

影鄉音

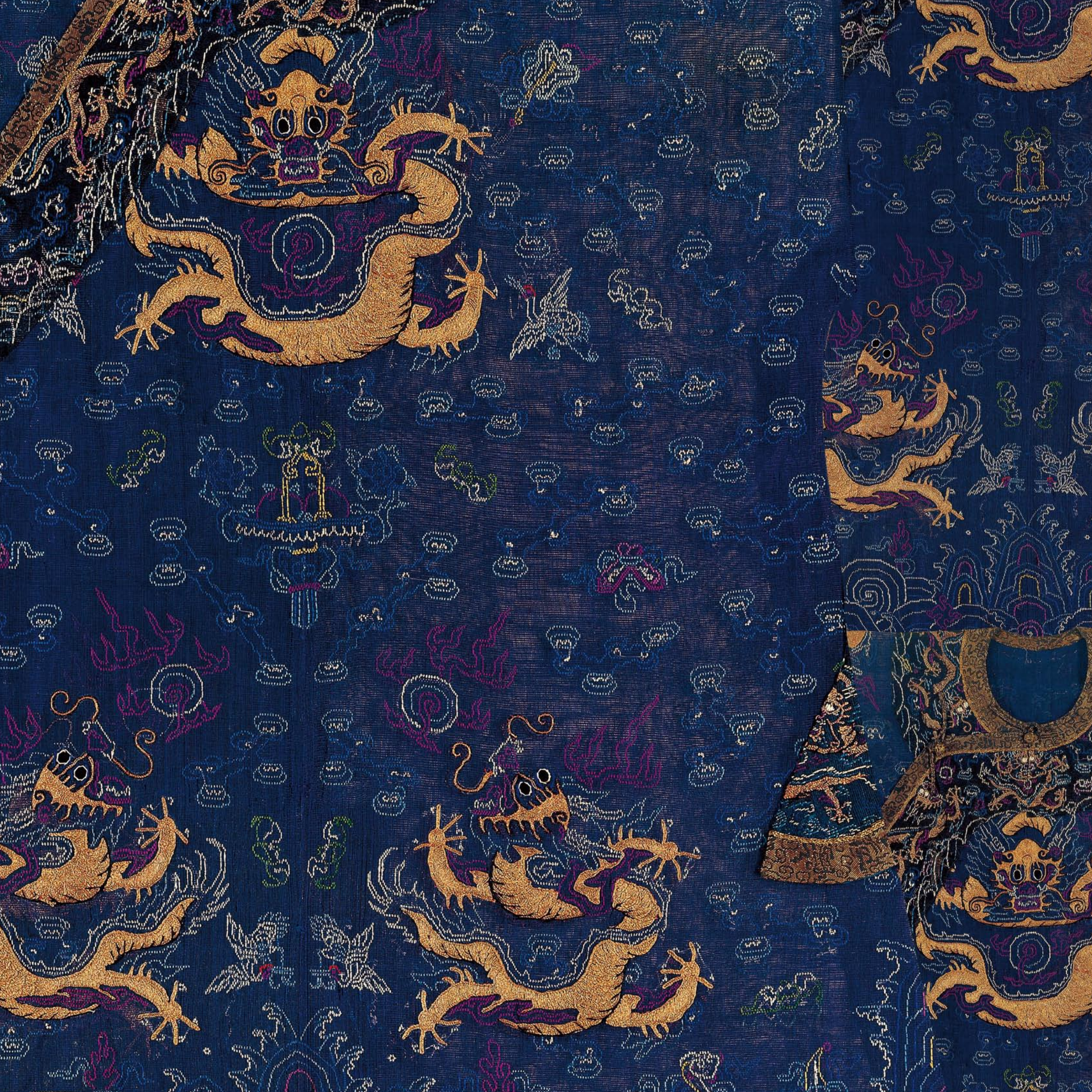
The Impact We Make

Isaac Newton wrote: “We build too many walls and not enough bridges.” Far Eastern Group has made substantial contributions to Taiwan society through its ideals and professionalism and by providing a method to bridge the gap between the local people and the world.

Beginning with a single supple fiber, Far Eastern Group today, has an influence, which is global and connected through infinite miles of fiber optic cables. Far Eastern Group has helped to shape Taiwan’s economy, culture, management concepts, social responsibilities, and entrepreneurship and in the process become a prestigious household name and a model for all Taiwan companies.

Winston Churchill wrote: “The further backward you look, the further forward you can see.” For the past sixty years, Far Eastern Group has influenced the Taiwanese people in their daily lives and by transforming yesterday builds the bridges for a better world tomorrow.





I. 經濟 Economy

For sixty years Far Eastern Group has played an important role in Taiwan's economic development, contributing in myriad industries and ways to Taiwan's progress. How did Far Eastern Group become one of the most important business entities in Taiwan? What enabled its expansion from a simple textile factory into a large conglomerate? And what allows a successful integration of Taiwan and mainland China operations to encompass manufacturing including textiles, cement, petrochemicals, to businesses in the shipping, retail, construction, hotel, finance, and telecommunications industries?

■ Taipei Metro Towers - Far Eastern Group headquarters





Textiles — the Origin of 60 Years of Glory



■ Apparel manufactured by Far Eastern New Century Corp. (formerly Far Eastern Textile Ltd.)

Awareness of Far Eastern Textile Ltd. (FETL) was limited to garment manufacturing, however, in its present incarnation as Far Eastern New Century Corporation (FENC) the company's business has grown and touches upon all aspects of daily life in Taiwan.

When the Nationalist Government retreated to Taiwan in 1949, Far Eastern's textile factory moved from Shanghai to Banqiao, Taiwan. During that period, daily necessities were scarce and the company provided warmth with such basic needs as the manufacturing of the "Skyscraper" brand of knitwear. FENC set many records in Taiwan's textile industry, for example, it was the first to export cotton yarn as well as apparel overseas. The Group served as a key generator of foreign exchange reserves for Taiwan, contributing directly to Taiwan's economic prosperity.

In touch with Taiwan's economic pulse and government initiatives, FENC redirected its business accordingly. When the company suffered from a raw material shortage, it seized the opportunity to expand vertically from upstream to downstream. From producing petrochemicals and fibers to spinning, weaving, dyeing, and retail, it has created a complete supply chain and to this day in Taiwan, only Far Eastern Group has successfully accomplished this.

Johnny Shih, Vice Chairman of FENC, has pointed out that the company's development can currently be divided into three phases. The first phase focused on quality and quantity of mid- to downstream products. In the second phase, the company shifted its focus from textiles to non-textile applications and producing value-added products such as PET bottles, High Tenacity Yarn, tire cord and optical film. Petrochemicals were later developed, to become a core product offering. The third phase is more focused towards becoming a leading global supplier with high-quality innovative products.

According to Eric Hu, Senior Executive Vice President of FENC's Textile Business Operation Center, "A business needs innovation to move in step with global trends." Innovation should

cover customer base, product and manufacturing processes. "We are sensitive to who our customers are and their needs. We work with leading brands such as Nike and Adidas. These companies are less affected by economic downturns and therefore we are less affected." Furthermore, FENC also collaborates with emerging companies such as Uniqlo from Japan, A&F from the United States, and Li-Ning from China. Hu emphasized that FENC is among the top few suppliers avoiding elimination from key accounts.

FENC has a raw materials research advantage, giving the company a great deal of flexibility in apparel innovation. The product varieties have shifted from basic knitwear, to fashionable sportswear. FENC is now a major supplier of China apparel brands, leading China's apparel industry into a more streamlined manufacturing process. Austin Lee, President of Far Eastern Apparel (Suzhou) Co., Ltd. in China, indicates that the lead time from template preparation to final product can be shortened from one week to one day on diverse projects.

The success of the cross-Strait deployment between Taiwan and China has increased FENC's scale, and brought energy and momentum to the company. Eric Hu believes that a company needs to grow constantly. "By capacity expansion and talent development, the company will be able to attract new talent, international customers and global investors."

"You can see the true potential of a business by how it handles crisis." Hu lamented about the first energy crisis back in 1973. In three years, 70 percent of the downstream textile companies in Taiwan had closed, and FENC was greatly impacted as well. But facing the 2008-2009 global economic crisis over 30 years later, FENC had the foresight to be cautious with all investment projects, and enhanced the management of our financial measures. This shows that the company has the ability to shrug off major impacts of the economic crisis with its abundant experience and solid tradition of "Sincerity, Diligence, Thrift and Prudence."



■ Far Eastern New Century Corp. (formerly Far Eastern Textile Ltd.) and its early printed fabric products hold beautiful memories for the people of Taiwan

Polyester — a Leading Player in Asia

Every morning at 11:00 a.m., Far Eastern Textile Ltd. (FETL, renamed Far Eastern New Century Corp.) Hsinpu Chemical Fiber Plant senior executives receive a text message listing raw-material prices. Modeled after the financial industry, receiving timely pricing reports help executives prepare and embrace for changes in the market. Regular bi-monthly or as needed cross-Strait sales meetings are held via video-conference with all top managers in Taiwan and China. These are a few examples where harnessing the latest technological advances in communication can be fully utilized to improve knowledge and efficiency to help decision making.

Although FETL has implemented the most cutting-edge concepts and state-of-the-art technology, it still holds true to its original values and motto. Combining in-depth experience with new capabilities in decision-making and human resource management, FETL changes crisis into opportunity and opportunity into business success. This foundation provides strong support for the company as it strives to get ahead.

In 1971, when Oriental Chemical Fiber Corporation commenced operations, it was already more advanced than its competitors. Raw materials were differentiated into two types: Purified terephthalic acid (PTA) and Dimethyl terephthalate (DMT). At the time, DMT was mainstream in the market, due to the fact that PTA was difficult to produce lacking the mature technology to do so. At the time, only three companies worldwide were able to supply PTA.

Mr. Yu-Ziang Hsu, Far Eastern Group's Founder, always focused on "using the most advanced technology, the best equipment, and building plants at the lowest possible cost." To manu-

facture chemical fiber, the PTA process takes 15% less in raw materials than the DMT process. After assessing the risks and potential of the new technology, Mr. Hsu promoted PTA as the raw material of choice and 40 years later this new technology has grown to become the world's mainstream process.

FETL was the first company in Asia to introduce and utilize partially-oriented yarn (POY) from Europe. The finished POY skips a draw-twisting step and allows direct false-twisting along with additional processing steps. Furthermore, the spinning speed can reach up to 3,500 meters per minute, which was thus faster than the original technique.

FETL prioritizes monitoring market developments and with careful observation formulating decisions based on this analysis. Y.H. Tseng, Senior Executive Vice President of the Fiber Business Operation Center, shares an example of this. In 2008 FETL acquired Invista Far Eastern Petrochemicals Ltd. (changing its name to Oriental Petrochemical (Taiwan) Co., Ltd. (OPTC)), which had been running a long-term deficit. The acquisition decision was based on the evaluation that the polyester market was moving to the emerging Asian markets; and would be where research, development and production would also most likely be heavily based. In addition, OPTC had the capacity to produce one million tons of PTA per year and would thus become the stable raw material provider for FETL. Just a few months after its take over, OPTC had already reported a profit by the first quarter of 2009.

Through a series of major transformative decisions, FETL has strengthened its competitive advantages in the market creating a leading polyester manufacturer in Asia.



■ Top: Far Eastern New Century Corp. (formerly Far Eastern Textile Ltd.) Optical Film Plant

■ Bottom: Film produced by Far Eastern New Century Corp. (formerly Far Eastern Textile Ltd.)



■ Polyester chips produced by Far Eastern New Century Corp. (formerly Far Eastern Textile Ltd.)

■ Asia Cement’s administration building at its Hualien plant, Taiwan





Cement — the Building Block of Taiwan's Economy

The construction industry is an engine for economic development and the cement business the cornerstone of the construction industry. In the last 50 years, Asia Cement Corporation (ACC) has helped modernize Taiwan, promoting prosperity in the society that we now know today.

In the 1960s, when Taiwan's economy started to take flight, the government pushed successively for critical infrastructure construction projects in transportation such as railways, highways, airports, and harbors. Far Eastern Group's Founder, Mr. Yu-Ziang Hsu, realized the importance of the cement business in a country that was developing so rapidly. Thus, he founded ACC in 1957. The company began supplying the fundamental materials for all major construction in Taiwan, and became instrumental in Taiwan's economic development.

From the countryside to cities, from levees to dams, Asia Cement has been working hand-in-hand with Taiwan's government to lay the foundation for the future. Many of Taiwan's landmarks and major construction projects were grounded in Asia Cement's efforts. These achievements include the Chunghua Market, the Grand Hotel, the Songshan Airport expansion, Taiwan's ten major construction projects, Taipei Jianguo Elevated Expressway, Taichung Power Plant, Taipei Metropolitan Rapid Transit System, and Taiwan High Speed Rail, for example.

Besides the building of Taiwan's infrastructure, Asia Cement is also focused on environmental protection. Comparing the company's first-generation plant in Hsinchu on Taiwan's West Coast to its second-generation plant in Hualien on the East Coast, major improvements have been established in the newer plant's eco-friendliness. In addition, to the significant steps made in its de-



■ Asia Cement (China) Jiangxi plant, China

ployment of eco-friendly equipment, it has also made it a priority to re-plant vegetation in the mining areas. With abundant new foliage, the plant is transformed into a beautiful park and nature reserve. ACC's efforts in protecting the environment have set the benchmark in Taiwan's cement industry and provided a better working environment for ACC staff and visitors, thus establishing it as a business model for both economic development and environmental protection.

In 1980, Asia Cement introduced the "Coastal Marine Shipping" method, shipping cement by vessels to wharves around Taiwan. This innovation reduced the cost of shipping in Taiwan and additionally, expanded the company's reach to extend to Hong Kong, Singapore, Nigeria, Hawaii, and the Middle East. Using this business model, the company has gradually achieved its goal of "keeping

its roots in Taiwan, and striving for world excellence." Based on its eco-friendly concepts and competitive advantages, ACC has also expanded its business with China, and successfully replicated the coastal marine shipping method there, setting up wharves along Yangtze River, to reduce costs and raise its competitive edge.

In its first year, Asia Cement China produced 260,000 tons of cement, and production has increased today to 14 million tons. It supplies the construction needs for major cities in the central and western areas of China and assisted in humanitarian causes, such as the rebuilding of Sichuan province after the devastating 2008 earthquake.

Cement is an indispensable building block of urban development. ACC is one of a community's many unsung heroes helping cities realize dreams and move its future forward.

■ Far Eastern Department Kaohsiung Store, Taiwan



Retail — Shaping Taiwan's Lifestyle

Every morning at 10:55 a.m. sharp, Far Eastern Department Stores (FEDS) staff, stand behind glass doors, dressed in red and white uniforms, complete with jackets and hats, waiting to greet the first customers at 11:00. A smile and a “Welcome” is how the hosts at FEDS have traditionally greeted its customers. FEDS is the oldest department store chain in Taiwan, and has always set the pace for Taiwanese department stores.

In 1967, when Taiwan's economy emerged, FEDS accurately estimated the purchasing power of Taiwan consumers by converting four “Skyscraper” knitwear retail stores on Yongsui St. in Taipei into a six-story building, establishing the first Far Eastern Department Store. FEDS opened the Taichung branch in 1969, followed by the Baoqing store in 1972, which attracted an unprecedented number of customers and established the model for future stores.

One of many future retail trends it would establish, the Baoqing store was the first department store in Taiwan to include a supermarket. The building includes a spacious retail area and an open and airy design. Its basement, with over 1,300 square meters of space, features a popular food court as well as a fresh meat and produce supermarket. The fifth floor with boutique shops offering unique and specialized products continue to follow the Far Eastern Group's Founder Mr. Yu-Ziang Hsu's focus that “Far Eastern Department Stores are operated based on consumers' desires.”

At the time the Baoqing store opened, Taiwan had resigned its seat in the United Nations and foreign affairs were in crisis mode. During this emotionally turbulent period, the opening of the Baoqing store was a major reassurance for the local Taiwanese who appreciated the risk with “What are you afraid of? Even, Far Eastern Group believes in Taiwan and is opening up this huge department store!” The Far Eastern Baoqing store is a symbol of Taiwan's economic stability. It was the last stop of foreign presidents visiting Taiwan,

who purchased local delicacies, clothes, and hand-made crafts and not an uncommon sight would be chauffeur driven foreign dignitaries in signature black sedans line the road on the annual Double-Ten Day Holiday (Taiwan's National Birthday).

Far Eastern Department Stores not only provided a window for foreigners into Taiwan, but it also exposed local Taiwanese to the world. A unique example of this occurs at all stores, which periodically hosted international expositions. In 1973, FEDS collaborated with the American Institute in Taiwan to host its first American product exhibition. The company also collaborated with Japan, South Africa, Germany and Italy for similar exhibitions, each time receiving positive feedback from consumers and were such major events that even the former Vice President of Taiwan, Mr. Chia-Kan Yen, and the former president, Mr. Ching-Kuo Chiang visited.

FEDS's flexible marketing strategies have made it a mainstay in the life of the Taiwanese consumer. Every branch store offers frequent special promotions for budget conscious customers such as a rock-bottom price for targeted items though with a purchasing limit and limitless ‘window shopping’ opportunities during its many store events.

FEDS has the most diverse locations of any department store chain in Taiwan with 12 branch stores around the island. The Hualien branch is still the only department store on Taiwan's southeast coast. When Far Eastern Department Stores invested in Pacific Sogo Department Stores in 2002, it became the largest department store retail group in Taiwan. Since then, it has ventured into mainland China and set up 43 retail locations on both sides of the Taiwan Strait, becoming a part of people's lives in all cities it reaches.

Far Eastern Department Stores have been modifying its services to keep up with the ever-evolving lifestyle changes of its customers for 42 years, but has been unrelenting in maintaining its insistence on quality and service excellence.



■ Various Far Eastern Department Stores events over the years



■ Pacific SOGO Department Stores Tianmu Store grand opening

Petrochemicals — Complete the Integration

Oriental Union Chemical Corporation (OUCC) of the Far Eastern Group is a major specialty chemical supplier in Asia. The company represents the persistent spirit of Taiwan's businesses, and has often broken new ground in the history of Taiwan's chemical production.

While Taiwan's economy was taking flight with ten major construction projects in the 1970s, the government identified the petrochemical industry as a strategic or pillar industry for focused development. The Far Eastern Group's Founder, Mr. Yu-Ziang Hsu, had a vision of making Taiwan self-reliant in chemical production - without the need to import chemical products from abroad. In 1975, OUCC was founded as a joint venture of the Taiwan government, Union Carbide Corporation, USA and Far Eastern Textile Ltd. (renamed Far Eastern New Century Corp.). This signaled the beginning of Taiwan's petrochemicals development.

In Mr. Yu-Ziang Hsu's memoir, he describes how soon after OUCC was founded, the world faced its second oil crisis and the price of ethylene (C2) jumped astronomically. In 1982, Taiwan's government pushed for trade liberalization and approved ethylene glycol (EG) imports. OUCC was in crisis with its products lacking competitiveness due to the high cost of manufacturing, and for several months was forced to cease operations. After being in business for seven years, the company reported a loss of NT\$500 million, which was almost identical to the initial investment. To make matters worse, Union Carbide Corporation announced its divestment in the company.

Such crisis didn't stop OUCC and arrangements were made to transfer its international loans, which carried high interest rates and strict terms back to Taiwan, meanwhile reducing its financial burden by obtaining a loan underwritten by ten Taiwanese banks. In addition, it acquired the Union Industrial Gas Com-

pany to reduce the cost of manufacturing. The controlling force behind all of these actions, however, was the sense of mission held by Mr. Yu-Ziang Hsu. Victoria Peng, Executive Vice President of Human Resources, Logistics & Administration, laments the anxiety that occurred during these years of financial loss, but fondly recalls Founder Hsu whose leadership never demonstrated panic, but instead exuded calm and determination.

Throughout its 30-plus years, OUCC has witnessed a great deal of turbulence in the petrochemical industry. Through the difficulties, the company benefited from a stable foundation grounded by Mr. Hsu's vision. Johnny Shih, former President of the company and now Group Vice Chairman, initiated an innovative business model 15 years ago, which dictated the company would no longer rely on a single product.

The first change in OUCC's business model was to expand its annual production capacity by increasing EG production from

150,000 tons to 300,000 tons. In addition, it diversified its product lines by adding ethyleneamine (EA) and ethylene carbonate (EC) production. CO₂ emissions were reduced by 40% thanks to adherence to the company's emphasis on environmental protection during the EC manufacturing process. It had elevated the importance of environmental protection alongside economic development.

OUCC is now constructing a third plant for EA in Yangzhou, China. EC production in Taiwan was raised from 40,000 to 60,000 tons, making the company one of the leading specialty chemical suppliers in Asia.

OUCC began investing in ethylene oxide derivatives (EOD) production in line with its goal of remaining immune to fluctuating crude oil prices. Tailoring its products to customer needs, OUCC became what might be called a "boutique shop" in the petrochemical industry. Having passed through difficult times, OUCC now embarks on a bright future.



■ Oriental Petrochemical (Shanghai) Corporation, Shanghai plant, China





Shipping — Sail Taiwan to the World

U-Ming Marine Transport Corporation (U-Ming), formerly known as Yue-Ming Transportation Co., was established in 1984. The commencement of U-Ming's operations pushed Far Eastern Group (FEG)'s reach from land to sea. Yue-Ming Transportation originally transported cement using trucks; in 1980, it modified its business model to provide marine transportation of cement. It contracted China Ship Building Co. to build Asia Cement No.1, which transported cement to various Taiwanese ports, creating a new marine shipping model. In 1984, the company added a second self-loading/unloading maritime carrier. Since then, U-Ming has been responsible for marine transportation operations only and shifted from transporting cement to bulk raw materials.

In these 25 years, U-Ming has become the largest bulk carrier in Taiwan, possessing various vessel types such as Capesize carriers, Panamax carriers, Handy carriers, and Very Large Crude Carrier (VLCC) vessels. Taiwan's location makes it a crucial shipping point in Asia for marine transportation. By becoming a major competitor in bulk carriers, U-Ming has assisted Taiwan's transformation into a major shipping hub in Asia and raised the bar for quality marine transportation. "Marine transportation is the most cost-effective shipping method; the need will not disappear," says U-Ming President Choo-Kiat Ong.

U-Ming Marine was listed in *Forbes Asia's* "200 Best under a Billion" in the Asia Pacific region in 2005. In 2009, *CommonWealth* magazine awarded U-Ming Marine sixth place in the top-500 service industry net profit list, and third in profitability. Under *CommonWealth* magazine's Fortune 1000 Companies in cross-straits category, U-Ming is listed

50th, and was awarded second place for "Outstanding Financial Performance" in *Marine Money International*.

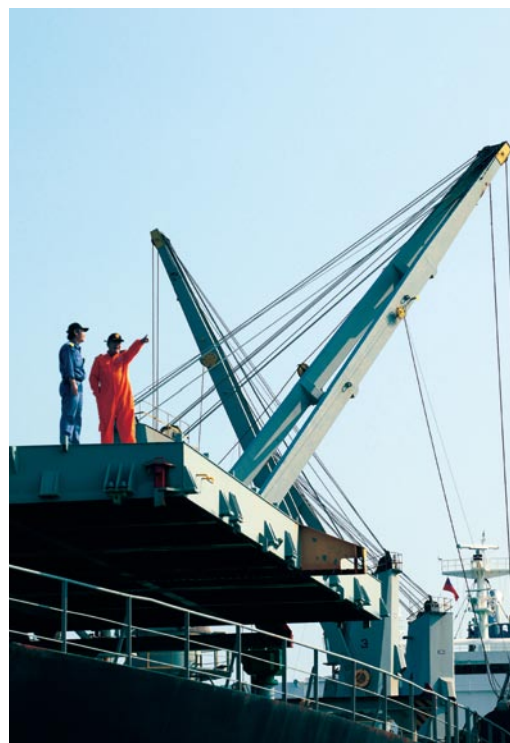
Rallying against all odds, U-Ming has thrived in a perilous economic environment, transitioning from a defensive to an offensive business strategy over the years. U-Ming has foreseen the expansion of public construction projects in many countries, as well as the rising need for bulk transportation. As mainland China increases its imports of iron ore and coal, and India, Eastern Europe and South America's economies emerge with increasingly liberal market practices, marine transportation is becoming more important. U-Ming has been enhancing its competitiveness through mergers, replacement of old vessels and fleet expansion.

How does one deal with these moving targets? How does one adjust and adapt to the uncertainties prevalent in capital raising and shipping costs? It takes a leader with a wealth of experience to make a good judgment call. "The flexibility and agility of our business model have been crucial factors in U-Ming's success," says Ong.

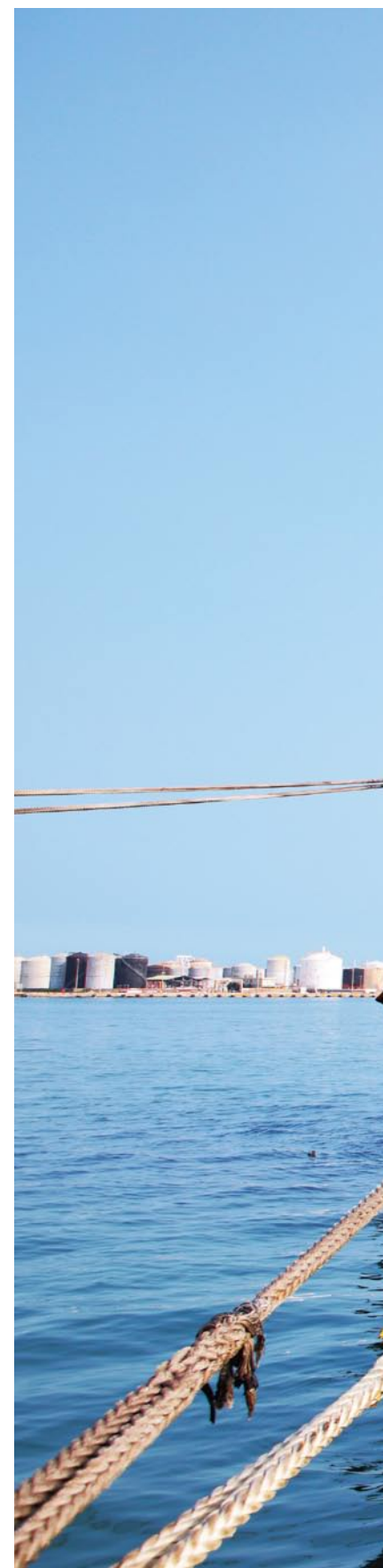
There was another opportunity for growth when Taiwan's government signed the "Agreement on Cross-Strait Sea Transportation" with mainland China in 2009. This opened up the market for shipping vessels to travel between China, Hong Kong, and Taiwan. In 2009 U-Ming was the only company that was approved to have nine shipping vessels ship directly to China for a three-year time frame, giving the company a tremendous advantage in cross-strait business development. In the future, U-Ming is working towards modernizing a high-quality fleet for a bright future that will outshine competitors in both the cross-strait and international business arenas.



■ U-Ming Marine Transport Corp. Very Large Crude Carrier, *Starlight Venture*



■ U-Ming vessel docked at port, loading and unloading





Financial Services — Professional and Prudent Services

Far Eastern Group (FEG) has always exuded trust in the banking industry because of its exemplary credit quality. FEG established two boutique financial institutions, Oriental Securities Corporation (OSC) in 1979 and Far Eastern International Bank (FEIB) in 1992, which according to customers are a testament to the Group's reliability and credibility.

Far Eastern Group (FEG)'s financial operating philosophy comes from Mr. Yu-Ziang Hsu's early experience in Shanghai. In 1942, Mr. Hsu established Ta-Fu Securities, assisting customers trading war-time securities. At that time, there were not many more than ten securities companies in Shanghai. Despite the chaotic economy and the extremely turbulent stock market, Ta-Fu customers were loyal and reliable.

When Mr. Hsu moved to Taiwan, a significant period of time elapsed before he re-established a securities company. In 1979, with Far Eastern Textile Ltd. (renamed Far Eastern Century Corp.) and Asia Cement Corporation on stable footing, Oriental Securities Corporation (OSC) was finally established. Starting out with a focus on FEG's own needs, and expanding with a brokerage department in 1989, it became a full-service securities trading company. After the liberalization of Taiwan's banking industry, the Group established Far Eastern International Bank (FEIB). Although its scope of services is not as large as other financial entities, it has experienced a steady growth rate of 10% over the last 5 years. The business covers four major areas of financial service operations (corporate banking, financial banking, individual banking and consumer banking & credit cards) for a well-rounded product line.

In 2009, FEIB acquired the assets of AIG Credit Card Company (Taiwan) Limited. The company's credit card market share is expected to rise correspondingly

in the near future. FEIB's financial operating philosophy is based on Mr. Hsu's insistence on being of service to citizens, the nation, and society, creating prosperity and satisfying customer needs. Douglas Tong Hsu, Chairman of FEG, indicates that the reason why FEIB and OSC can stand firm is because the companies have niche products. With six branches in Taiwan, OSC maintains the position of operating strictly with its own capital. OSC has a well-developed research team which keeps abreast of new information in various business sectors. It has comprehensive knowledge of the market and is thus capable of providing precise market analysis.

OSC fortifies its competitiveness by introducing new financial products such as warrants, and providing service and advice to customers with the desire to invest in diversified portfolios, including hedging products. In 2007, it introduced the Korean HTS trading system. This allows customers to easily manage their portfolios with a touch of their fingers. By providing services in trading funds including overseas funds, insurance, and other products, the company became a trustworthy professional consultant for investors. "We are a likable company based on our professionalism and profit growth," said the President C.C. Lin.

In the last 10 years, FEIB has moved into various business sectors to expand on its goal of innovation. It has accomplished this goal with the momentum created by establishing various business groups under the organization.

FEIB is the first bank to assist businesses with Taiwan Depositary Receipts (TDRs). In 2003, it established strategic financing alliances with automobile dealers and became the first bank in Taiwan to introduce an installment payment service and ranking number one in that area. In addition, FEIB introduced a platform as an Automated Clearing House ("ACH")



and cash payment services becoming a pioneer ACH bank. For years, it ranked number one in Convertible Bond Asset Swaps and Foreign Exchange Margin Trading. Furthermore, in 2003 it became the first bank to initiate unsecured Euro-convertible bond (ECB) services in the international market. Based on the company's diversified strategy, it took various steps to develop several financial services firms, including Far Eastern International Leasing Corporation, Dah Chung Bills Finance Corp., Far Eastern Life Insurance Agency Co., Ltd. and Deutsche Far Eastern Asset Management Co., Ltd.

OSC and FEIB help revitalize the economy and the financial market in Taiwan by providing brokerage services with the flow of capital funds. They also meet the financial need for efficient trading. These two companies provide a record and offer proof of Taiwan's financial liberalization process.

With the lifting of the restriction on cross-Straits economic trade imminent, OSC and FEIB are prepared to welcome a new chapter in the Group's financial services history.



- Top: Far Eastern International Bank headquarters
- Bottom: The people-oriented, friendly services provided by Far Eastern International Bank
- Right: The lobby of Far Eastern International Bank



■ Far EasTone telecommunications services are entrenched in the daily lives of users





Telecom & Internet — Connecting for Better Lives

In January 1998, Far EasTone Telecommunications Co., Ltd. officially opened its doors for business. Proof of Taiwan's telecommunications liberalization, it would lead FEG into a new era of communication without boundaries.

In the early days, consumers primarily purchased cellular phones for work. As society has evolved, cellular phones have become necessary for all facets of communication including maintaining interpersonal relationships. When the Legislative Yuan amended the telecommunications law in 1996, and the Ministry of Transportation and Communications lifted its restrictions and allowed use of cellular phones, pagers, and three other types of wireless communication devices, AT&T of the U.S. joined with Far Eastern Group to establish Far EasTone Telecommunications preparatory office as a joint venture.

In 1998, Far EasTone launched receiving tremendous success after two years of focused market research to better incorporate telecommunications services into daily life. Not only did it introduce the innovative pre-paid communication card – IF Card, changing many people's cellular phone usage habits; it was also the first to launch financial information services – MobileInfo. Where consumers can get the most up-to-date information on stocks, foreign exchange, sports, travel, weather, news, cultural events, movies and more.

Since Far EasTone's founding, it has strived to touch our daily lives with innovative services. In 12 years, Far EasTone's accomplishments have influenced the finance, medical, entertainment, e-commerce, community and emergency service industries, as the company has strived to meet customers' needs. Far EasTone Vice Chairman Jan Nilsson indicates that compared to customers from other countries, Taiwanese customers are more open to new products, services, and concepts. "Consumers have high expectations of Far EasTone. This is our motivation for innovation." Due to the globalization of the telecommunications industry and saturation of Taiwan's telecommunications market, Far EasTone has set its focus on Greater China. In 2009, Far EasTone forged a strategic alliance with China Mobile. This alliance marks a tactical milestone in Taiwan's telecommunications history.

Far EasTone's innovative products are specifically



■ Far EasTone Telecommunications service lobby

targeted at the Chinese market. The company proactively established an alliance with Taiwan's renowned Eslite Bookstore to promote digital readers and hopes to establish itself as the most influential entity promoting cultural knowledge in the Chinese community. Far Eastern Group also consolidated its telecommunications companies in preparation for the new digital era. In 2008, Far EasTone, New Century InfoComm Tech Co., Ltd. and Digital United Inc. were integrated into the "FEG Telecom Sector" to achieve synergy and provide integrated mobile communications, broadband, media and international services. It became a one-stop shop for consumers, satisfying their needs and allowing them to select desired services with ease. It is believed that the Telecom Sector integration will give Far EasTone the edge in this competitive market.

Far EasTone has spent 12 years building its domestic telecommunications market. On top of the integrated power provided by the FEG Telecom Sector, Far EasTone will remain on the front line of innovation and soon be leaping forward towards the next stage of growth.

■ A-Mart Stores, Dazhi Branch, Taipei, Taiwan





Promoting Taiwan's Agricultural Products

A slogan at A-Mart reads: "Get the most bang for your buck at A-Mart!" How does this happen? Actually, it's not only consumers and retailers that benefit, but the hardworking farmers throughout Taiwan's agricultural ecosystem and economy as well.

Every year during the papaya harvest season, a fruit farmer in Pingtung County feels a mix of excitement and nervousness about the papaya harvest. Most of the time, anxious and sad over how many papayas need to be sold at a decent price so that he can support his family. "We don't ask for much. As long as people are willing to buy this fruit so that I can raise my child and send him to college, I am satisfied," he laments. In recent years, A-Mart has cooperated with fruit farmers around Taiwan providing them with a delivery service and helping local farmers so they don't wind up empty handed. From a consumption point of view, it provides the freshest and healthiest produce while being more environment-friendly due to shorter delivery distances.

"Since retailing is Taiwan's chief industry, why do we sell more imported produce than local produce?" Tim Chuang, Chief Operating Officer of A-Mart, started asking three years ago. In addition to making money, an enterprise should also consider how to contribute to the local economy. In light of this, A-Mart started to hold a series of activities. For instance, *Produce Delivery Service* first introduced by A-Mart, has become the bridge that connects farmers and consumers, balancing production and marketing as well as commodity prices. Moreover, it follows the principle of carbon emission reduction and guarantees safety and freshness providing a win-win strategy for all.

By harvesting, fishing, and delivering to each branch on the same day, farmers and fishermen are free from price-cutting of wholesalers, and consumers are able to buy the cheapest fresh-

est produce and fish available. A-Mart has also helped advance the agricultural industry in Taiwan by providing produce from ten top outstanding farmers recognized by the Council of Agriculture (COA), such as Bio-Security Liquid Feeding (BSLF) pigs, and Cherry Valley ducks which originate from Britain and were once only exported to Japan.

A-Mart is also a leading promoter of traceable agricultural products. Cooperating with the COA in Taiwan's Executive Yuan, A-Mart held a promotion called *Taiwan Week*, providing top-quality local produce along with traceability machines at its hypermarkets for customers to learn more about fresh, certified produce. This was the first collaboration between a hypermarket and the Taiwanese government. The subsequent *One Town, One Product* activity was held monthly with the chief of each village or town as the spokesperson.

A-Mart has also become a platform for *Love Taiwan*. To solve the problem of the banana surplus in 2007, A-Mart held the *A Million People, a Million Bananas* activity. By offering each banana at a price of NT\$3, eighty tons of bananas (1.2 million bananas) were sold within two days. The good fruit harvest in south-central Taiwan in 2009 resulted in surplus stock. To solve this problem, A-Mart held the *Saving Farmers by Buying* event, during which NT\$1 lemons and NT\$5 guavas resulted in about 350,000 kilograms of sales, creating NT\$5 million income for farmers. Through the direct sale of improved produce at A-Mart, A-Mart's strategy contributes to the advance of Taiwan's agricultural technologies. Farmers are better able to gauge whether the produce is acceptable to consumers and can use the feedback to further improve agricultural technology.

"We have to be a top enterprise and a contributor to everyone" said Mr. Y. Z. Hsu, the Far Eastern Group's Founder. "Love Taiwan" is not merely a slogan but an opportunity to show our love for Taiwan by buying its own produce.

■ Taiwanese produce sales at A-Mart Stores



■ Far Eastern Group plan in Banqiao Super HOPSCA business district





Uplifting Local Prosperity

The Far Eastern Group creates prosperity everywhere it goes not only by building thriving local business districts, but also by helping integrate Taiwan into the world.

In 1952, when Taiwan's economy was rapidly improving, Far Eastern Textile Ltd. (FETL, renamed Far Eastern New Century Corp.) set up its textile plant in Banqiao. Then, in 1969 and 1972 respectively, FETL established its Hsinpu and Neili plants. The Far Eastern plants helped Banqiao, Hsinchu, and Neili prosper with employment opportunities and bustling new business districts. As Taiwan's economy peaks and residents put a greater emphasis on living standards, the 1994 twin skyscrapers built by the Far Eastern Group on Tun Hwa South Road in one of Taipei's leading business districts have become landmarks, providing inspiration for Taiwan residents to build a better future.

In 1972, the Far Eastern Department Stores Baoqing branch opened. Along with other branch stores subsequently opened in Taiwan, most were the first department stores in its area, providing a place for residents to enjoy their leisure time. A study of its evolution has found that when FEDS opens a new branch, it attracts beauty salons and specialty brand shops opening the way for a revitalized new business district. First floors of nearby buildings are converted into parking garages and branded clothing companies not included in the department stores set up their boutiques and stores in the districts. Eventually, chain restaurants, bridal shops, and household appliance shops open branches. Almost every business district created around a FEDS has evolved through these three stages, elevating rents, changing spending habits and sparking economic development in the district.

Far Eastern Group's twin towers symbolize the miracle of Taiwan, reflecting



■ Tainan FE21' business district, Taiwan

the nation's internationalization and economic progress. Master Architect Louis Sullivan, the renowned skyscraper designer, said, "The skyscraper must be tall, every inch of it tall. The force and power of altitude must be in it, the glory and pride of exaltation must be in it. It must be every inch a proud and soaring thing, rising in sheer exultation that from bottom to top it is a unit without a single dissenting line." The 1994 Taipei Metro Towers with 41 floors, 5 basement floors, and 3 acres of space are magnificent eye-catching buildings on the metropolis' skyline, combining an international hotel, top-class shopping mall and business offices of some of the world's leading institutions. The multi-function building has elevated Taipei to the level of an international metropolis and ensured FEG's status as a business district leader.

What FEG has created is not merely "proud and soaring," but an upscale lifestyle. The luxury spas, hair salons, boutiques, lounge bars, and restaurants along Tun Hwa South Road and Anhe Road today have elevated the district from a residential area to a high-end district, providing consumers with luxury services without the need to travel abroad. In addition, the international business commu-



■ Taipei Metro business district, Taiwan

nity has attracted financial services and information technology firms turning the Taipei Metro area and the office buildings nearby into a leading business district in the capital city.

The Far Eastern Group has also helped invigorate a metropolitan trend in Tainan, southern Taiwan. During the 2008 financial turmoil, the Shangri-La's Far Eastern Plaza Hotel, Tainan, a towering and magnificent 38-floor skyscraper, opened, becoming the tallest building in Tainan as well as the first five-star international hotel in south-central Taiwan. Located between the train station and National Cheng Kung University, Shangri-La's Far Eastern Plaza Hotel has reinvigorated Tainan's historic landscape, attracting international travelers, activating a renaissance in the business district, and enriching the tourism industry.

In 2009, Banqiao sees its most ambitious project to date break ground where FEG has grown and thrived for the decades since it began. With the creation of the Banqiao Super HOPSCA (H: Hotel, High-density Transportation System; O: Office, Odeum; P: Parking, Park; S: Shopping, Super Dome; C: Conference, Convention; A: Apartment, Administration Center), where the Taiwan Railway, Taiwan High Speed Rail, MRT Blue Line and MRT Yellow Line converge, a major 231,000 square meters FEDS shopping mall and a 50-floor top-class office building are under construction. With the growth of Banqiao into a thriving hub of activity, this area will not only become a landmark destination to the Super HOPSCA, but a landmark for all of Taiwan and its visitors.