Far EasTone Telecommunications Co., Ltd.

Financial Statements as of June 30, 2002 and 2001

Together with Independent Auditors' Report

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

English Translation of a Report Originally Issued in Chinese

Independent Auditors' Report

The Board of Directors and Stockholders
Far EasTone Telecommunications Co., Ltd.

We have audited the accompanying balance sheets of Far EasTone Telecommunications Co., Ltd. as of June 30, 2002 and 2001, and the related statements of income, changes in stockholders' equity and cash flows for the six months then ended, all expressed in New Taiwan dollars. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Far EasTone Telecommunications Co., Ltd. as of June 30, 2002 and 2001, and the results of its operations and its cash flows for the six months then in conformity with the Guidelines for Securities Issuers' Financial Reporting for Public Company and accounting principles generally accepted in the Republic of China.

July 29, 2002

Notice to Readers

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

English Translation of Financial Statements Originally Issued in Chinese

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

BALANCE SHEETS
June 30, 2002 and 2001
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2002 Amount	%	2001 Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 3)	$ 3,459,842	6	$ 924,847	2
Notes receivable (Note 2)	126	-	-	-
Accounts receivable - net of allowance for doubtful accounts of $427,714 in 2002 and $1,431,570 in 2001 (Note 2)	3,892,327	7	6,037,214	12
Inventories - net (Notes 2 and 4)	648,617	1	927,544	2
Prepaid expenses (Note 14)	1,469,507	2	442,098	1
Other current assets (Notes 2, 13 and 14)	787,329	1	979,898	2
Total Current Assets	10,257,748	17	9,311,601	19
INVESTMENTS IN SHARES OF STOCK (Notes 2 and 5)	8,243,509	14	66,279	-
PROPERTY AND EQUIPMENT (Notes 2, 6, 14 and 15)				
Cost				
Land	149,834	-	128,576	-
Buildings and equipment	621,418	1	485,340	1
Computer equipment	4,666,588	8	2,931,835	6
Operating equipment	42,330,276	71	34,837,247	70
Office equipment	763,438	1	582,599	1
Leasehold improvement	1,649,003	3	1,253,840	3
Miscellaneous equipment	43,701	-	46,630	-
Total cost	50,224,258	84	40,266,067	81
Less - accumulated depreciation	14,128,906	24	8,351,850	17
	36,095,352	60	31,914,217	64
Construction in progress and advances related to acquisitions of equipment	3,853,209	6	7,386,815	15
Net Property and Equipment	39,948,561	66	39,301,032	79
OTHER ASSETS				
Properties not currently used in operations - net (Note 2)	97,000	-	66,400	-
Refundable deposits (Note 14)	389,798	1	387,645	1
Deferred income taxes (Notes 2 and 13)	1,134,128	2	818,690	1
Miscellaneous	35,550	-	28,139	-
Total Other Assets	1,656,476	3	1,300,874	2
TOTAL ASSETS	$ 60,106,294	100	$ 49,979,786	100

LIABILITIES AND STOCKHOLDERS' EQUITY	2002 Amount	%	2001 Amount	%
CURRENT LIABILITIES				
Short-term loans (Note 7)	$ -	-	$ 500,000	1
Short-term negotiable instruments payable (Note 8)	-	-	149,793	-
Notes payable	76,460	-	80,431	-
Accounts payable	337,947	1	386,903	1
Payables to related parties (Note 14)	556,733	1	432,262	1
Income tax payable (Notes 2 and 13)	288,236	-	315,291	1
Accrued expenses	2,395,538	4	3,350,105	7
Payables related to acquisitions of property and equipment	1,162,624	2	1,175,350	2
Unearned revenue (Note 2)	1,894,567	3	803,277	2
Current portion of long-term liabilities (Notes 6 and 9)	2,690,000	4	1,430,000	3
Other current liabilities (Notes 2, 6, 10 and 14)	2,210,798	4	121,182	-
Total Current Liabilities	11,612,903	19	8,744,594	18
LONG-TERM LIABILITIES (Notes 6 and 9)	11,719,298	20	9,108,136	18
OTHER LIABILITIES				
Accrued pension cost (Notes 2 and 12)	114,507	-	66,168	-
Guarantee deposits	2,455,566	4	3,602,547	7
Long-term obligations under capital lease (Notes 2 and 6)	-	-	31,140	-
Total Other Liabilities	2,570,073	4	3,699,855	7
Total Liabilities	25,902,274	43	21,552,585	43
STOCKHOLDERS' EQUITY				
Capital stocks - $10 par value				
Authorized - 3,360,000 thousand shares				
Issued - 1,890,000 thousand shares in 2002 and 1,400,000 thousand shares in 2001	18,900,000	31	14,000,000	28
To be issued	4,158,000	7	4,900,000	10
Capital surplus				
Capital in excess of par value	5,967,572	10	6,156,572	12
From investments in shares of stock	29,086	-	-	-
Total capital surplus	5,996,658	10	6,156,572	12
Retained earnings				
Legal reserve	1,097,646	2	431,719	1
Unappropriated earnings	4,048,618	7	2,935,007	6
Total retained earnings	5,146,264	9	3,366,726	7
Cumulative translation adjustments	3,098	-	3,903	-
Total Stockholders' Equity	34,204,020	57	28,427,201	57
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 60,106,294	100	$ 49,979,786	100

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

STATEMENTS OF INCOME
For the Periods Ended June 30, 2002 and 2001
(In Thousands of New Taiwan Dollars, Except Per Share)

	2002		2001	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 14)				
Sales of cellular phone equipment and accessories	$ 510,503	3	$ 2,345,571	13
Less - sales returns and allowances	1,903	-	318	-
Net sales	508,600	3	2,345,253	13
Service revenue	16,328,951	97	16,387,904	87
Other	7,024	-	-	-
Total Operating Revenues	16,844,575	100	18,733,157	100
OPERATING COST (Notes 2 and 14)				
Cost of sales	502,236	3	2,318,051	12
Cost of services	7,438,525	44	6,382,904	34
Total Operating Cost	7,940,761	47	8,700,955	46
GROSS PROFIT	8,903,814	53	10,032,202	54
OPERATING EXPENSES (Notes 2, 14 and 15)				
Marketing	2,863,956	17	4,354,408	23
General and administrative	1,625,441	9	2,784,146	15
Research and development	116,984	1	85,751	1
Total Operating Expenses	4,606,381	27	7,224,305	39
INCOME FROM OPERATIONS	4,297,433	26	2,807,897	15
NON-OPERATING INCOME				
Reversal of allowance for losses on inventories	20,391	-	19,920	-
Interest	9,882	-	17,999	-
Foreign exchange gains - net (Note 2)	-	-	41,206	-
Other	23,412	-	98,736	1
Total Non-Operating Income	53,685	-	177,861	1
NON-OPERATING EXPENSES				
Interest (Note 6)	160,063	1	92,955	1
Investment loss recognized under equity method (Note 2)	33,723	-	19,815	-
Loss on disposal of property and equipment	10,561	-	6,055	-
Foreign exchange losses - net (Note 2)	7,635	-	-	-
Other	-	-	63,640	-
Total Non-Operating Expenses	211,982	1	182,465	1

(Forward)

	2002 Amount	2002 %	2001 Amount	2001 %
INCOME BEFORE INCOME TAX	$ 4,139,136	25	$ 2,803,293	15
INCOME TAX EXPENSE (Notes 2 and 13)	177,207	1	420	-
NET INCOME	$ 3,961,929	24	$ 2,802,873	15
EARNINGS PER SHARE (Note 11)				
Primary				
Before income tax	$2.19		$1.48	
After income tax	$2.10		$1.48	

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

English Translation of Financial Statements Originally Issued in Chinese

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Periods Ended June 30, 2002 and 2001
(In Thousands of New Taiwan Dollars)

	CAPITAL STOCK ISSUED		TO BE ISSUED	CAPITAL SURPLUS (Notes 2 and 10)			RETAINED EARNINGS (Note 10)			CUMULATIVE TRANSLATION ADJUSTMENTS	TOTAL STOCKHOLDERS' EQUITY
	Shares (Thousands)	Amount	(Note 10)	Capital in Excess of Par Value	From Investment in Shares of Stock	Total	Legal Reserve	Unappropriated Earnings	Total	(Note 2)	
BALANCE, JANUARY 1, 2002	1,890,000	$18,900,000	$ -	$6,156,572	$ -	$6,156,572	$ 431,718	$6,791,418	$7,223,136	$ 3,904	$32,283,612
Appropriations of 2001 earnings											
Legal reserve	-	-	-	-	-	-	665,928	(665,928)	-	-	-
Bonus to employees	-	-	-	-	-	-	-	(119,867)	(119,867)	-	(119,867)
Bonus to directors and supervisors	-	-	-	-	-	-	-	(59,934)	(59,934)	-	(59,934)
Cash dividend - 10%	-	-	-	-	-	-	-	(1,890,000)	(1,890,000)	-	(1,890,000)
Stock dividend - 21%	-	-	3,969,000	-	-	-	-	(3,969,000)	(3,969,000)	-	-
Issuance of common stocks from capital surplus - 1%	-	-	189,000	(189,000)	-	(189,000)	-	-	-	-	-
Recognition of effect of change in investment ownership percentage resulting from issuance of capital stock by investee for cash	-	-	-	-	29,086	29,086	-	-	-	-	29,086
Net income for the six months ended June 30, 2002	-	-	-	-	-	-	-	3,961,929	3,961,929	-	3,961,929
Translation adjustments on investments in shares of stock	-	-	-	-	-	-	-	-	-	(806)	(806)
BALANCE, JUNE 30, 2002	1,890,000	$18,900,000	$4,158,000	$5,967,572	$ 29,086	$5,996,658	$1,097,646	$4,048,618	$5,146,264	$ 3,098	$34,204,020
BALANCE, JANUARY 1, 2001	1,400,000	$14,000,000	$ -	$7,556,572	$ -	$7,556,572	$ 27,752	$4,039,736	$4,067,488	$ -	$25,624,060
Appropriations of 2000 earnings											
Legal reserve	-	-	-	-	-	-	403,967	(403,967)	-	-	-
Bonus to employees	-	-	-	-	-	-	-	(1,818)	(1,818)	-	(1,818)
Bonus to directors and supervisors	-	-	-	-	-	-	-	(1,817)	(1,817)	-	(1,817)
Stock dividend - 25%	-	-	3,500,000	-	-	-	-	(3,500,000)	(3,500,000)	-	-
Issuance of common stocks from capital surplus - 10%	-	-	1,400,000	(1,400,000)	-	(1,400,000)	-	-	-	-	-
Net income for the six months ended June 30, 2001	-	-	-	-	-	-	-	2,802,873	2,802,873	-	2,802,873
Translation adjustments on investments in shares of stock	-	-	-	-	-	-	-	-	-	3,903	3,903
BALANCE, JUNE 30, 2001	1,400,000	$14,000,000	$4,900,000	$6,156,572	$ -	$6,156,572	$ 431,719	$2,935,007	$3,366,726	$ 3,903	$28,427,201

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

STATEMENTS OF CASH FLOWS
For the Periods Ended June 30, 2002 and 2001
(In Thousands of New Taiwan Dollars)

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$3,961,929	$2,802,873
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	3,070,085	2,304,499
Provision for doubtful accounts	89,511	970,603
Reversal of allowance for losses on inventories	(20,391)	(19,920)
Investment loss recognized under equity method	33,723	19,815
Loss on disposal of property and equipment	10,561	6,055
Accrued pension cost	17,193	6,810
Deferred income taxes	75,895	(324,985)
Changes in operating assets and liabilities		
Decrease (increase) in		
Notes receivable	(126)	975
Accounts receivable	132,590	(131,981)
Receivables from related parties	-	9,544
Inventories	102,333	(107,965)
Prepaid expenses	(765,624)	64,413
Other current assets	147,911	203,994
Increase (decrease) in		
Notes payable	47,887	46,442
Accounts payable	(166,212)	(475,173)
Payable to related parties	(63,158)	(189,353)
Income tax payable	(383,357)	16,219
Accrued expenses	34,379	(286,450)
Unearned revenue	875,693	52,614
Other current liabilities	(20,719)	(33,105)
Net Cash Provided by Operating Activities	7,180,103	4,935,924
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in short-term investments	-	34,800
Acquisitions of investments in shares of stock	(7,170,000)	-
Acquisitions of property and equipment	(2,583,578)	(8,063,928)
Proceeds from sales of property and equipment	988	-
Increase in refundable deposits	(5,362)	(64,979)
Decrease (increase) in other assets	(14,850)	7,087
Net Cash Used in Investing Activities	(9,772,802)	(8,087,020)

(Forward)

	2002	2001
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	$ -	$ 500,000
Increase in short-term negotiable instruments payable	-	149,793
Decrease in long-term liabilities	3,875,678	1,900,458
Bonus paid to employees	(119,867)	-
Decrease in guarantee deposits	(511,069)	(522,578)
Net Cash Provided by Financing Activities	3,244,742	2,027,673
NET INCREASE IN CASH AND CASH EQUIVALENTS	652,043	(1,123,423)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2,807,799	2,048,270
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 3,459,842	$ 924,847
SUPPLEMENTARY INFORMATION		
Interest paid (excluding capitalized interest)	$ 118,506	$ 103,570
Income tax paid	$ 487,742	$ 306,970
NON-CASH FINANCING ACTIVITIES		
Current portion of long-term liabilities	$ 2,690,000	$ 1,430,000
CASH PAID FOR ACQUISITIONS OF PROPERTY AND EQUIPMENT		
Increase in property and equipment	$ 2,302,638	$ 7,797,196
Decrease in payables related to acquisitions of property and equipment	254,798	251,863
Decrease in long-term obligations under capital lease	26,142	14,869
Actual cash paid for acquisitions of property and equipment	$ 2,583,578	$ 8,063,928
PROCEEDS FROM DISPOSAL OF PROPERTY AND EQUIPMENT		
Total amount of property and equipment sold	$ 2,298	$ 142,086
Increase in other receivables	-	(1,891)
Increase in receivable from properties sold	(1,310)	(140,195)
Actual cash received from disposal of property and equipment	$ 988	$ -

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

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

NOTES TO FINANCIAL STATEMENTS
(Express in Thousands of New Taiwan Dollars, Unless Otherwise Stated)

1. GENERAL

Far EasTone Telecommunications Co., Ltd., (the "Company") was incorporated in Republic of China on April 11, 1997, and began commercial operations on January 20, 1998. The Company's stocks are listed and traded in R.O.C. Over-the-Counter Securities Exchange since December 10, 2001. The Company engages in providing cellular phone, internet and international simple resale (ISR) services, and also selling cellular phones units and accessories. The Company's principal shareholders are Far Eastern Textile Ltd. and its affiliates (the "Far Eastern Group"), and AT&T Wireless Group and its affiliates.

The Company provides wireless communications services pursuant two type I licenses (GSM 900 for Northern Sector and GSM 1800 for all sectors) that were issued by the Directorate General of Telecommunications (the "DGT") of the Republic of China ("ROC"). The Company is, under those licenses, allowed to provide those services for a period of 15 years commencing in 1997 and pays an annual license fee amounting to 2% of total service revenue.

The Company also holds a type II license issued by the DGT under which it is allowed to provide internet services for a period of 10 years commencing in 1999 for a fixed annual license fee calculated by reference to the amount of the Company's capital stock. Besides, the Company holds a type II - ISR license to provide international simple resale service for a period of 10 years commencing in December 2001 and pays an annual license fee amounting to 0.5% of ISR service revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Company, which conform to accounting principles generally accepted in the ROC, are summarized as follows:

Cash equivalents

Cash and cash equivalents include purchases of treasury bills with original maturities of no more than three months.

Allowance for doubtful accounts receivable

An allowance for doubtful accounts receivable is provided based on the estimated collectibility of amount receivables from subscribers.

Inventories

Inventories are stated at the lower of cost or market value. Cost is determined using the weighted average method, while market value represents net realizable value.

Investments in shares of stock

Investments in shares of stock in companies wherein the Company exercises significant influence over their operating and financial policy decisions are accounted for using the equity method. Under this method the investment is initially carried at cost. The investment carrying values are then subsequently adjusted with the Company's proportionate share in the investee company's net income and net loss.

Any cash dividends received are recognized as reduction in the carrying value of the investments. Stock dividends received are accounted for only as an increase in the number of shares held but not recognized as investment income. The cost of each share is recalculated based on the total shares including the received stock dividend.

If the available influence in invested companies are no more than 50% and the financial statements of investees can not be obtained, the equity in net income or loss is recognized in the succeeding year based on the ownership interests at the latest balance sheet date.

The increase in the Company's proportionate share in the net assets of its investee company resulting from its subscription to additional shares of stock, issued by such investee company, at the rate not proportionate to its existing equity ownership in such investee company is credited to a capital surplus account while any decrease in the Company's proportionate share in the net asset of its investee company is debited against the existing balance of the similar capital surplus account with the difference debited against unappropriated earnings.

Costs of stocks sold are determined using the weighted average method.

Property and equipment

Property and equipment are stated at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Major renewals and substantial betterment, and interest expense incurred during the construction period are capitalized, while maintenance and repairs are expensed currently.

The estimated useful lives are as follows:

	Useful Life Years
Building	48
Other equipment of buildings	5-8
Computer equipment	3-5
Operating equipment	8
Office equipment	5
Leasehold improvements	5-48
Miscellaneous equipment	5-8

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

Equipment under capital leases and the related liability are stated at the lower of (1) the fair value of the equipment at the inception of the lease or (2) each payment of rental and the present value of the bargain purchase option.

Properties not currently used in operations

Properties not currently used in operations, such as telecommunication towers, are stated at the lower of cost or net realizable value.

Pension costs

Pension costs are recognized based on actuarial calculations. When the defined benefit pension plan becomes downsized and settled, the related gain or loss is recognized as annual pension costs at the current year. Unrecognized net transition obligations and unrecognised pension plan gains or losses are amortized using the straight-line method over 15 years and average remaining service life of employees, respectively.

Income tax

The tax effects of deductible temporary difference, unused operating loss carry forwards and unused investment tax credits are recognized as deferred income tax assets, and the tax effects of taxable temporary differences are recognized as deferred income tax liabilities. A valuation allowance is recognized for deferred income tax assets of which the realization is not certain. Deferred tax assets and liabilities are classified as current or noncurrent according to the classifications of the related assets and liabilities. However, if a deferred asset or liability can not be related to an asset or a liability in the financial statements, then it is classified as current or non-current based on the expected reversal date of the temporary difference.

Investment tax credits from purchasing of equipments or technology, research and development, personnel training and investment in shares of stock are deducted from the current year's tax provision.

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

Income taxes (10%) on undistributed earnings are recorded as expense in the year when the stockholders have resolved that the earnings shall be retained.

Revenue and cost

Revenue is recognized when the earning process is completed or virtually complete and the revenue is measurable. The related costs of providing services are recognized as incurred. Usage revenues (in excess of minutes of traffic included in the access fees) from cellular services, internet and data services and inter-connection minutes of traffic, net of any applicable discount, are billed in arrears and are recognized based upon minutes of traffic processed. One-time subscriber connection fees are recognized in full when activate services; access fees are accrued every month; prepaid calling card services are recognized as income based upon usage by customers, and revenues and related expenses associated with the sale of cellular phone units and accessories are recognized when products are delivered and accepted by the customers, as this is considered to be a separate earning process from the sale of wireless services.

The amount received at inception of a contract (which covers both the purchase price of a cellular phone and service fees for an equivalent equal number of minutes of traffic each month throughout the validity period of the contract) is recognized as revenue over the validity period stated in the contract using the straight-line method. The excess of the sum of the cost of the cellular phone and the related commission paid (the "customer acquisition cost") over the amount received at inception of the contract is charged to marketing expense while the portion of the customer acquisition cost equivalent to the amount received at inception of the contract is deferred and amortized as cost of services over the validity period stated in the contract using the straight-line method.

Promotion expenses

Commissions and mobile phone units subsidy costs (other than those cellular phone units sold together with the SIM cards), related to promotion programs of the Company, are treated as marketing expenses in the year when the service to the subscriber is activated.

Foreign currency transactions

Foreign currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Gains or losses, resulting from the application of different foreign exchange rates when foreign currency assets and liabilities are converted or settled, are credited or charged to income in the year of conversion or settlement.

At the balance sheet dates, the balances of foreign-currency denominated assets and liabilities are restated at the prevailing exchange rates, and the resulting differences are recorded as follows:

a. Equity-accounted investments - as foreign exchange transaction adjustments under stockholders' equity; and

b. Other assets and liabilities - credited or charged to income.

Financial derivatives - interest rate swap

The notional amounts of interest rate swap agreements are not recognized in the financial statements and only recorded as memorandum because the agreements do not require the settlement of such notional amounts. The amounts receivable or payable under the agreements resulting from the differences in the interest rates are accrued as interest income or interest expense at the balance sheet dates and at settlement dates.

Reclassifications

Certain accounts in the financial statements as of June 30, 2001 have been reclassified to conform to financial statements as of June 30, 2002.

3. CASH AND CASH EQUIVALENTS

	June 30	
	2002	2001
Cash		
Cash on hand	$ 7,457	$ 7,285
Checking and demand deposits	1,097,967	745,659
Time deposits - with interest of 3.25% to 3.28%	-	171,903
	1,105,424	924,847
Cash equivalents		
Treasury bills purchased under agreements to resell - with interest of 1.4% to 1.7%	2,354,418	-
	$3,459,842	$ 924,847

4. INVENTORIES

	June 30	
	2002	2001
SIM cards	$ 347,772	$ 612,026
Cellular phones	306,439	358,177
Cellular phone accessories	6,817	10,352
	661,028	980,555
Less - allowance for losses	12,411	53,011
	$ 648,617	$ 927,544

The insurance coverage on inventories as of June 30, 2002 amounts to about $308,000.

5. INVESTMENT IN SHARES OF STOCK

	June 30			
	2002		2001	
	Amount	% of Owner-Ship	Amount	% of Owner-Ship
E. World (Holdings) Ltd.	$ 10,342	19.00	$ 66,279	19.00
Far EasTone 3G Telecommunication Co., Ltd.	8,233,167	80.71	-	-
	$ 8,243,509		$ 66,279	

The equity interest in E. World (Holdings) Ltd. (E. World) was acquired in 2000. Since the combined equity interest of the Far Eastern Group in E. World allows it to exercise significant influence on its operating and financial policy decisions, this investment is accounted for using the equity method. The Company deferred the recognition of equity in net income or net loss for one fiscal year from the date of acquisition because the investee’s financial statement could not be obtained.

The Company incorporated Far EasTone 3G Telecommunication Co., Ltd. (FET3G) in December 2001. The total assets and total operating revenues of Far EasTone 3G Telecommunication Co., Ltd. are less than 10% of the Company’s total assets and total operating revenues. Accordingly, its financial statements were not consolidated into the Company.

FET3G obtained the 3G license in February 2002 through bidding, and issued additional shares of stock for $9,170,000 in March 2002. The Company subscribed to the shares of stock of $7,170,000, and the percentage of ownership decreased from 100% to 80.71%.

The carrying values of the foregoing investments are based on audited financial statements.

6. PROPERTY AND EQUIPMENT

Accumulated depreciation consists of:

	June 30 2002	June 30 2001
Buildings and equipment	$ 80,546	$ 39,344
Computer equipment	1,562,091	892,006
Operating equipment	11,762,044	6,975,256
Office equipment	270,136	158,403
Leasehold improvement	416,269	257,145
Miscellaneous equipment	37,820	29,696
	$14,128,906	$ 8,351,850

The Company leases Internet equipment (including software) for a period of three years with the total annual lease payments amounting to $35,686. The lease agreements qualify as capital leases since: (a) the present value of the future lease payments under the agreements is more than 90% of the fair value of the leased assets, and (b) the Company has the option to purchase all the leased equipment at a bargain purchase price of $1 dollar. The details of these leases as of June 30, 2002 and 2001 are as follows:

	June 30 2002	June 30 2001
Total future lease payments	$ 23,295	$ 67,902
Less - imputed interest expense	5,123	6,356
	18,172	61,546
Less - lease payable within one year (included in other current liabilities)	18,172	30,406
Long-term lease obligations	$ -	$ 31,140

Depreciation on property and equipment for the six months ended June 30 2002 and 2001 amounted to $3,069,748 and $2,304,162, respectively.

Capitalized interest on property and equipment is as follows:

	June 30 2002	June 30 2001
Interest expense before capitalized interest	$ 263,862	$ 297,747
Less - capitalized interest - with interest rate of 3.78%-4.86% in 2002 and 5.61%-7.02% in 2001	103,799	204,792
Interest expense after capitalized interest	$ 160,063	$ 92,955

Insurance coverage on property and equipment as of June 30, 2002 amounted to $11,190,369. The property and equipment have been pledge or mortgaged as collateral or security of $11,190,369 and $7,850,323 as of June 30, 2002 and 2001, respectively.

7. SHORT-TERM LOANS

The bank loans bear interest rates at 4.6% to 5.5%, and was already due and paid in July 2001.

8. SHORT-TERM NEGOTIABLE INSTRUMENTS PAYABLE

The Company issued commercial papers guaranteed by financial institutions. These obligations mature within one year and are discounted at the rate of 4.2%.

9. LONG-TERM LIABILITIES

	June 30, 2002		
	Within One Year	Others	Total
Unsecured bonds	$ -	$4,200,000	$ 4,200,000
Secured bonds	616,000	1,584,000	2,200,000
Loan - Shin Kong Life Insurance Co.	-	1,470,000	1,470,000
Commercial paper	2,074,000	3,665,298	5,739,298
Bank loans	-	800,000	800,000
	$2,690,000	$11,719,298	$14,409,298

	June 30, 2001		
	Within One Year	Others	Total
Secured bonds	$ -	$2,200,000	$ 2,200,000
Loan - Shin Kong Life Insurance Co.	-	1,470,000	1,470,000
Commercial paper	1,430,000	5,138,136	6,568,136
Bank loans	-	300,000	300,000
	$1,430,000	$9,108,136	$10,538,136

a. Unsecured bond:

The Company issued five-year domestic unsecured bond in February 2002 in the amount of $4,200,000 at the first time; with each unit having a face value of $1,000 and bearing 3.3716% to 3.4% interest annually. The bonds are classified to two types according to different issuance criteria and dates. The Company redeems 40% of the face amount starting on February 2006; 60% of the face amount starting on February 2007 for type I bonds. The Company redeems 60% of the face amount starting on February 2006; 40% of the face amount starting on February 2007 for type II bonds.

b. Secured bonds:

On November 30, 2000, the Company issued five-year domestic secured bonds totaling $2,200,000; with each unit having a face value of $1,000 and bearing 5.06% interest compounded semiannually. The holders, starting on December 1, 2002 and every six months thereafter, may redeem the bonds up to an amount equivalent to 14% to 15% of their face value each time.

c. The loan with Shin Kong Life Insurance Co. is guaranteed by a bank consortium and bears interest rate at 5.025% and 7.325% as of June 30, 2002 and 2001, respectively. The principal and interest payments on the loan are due on January 25, 2005.

d. Commercial paper:

1) Notes issuance facility of $5,139,298 bears variable interest rates ranging from 2.32% to 2.86% as of June 30, 2002 and 3.83% to 4.5311% as of June 30, 2001, and matures within one year. A consortium of banks, under a revolving credit arrangement, guarantees the commercial paper to be issued by the Company through August 30, 2005. Staring 2001, the maximum amount of commercial paper that can be issued under the agreement will be decreased by 14% to 15% every six months.

2) Commercial paper of $600,000 bears interest rate at 2.3% and is due in July 2002. The Company got the guarantee of a bank consortium to issue commercial paper through May 9, 2004.

e. Bank loans:

1) The Company took a bank loan from First Commercial Bank amounting to $200,000 bearing the interest rate ranging from 3.38% to 3.94%. The loan is payable, starting in 2004 and every six months thereafter, at an amount that is equal to 16.50% to 17.00% of the principal each time with the final payment due on May 17, 2007.

2) In addition, the Company took bank loans amounting to $600,000 from BNP Paribas and E. Sun Bank due on July 1, 2002. The interest on the loan was 2.91% to 3.5% as of June 30, 2002. The related agreements are revolving loan agreements that allow the Company to borrow the maximum amount of $600,000 until May 23, 2004.

As of June 30, 2002, the Company has unused credit lines that are available for long-term and short-term credits of about $4,900,000 and $3,450,000, respectively.

10. STOCKHOLDERS' EQUITY

Under the regulations: (a) capital surplus from investments in shares of stock under equity method can not be used to offset a deficit or capitalized; (b) other capital surplus can only be used to offset a deficit; and (c) the paid-in capital in excess of par value can only be transferred to capital as stock dividend once a year and only at prescribed limits.

The Company's Articles of Incorporation provide that 10% of net income every year shall be appropriated as legal reserve after paying the income tax and offsetting any accumulated deficit. In addition, in cases where the Company decides to distribute dividend, 2% of the remaining balance shall be appropriated as bonuses to employees and 1% of the remaining balance shall be appropriated as bonuses to directors and supervisors. The disposition of the remaining distributable earnings shall be determined by the stockholders.

Under the ROC Company Law, the foregoing appropriation for legal reserve shall be made until the accumulated reserve equals the aggregate par value of the Company's outstanding capital stock. This reserve can only be used to offset a deficit, or when reaching 50% of the aggregate par value of the Company's outstanding capital stock, up to 50% of the reserve can be distributed as stock dividend.

The cash dividends shall be at least 10% of total dividends declared. Such percentage can be adjusted and approved by the stockholders depending on the cash requirement of any significant future capital expenditures plans.

These appropriations and other allocations of earnings shall be resolved by the stockholders in the following year and given effect to in the financial statements of that year.

Non-corporate shareholders are allowed a tax credit for the income tax paid by the Company on earnings under the Integrated Income Tax System. An Imputation Credit Account (ICA) is maintained by the Company for such income taxes and the tax credits allocated to each shareholder except foreign shareholders. The maximum credit available for allocation to each shareholder cannot exceed the balance shown in the ICA on the date of distribution of dividends.

On June 25, 2002, the appropriation of earnings of 2001 resolved by the stockholders is as follows:

Legal reserve	$ 665,928
Bonus to employees	119,867
Bonus to directors and supervisors	59,934
Cash dividend – 10%	1,890,000
Stock dividend – 21%	3,969,000

The stockholders also resolved that unappropriated retained earning of $3,969,000 and capital surplus – capital in excess of par value of $189,000 are used to issue additional capital stock (included in capital stock – to be issued). The Company's capital stock amounted to $23,058,000 after the capital increase. The bonus to directors and supervisors and cash dividend are totalling to $1,949,934 included in other current liabilities. The issuance of additional capital stock of the Company was approved by the Securities and Futures Commission and resolved by the Company's Board of Directors to be effected on August 13, 2002.

11. EARNINGS PER SHARE

The information of calculating the earnings per share is as follows:

	Amount (Numerator) Before Tax	Amount (Numerator) After Tax	Capital Stock (Denominator) (In Thousand Shares)	Earnings Per Share Before Tax	Earnings Per Share After Tax
As of June 30, 2002					
Net income	$4,139,136	$3,961,929	1,890,000	$2.19	$2.10
As of June 30, 2001					
Net income	$2,803,293	$2,802,873	1,890,000	$1.48	$1.48

12. PENSION PLAN

The Company has a defined benefit pension plan covering all regular employees which provides benefits based on length of service provided and basic pay on the final month of employment.

For the six months ended June 30, 2002 and 2001, total provision for pension cost according to actuarial report amounted to $32,869 and $24,358, respectively.

The Company makes a monthly contribution, at 2% of salaries and wages, to a pension fund (the "Fund"). The Fund is administered by a pension plan committee and deposited in the Company's name with the Central Trust of China.

The Company's contributions to the Fund were $15,676 and $17,548 for the six months ended June 30, 2002 and 2001, respectively. The payment of benefits from the Fund was $7,611 for the six months ended June 30, 2002. The balances of Fund were $101,987 and $74,993 for the six months ended June 30, 2002 and 2001, respectively.

13. INCOME TAX

a. The reconciliation of the income tax expense calculated based on income before income tax at statutory income tax rate and income tax expense - current is as follows:

	June 30 2002	June 30 2001
Amount computed at statutory tax rate (25%)	$ 1,034,784	$ 700,823
Add (deduct) tax effects of		
Permanent differences	(1,329)	(111)
Temporary differences	132,350	242,088
Tax-exempt income	(410,533)	(348,605)
Unappropriated earnings tax	110,514	39,197
Investment tax credits	(577,263)	(316,696)
Income tax expense - current	$ 288,523	$ 316,696

The balance of income tax payable on June 30, 2002 and 2001 was net of creditable income tax of $287 and $1,405, respectively.

Net operating incomes generated from the use switches and cell sites acquired during the period from April 1, 1997 to December 31, 1999 are exempt from income tax for the period from January 1, 2000 to December 31, 2004.

b. Income tax benefit consisted of:

	June 30	
	2002	2001
Income tax expense - current	$ 288,523	$ 316,696
Income tax benefit - deferred	(104,105)	(324,985)
Prior year's adjustment	(8,321)	8,143
Income subject to a separate rate of 20%	1,110	566
Income tax benefit	$ 177,207	$ 420

c. Deferred income taxes assets and liabilities as of June 30, 2002 and 2001 consist of:

	June 30	
	2002	2001
Current (included in other current assets)		
Deferred income tax assets		
Provision for doubtful account	$ 728,485	$ 477,023
Employee welfare expense	6,750	11,250
Provision for loss on inventories	3,103	11,003
Other	1,080	3,959
	739,418	503,235
Deferred income tax liabilities		
Unrealized insurance claim	(2,246)	(5,000)
Other	(283)	-
	(2,529)	(5,000)
Net deferred income tax assets	$ 736,889	$ 498,235
Noncurrent		
Investment tax credits	$ 746,427	$ 543,594
Differences in estimated service lives of property and equipment	309,088	230,086
Impairment loss on properties not currently used in operations	-	17,025
Pension	28,670	16,585
Preoperating expenses	-	6,446
Cumulative equity in net loss of investees	49,943	4,954
	$ 1,134,128	$ 818,690

d. Integrated income tax information:

	June 30	
	2002	2001
Balance of Imputation credit account (ICA)	$ 510,780	$ 380,872

The balance of ICA as of June 30, 2002 is equivalent to 7.39% of the unappropriated earnings as of 2001 and the ratio of the balance of the ICA, on the date the dividend were distributed in 2001, to the balance of the undistributed earnings as of 2000 was 9.43%.

The tax credits will be accumulated until the date of distribution of the dividend to calculate the ratio of ICA to unappropriated earnings for allocating to each stockholder. Accordingly, the ratio of ICA to unappropriated earnings as of 2001 may change depending on the actual balance in accordance with related tax regulation.

The tax rate used in calculating deferred income tax is 25%.

As of June 30, 2002, the unused investment tax credits are summarized as follows:

Statutes	Items	Total Investment Tax Credits	Unused Investment Tax Credits	Expired Year
Statute for upgrading industries	Research and development expenditure	$1,355,706	$ 704,884	2004
Statute for upgrading industries	Personnel training expenditure	90,499	41,543	2004

Income tax returns through 1998 have been examined by the tax authorities.

14. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Company, in addition to those disclosed in Note 15 and schedule A to Note 16, engages in business transactions with the following related parties:

Related Party	Nature of Relationship
a. Yuang Ding Co. (YDC)	Same chairman as that of the Company
b. New Century InfoComm Tech Co., Ltd. (NCIC)	Same chairman as that of the Company
c. Far Eastern International Leasing Corp. (FEILC)	Same chairman as that of the Company
d. Far Eastern Department Stores (FEDS)	Same chairman as that of the Company
e. E. World Ltd. (E. World)	Same chairman as that of the Company
f. Far Eastern Textile Ltd. (FETL)	Parent company of a major stockholder
g. AT&T Wireless Service Inc. (AWS)	Parent company of a major stockholder
h. AT&T Corp. (AT&T)	Parent company of AWS
i. Far Eastern Telecom Engineering Corp. (FETEC)	Investee of YDC
j. Far EasTone 3G Telecommunication Co., Ltd. (FET3G)	Equity-accounted investee
k. Far Eastern Technology Developmental Foundation (FETTDF)	Donation of the foundation over one-third capital

The significant transactions with the aforementioned parties are summarized as follows:

		June 30			
		2002		2001	
		NT$	%	NT$	%
During the period					
Operating revenue	a.				
NCIC	b.	$ 439,923	3	$ 10,429	-
FETL		-	-	1,552	-
Other	l.	213	-	2,137	-
		$ 440,136	3	$ 14,118	-
Operating cost and expenses					
Service cost - NCIC	b.	$ 2,194	-	$ -	-
Rental					
FEILC	c.	$ 97,146	15	$ 126,982	21
FETL	d.	28,636	5	23,758	4
YDC	e.	977	-	1,172	-
Other	l.	2,775	-	5,019	-
		$ 129,534	20	$ 156,931	25
Management service fee – AWS	g.	$ 42,338	100	$ 31,200	100
Trademark license fee – AT&T	Note 15	$ 17,510	100	$ 16,200	100
Research and development expense					
FETTDF	k.	$ 9,148	72	$ -	-
Purchase property and equipment from related parties					
FETEC	h. and Note 15	$ 488,550	21	$ 132,865	2
Other	l.	28	-	376	-
		$ 488,578	21	$ 133,241	2
At end of period					
Other current assets					
Other receivable					
FET3G	i.	$ 26,622	3	$ -	-
E. World	j.	-	-	128,543	13
NCIC	h. and Note 15	-	-	70,399	7
		$ 26,622	3	$ 198,942	20

(Forward)

		June 30			
		2002		2001	
		NT$	%	NT$	%
Prepaid expense					
FEILC	c.	$ 5,256	1	$ 31,357	7
FETL	d.	4,266	-	2,420	1
FEDS	f.	2,900	-	-	-
YDC	e.	1,086	-	1,966	-
Other	l.	2,224	-	2,474	1
		$ 15,732	1	$ 38,217	9
Refund deposits					
FEILC	c.	$ 145,785	38	$ 145,785	38
YDC	e.	811	-	702	-
Other	l.	186	-	50	-
		$ 146,782	38	$ 146,537	38
Accounts payable					
FETEC	h. and Note 15	$ 342,633	62	$ 325,894	75
NCIC	b.	120,675	22	-	-
AT&T	Note 15	52,715	9	81,098	19
AWS	g.	21,220	4	13,157	3
Other	l.	19,490	3	12,113	3
		$ 556,733	100	$ 432,262	100
Other current liabilities					
Other payable - NCIC	h. and Note 15	$ 49,807	2	$ -	-

The descriptions of the transactions with related parties are as follows:

a. Operating revenue, including service revenue and revenues from sales of mobile phones and accessories from related parties, is based on normal service charge fees, selling prices and collection terms.

b. The transactions between the Company and NCIC consisted of sales of mobile phones and accessories and interconnection fees revenues related to the use NCIC's fixed-line network. The related interconnection fees paid by the Company and billing processing costs attributable to the interconnection service provided by NCIC to the Company are charge to service cost. The international direct dialing revenue collected by the Company for NCIC is treated as deduction of service revenue.

c. The Company leased from FEILC the following: (a) its office spaces in Neihu from February 2000 to January 2003; (b) mobile switch centers located in Neihu, Tainan and Kaohsiung from January 2000 to December 2003; (c) the land and mobile switch centers located in Taichung and Hsinchu; and (d) vehicles. The term of the lease for the land and the mobile switch center located in Taichung is from May 2000 to three years after the operating license is received for the switch center while that in Hsinchu was from March 1, 2001 to three years after the completion of the construction of switch center. Rentals are in accordance with underlying contracts.

d. The Company leased from FETL several parcels of the land and building spaces from May 1997 to November 2014 located in Yatung Street and Renai Street in Panchao City; Yuantung Street in Chungli; and Wuku in Taipei County and other locations in Taiwan.

e. The Company leased certain floors at The Mall from September 1999 to August 2003 from YDC.

f. The Company leased from FEDS several parcels of the land and building spaces from July 1997 to October 2006.

g. The Company signed a Service Agreement with AWS in January 1997. AWS, pursuant to the Agreement, provides consulting services related to the construction of a wireless network and business operations. The service charges are based on the actual expenses incurred by the AWS consultants.

h. The Company has contracts with NCIC for the construction and joint use of telecommunications network and backbone networks facilities. Those facilities were constructed by FETEC. The related payable or receivable is based on agreements. The service revenue from NCIC arose from management service provided in connection with such construction project.

i. The Company provided FET3G management service and advances for day- to day operations related expenditure during the development stage.

j. The Company provided E. World management service and advances for day-to day operations related expenditures.

k. The Company commissioned FETTDF to undertake research on telecommunication technology and communicate its results to employees of the Company.

l. Accounts of other related parties are less than 5% of respective accounts.

15. COMMITMENTS AS OF JUNE 30, 2002

a. The Company has outstanding contracts for acquisition of telecommunications and other equipment for about $2,440,071.

b. The rentals for the following five years are summarized as follows:

Year	NT$
July 1, 2002 to June 30, 2003	$ 1,147,972
July 1, 2003 to June 30, 2004	1,191,441
July 1, 2004 to June 30, 2005	1,236,575
July 1, 2005 to June 30, 2006	1,283,439
July 1, 2006 to June 30, 2007	1,332,099

c. The Company signed a Memorandum of Understanding with NCIC for the construction, joint use and sharing portion of the costs of a telecommunications network and backbone network that is being constructed by Far Eastern Telecom Engineering Corp. As of June 30, 2002, the construction costs of outstanding contracts are about $191,082.

d. The Company signed an agreement with AT&T Corp. to use the trademark of AT&T for the purposes of marketing, advertising and promotion outside the licensed territory. Under the agreement, if the Company's net cash flow from operations before payments of the trademark fee under the agreement and before capital expenditure is negative, the Company pays trademark license fees at an amount of US$1,000 every year. However, if the Company's net cash flow from operations before payments under the agreement and before capital expenditure is positive, the Company pays trademark license fees equivalent to 1% of the net service revenues from cellular and internet business up to a maximum amount of US$4,500.

16. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the SFC in respect to the Company and its investees:

a. Financing provided (please see Schedule A);

b. Marketable securities held (please see Schedule B);

c. Marketable securities acquired and disposed of at costs or prices of at least $100 million or 20% of the paid-in capital (please see Schedule C);

d. Total purchase from or sale to related parties amounting to at least $100 million or 20% of the paid-in capital (please see Schedule D);

e. Names, locations, and related information of investees on which the Company exercises significant influence (please see Schedule E);

f. Derivative financial transactions

The information on interest risk swap contracts entered into by the Company is as follows:

1) Outstanding contracts and credit risk

	June 30, 2002				
Type of Transaction	Notional Amount	Fixed Rate	Market Rate	Settlement Date	Maturity
Interest rate swap	$ 500,000	6.2%	1.89%	Quarterly	July 2, 2002

	June 30, 2001				
Type of Transaction	Notional Amount	Fixed Rate	Market Rate	Settlement Date	Maturity
Interest rate swap	$ 2,000,000	6.085%-6.2%	3.7%	Quarterly	May 21, 2002 to July 2, 2002

Interest expenses on these swap contracts for the years ended June 30, 2002 and 2001 were $36,569 and $13,739, respectively.

The Company is exposed to credit risk in the event of nonperformance by the counterparties of their contractual obligations. To manage this risk, the Company transacts only with selected financial institutions with good credit ratings. Thus, no material losses resulting from counter party defaults are anticipated.

2) Market risk

The Company is exposed to market risks in respect to interest rate fluctuations on its obligations that bear variable interest rates.

3) Liquidity risk, cash-flow risk and future cash demand

The interest rate swap contracts are settled by net amount and the expected cash demand is not significant. Management believes that the Company has enough operating capital to meet cash demand.

4) The purpose of derivative financial instruments held or issued / the strategies to meet the purpose

The Company entered into interest rate swap contracts to hedge fluctuations on interest rates and not for purpose of trading for profit. The purpose of hedging strategies is to hedge the Company's exposure to cash-flow risk. The Company has designated fixed interest rate swap with the hedged item and periodically evaluates the effectiveness of the instruments.

5) The estimated fair values of financial instruments are as follows:

	June 30			
	2002		2001	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	$3,459,842	$3,459,842	$ 924,847	$ 924,847
Notes receivable	126	126	-	-
Accounts receivable - net	3,892,327	3,892,327	6,037,214	6,037,214
Investments in shares of stocks	8,243,509	8,243,509	66,279	66,279
Refundable deposits	389,798	389,798	387,645	387,645
Financial liabilities				
Short-term loans	-	-	500,000	500,000
Short-term negotiable instruments payable	-	-	149,793	149,793
Notes payable	76,460	76,460	80,431	80,431
Accounts payable	337,947	337,947	386,903	386,903
Payables to related parties	556,733	556,733	432,262	432,262
Income tax payable	288,236	288,236	315,291	315,291
Payables related to acquisitions of property and equipment	1,162,624	1,162,624	1,175,350	1,175,350
Long-term liabilities (including within one year)	14,409,298	14,409,298	10,538,136	10,538,136
Guarantee deposits	2,455,566	2,455,566	3,602,547	3,602,547
Derivative financial instruments				
Interest rate swap	-	(4,787)	-	(51,015)

a) The carrying values of cash and cash equivalents, notes receivable, accounts receivable, short-term loans, short-term negotiable instruments payable notes payable, accounts payable, payables to related parties, income tax payables, payables related to acquisitions of property and equipment reported in the balance sheets approximate the fair values because of the short maturity of these instruments.

b) The fair values of long-term investment is based on market prices or, if market prices are unavailable, upon the book values or net stockholder equity of the investee.

c) Fair values of long-term liabilities are based on market prices or, if market prices are unavailable, upon present value of expected cash outflows. Discount rate is determined by rate of bank loans, which the Company can obtain in similar conditions (similar maturity date).

d) The values of refundable deposits and guarantee deposits are based on the book value.

e) Fair values of derivative financial instruments are based on quoted market prices obtained from the respective counterparties.

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

FINANCING PROVIDED
For the Six Months Ended June 30, 2002
(Amounts in Thousand New Taiwan Dollars)

No.	Financing Names	Counter-Party	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Interest Revenue	Nature of Financing	Transaction Amount	Short-term Financing Reasons	Allowance for Bad Debt	Collateral		Financing Company's Financing Amount Limit for Individual	Financing Company's Total Financing Amount Limit
												Item	Value		
0	Far EasTone Telecommunications Co., Ltd.	Far EasTone 3G Telecommunication Co., Ltd.	Receivables from related parties	$2,074,000	$ -	4.2%	$477	Company not in transaction with the Company but being in need of short-term financing (referred to as short-term financee)	$ -	Pay for 3G license fee	-	-	-	$3,228,361	$4,842,542

Note: According to the newly amended "procedure for loaning capital to others" of the Company, the total loan to a short-term financee shall not exceed 15% of the Company's net worth as latest audited or reviewed by CPA. The loan to an individual short-term financee shall not exceed 10% of the Company's net worth as latest audited or reviewed by CPA.

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

MARKETABLE SECURITIES HELD
June 30, 2002
(Amount in Thousand New Taiwan Dollars, Except Shares / Units Information)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2002				Note
				Shares (Thousand)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Far EasTone Telecommunications Co., Ltd.	Stocks							
	E. World (Holdings) Ltd.	Investee accounted by equity method	Long-term investment	1,330	$ 10,342	19.00	$ 10,342	Note A
	Far EasTone 3G Telecommunication Co., Ltd.	Investee accounted by equity method	Long-term investment	837,000	8,233,167	80.71	8,233,167	Note B

Notes: A. The Company was unable to obtain the financial statements and recognized 2001 net loss in 2002.

B. Calculated by audited financial report as of June 30, 2002.

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
For the Six Months Ended June 30, 2002
(Amounts in Thousand New Taiwan Dollars, Except Shares Information)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-Party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Under Equity Method Gain (Loss)	Ending Balance	
					Shares	Amount	Shares (Thousand)	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal		Shares (Thousand)	Amount
Far EasTone Telecommunications Co., Ltd.	Far EasTone 3G Telecommunication Co., Ltd.	Investment in shares of stock	Issuance of capital stock	Investee accounted by equity method.	120,000	$1,053,769	717,000	$7,170,000	-	$ -			$ 9,398	837,000	$8,233,167

Note: The amount of under equity method gain includes $29,086 of recognition of effect of change in investment ownership percentage resulting from issuance of capital stock by investee for cash and investment loss of $19,688.

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
For the Six Months June 30, 2002
(Amounts in Thousand New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Note / Accounts Receivable or (Payable)	
			Purchase / Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total
Far Eastone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd. (NCIC)	The same chairman	Operating revenue	($ 439,923)	3	30 days	-	-	($ 120,675)	22%

Note: The international direct dialing revenue collected by the Company for NCIC is treated as a deduction of mobile service revenue.

FAR EASTONE TELECOMMUNICATIONS CO., LTD.

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
June 30, 2002
(Amount in Thousand New Taiwan Dollars, Except Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2002			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2002	December 31, 2001	Shares (Thousand)	Percentage of Ownership	Carrying Value			
Far EasTone Telecommunications Co., Ltd.	E. World (Holdings) Ltd.	British Cayman Island	Investment	$ 41,095	$ 41,095	1,330	19.00	$ 10,342	$ 73,875	$ 14,035	Note A and Note B
	Far EasTone 3G Telecommunication Co., Ltd.	Taiwan	Wireless telecommunication and the wholesale / retail of telecom equipment	8,370,000	1,200,000	837,000	80.71	8,233,167	22,348	19,688	Note C and Note D

Notes: A. Investee of the Company accounted by equity method.

B. The Company was unable to obtain the financial statements and recognized 2001 net loss in 2002.

C. Subsidiary.

D. Calculated by audited financial report as of June 30, 2002.