks then established, it remains one of the few still standing. FEIB’s management team has both the international and domestic cultural experience it needs to be successful with members of the management team all having worked in prestigious international financial companies prior to joining.

Eli Hong, President of the bank, worked for years gaining international experience at Citibank, and Thomas Chou, Chief Executive Vice President, worked at American Continental Bank and ABN AMRO Bank for 22 years as the former Regional Credit Control Officer for Asia. Chairperson Ching-Ing Hou is a renowned economic scholar with teaching positions held in universities, as dean and head of departments, and having served as Chairperson of the Taiwan Academy of Banking and Finance. Besides the strong management team, FEIB also focuses on cultivating staff talent. “We hope to achieve high-efficiency results by integrating international views with Chinese culture,” Eli Hong says. “Information cannot have a time zone — it must be on par with international standards.”

Organization and Product Innovation

Facing a highly competitive market, FEIB began product innovation in its early stages. In 1997, it pioneered several innovative services in Foreign Exchange Margin Trading, CB Asset Swaps, and the loan installment business. The Foreign Exchange Margin Trading service is synchronized with international trading markets and is open 24/7.

“Innovation is important; mimicking other companies can only cause you to be trapped in a cycle of competition, which only makes the profit margin lower,”

Far Eastern International Bank
President
Eli Hong



Ms. Hou says. In 1999, FEIB foresaw the trend of service and product diversification, and developed four core business groups to enhance profit growth: Individual Banking, Consumer Banking and Credit Cards, Corporate Banking, and Financial Markets.

In 2008, the company established an information system center to increase efficiency and achieve better results. When the credit card market was in decline, FEIB introduced the New Century card under the HAPPY GO card brand and the Far Eastern Formosa Plastics joint credit card, which rewards customers with gasoline rebates. By acquiring AIG's credit card business, FEIB's credit card business achieved growth in a down market.

Developing a Greater Chinese Market

With the opportunities presented through an improved relationship with mainland China, Hou emphasizes that there are four major goals in developing cross-strait relationships. First, continual innovation in niche products to increase operational efficiency; second, fortifying risk management and balance sheet management to reduce risk; third, adjusting the revenue structure to create a steady profit stream; and lastly, continuing to reduce costs and increase organizational efficiency. "Only by seizing chances, taking on challenges, and continuing to change can one survive and grow in this competitive market," she says.

Eli Hong states that in order to seize the opportunity in the greater Chinese market, FEIB has been observing the market and evaluating possible strategic alliances. When Taiwan and China signed a Memorandum of Understanding and began negotiating items related to various financial systems, many opportunities to partner with China presented themselves. Thanks to Far Eastern Group's extensive network in the retailing, textile, and cement industries in China, FEIB has all the resources to build a complete service platform for all customers.



Far Eastone Telecommunications Co., Ltd.

Far Eastone - No Distance to the Future

Far Eastone Telecommunications
Vice Chairman
Jan Nilsson



No one can predict the changes that will happen in the telecommunications business. Far EasTone keeps an open mind to embrace the changes it may encounter. With its motto of quality, reliability, and innovation, the company leads Taiwan's telecommunications industry forward.

In April 2009, Far EasTone Telecommunications announced a strategic alliance with China Mobile Limited. Both companies agreed to collaborate on purchasing, roaming, information systems, internet, and other technologies. This alliance exemplifies the new era of Taiwan telecommunications companies.

Innovative Partnership

One of the most important strategies for Far EasTone is to cultivate long-term, stable relationships with its partners. It collaborated with AT&T at the company's inception, to launch the best technology system and offer the best services to the public. Another great example is the Far EasTone WAP mobile stock trading services that were jointly introduced by Ericsson Taiwan, Synchronous Communication, and twenty stock-exchange trading companies. This was a big step in Taiwan's telecommunications industry. In 2002, FET worked with IBM to provide the world's first GSM/GPRS coverage. It also expanded the service to businesses, collaborating with Far Eastern Memorial Hospital and Oriental Institute of Technology to create the first GPRS mobile emergency medical response system in Taiwan. In 2006, Far EasTone and six telecommunications peers established the Asia-Pacific Mobile Alliance. Its vision is to create a better roaming network and provide better customer service in Asia.

"While some businesses were still thinking that they could take care of all of their customers' needs, Far EasTone had already realized the importance of a strategic alliance," Vice Chairman Jan Nilsson says. The alliance brings many advantages to Far EasTone and is a key factor in its success. Focusing on the company's core business and partnering with businesses who are the leaders in other fields is the key for growth. Far EasTone's goal is to continually provide innovative services. It does not worry about the competition following in its footsteps; in fact, competition helps to expand the market, helps consumers shorten their learning curve on new products, and makes new products more readily available to everyone. This way, all businesses can realize profits sooner rather than later.

International Creativity

Far EasTone's innovations have become grander and more multifaceted thanks to extensive international collaboration. Far EasTone is the first company in Taiwan to employ a non-native president, and it has a very international board of directors. The members include representatives from Singapore Telecom and Japan's NTT DoCoMo. Kurt Roland Hellstrom, former CEO of Sony Ericsson and Lawrence Juen-Yee Lau, President of Chinese University of Hong Kong, are both independent board members. These board members bring global views to Far EasTone. Furthermore, Far EasTone is currently a member of the Asia-Pacific Alliance, which includes NTT DoCoMo, StarHub of Singapore, KT Freetel from Korea, Hutchison Telecommunications from Hong Kong/Macau, SMART from Philippines, PT Indosat Tbk from Indonesia, Bharat Sanchar Nigam Ltd. and Mahanagar Telephone Nigam Ltd. from India, and TrueMove from Thailand. Nilsson believes that Far EasTone can learn from knowledge sharing among the alliance partners, and subsequently improve its services to solve customer issues and develop innovative products.

Embrace the Future with an Open Mind

As a member of the Far Eastern Group, Far EasTone has the advantage of getting firsthand information on other industries and can thus better prepare itself for the challenges ahead.

Jan Nilsson has served in the telecommunications industry for more than 30 years. He believes that technologies change rapidly and it is impossible to predict the future. "We can only plan for the next three years, not to mention planning for ten years." Due to the competition resulting from the saturation of Taiwan's market, many cost-cutting actions will start affecting service quality, and a lack of funding will impact the development of innovative products. Contrary to this, is the added value that Far EasTone wants to provide for its customers in quality and reliability and its continuation to create innovative services leading Taiwan's telecommunications industry forward.

Pacific SOGO Department Stores Co., Ltd.

Sailing toward the Blue Ocean of New Life

Pacific SOGO Department Stores Co., Ltd.

Chairperson

Sophia C. W. Huang



Pacific SOGO Department Store has been established for 22 years, and joined the Far Eastern Group seven years ago. It completes the retailing layout for the Group and is also the number one brand in Taiwan and mainland China. It promotes the NEW LIFE concept thus creating a new niche market for the Group's retailing business.

In 2009, Pacific SOGO (SOGO) generated revenue of over NT\$60 billion in Taiwan and mainland China. In Taiwan, SOGO was the first department store to introduce an anniversary sales promotion, the first to operate within the MRT (Metro Regional Transport) system and it was also the first Taiwanese department store to enter the mainland China market. It is the department store leader in Taiwan and the number one brand in China. SOGO entered the Chinese market in 1993, and established its leading position in Shanghai and Chengdu. Currently, there are nine Pacific Department Stores in Beijing, Shanghai, Chengdu, Chongqing, Tianjin, and Dalian. With two Far Eastern department stores, there are a total of eleven stores in China. Pacific Department Stores had eight branches listed in the "Top 50 Service" category and in the "1000 Top Taiwanese businesses in China" in 2009. Pacific Department Stores' current strategy is to focus on the southwestern area and second tier cities in China and open a new store every year.

"We want to be in the lead and we need to be ahead of our peers in time-to-market and scale," SOGO Chairperson Sophia C. W. Huang points out. SOGO has planned a process system where customers can exchange or return items in both Taiwan and mainland China with cross-Straits reward programs and home delivery services. "In these 22 years, Pacific SOGO has emphasized quality products and services through innovation and social responsibility; it will provide better quality, location, vision, and value," Sophia Huang says.

New Life Concept

In this era of LOHAS, SOGO has introduced the New Life concept. This is a concept which inculcates consumers with social responsibility and includes several key points. First, Sharing and Caring – corporate social responsibility; second, Sustainability – maintaining an eco-friendly lifestyle; third, Quality of

Pacific SOGO Department Stores Co., Ltd.
Vice Chairman
Inoue Satoshi



Life — products that are fashionable, practical, and healthy; and fourth, Cultural Innovation — every department store can integrate with local lifestyles and current fashion trends.

The SOGO Tianmu store, which opened in 2009 in Taipei, is a green building responding to the call of eco-friendliness. Solar panels on the roof provide electricity for the restrooms on every floor and the LED lights in the vaulted ceiling areas. Recycled rain water can be used for watering plants and cleaning. An 8,300 square meter outdoor park is for customers to enjoy. The SOGO Fuxing Store, which opened in 2006, has a 1,000 square meter park inside the store. In Taiwan, where population density is high and real estate is scarce, the NEW LIFE concept provides customers with a physically and mentally spacious shopping environment.

Creating a Refreshing Attitude for Life

SOGO encourages consumers to show their love for our planet. Every Wednesday is Environmentally Friendly Day, when the stores reduce elevator usage. Periodically, every store hosts promotional events and offers specials on items for reducing one's carbon footprint. In addition, consumers can collect reward points and redeem them for cash to benefit a non-profit organization and help fulfill their social responsibility.

SOGO Tianmu Store is the first New Life concept store. It was also the first department store approved by the Taipei City government as a green department store. Furthermore, it was awarded by Retailers Association of Chinese Taipei as 2009 Taiwan's most innovative retail business model. In October 2009, the company won the Federation of Asia-Pacific Retailers Associations (FAPRA) Award as it represented Taiwan at the Asia-Pacific Retailers Convention & Exhibition. "The department store is not just a place for the purchase of products. The entire service process needs to embody more cultural meaning and values; it needs to become a more experiential sales environment," Sophia Huang emphasizes. "Not only does SOGO need to replicate successful models; it also needs to lead the trend and create a refreshing attitude for life."

Philanthropic Organizations

Growth Engines to Launch into the Future

Philanthropic Organizations
Group Foundation Executive Director
Shaw Y. Wang



1 Yuan Ze University

2 Far Eastern Memorial Hospital



The 21st century not only calls for corporate social responsibility, but also urges corporations to rethink how to incorporate business operations with social causes. For the past 45 years, Far Eastern Group has been a good corporate citizen in social caring, disaster relief and reconstruction efforts. In the future, the Group will focus on contributing to culture, education, medical care and technology to fulfill further its social responsibility.

In the 21st century, when other corporations begin thinking about the importance of social responsibility, Far Eastern Group (FEG) has for the past 45 years already been practicing good corporate citizenship. In 1965, FEG formed Ya Tung Girls' Basketball Team, Taiwan's first women's basketball team sponsored by private enterprise to promote this sport both at home and abroad. Dr. Michael Porter proposed that corporate social responsibility (CSR) should be linked to core business objectives that are leveraged to underpin economic and social values. CSR has thus become one of the Group's core businesses. Our Group Founder Mr. Yu-Ziang Hsu established several large Foundations in memory of his father including Far Eastern Memorial Foundation, which focuses on sponsoring culture, disaster relief, education, environmental protection and architecture; and Far Eastern Medical Foundation dedicated to medical care. While Yuan Ze University and Oriental Institute of Technology concentrate on academic training and development, the Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation set up by Group Chairman Douglas Tong Hsu aims to promote scientific research and innovation.

A Generous Member of the Community

The Group's CSR business is powerful and influential as its size amounts to NT\$40 billion. The funds come from many sources including profits from Group companies, regular donations from Hsu family members, plus the Foundations' stock dividends and interests. With sufficient funding, much can be accomplished.

"Father and son both believe that operating businesses should seek more than profits, but should also aim to coexist with society and fulfill its social responsibilities. Without social support, the enterprise cannot survive," says Group Foundation Executive Director Shaw Y. Wang.

"Our Founder was convinced that a corporation is connected with shareholders, employees, suppliers, consumers and the general public." Wang says: "FEG needs to care about the society and become a part of everyone's daily life."

Corporate philanthropy can also prove innovative. For example, Far Eastern Memorial Foundation has long sponsored the *Far Eastern Architecture Award*, *The 921 Earthquake Campus Reconstruction Award*, and the *Far Eastern Digital Architecture Award* to encourage outstanding projects and new concepts. Far Eastern Y. Z. Hsu Science and Technology Foundation, focusing on high-tech research and development, is Taiwan's first private foundation to be supervised by the National Science Council. Urging young students to engage in basic scientific research, this Foundation has also been sponsoring an English speaking physics debate competition for high school students hoping to attract interest in the study of this much needed basic science.

Proactive Vision to Create a Better Tomorrow

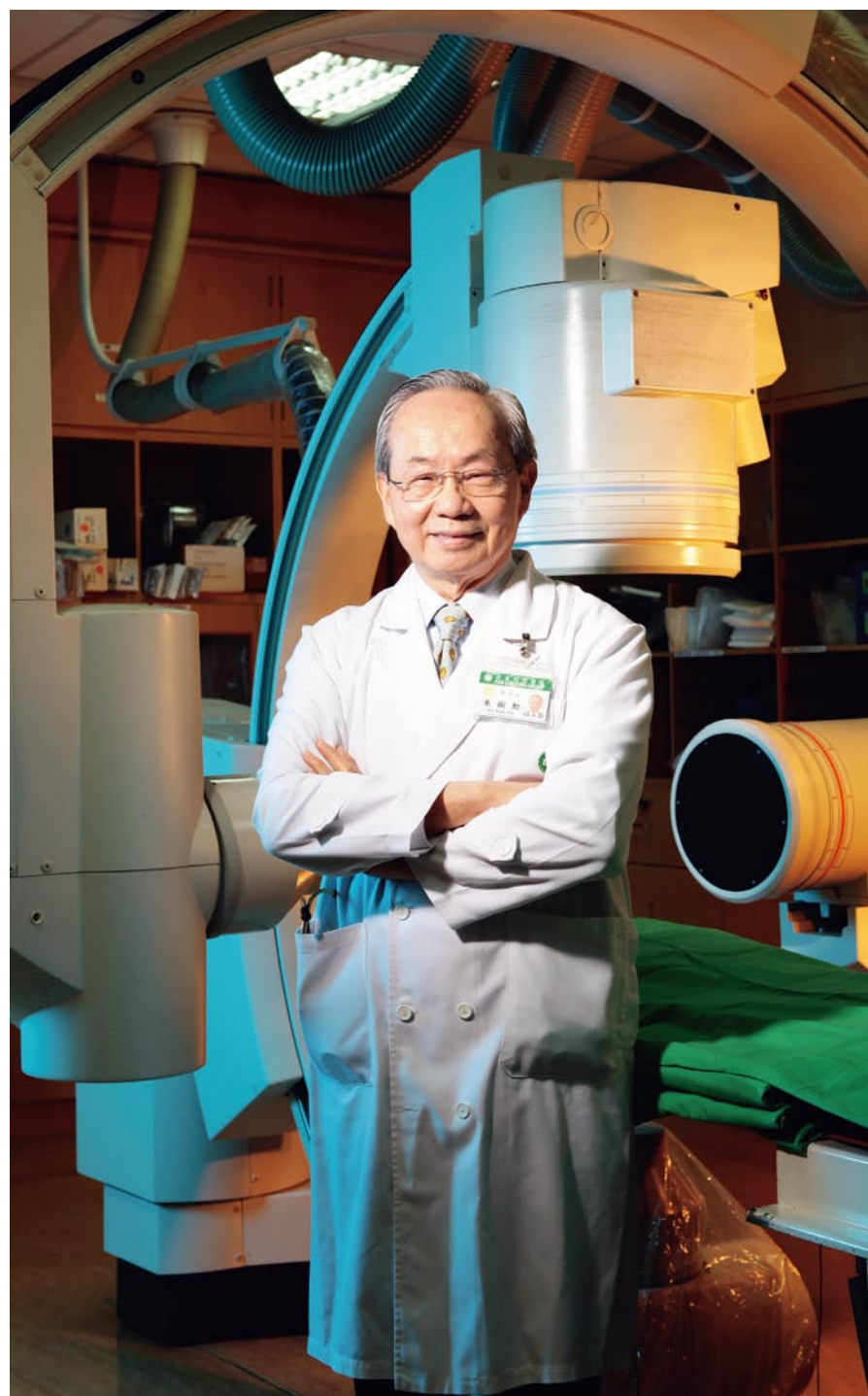
Culture, education, medical care and technology are the four major themes of the Group's corporate philanthropy, which also reflect the Group's ongoing commitment to social responsibility and sustainable operation. Group Foundation Executive Director Shaw Y. Wang pointed out that the philanthropic business is not merely passive charity, but requires proactive vision, planning and operation to create a better tomorrow.

Board members of our Group Foundations are all distinguished elites in their respective fields elected to help manage and monitor the developments of these Foundations. With the same innovative spirit, corporate operations and philanthropy have complimented each other to serve as a vital growth engine for the Group's next 60 years.

Far Eastern Memorial Hospital

Most Enthusiastic Medical Care; Most Innovative Medical Skills

Far Eastern Memorial Hospital
Director
Dr. Shu-Hsun Chu



Far Eastern Memorial Hospital's goal is to become the best medical center in Southeast Asia through leadership in applying innovative medical skills.

In the 1970s, in order to shorten the travel time for an injured worker to get medical treatment, Mr. Yu-Ziang Hsu, Far Eastern Group's Founder, decided to establish the Far Eastern Medical Foundation to begin preparations for a new hospital. In 1981, Far Eastern Memorial Hospital (FEMH) was the only large community hospital in Taipei County. Even when patients could not afford the care they needed, FEMH's policy doesn't turn them away. The hospital will always find a way for those who are in need of treatment.

Develop New Talent, and Let the Young Doctors Shine

Dr. Shu-Hsun Chu, FEMH Director, played a pivotal role in transforming FEMH from a community hospital to a medical center. He took his post at the hospital in 1999 and helped the hospital to win a *National Quality Award* in just under seven years by focusing on innovative skills, excellent service, state-of-the-art medical equipment, and efficient management. He emphasizes the development of human talent and the recruitment of outstanding doctors from National Taiwan University Medical Center. He also encourages doctors to advance their studies and participate in study groups abroad. Many of the department heads are in their 40s and 54% of the doctors are in their 30s. "This provides a stage for young doctors to shine," he says. Dr. Chu defined the medical fields of cardiovascular health, cancer, severe disease, organ transplants, kidneys, and various surgeries including minimally invasive surgeries as the hospital's core competencies to differentiate the hospital from its peers.

Dr. Chu completed the world's first "three heart" transplant surgery after a patient's heart stopped beating. He also aggressively develops the hospital's competency in kidney, liver, and small intestine transplants. "I want Far Eastern Memorial Hospital to be the first choice for patients who have heart disease, cancer, or need an organ transplant," says Dr. Chu. Besides outstanding skills, FEMH also has state-of-the-art equipment such as Taiwan's first Dual Source CT (DSCT), Tomotherapy, and Da Vinci Robotic arm, which was imported in 2009 to perform minimally invasive surgery. This unique surgery technique can reduce side effects, shorten hospital stays, and significantly reduce recovery time. It is also a big step forward towards zero incision.

FEMH is always aiming to be a more efficient hospital. The hospital record shows that the time for a patient with myocardial infarction entering the emergency room to percutaneous transluminal coronary angioplasty (PTCA) was 161 minutes in 2005. This was reduced to 87.5 minutes in 2009, and the record was broken in 2009 with a time of 42 minutes. The time of every stage is recorded for later review to ensure low death rates. Dr. Chu understands that holistic medical treatment is more effective than just treating the illness.

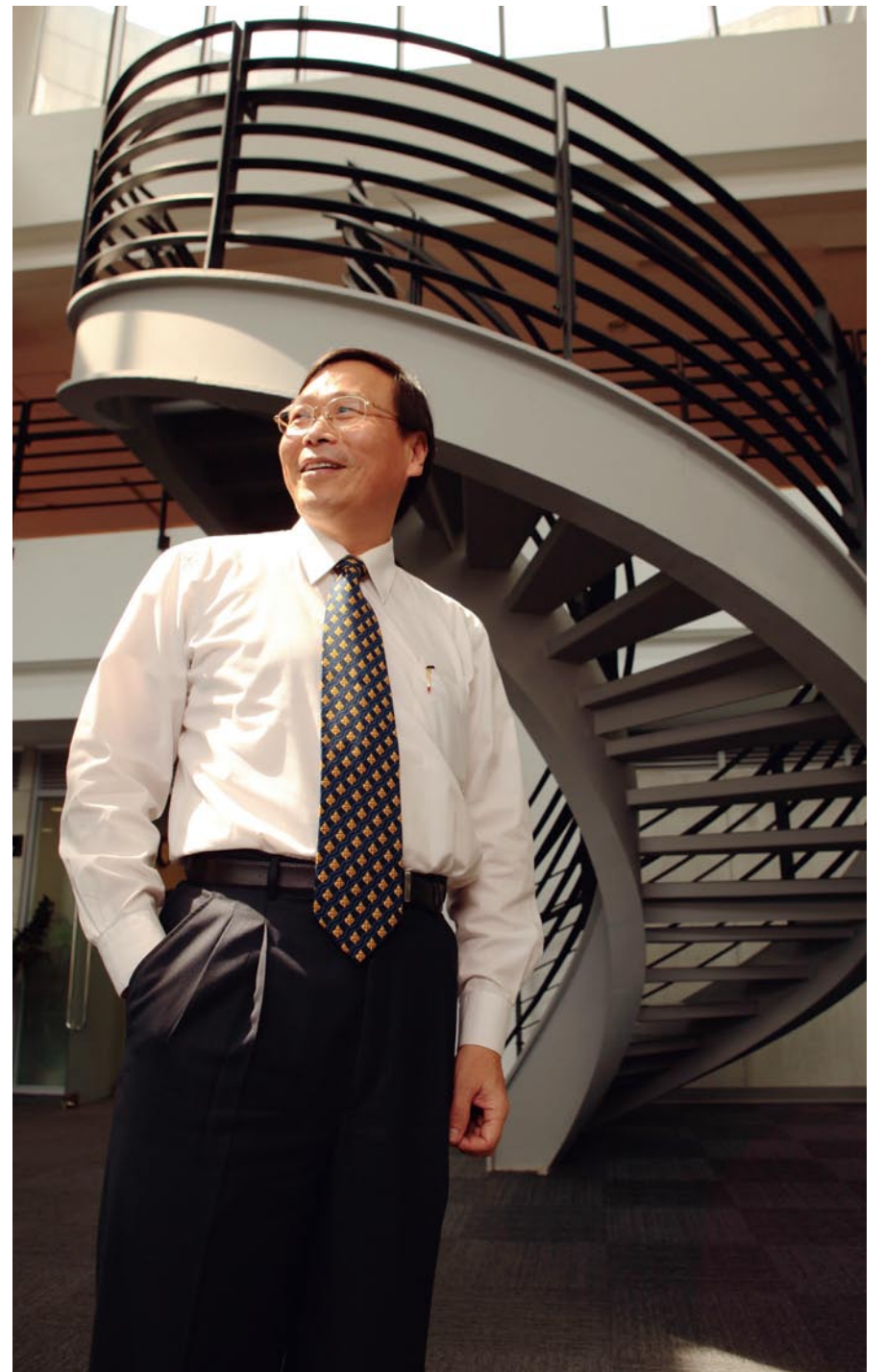
Establishing the Best Medical Center in Southeast Asia

FEMH is constantly seeking to improve in myriad ways. First, it is aggressively promoting health checks to prevent illness. It also partners with over 200 hospitals, clinics, and nursing homes to provide ongoing care. "Care for a chronic illness is long-term. Going to the hospital is just one of the steps," Dr. Chu says. The second improvement is to establish a medical school. Dr. Chu plans to set up a medical school in the next five to ten years to conduct research and development of the latest cures, patient treatments, stem cell research, and to develop an outstanding medical staff. "You can never stop improving. When you are good, you need to be better," Dr. Chu indicates. "The goal is for Far Eastern Memorial Hospital to be the number one choice for young doctors when it comes to career choices, and to be the best hospital in Southeast Asia."

Yuan Ze University

A Role Model for Higher Education;
Cultivating a Fertile Land of Knowledge

Yuan Ze University
President
Dr. Tsong P. Perng



Yuan Ze University's remarkable results prove that business can also be a model for education.

Far Eastern Group (FEG) established the Oriental Academy of Industrial Technology 20 years ago in the hopes of educating outstanding talent by providing a top-notch educational environment and brilliant teachers. Yuan Ze University (YZU) has been recognized as a model for newly emerged universities within its short 21 years of conception, and now surpasses some established public universities in terms of quality.

Efficiency, Quality, and Innovation

FEG is well known for its efficiency, quality, and innovation. YZU inherited these characteristics and became a legend of higher education in Taiwan. When a system is flexible, it can create efficiency. For example, YZU revised its policy to recruit retired professors who have made tremendous academic contributions to teach and do research at YZU; the age limit was extended to 75 years old. Usually, for a university student to change his or her academic major is a very difficult and cumbersome task. At YZU, students can freely do so if they find their current majors do not match their interests and aspirations.

The school's first President, Kuo-Ming Wang, who emphasized quality management, was known for planning every management detail. The second President, Shih-Hung Chan, with his rich international experience, has made significant contribution to YZU. The current President Tsong P. Perng succeeded the leadership and transformed it into a unique and world-class university. YZU was the first university in Taiwan awarded the *National Quality Award*, in 2003. In addition, YZU's Fuel Cell Center and Communication Research Center were awarded a grant through the "Aim for the Top University and Elite Research Center Development Project" funding program from Taiwan's Ministry of Education. YZU is recognized as one of the top 12 universities in

Taiwan and is more liberal than traditional in school design. The campus is spacious and inviting for students to participate in events. "Enthusiasm, Compassion, Idealism, and Responsibility" are the core values Dr. Perng cultivates, and YZU is building them up. Not only is the school a learning center for students; it is also the educational center for FEG. The management department and research center at YZU provide advanced courses for Group professionals, and YZU professors have in turn become consultants for FEG. Innovation is the key aspect for YZU to keep its leadership potential. To extend its reach it became the first university in Taiwan to send students to China for internships and create exchange programs with many well-known international universities around the world. Furthermore, it is the first university in Taiwan to establish an Executive MBA program, allowing business professionals to advance their studies on weekends. The school also implemented a mentorship program between the more experienced and incoming professors.

Top Environment Attracts Top Talent

In the last 20 years, FEG has poured abundant resources into YZU. The marvelous results have proven that business can also be a model for education. "When the top talent is willing to come here to work, study, and serve, then this is a top university," says President Perng. For the next 20 years, YZU has four major development goals: 1) cultivate students into social and professional elites; 2) transform YZU into a well-known international bilingual school; 3) emphasize and apply resources to application-oriented research to benefit businesses and society; and 4) develop an innovative, diversified, harmonious campus atmosphere. YZU's continual growth and innovation are the energy for an excellent and enduring education to be passed down from generation to generation.