

**Far Eastern New Century Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2015 and 2014 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2015 are the same as the companies required to be included in the consolidated financial statements of parent and subsidiaries companies as of and for the years ended December 31, 2015 and 2014, as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiaries companies as of and for the years ended December 31, 2015 and 2014. Hence, we have not prepared a separate set of consolidated financial statements of affiliates for the year ended December 31, 2015.

Very truly yours,

FAR EASTERN NEW CENTURY CORPORATION

By:

DOUGLAS TONG HSU
Chairman

March 25, 2016

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Far Eastern New Century Corporation

We have audited the accompanying consolidated balance sheets of Far Eastern New Century Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2015, December 31, 2014 and January 1, 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Far Eastern New Century Corporation and its subsidiaries as of December 31, 2015, December 31, 2014 and January 1, 2014, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

As disclosed in Note 3 to the consolidated financial statements, Far Eastern New Century Corporation and its subsidiaries have prepared the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission. As a result, the consolidated financial statements for the years ended December 31, 2014, the consolidated balance sheet as December 31, 2014, and the consolidated balance sheet as of January 1, 2014 have been restated.

We have also audited the financial statements of the parent company, Far Eastern New Century Corporation, as of and for the years ended December 31, 2015 and 2014, on which we have issued a modified unqualified report.

March 25, 2016

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 consolidated financial statements are those generally applied in the Republic of China.

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

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2015		December 31, 2014 (Restated)		January 1, 2014 (Restated)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 40,878,814	8	\$ 25,985,419	5	\$ 26,645,574	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	3,997,895	1	1,124,116	-	1,191,688	-
Available-for-sale financial assets - current (Notes 4, 8 and 37)	727,557	-	929,101	-	989,348	-
Held-to-maturity financial assets - current (Notes 4 and 9)	-	-	-	-	99,962	-
Derivative financial assets for hedging - current (Notes 4 and 10)	6,015	-	-	-	4,442	-
Financial assets measured at cost - current (Notes 4 and 11)	-	-	-	-	42,587	-
Debt investments with no active market - current (Notes 4, 6 and 12)	3,350,990	1	4,114,651	1	2,606,689	1
Notes and accounts receivable, net (Notes 4, 13 and 36)	23,370,506	4	27,720,022	6	27,741,701	6
Amounts due from customers for construction contracts (Notes 4 and 14)	973,888	-	2,286,911	1	1,473,786	-
Other receivables (Note 36)	5,789,282	1	3,503,430	1	2,900,592	1
Current tax assets (Notes 4 and 5)	23,615	-	68,920	-	48,216	-
Inventories (Notes 4, 15 and 37)	24,558,575	5	22,005,555	4	24,184,972	5
Prepayments	3,257,852	1	4,414,732	1	3,799,470	1
Other financial assets - current (Notes 37 and 38)	4,573,109	1	3,661,203	1	3,946,576	1
Refundable deposits - current	50,742	-	33,954	-	52,292	-
Other current assets	2,094,404	-	2,227,072	-	1,934,219	-
Total current assets	113,653,244	22	98,075,086	20	97,662,114	21
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current (Notes 4, 8 and 37)	4,486,739	1	4,718,618	1	5,257,220	1
Financial assets measured at cost - non-current (Notes 4 and 11)	1,138,626	-	1,071,152	-	926,908	-
Debt investment with no active market - non-current (Notes 4, 6 and 12)	-	-	182,583	-	-	-
Investments accounted for using the equity method (Notes 4, 17 and 37)	58,658,951	11	61,839,479	12	55,870,243	12
Property, plant and equipment (Notes 4, 5, 18 and 37)	148,141,804	29	139,055,972	28	124,767,713	26
Investment properties, net (Notes 4, 18, 19 and 37)	124,190,706	24	119,663,209	24	113,458,525	24
Concession (Notes 21 and 37)	35,151,640	7	37,314,277	8	37,734,135	8
Goodwill (Notes 4 and 20)	11,865,515	2	11,930,443	2	11,928,782	2
Other intangible assets (Notes 4 and 21)	3,465,545	1	3,772,439	1	4,184,122	1
Deferred tax assets (Notes 4, 5 and 29)	2,317,146	1	2,737,657	1	2,812,572	1
Prepayments for equipment (Note 18)	2,280,180	-	4,914,856	1	6,103,204	1
Refundable deposits	822,052	-	708,974	-	576,314	-
Long-term other receivables from related parties (Note 36)	1,620,000	-	-	-	-	-
Other financial assets - non-current (Note 37)	2,714,837	1	3,044,303	1	4,071,707	1
Long-term prepayments for lease	7,000,124	1	7,164,761	1	7,406,266	2
Other non-current assets (Note 38)	1,258,013	-	410,481	-	239,647	-
Total non-current assets	405,111,878	78	398,529,204	80	375,337,358	79
TOTAL	\$ 518,765,122	100	\$ 496,604,290	100	\$ 472,999,472	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 22 and 36)	\$ 24,687,627	5	\$ 27,638,660	6	\$ 28,053,848	6
Short-term bills payable (Note 22)	6,597,763	1	4,662,532	1	5,117,694	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	807	-	590	-
Derivative financial liabilities for hedging - current (Notes 4 and 10)	11,016	-	14,950	-	-	-
Notes and accounts payable (Note 4)	15,622,902	3	13,502,368	3	17,452,151	4
Notes and accounts payable to related parties (Notes 4 and 36)	381,383	-	513,625	-	261,571	-
Amounts due to customers for construction contracts (Notes 4 and 14)	120,696	-	110,594	-	412,498	-
Payables to suppliers of machinery and equipment	2,986,273	1	3,202,004	1	3,133,810	1
Other payable (Note 36)	14,430,397	3	14,254,278	3	12,671,314	3
Current tax liabilities (Notes 4 and 5)	1,830,859	-	3,368,813	1	3,115,500	1
Provisions - current (Notes 4 and 24)	258,638	-	240,197	-	193,328	-
Guarantee deposits received - current (Note 36)	287,280	-	314,097	-	334,939	-
Receipts in advance	1,047,226	-	1,214,639	-	1,199,481	-
Unearned revenue	2,581,177	1	2,617,900	-	2,667,808	-
Current portion of long-term liabilities (Notes 22 and 23)	22,012,363	4	14,127,895	3	8,845,696	2
Other current liabilities	1,992,912	-	2,293,289	-	2,317,709	-
Total current liabilities	94,848,512	18	88,076,648	18	85,777,937	18
NON-CURRENT LIABILITIES						
Derivative financial liabilities for hedging - non-current (Notes 4 and 10)	338,020	-	535,837	-	421,280	-
Bonds payable (Note 23)	63,363,036	12	60,712,019	12	65,638,787	14
Long-term borrowings (Note 22)	77,004,892	15	63,999,210	13	43,622,704	9
Provisions - non-current (Notes 4 and 24)	811,094	-	763,223	-	705,863	-
Deferred tax liabilities (Notes 4, 5 and 29)	16,822,397	4	15,110,447	3	13,329,928	3
Net defined benefit liabilities - non-current (Note 25)	3,941,868	1	2,648,882	1	2,593,770	1
Guarantee deposits received (Note 36)	695,895	-	715,764	-	645,013	-
Deferred credit - gains on related - party transactions (Note 36)	149,074	-	149,629	-	150,185	-
Other non-current liabilities	393,331	-	408,320	-	476,788	-
Total non-current liabilities	163,519,607	32	145,043,331	29	127,584,318	27
Total liabilities	258,368,119	50	233,119,979	47	213,362,255	45
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 27)						
Capital stock						
Common stock	53,528,751	10	52,479,168	11	51,450,165	11
Capital surplus	2,807,683	1	3,666,948	1	4,681,042	1
Retained earnings						
Legal reserve	14,511,559	3	13,408,217	3	12,687,509	3
Special reserve	108,721,550	21	105,911,942	21	105,911,942	22
Unappropriated earnings	13,706,389	2	17,383,706	3	14,143,946	3
Total retained earnings	136,939,498	26	136,703,865	27	132,743,397	28
Other equity	4,000,696	1	6,841,068	1	4,653,726	1
Treasury shares	(25,063)	-	(25,063)	-	(25,063)	-
Total equity attributable to owners of the Company	197,251,565	38	199,665,986	40	193,503,267	41
NON-CONTROLLING INTERESTS (Note 27)	63,145,438	12	63,818,325	13	66,133,950	14
Total equity	260,397,003	50	263,484,311	53	259,637,217	55
TOTAL	\$ 518,765,122	100	\$ 496,604,290	100	\$ 472,999,472	100

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

(With Deloitte & Touche independent audit report dated March 25, 2016)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2015		2014 (Restated)	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 10 and 36)				
Net sales	\$ 132,962,253	61	\$ 150,830,097	64
Telecommunications service income	69,655,393	32	69,804,586	30
Gain on disposal of investments, net	653,893	-	55,666	-
Construction income	5,094,212	2	5,127,369	2
Other operating revenue	<u>9,582,451</u>	<u>5</u>	<u>9,688,921</u>	<u>4</u>
Total operating revenues	<u>217,948,202</u>	<u>100</u>	<u>235,506,639</u>	<u>100</u>
OPERATING COSTS (Notes 4, 15, 28 and 36)				
Cost of sales	132,139,162	61	150,893,808	64
Cost of telecommunications services	25,857,076	12	26,243,122	11
Construction cost	4,883,668	2	4,836,912	2
Other operating cost	<u>4,585,014</u>	<u>2</u>	<u>5,800,704</u>	<u>3</u>
Total operating costs	<u>167,464,920</u>	<u>77</u>	<u>187,774,546</u>	<u>80</u>
GROSS PROFIT	<u>50,483,282</u>	<u>23</u>	<u>47,732,093</u>	<u>20</u>
REALIZED CONSTRUCTION INCOME	<u>555</u>	<u>-</u>	<u>556</u>	<u>-</u>
OPERATING EXPENSES (Notes 4, 28 and 36)				
Selling and marketing	23,838,721	11	23,869,154	10
General and administrative	11,346,476	5	11,417,311	5
Research and development	<u>785,112</u>	<u>-</u>	<u>753,249</u>	<u>-</u>
Total operating expenses	<u>35,970,309</u>	<u>16</u>	<u>36,039,714</u>	<u>15</u>
OPERATING INCOME	<u>14,513,528</u>	<u>7</u>	<u>11,692,935</u>	<u>5</u>
NONOPERATING INCOME AND EXPENSES				
Share of the profit or loss of associates (Note 17)	2,721,771	1	4,293,787	2
Interest income	483,727	-	482,434	-
Other income	1,049,313	-	1,276,780	-
Gain on disposal of investment properties (Note 19)	941,564	-	-	-
Exchange (loss) gain, net	(916,502)	-	632,174	-
Gain on financial assets (liabilities) at fair value through profit or loss, net (Note 7)	433,436	-	282,168	-
Gain on change in fair value of investment properties (Note 19)	4,658,509	2	6,222,659	3
Interest expense (Note 28)	(2,450,149)	(1)	(1,934,871)	(1)
Other expenses	(593,076)	-	(490,939)	-

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FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2015		2014 (Restated)	
	Amount	%	Amount	%
Loss on disposal of property, plant and equipment (Note 18)	\$ (960,258)	-	\$ (879,765)	-
Loss on disposal of intangible assets (Note 21)	(616)	-	(6,478)	-
Impairment loss	<u>(180,574)</u>	<u>-</u>	<u>(153,155)</u>	<u>-</u>
Total nonoperating income and expenses	<u>5,187,145</u>	<u>2</u>	<u>9,724,794</u>	<u>4</u>
INCOME BEFORE INCOME TAX	19,700,673	9	21,417,729	9
INCOME TAX EXPENSE (Notes 4 and 29)	<u>(5,014,304)</u>	<u>(2)</u>	<u>(4,409,757)</u>	<u>(2)</u>
NET INCOME	<u>14,686,369</u>	<u>7</u>	<u>17,007,972</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(1,522,352)	(1)	(160,418)	-
Gains on property revaluation	197,960	-	-	-
Share of the other comprehensive income (loss) of associates	(268,785)	-	488,081	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>256,999</u>	<u>-</u>	<u>53,973</u>	<u>-</u>
	<u>(1,336,178)</u>	<u>(1)</u>	<u>381,636</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(545,872)	-	2,159,079	1
Unrealized loss on available-for-sale financial assets	(369,099)	-	(531,745)	-
Cash flow hedges	91,448	-	(154,945)	-
Share of the other comprehensive income (loss) of associates	<u>(2,470,528)</u>	<u>(1)</u>	<u>541,114</u>	<u>-</u>
	<u>(3,294,051)</u>	<u>(1)</u>	<u>2,013,503</u>	<u>1</u>
Total other comprehensive income (loss), net	<u>(4,630,229)</u>	<u>(2)</u>	<u>2,395,139</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 10,056,140</u>	<u>5</u>	<u>\$ 19,403,111</u>	<u>8</u>
NET INCOME ATTRIBUTABLE TO:				
Owner of the Company	\$ 8,034,691	4	\$ 10,853,091	4
Non-controlling interests	<u>6,651,678</u>	<u>3</u>	<u>6,154,881</u>	<u>3</u>
	<u>\$ 14,686,369</u>	<u>7</u>	<u>\$ 17,007,972</u>	<u>7</u>

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FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Years Ended December 31			
	2015		2014 (Restated)	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,712,786	2	\$ 12,866,915	5
Non-controlling interests	<u>6,343,354</u>	<u>3</u>	<u>6,536,196</u>	<u>3</u>
	<u>\$ 10,056,140</u>	<u>5</u>	<u>\$ 19,403,111</u>	<u>8</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 30)				
Basic	<u>\$ 1.61</u>		<u>\$ 2.17</u>	
Diluted	<u>\$ 1.60</u>		<u>\$ 2.16</u>	

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

(With Deloitte & Touche independent audit report dated March 25, 2016)

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars; Except Dividends Per Share)

	Equity Attributable to Owners of the Company					Other Equity					Total	Non-controlling Interests (Note 27)	Total Equity
	Common Stock (Note 27)	Capital Surplus (Notes 4 and 27)	Retained Earnings			Exchange Differences on Translating Foreign Operations (Notes 4 and 27)	Unrealized Gain (Loss) on Available-for-sale Financial Assets (Notes 4 and 27)	Cash Flow Hedges (Notes 4 and 27)	Gains on Property Revaluation (Note 27)	Treasury Shares (Note 27)			
			Legal Reserve (Note 27)	Special Reserve (Note 27)	Unappropriated Earnings (Note 27)								
BALANCE AT JANUARY 1, 2014	\$ 51,450,165	\$ 4,681,042	\$ 12,687,509	\$ 105,911,942	\$ 13,955,940	\$ 291,196	\$ 4,472,732	\$ (118,363)	\$ 8,161	\$ (25,063)	\$ 193,315,261	\$ 66,133,950	\$ 259,449,211
Effect of retrospective application and restatement	-	-	-	-	188,006	-	-	-	-	-	188,006	-	188,006
AS BALANCE AT JANUARY 1, 2014, AS RESTATED	51,450,165	4,681,042	12,687,509	105,911,942	14,143,946	291,196	4,472,732	(118,363)	8,161	(25,063)	193,503,267	66,133,950	259,637,217
Appropriation of the 2013 earnings													
Legal reserve	-	-	720,708	-	(720,708)	-	-	-	-	-	-	-	-
Cash dividends - NT\$1.3 per share	-	-	-	-	(6,688,522)	-	-	-	-	-	(6,688,522)	-	(6,688,522)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(7,960,785)	(7,960,785)
Stock dividends distributed from capital surplus - NT\$0.2 per share	1,029,003	(1,029,003)	-	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2014	-	-	-	-	10,853,091	-	-	-	-	-	10,853,091	6,154,881	17,007,972
Other comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	(173,518)	2,580,664	(843,080)	(54,688)	504,446	-	2,013,824	381,315	2,395,139
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	10,679,573	2,580,664	(843,080)	(54,688)	504,446	-	12,866,915	6,536,196	19,403,111
Change in equity in associates	-	14,724	-	-	(3,141)	-	-	-	-	-	11,583	110	11,693
Disposal of investment in associates	-	-	-	-	(4,705)	-	-	-	-	-	(4,705)	1,850	(2,855)
Partial acquisition (disposal) of interests in subsidiaries	-	(789)	-	-	(22,737)	-	-	-	-	-	(23,526)	56,063	32,537
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(949,059)	(949,059)
Change in capital surplus from dividends distributed to subsidiaries	-	974	-	-	-	-	-	-	-	-	974	-	974
BALANCE AT DECEMBER 31, 2014	52,479,168	3,666,948	13,408,217	105,911,942	17,383,706	2,871,860	3,629,652	(173,051)	512,607	(25,063)	199,665,986	63,818,325	263,484,311
Appropriation of the 2014 earnings													
Legal reserve	-	-	1,103,342	-	(1,103,342)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	4,348,583	(4,348,583)	-	-	-	-	-	-	-	-
Cash dividends - NT\$1.2 per share	-	-	-	-	(6,297,500)	-	-	-	-	-	(6,297,500)	-	(6,297,500)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(7,933,930)	(7,933,930)
Stock dividends distributed from capital surplus - NT\$0.2 per share	1,049,583	(1,049,583)	-	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2015	-	-	-	-	8,034,691	-	-	-	-	-	8,034,691	6,651,678	14,686,369
Other comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	(1,481,533)	(597,177)	(2,509,725)	77,107	189,423	-	(4,321,905)	(308,324)	(4,630,229)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	6,553,158	(597,177)	(2,509,725)	77,107	189,423	-	3,712,786	6,343,354	10,056,140
Change in equity in associates	-	3,855	-	(10)	(12,214)	-	-	-	-	-	(8,369)	(43)	(8,412)
Effect on changes in percentage of ownership in associates	-	14,958	-	-	-	-	-	-	-	-	14,958	2	14,960
Disposal of investment in associates	-	-	-	-	(39)	-	-	-	-	-	(39)	(39)	(78)
Partial acquisition (disposal) of interests in subsidiaries	-	67,691	-	-	-	-	-	-	-	-	67,691	(183,230)	(115,539)
Effect on changes in percentage of ownership in subsidiaries	-	102,898	-	-	(7,762)	-	-	-	-	-	95,136	(19,716)	75,420
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,120,715	1,120,715
Change in capital surplus from dividends distributed to subsidiaries	-	916	-	-	-	-	-	-	-	-	916	-	916
Reversal of special reserve	-	-	-	(1,538,965)	1,538,965	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2015	\$ 53,528,751	\$ 2,807,683	\$ 14,511,559	\$ 108,721,550	\$ 13,706,389	\$ 2,274,683	\$ 1,119,927	\$ (95,944)	\$ 702,030	\$ (25,063)	\$ 197,251,565	\$ 63,145,438	\$ 260,397,003

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

(With Deloitte & Touche independent audit report dated March 25, 2016)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2015	2014 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 19,700,673	\$ 21,417,729
Adjustments for:		
Depreciation	14,310,140	13,821,978
Amortization	3,954,803	3,086,032
Allowance for doubtful accounts	268,113	283,862
Interest expenses	2,450,149	1,934,871
Interest income	(483,727)	(482,434)
Dividend income	(230,007)	(687,663)
Share of the profit of associates	(2,721,771)	(4,293,787)
Loss on disposal of property, plant and equipment	960,258	879,765
Gain on disposal of investment properties	(941,564)	-
Loss on disposal of intangible assets	616	6,478
Gain on disposal of investments	(665,900)	(57,742)
Impairment loss	180,574	153,155
Allowance for inventory valuation and obsolescence loss	(165,433)	330,637
Unrealized gain on transaction with associates	(555)	(556)
Gain on change in fair value of investment properties	(4,658,509)	(6,222,659)
Deferred loss on derivative assets for hedging	(116,318)	(20,996)
Net changes in operating assets and liabilities		
Financial assets held for trading	(2,873,779)	67,572
Notes and accounts receivable	4,081,891	(264,644)
Amounts due from customers for construction contracts	1,313,023	(813,125)
Other receivables	1,207,888	(853,523)
Inventories	(2,443,256)	1,848,780
Prepayments	1,165,863	(1,028,244)
Other current assets	133,261	(880,341)
Financial liabilities held for trading	(807)	217
Notes and accounts payable	2,107,495	(3,656,601)
Notes and accounts payable to related parties	(132,242)	252,054
Amounts due to customers for construction contracts	10,102	(301,904)
Other payables	143,431	1,693,628
Provisions	66,312	104,229
Receipts in advance	(167,413)	15,158
Other current liabilities	(301,075)	(24,420)
Net defined benefit liabilities - non-current	27,555	(51,372)
Unearned revenue	(36,723)	(49,908)
Cash generated from operations	36,143,068	26,206,226
Interest received	505,819	472,415
Dividend received	4,186,716	4,601,081
Interest paid	(2,423,380)	(1,888,711)
Income tax paid	(4,374,190)	(2,321,714)
Net cash generated from operating activities	34,038,033	27,069,297

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2015	2014 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	\$ (753,486)	\$ (127,922)
Proceeds of the disposal of available-for-sale financial assets	818,285	330,734
Decrease (increase) in debt investments with no active market	946,244	(1,722,570)
Proceeds on repayment of debt investments with no active market	-	31,000
Proceeds on repayment of held-to-maturity financial assets at maturity	-	100,000
Purchase of financial assets measured at cost	(66,802)	-
Proceeds on sale of financial assets measured at cost	-	8,348
Acquisition of investments accounted for using the equity-method	(776,192)	(2,949,573)
Proceeds of on sale of investments accounted for using the equity-method	33,025	37,395
Net cash outflow on acquisition of subsidiaries	(159,449)	-
Net cash outflow on the loss of control over subsidiaries	-	(857,294)
Payments for property, plant, equipment and prepayments for equipment	(24,117,793)	(28,367,682)
Proceeds from disposal of property, plant and equipment	2,366,380	189,798
Increase in refundable deposits	(129,866)	(114,850)
Increase in other receivable from related parties	(3,246,100)	(19,000)
Payments for intangible assets	(993,621)	(909,863)
Proceeds from disposal of intangible assets	479	1,067
Payments for investment properties	(244,552)	(11,803)
Proceeds from disposal of investment properties	66,347	-
Increase in long-term prepayments for lease	(180,336)	(145,448)
Increase in concessions	(239,820)	(1,018,143)
Proceeds from disposal of concessions	154	-
(Increase) decrease in other financial assets	(582,440)	1,312,777
Increase in other non-current assets	(820,629)	(242,347)
	<u>(28,080,172)</u>	<u>(34,475,376)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(3,055,744)	(415,188)
Increase (decrease) in short-term bills payable	1,938,000	(455,000)
Proceeds from issue of bonds	23,600,000	8,400,000
Repayments of bond payables	(13,350,000)	(8,750,000)
Proceeds from long-term borrowings	209,820,146	200,844,269
Repayment of long-term borrowings	(196,534,129)	(179,786,649)
(Decrease) increase in guarantee deposits received	(53,870)	49,909
Decrease in other non-current liabilities	(14,989)	(68,468)
Dividends paid	(14,231,395)	(14,657,589)
Increase in non-controlling interests	435,874	853,126
	<u>8,553,893</u>	<u>6,014,410</u>
Net cash generated from financing activities	<u>8,553,893</u>	<u>6,014,410</u>

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2015	2014 (Restated)
EFFECTS OF EXCHANGE RATE CHANGES	\$ <u>381,641</u>	\$ <u>731,514</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,893,395	(660,155)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>25,985,419</u>	<u>26,645,574</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ <u>40,878,814</u>	\$ <u>25,985,419</u>

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

(With Deloitte & Touche independent audit report dated March 25, 2016)

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Far Eastern New Century Corporation (FENC or the “Company”), which was incorporated in 1954, manufactures and sells polyester materials, semifinished products and finished goods such as cotton, synthetic or blended fabrics, towels and bed sheets, and woven and knitted garments; PET (polyethylene terephthalate) bottles and PET sheets; and natural, synthetic or blended yarns and polyester textured yarns. It also does yarn, silk and cloth printing and dyeing as well as manufactures wide-view film, antiglare film, antireflection film and other optical films. The Company’s stock is listed on the Taiwan Stock Exchange. On October 19, 1999, the Company issued global depositary receipts (GDRs), which became listed on the Luxembourg Stock Exchange.

On October 13, 2009, the stockholders resolved to change their company name of Far Eastern Textile Ltd. to Far Eastern New Century Corporation; thus, the original stock symbol of FETL was changed to FENC.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 25, 2016.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version would not have any material impact on the Group’s accounting policies:

- 1) IFRS 10 “Consolidated Financial Statements”

IFRS 10 replaces IAS 27 “Consolidated and Separate Financial Statements” and SIC 12 “Consolidation - Special Purpose Entities”. The Group considers whether it has control over other entities for consolidation. The Group has control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

On the initial application of IFRS 10, the Group measures and recognizes subsidiaries' assets, liabilities and non-controlling interests as if subsidiaries had been consolidated from the date when the Group obtained control over it and adjusts retrospectively the amounts on January 1, 2014. Any difference between the amounts recognized and the carrying amount under equity method is recognized as an adjustment to equity.

2) IFRS 11 “Joint Arrangements”

IFRS 11 replaces IAS 31 “Interests in Joint Ventures” and SIC 13 “Jointly Controlled Entities - Non-monetary Contributions by Ventures”. Joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. Joint ventures are accounted for using the equity method. Under IAS 31, Joint arrangements are classified as jointly controlled entities, jointly controlled assets, and jointly controlled operations, and the Group accounts for its jointly controlled entities using the proportionate consolidation method.

3) IFRS 12 “Disclosure of Interests in Other Entities”

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries and associates. In general, the disclosure requirements in IFRS 12 are more extensive, please refer to Notes 16 and 17 for related disclosures.

4) Revision to IAS 28 “Investments in Associates and Joint Ventures”

Revised IAS 28 requires when a portion of an investment in an associate meets the criteria to be classified as held for sale, that portion is classified as held for sale. Any retained portion that has not been classified as held for sale is accounted for using the equity method. Under current IAS 28, when a portion of an investment in associates meets the criteria to be classified as held for sale, the entire investment is classified as held for sale and ceases to apply the equity method.

Under revised IAS 28, when a portion of an investment in an associate is held by, or is held indirectly through, an entity that is a venture capital organization, the Group elects to measure the investment at fair value through profit or loss. Any remaining portion of its investment in that associate that is not held through a venture capital organization is accounted for using the equity method. Under current IAS 28, the entire investment in the associate is accounted for using equity method regardless of whether the investments are held by, or are held indirectly through, an entity that is a venture capital organization.

Under revised IAS 28, when an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest. Under current IAS 28, on the loss of joint control, the Group measures at fair value any investment the Group retains in the former jointly controlled entity. The Group recognizes in profit or loss any difference between the aggregate amounts of fair value of retained investment and proceeds from disposing of the part interest in the jointly controlled entity, and the carrying amount of the investment at the date when joint control is lost.

5) Amendments to IFRS 10, IFRS 12 and IAS 27 “Investment Entities”

The amendments to IFRS 10 define an investment entity and introduce an exception from the requirement to consolidate subsidiaries of an investment entity. In terms of the exception, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. Before adopting the amendments, all subsidiaries should be consolidated by an investment entity.

Since the Company meets all the criteria of an investment entity, the subsidiaries are measured at fair value through profit or loss in the consolidated financial statements.

When the amendments are applied, the Company measures its investment in each subsidiary at fair value through profit or loss as if the amendments have always been effective. Any difference between the previous carrying amount of the subsidiary and its fair value is adjusted to equity on January 1, 2014.

6) IFRS 13 “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive, for example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015. Refer to Note 19 and 35 for related disclosures.

7) Amendments to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendments to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

The Group retrospectively applied the above amendments starting in 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans and unrealized revaluation Increments. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (losses) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates accounted for using the equity method. However, the application of the above amendments will not have any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

8) Revision to IAS 19 “Employee Benefits”

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminates the “corridor approach” permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all remeasurements of the defined benefit plans to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus. Remeasurement of the defined benefit plans is presented separately as other equity.

Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

In addition, revised IAS 19 changes the definition of short-term employee benefits. The revised definition is “employee benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service”. The Group’s unused annual leave, which can be carried forward within 24 months after the end of the annual period in which the employee renders service and which is currently classified as short-term employee benefits, is classified as other long-term employee

benefits under revised IAS 19. Related defined benefit obligation of such other long-term benefit is calculated using the Projected Unit Credit Method. However, this change does not affect unused annual leave to be presented as a current liability in the consolidated balance sheet.

On initial application of the revised IAS 19, the changes in cumulative employee benefit costs as of December 31, 2013 resulting from the retrospective application are adjusted to net defined benefit liabilities and retained earnings. In addition, in preparing the consolidated financial statements for the year ended December 31, 2015, the Group elects not to present 2014 comparative information about the sensitivity of the defined benefit obligation.

The impact in the prior year is set out below:

	Carrying Amount	IAS 19 Adjustment	Adjusted Carrying Amount
<u>Impact on assets, liabilities and equity</u>			
<u>December 31, 2014</u>			
Net defined benefit liabilities - noncurrent	\$ 2,814,439	\$ (165,557)	\$ 2,648,882
Unappropriated earnings	\$ 17,218,149	\$ 165,557	\$ 17,383,706
<u>January 1, 2014</u>			
Net defined benefit liabilities - noncurrent	\$ 2,781,776	\$ (188,006)	\$ 2,593,770
Unappropriated earnings	\$ 13,955,940	\$ 188,006	\$ 14,143,946
<u>Impact on total comprehensive income for the year ended December 31, 2014</u>			
Operating cost	\$(187,644,142)	\$ (130,404)	\$(187,774,546)
Operating expense	\$ (35,989,788)	\$ (49,926)	\$ (36,039,714)
Net income	\$ 17,188,302	\$ (180,330)	\$ 17,007,972
Remeasurement of defined benefit plans	\$ (318,299)	\$ 157,881	\$ (160,418)
Other comprehensive income	\$ 2,237,258	\$ 157,881	\$ 2,395,139
Total comprehensive income	\$ 19,425,560	\$ (22,449)	\$ 19,403,111
Impact on net profit attributable to:			
Owners of the Company	\$ 11,033,421	\$ (180,330)	\$ 10,853,091
Impact on total comprehensive income attributable to:			
Owners of the Company	\$ 12,889,364	\$ (22,449)	\$ 12,866,915
Impact on earnings per share:			
For the year ended			
Basic	\$ 2.20	\$ (0.03)	\$ 2.17
Diluted	\$ 2.20	\$ (0.04)	\$ 2.16

9) Amendments to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”

The amendments to IFRS 7 require disclosure of information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under enforceable master netting arrangements and similar arrangements.

10) Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets

Under the amendments, investment properties that are measured using the fair value model are presumed to be recovered through sale for the purposes of measuring deferred taxes. However, the presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embedded in the investment property over time, rather than through sale, and accordingly, the recognition of the tax consequences should reflect the expected manner of recovering the asset.

The Group measures its investment properties using the fair value model. As the investment property is held within a business model whose objective is to consume substantially all of the economic benefits over time, the measurement of deferred tax reflects the tax consequences of recovering the carrying amount through use.

11) Amendments to IAS 32 “Offsetting Financial Assets and Financial Liabilities”

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realization and settlement”.

12) Annual Improvements to IFRSs: 2009-2011 Cycle

Several standards including IFRS 1 “First-time Adoption of International Financial Reporting Standards”, IAS 1 “Presentation of Financial Statements”, IAS 16 “Property, Plant and Equipment”, IAS 32 “Financial Instruments: Presentation” and IAS 34 “Interim Financial Reporting” were amended in this annual improvement.

The amendments to IAS 1 clarify that an entity is required to present a balance sheet as at the beginning of the preceding period when a) it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassifies items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the balance sheet at the beginning of the preceding period. The amendments also clarify that related notes are not required to accompany the balance sheet at the beginning of the preceding period.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be recognized in accordance with IAS 16 when they meet the definition of property, plant and equipment and otherwise as inventory.

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 “Income Taxes”.

The amendments to IAS 34 clarify that a measure of total liabilities for a reportable segment would be disclosed in interim financial reporting when such amounts are regularly provided to the chief operating decision maker of the Group and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version in 2015 has material effect on the consolidated balance sheet. In preparing the consolidated financial statements for the year ended December 31, 2015, the Group would present the consolidated balance sheet as of January 1, 2014 in accordance of the above amendments to IAS 1 and disclose related information in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”, but not required to make disclosures about the line items of the balance sheet as of January 1, 2014.

13) Recognition and measurement of financial liabilities designated as at fair value through profit or loss

Based on the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, for a financial liability designated as at fair value through profit or loss, the amount of change in the fair value attributable to changes in the credit risk of that liability is presented in other comprehensive income, and the remaining amount of change in the fair value of that liability is presented in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If this accounting treatment would create or enlarge an accounting mismatch, all gains or losses on that liability are presented in profit or loss.

b. New IFRSs in issue but not yet endorsed by the FSC

On March 10, 2016, the FSC announced the scope of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" and those with undetermined effective date. In addition, the FSC announced that the Group should apply IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new, amended and revised standards and interpretations.

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

(Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group’s accounting policies, except for the following:

1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group’s debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

- a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;
- b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The impairment of financial assets

IFRS 9 requires that impairment loss on financial assets is recognized by using the “Expected Credit Losses Model”. The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 “Revenue from Contracts with Customers”, certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

Hedge accounting

The main changes in hedge accounting amended the application requirements for hedge accounting to better reflect the entity’s risk management activities. Compared with IAS 39, the main changes include: (1) enhancing types of transactions eligible for hedge accounting, specifically broadening the risk eligible for hedge accounting of non-financial items; (2) changing the way hedging derivative instruments are accounted for to reduce profit or loss volatility; and (3) replacing retrospective effectiveness assessment with the principle of economic relationship between the hedging instrument and the hedged item.

2) Amendment to IAS 36 “Recoverable Amount Disclosures for Non-financial Assets”

In issuing IFRS 13 “Fair Value Measurement”, the IASB made consequential amendment to the disclosure requirements in IAS 36 “Impairment of Assets”, introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) IFRIC 21 “Levies”

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. It addresses the accounting for a liability whose timing and amount is certain and the accounting for a provision whose timing or amount is not certain. The Group accrues related liability when the transaction or activity that triggers the payment of the levy occurs. Therefore, if the obligating event occurs over a period of time (such as generation of revenue over a period of time), the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold (such as a minimum amount of revenue or sales generated), the liability is recognized when that minimum threshold is reached.

4) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 “Share-based Payment”, IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments” were amended in this annual improvement.

The amended IFRS 2 changes the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition”. The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have “similar economic characteristics”. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

5) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards, including IFRS 3, IFRS 13 and IAS 40 “Investment Property”, were amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

6) Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”

The amendments require that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11. Accordingly, a joint operator that is an acquirer of such an interest has to:

- a) Measure most identifiable assets and liabilities at fair value;
- b) Expense acquisition-related costs (other than debt or equity issuance costs);
- c) Recognize deferred taxes;
- d) Recognizing any goodwill or bargain purchase gain;
- e) Perform impairment tests for the cash generating units to which goodwill has been allocated;
- f) Disclose information required relevant for business combinations.

The amendments also apply to the formation of a joint operation if, and only if, an existing business is contributed to the joint operation on its formation by one of the parties that participate in the joint operation.

The amendments do not apply on the acquisition of an interest in a joint operation when the parties sharing control are under common control before and after the acquisition.

7) Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”

The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

The amended IAS 16 “Property, Plant and Equipment” requires that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 “Intangible Assets” requires that there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

- a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity’s use of the intangible asset will expire upon achievement of a revenue threshold); or
- b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

8) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- a) Identify the contract with the customer;
- b) Identify the performance obligations in the contract;
- c) Determine the transaction price;
- d) Allocate the transaction price to the performance obligations in the contracts; and
- e) Recognize revenue when the entity satisfies a performance obligation.

If the customer has retained a portion of payment to the Group in accordance with the term of the contract in order to protect the customer from the contractor's possible failure to adequately complete its obligations under the contract, such payment arrangement does not include a significant financing component under IFRS 15. Under current standard, retention receivables under construction contract should be discounted to reflect time value of money.

Under IFRS 15, the Group will allocate the transaction price to each performance obligation identified in the contract on a relative stand-alone selling price basis. Under current standard, the Group applies residual value method to allocate the amount of revenue to be recognized.

The Group's performance does not create an asset with an alternative use to the Group.

For the manufacturing of customer-specific goods, if (1) the Group is restricted contractually from readily directing the asset created by the Group for another use or would incur significant costs to rework the asset to sell that asset to another customer, and (2) the customer would compensate the Group to recover the costs incurred plus a reasonable profit margin whenever the contract is terminated by the customer, under IFRS 15, the Group's performance obligation will be satisfied and revenue will be recognized over time. Under current standard, the Group accounts for such contract as sales of goods.

Incremental costs of obtaining a contract will be recognized as an asset to the extent the Group expects to recover those costs. Such asset will be amortized on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. This will lead to the later recognition of charges for certain customer-obtaining costs.

The Group provides service-type warranty in addition to the assurance that the product complies with agreed-upon specifications. IFRS 15 requires such service to be considered as a performance obligation. Transaction price allocated to service-type warranty will be recognized as revenue and related costs will be recognized when warranty service is performed. Under current standard, transaction price of the aforementioned transaction is fully recognized as revenue when products are sold, and a corresponding provision is recognized for the expected warranty cost.

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

9) IAS 16 and IAS 41 "Agriculture: Bearer Plants"

The amended standards require that bearer plants should be accounted for in accordance with IAS 16. When applying the amended standards, the Group will initially recognize bearer plants at cost and subsequently measure them using cost model. A bearer plant is a living plant that expects to produce or supply agricultural produce for more than one period and that has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Under current IAS 41 "Agriculture", all biological assets should be measured at fair value.

10) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulated that, when an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when an entity sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors’ interest in the associate or joint venture, i.e. the entity’s share of the gain or loss is eliminated. Also, when an entity loses control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors’ interest in the associate or joint venture, i.e. the entity’s share of the gain or loss is eliminated.

11) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 “Non-current assets held for sale and discontinued operations”, IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

IFRS 5 was amended to clarify that reclassification between non-current assets (or disposal group) “held for sale” and non-current assets “held for distribution to owners” does not constitute a change to a plan of sale or distribution. Therefore, previous accounting treatment is not reversed. The amendment also explains that assets that no longer meet the criteria for “held for distribution to owners” and do not meet the criteria for “held for sale” should be treated in the same way as assets that cease to be classified as held for sale.

IAS 19 was amended to clarify that the depth of the market for high quality corporate bonds used to estimate discount rate for post-employment benefits should be assessed by the market of the corporate bonds denominated in the same currency as the benefits to be paid, i.e. assessed at currency level (instead of country or regional level).

12) Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”

The amendments clarified that when the Group (non-investment entity) applies the equity method to an associate or a joint venture that is an investment entity, the Group may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

13) IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

14) Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”

The amendment clarifies that the difference between the carrying amount of the debt instrument measured at fair value and its tax base gives rise to a temporary difference, even though there are unrealized losses on that asset, irrespective of whether the Group expects to recover the carrying amount of the debt instrument by sale or by holding it and collecting contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Group should assess a deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses to deduction against income of a specific type, in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendment also stipulates that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Group’s assets for more than their carrying amount if there is sufficient evidence that it is probable that the Group will achieve this, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and investment properties which are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

The Group engages in the construction business, which has an operating cycle of over one year, the normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of consolidation

Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all

amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition.

See Note 16, Schedule M and Schedule N for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

f. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Group's foreign operations (including subsidiaries in other countries that use currency different from the currency of the Company) are translated into the presentation currency - New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, supplies, finished goods, work-in-process, merchandise inventories, available-for-sale - buildings and land, available-for-sale - land and construction-in-progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost, except for the inventory of construction industries are recorded at specific identification of cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Group's share of equity of associates. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Freehold land is not depreciated.

Depreciation on property, plant and equipment (including assets held under finance leases) is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the useful lives, assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs, and are subsequently measured using the fair value model. Changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

For a transfer from investment property to property, plant and equipment, the property's deemed cost for subsequent accounting is its fair value at the commencement of owner-occupation.

For a transfer from property, plant and equipment to investment property at the end of owner-occupation, any difference between the fair value of the property at the transfer date and its previous carrying amount is recognized in other comprehensive income.

For a transfer from inventories to investment property at the commencement of an operating lease, any difference between the previous carrying amount of the property and its fair value at the transfer date is recognized in profit or loss.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

l. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction service in a service concession arrangement), it recognizes an intangible asset at fair value upon initial recognition. The intangible asset is subsequently measured at cost less accumulated amortization and any accumulated impairment loss.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

m. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

n. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets, and loans and receivables.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is held for trading.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 35.

Investments in equity instruments under financial assets at fair value through profit or loss that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are subsequently measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in profit or loss.

ii. Held-to-maturity investments

Corporate bonds, which are above specific credit ratings and the Group has positive intent and ability to hold to maturity, are classified as held-to-maturity investments.

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

iii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

iv. Loans and receivables

Loans and receivables (including accounts receivable, cash and cash equivalent, debt investments with no active market, and other financial assets) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalent includes time deposits with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as accounts receivable, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract, such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable where the carrying amount is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible accounts receivable that are written off against the allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

- Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 35.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including forward exchange contracts, foreign exchange swap contracts, cross currency interest rate swap contract, interest rate swaps contracts and combined foreign exchange options.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

o. Hedge accounting

The Group designates certain hedging instruments, which include derivatives, as cash flow hedges.

1) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued prospectively when the Group revokes the designated hedging relationship, or when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

p. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

1) Decommissioning, restoration and similar liabilities

The cost of an item of property, plant and equipment comprises:

- a) Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

- b) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- c) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

2) Onerous contracts

Where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract, the present obligations arising under onerous contracts are recognized and measured as provisions.

3) Warranties

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at the best estimate of the expenditure required to settle the Group's obligation by the management of the Group.

q. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowance for sales returns and liability for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) The amount of revenue can be measured reliably;
- d) It is probable that the economic benefits associated with the transaction will flow to the Group;
and
- e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

Revenue from selling of properties in the course of ordinary activities is recognized when the construction is completed and the properties are transferred to buyers. Until such revenue is recognized, deposits received from sales of properties and installment payments are carried in the consolidated balance sheets under current liabilities.

Where the Group enters into transactions which involve both the service of air time bundled with products, revenue for service and product are recognized based on the allocation of the total consideration received from customers using the relative fair values and the sales of product are limited to the amount that customers pay for.

Services revenue and sales of goods that result in award credits for customers, under the Group's award scheme, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the services and inventories supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value, the amount for which the award credits could be sold separately. Such consideration is not recognized as revenue at the time of the initial sale transaction but is deferred and recognized as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

2) Rendering of services

Service income including that from operating service provided under service concession arrangements is recognized when services are provided.

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- a) Installation fees are recognized by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- b) Servicing fees included in the price of products sold are recognized by reference to the proportion of the total cost of providing the servicing for the product sold; and
- c) Revenue from time and material contracts is recognized at the contractual rates as labor hours and direct expenses are incurred.
- d) Usage revenues from fixed network service, cellular services and interconnection and call transfer fees from other telecommunications companies and carriers are billed in arrears and are recognized based upon minutes of traffic processed when the services are provided in accordance with contract terms.

Other revenues are recognized as follows: (a) monthly fees are accrued every month, and (b) prepaid and recharge services are recognized as income based upon actual usage by customers.

3) Handling service revenue

The handling service revenue is the service charge recognized as revenue as car owners pass electronic toll collection ETC points and recognizes the service charge as revenue on the basis of specified ETC rates. ETC collects the toll from car owners in advance and recognizes the ETC payments as receipts under custody, which will be remitted to the Taiwan Area National Freeway Bureau (TANFB). In addition, the toll payments received in advance from enterprise users are recognized as accounts receivable received in advance, which are remitted to TANFB on the basis of real usage at specified toll rates.

4) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

r. Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred to date relative to the estimated total contract costs. However, where reasonably reliable estimates cannot be made, the measurement of proportion of contract may not be made. Variations in contract work, claims and incentive payments are included to the extent the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated balance sheet, as a liability, as receipts in advance. Amounts billed for work performed but not yet paid by the customer are included in the consolidated balance sheet under accounts receivable.

s. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

2) The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheets as a finance lease obligation.

Finance expenses implicit in lease payments for each period are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Contingent rents are recognized as an expense in the period in which they are incurred.

3) Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. The minimum lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with their classification of lease. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

t. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

u. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

v. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, past service cost, as well as gains and losses on settlements and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur, or when the plan amendment or curtailment occurs and when the settlement occurs. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

w. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for the acquisition of a subsidiary, the tax effect is included in the accounting for the investments in subsidiaries.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Impairment of tangible and intangible assets other than goodwill

For impairment test of assets, the Group evaluates and decides on certain asset's independent cash flows, useful lives of the assets and probable future profit or loss based on subjective judgment, asset usage model and telecommunications industry characteristics. Any change in national and local economic conditions or the Group's strategy may cause significant impairment loss.

b. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group's management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

c. Write-down of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The estimation of net realizable value was based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

d. Income taxes

The realizability of the deferred tax asset (liability) mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets (liabilities) may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

e. Estimated impairment of accounts receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

f. Fair value measurements and valuation processes

Where Level 1 inputs are not available, the Group or engaged valuers would determine appropriate inputs by referring to the analyses of the financial position and the operation results of investees, recent transaction prices, prices of same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, valuation multiples of comparable entities/market prices or rates and specific features of derivatives/the existing lease contracts and rentals of similar properties in the vicinity of the Group's investment properties. If the actual changes of inputs in the future differ from expectation, fair value might vary accordingly. The Group updates inputs every quarter to confirm the appropriateness of fair value measurement.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Notes 19 and 35.

g. Useful lives of property, plant and equipment

As described in Note 4(i) property, plant and equipment, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

h. Impairment of investment in the associate

The Group immediately recognizes impairment loss on its net investment in the associate when there is any indication that the investment may be impaired and the carrying amount may not be recoverable. The Group's management evaluates the impairment based on the estimated future cash flow expected to be generated by the associate, including the assumptions about the growth rate of sale and capacity of production facilities estimated by the associate's management, etc. The Group also takes into consideration the market conditions and industry development to evaluate the appropriateness of assumptions.

i. Recognition and measurement of defined benefit plans

Net defined benefit liabilities (assets) and the resulting defined benefit costs under defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and future salary increase, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

j. Construction contract

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of the contract is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentives are included in contract revenue to the extent that the amount can be measured reliably and its receipt is considered probable.

Estimated total contract costs and contracted items are assessed and determined by the management based on the nature of activities, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profits from construction contracts. Refer to Note 14 for related disclosures

6. CASH AND CASH EQUIVALENTS

	December 31	
	2015	2014
Cash		
Cash on hand and petty cash	\$ 41,248	\$ 36,872
Demand and checking accounts	<u>19,736,587</u>	<u>16,414,588</u>
	<u>19,777,835</u>	<u>16,451,460</u>
Cash equivalents (investments with original maturities less than three months)		
Time deposits	8,708,385	6,308,925
Commercial paper and corporate bonds purchased under resell agreements	<u>12,332,654</u>	<u>3,057,177</u>
	<u>21,041,039</u>	<u>9,366,102</u>
Management discretionary accounts		
Demand accounts	<u>59,940</u>	<u>167,857</u>
	<u>\$ 40,878,814</u>	<u>\$ 25,985,419</u>

The Group's members individually contracted and fully authorized Oriental Securities Investment Advisory Co., Ltd. (OSIAC, trustee) to manage discretionary funds. Deposits that were entrusted to OSIAC's full management amounted to NT\$59,940 thousand and NT\$167,857 thousand as of December 31, 2015 and 2014, respectively.

The market rates for bank deposits and cash equivalents as of the balance sheet date were as follows:

	December 31	
	2015	2014
Time deposits	0.04%-4.45%	0.10%-4.48%
Commercial paper and corporate bonds purchased under resell agreements	0.37%-0.54%	0.46%-10.71%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
<u>Financial assets held for trading</u>		
Beneficial certificates	\$ 3,333,494	\$ 630,567
Marketable equity securities	543,829	374,567
Guarantee deposits cotton futures contracts	43,073	41,450
Guarantee deposits - PTA futures contracts	6,012	12,451
Cross-currency swap contracts	2,195	-
Combined foreign exchange options	1,009	40,085
Forward exchange contracts	<u>68,283</u>	<u>24,996</u>
	<u>\$ 3,997,895</u>	<u>\$ 1,124,116</u>
Current	<u>\$ 3,997,895</u>	<u>\$ 1,124,116</u>
<u>Financial liabilities held for trading</u>		
Combined foreign exchange options	<u>\$ -</u>	<u>\$ 807</u>
Current	<u>\$ -</u>	<u>\$ 807</u>

a. Cotton futures contracts

The Company entered into cotton futures contracts mainly to hedge against the adverse fluctuation of cotton prices for the years ended December 31, 2015 and 2014. Since these transactions did not meet the criteria for hedge accounting, they were classified as held for trading.

The Group had no outstanding cotton future contracts as of December 31, 2015 and 2014.

b. PTA futures contracts

The Group entered into PTA futures contracts mainly to hedge against the adverse fluctuation to PTA prices in one year ended December 31, 2015. Since these transactions did not meet the criteria for hedge accounting, they were classified as held for trading.

The Group had no outstanding PTA futures contracts as of December 31, 2015 and 2014.

c. Forward exchange contracts

The Group entered into forward exchange contracts for the years ended December 31, 2015 and 2014 to hedge against the exchange risks on foreign currency assets or liabilities. Since these transactions did not meet the criteria for hedge accounting, they were classified as held for trading.

As of December 31, 2015 and 2014, the Group had outstanding forward exchange contracts, as follows:

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2015</u>			
Buy	USD/NTD	2016.01.04-2016.07.05	USD300,435/NTD9,849,453
Sell	EUR/USD	2016.02.25	EUR8,000/USD8,535
Buy	USD/JPY	2016.02.25	USD1,000/JPY122,970
Buy	USD/RMB	2016.02.25	USD6,000/RMB39,765
<u>December 31, 2014</u>			
Sell	EUR/USD	2015.03.27-2015.05.28	EUR9,000/USD11,121
Buy	USD/JPY	2015.03.05-2015.04.28	USD5,000/JPY592,722
Buy	USD/NTD	2015.01.05-2015.03.27	USD39,200/NTD1,226,708

d. Option contracts

The Group sold option contracts to profit on royalties and the difference between exchange rate fluctuations for the years ended December 31, 2015 and 2014.

As of December 31, 2015 and 2014, the Group had no outstanding option contracts.

e. Combined foreign exchange options

The Group entered into combined foreign exchange options for the years ended December 31, 2015 and 2014 to hedge against the exchange risks on foreign currency assets or liabilities.

As of December 31, 2015 and 2014, the Group had outstanding combined foreign exchange options, as follows:

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2015</u>			
Sell EUR call options	EUR/USD	2016.01.05-2016.04.21	EUR83,400/USD92,995
Buy EUR put options	EUR/USD	2016.01.05-2016.04.21	EUR27,800/USD30,998
Sell USD put options	USD/JPY	2016.01.27-2016.04.28	USD104,100/JPY12,406,731
Buy USD call options	USD/JPY	2016.01.27-2016.04.28	USD34,700/JPY4,135,577
<u>December 31, 2014</u>			
Sell EUR call options	EUR/USD	2015.01.27-2015.03.27	EUR76,650/USD98,139
Buy EUR put options	EUR/USD	2015.01.27-2015.03.27	EUR25,550/USD32,713
Sell EUR put options	EUR/USD	2015.01.02-2015.01.23	EUR800/USD999
Buy EUR call options	EUR/USD	2015.01.02-2015.01.23	EUR200/USD250
Sell USD put options	USD/JPY	2015.01.28-2015.04.01	USD91,500/JPY10,146,776
Buy USD call options	USD/JPY	2015.01.28-2015.04.01	USD30,500/JPY3,382,259

f. Cross-currency swap contracts

The Group entered into cross-currency swap contracts for the year ended December 31, 2015 to hedge against the exchange risks on foreign currency assets or liabilities.

As of December 31, 2015, the Group had outstanding cross-currency swap contracts, as follows:

Currency	Range of Interest Rates	Maturity Date	Contract Amount (Thousands)
<u>December 31, 2015</u>			
USD/RMB	3.55%-3.70%	2016.11.24-2016.11.29	USD26,004/RMB170,000

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>December 31</u>	
	2015	2014
<u>Equity investments</u>		
Marketable equity securities	\$ 4,433,684	\$ 4,620,397
Open-end mutual funds - beneficial certificates	-	111,100
Oversea mutual funds - beneficial certificates	665,295	701,421
Oversea shares	<u>115,317</u>	<u>214,801</u>
Available-for-sale financial assets	<u>\$ 5,214,296</u>	<u>\$ 5,647,719</u>
Current	\$ 727,557	\$ 929,101
Non-current	<u>4,486,739</u>	<u>4,718,618</u>
	<u>\$ 5,214,296</u>	<u>\$ 5,647,719</u>

9. HELD-TO-MATURITY FINANCIAL ASSETS

In September 2009, an FENC subsidiary, Far EastOne, bought five-year corporate bonds of ACC for NT\$199,540 thousand (par value of NT\$200,000 thousand), with the effective interest rate of 2.004% and coupon interest rate of 1.95%. The interest is payable on September 22 annually. The Group had no outstanding held-to-maturity financial assets as of December 31, 2014.

10. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
<u>Derivative financial assets under hedge accounting</u>		
Cash flow hedges - cross currency swaps	\$ 3,790	\$ -
Cash flow hedges - forward exchange contracts	<u>2,225</u>	<u>-</u>
	<u>\$ 6,015</u>	<u>\$ -</u>
Current	<u>\$ 6,015</u>	<u>\$ -</u>
<u>Derivative financial liabilities under hedge accounting</u>		
Cash flow hedges - forward exchange contracts	\$ 3,916	\$ -
Cash flow hedges - cross currency swaps	1,775	3,150
Cash flow hedges - foreign exchange swap contracts	5,325	11,800
Cash flow hedges - interest rate swaps	<u>338,020</u>	<u>535,837</u>
	<u>\$ 349,036</u>	<u>\$ 550,787</u>
Current	\$ 11,016	\$ 14,950
Non-current	<u>338,020</u>	<u>535,837</u>
	<u>\$ 349,036</u>	<u>\$ 550,787</u>

Cash Flow Hedges

The Group used cross-currency swap contracts, foreign exchange swap contracts and forward exchange contracts to hedge against adverse cash flow fluctuations on its foreign currency-denominated assets and expected future transactions.

The contracts on cross-currency swap, foreign exchange swap and forward exchange contracts were in accordance with the contracts on the hedged items. The outstanding cross-currency swap, forward exchange swap contracts and forward exchange contracts of the Group at the end of the reporting period were as follows:

December 31, 2015

	Currency	Maturity Date	Contract Amount (Thousands)
Forward exchange contracts	NTD/EUR	2016.01.25-2016.06.27	EUR18,500
Cross currency swaps	USD/NTD	2016.01.15	USD5,000
Foreign exchange swap contracts	USD/NTD	2016.01.15-2016.02.26	USD20,000

December 31, 2014

	Currency	Maturity Date	Contract Amount (Thousands)
Cross currency swaps	USD/NTD	2015.01.30	USD5,000
Foreign exchange swap contracts	USD/NTD	2015.02.17-2015.03.12	USD15,000

The Group invested in overseas mutual funds and used cross-currency swap contracts and foreign exchange swap contracts to hedge against adverse cash flow fluctuations, and the foreign exchange agreements were designated as cash flow hedge. Far EasTone also used forward exchange contracts to hedge against fluctuations of exchange rates for expected future purchases, and the forward exchange contracts were designated as cash flow hedge. The expected cash flows will occur when the hedge target is sold or expected future purchase transactions take place, and will be reclassified from equity to profit or loss.

The gain (loss) on the hedged items that was reclassified from equity to profit in the consolidated statements of comprehensive income in 2015 and 2014 were as follows:

	For the Year Ended December 31	
	2015	2014
Net gain (loss) on sales of securities	<u>\$ (40,608)</u>	<u>\$ 3,825</u>

The Group entered into interest rate swaps contracts to mitigate the risk of adverse in interest rates on the cash flow exposure related to outstanding variable rate debt. The outstanding interest rate swaps contracts at the end of the reporting period were as follows:

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
NTD2,066,139	2021.02.10	0%-4.8%	90d CP+1.10% (Note)
NTD3,294,000	2025.11.10	0%-4.8%	0.60%-4.90%

Note: The reference interest rate is based on Taiwan's second market 90 days, commercial paper fixing rate on page 6165 of Telerate interest rate index at 11:00 am.

All interest rate swaps contracts, which involved the exchange of floating interest amounts for fixed interest amounts, were designated as cash flow hedges to reduce the Group's cash flow exposure to adverse changes in interest rates on borrowings. The interest rate swaps and the interest payments on the loan were transacted simultaneously, and the amount accumulated in equity was reclassified to profit or loss over the period that the floating interest payments on debts affected profit or loss.

Profit or loss reclassified from equity were included in the following line item in the consolidated statements of comprehensive income:

	For the Year Ended December 31	
	2015	2014
Interest expense credits	<u>\$ 105,085</u>	<u>\$ 41,922</u>

11. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2015	2014
Domestic unlisted common shares	\$ 884,478	\$ 886,533
Overseas unlisted common shares	254,148	177,671
Convertible bonds-conversion rights (Note 12)	<u>-</u>	<u>6,948</u>
	<u>\$ 1,138,626</u>	<u>\$ 1,071,152</u>
Non-current	<u>\$ 1,138,626</u>	<u>\$ 1,071,152</u>

The Group's management believed that the above unlisted common shares and convertible bonds-conversion rights held by the Group, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates was so significant; therefore, they were measured at cost less impairment at the end of reporting period.

12. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31	
	2015	2014
Bond investments - Bockhold N.V.	\$ -	\$ 220,074
Time deposits with original maturities more than 3 months	<u>3,350,990</u>	<u>4,077,160</u>
	<u>\$ 3,350,990</u>	<u>\$ 4,297,234</u>
Current	\$ 3,350,990	\$ 4,114,651
Non-current	<u>-</u>	<u>182,583</u>
	<u>\$ 3,350,990</u>	<u>\$ 4,297,234</u>

On February 26, 2009, an FENC subsidiary, Yuan Tong Investment Co., Ltd., bought convertible bonds amounting to EUR6,670 thousand issued by Bockhold N.V., with maturity on February 26, 2014. These three-year convertible bonds are payable semiannually, and the bonds can be converted proportionally to a total of 933 common shares of Bockhold N.V. The amount of the host debt contract was recognized as a bond investment with no active market, and the amount of the conversion rights of the convertible bonds was recognized under financial assets carried at cost (Note 11). As of September 30, 2015, all of investment amount had been redeemed.

The market interest rates of the time deposits with original maturity more than 3 months were 0.34%-1.425% and 0.168%-3.50% per annum respectively as of December 31, 2015 and 2014.

13. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2015	2014
Notes and accounts receivable	\$ 24,623,020	\$ 28,966,370
Less: Allowance for doubtful accounts	<u>(1,252,514)</u>	<u>(1,246,348)</u>
	<u>\$ 23,370,506</u>	<u>\$ 27,720,022</u>

When deciding the recoverability of accounts receivable, the Group considers any change in the credit quality from the date credit was initially granted up to the end of the reporting period. Allowance for doubtful accounts is recognized against accounts receivable on the basis of estimated irrecoverable amounts determined by reference to past defaults by counter-parties and the analysis of its current financial position.

The concentration of credit risk is limited because the Group's customer base is wide and is not focused on certain customers and companies involved are unrelated. The Group does not have accounts receivable with the aging being past due but not impaired.

The aging of receivables was as follows:

	December 31	
	2015	2014
1-90 days	\$ 20,836,205	\$ 26,735,704
91-180 days	2,175,993	804,162
181-365 days	233,885	43,878
More than 365 days	<u>124,423</u>	<u>136,278</u>
	<u>\$ 23,370,506</u>	<u>\$ 27,720,022</u>

The above aging schedule was based on the invoice date.

Movements of allowance for doubtful accounts were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2015	\$ 7,957	\$ 1,238,391	\$ 1,246,348
Add: Accounts recovered during the period	-	316,361	316,361
Add: Impairment losses/bad debts	6,902	261,211	268,113
Deduct: Amounts written off during the period as uncollectible	(3,313)	(574,810)	(578,123)
Effect of exchange rate differences	<u>-</u>	<u>(185)</u>	<u>(185)</u>
Balance at December 31, 2015	<u>\$ 11,546</u>	<u>\$ 1,240,968</u>	<u>\$ 1,252,514</u>
Balance at January 1, 2014	\$ 17,341	\$ 1,108,328	\$ 1,125,669
Add: Accounts recovered during the period	-	281,200	281,200
Add: Impairment losses/bad debts	3,313	280,549	283,862
Deduct: Amounts written off during the period as uncollectible	(12,697)	(434,147)	(446,844)
Effect of exchange rate differences	<u>-</u>	<u>2,461</u>	<u>2,461</u>
Balance at December 31, 2014	<u>\$ 7,957</u>	<u>\$ 1,238,391</u>	<u>\$ 1,246,348</u>

Sale of overdue accounts receivable

Under agreements on sales of accounts receivable signed during the years ended December 31, 2015 and 2014, the Group sold to asset management companies the overdue accounts receivable that had been written off. Thus, as of December 31, 2015 and 2014, the Group was not under the risk of irrecoverable receivables.

Related information as of December 31, 2015 and 2014 as follows:

	Amounts of Accounts Receivable Sold	Proceeds of the Sale of Accounts Receivable
<u>2015</u>		
Long Sun Asset Management Co., Ltd.	\$ <u>1,405,347</u>	\$ <u>74,077</u>
<u>2014</u>		
E-Hao Management Consultant Co., Ltd.	\$ <u>675,168</u>	\$ <u>35,238</u>

14. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONSTRUCTION CONTRACTS

	<u>December 31</u>	
	2015	2014
<u>Amount due from customers for construction contracts</u>		
Construction costs incurred plus recognized profits less recognized losses to date	\$ 9,249,482	\$ 11,212,107
Less: Progress billings	<u>8,275,594</u>	<u>8,925,196</u>
Amount due from customers for construction contracts	\$ <u>973,888</u>	\$ <u>2,286,911</u>
<u>Amount due to customers for construction contracts</u>		
Progress billings	\$ 4,713,550	\$ 2,541,337
Less: Construction costs incurred plus recognized profits less recognized losses to date	<u>4,592,854</u>	<u>2,430,743</u>
Amount due to customers for construction contracts	\$ <u>120,696</u>	\$ <u>110,594</u>
Retentions receivable	\$ <u>135,724</u>	\$ <u>100,978</u>
Retentions payable	\$ <u>417,017</u>	\$ <u>356,256</u>

Certain amounts due from (to) customers for construction contracts are accounted for as retentions receivable on construction contracts. Retentions receivable on construction contracts bear no interest and are expected to remain as receivables until the satisfaction of conditions specified in each contract for the payment of such amounts during the retention periods, which are within the Group's normal operating cycle of usually more than 12 months after the reporting period.

15. INVENTORIES

	December 31	
	2015	2014
Merchandise inventories	\$ 5,546,239	\$ 4,165,565
Finished goods	5,072,879	4,974,502
Work in progress	2,864,209	2,662,558
Raw materials	5,504,795	6,238,013
Supplies	850,393	809,452
Available-for-sale - buildings and land	4,019,173	995,149
Available-for-construction - land	700,887	700,887
Construction-in-progress - buildings and land	-	1,459,429
	<u>\$ 24,558,575</u>	<u>\$ 22,005,555</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2015 and 2014 was \$132,139,162 thousand and \$150,893,808 thousand, respectively.

The cost of goods sold included reversal of inventory write-downs of \$165,433 thousand for the year ended December 31, 2015. Previous write-downs were reversed as a result of increased selling prices in certain markets. And for the year ended December 31, 2014 included inventory write-downs of \$330,637 thousand

16. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership	
			December 31	2015
Far Eastern New Century Corporation	Far EasTone Telecommunications Co., Ltd. (Note 1)	Telecommunications	38.29	38.29
	Yuan Ding Investment Co., Ltd.	Investment	99.70	99.70
	Far Eastern Resources Development Co., Ltd.	Real estate leasing and development service	100.00	100.00
	Yuan Tong Investment Co., Ltd.	Investment	100.00	100.00
	Far Eastern Polychem Industries Ltd. (FEPI)	Investment	100.00	100.00
	Oriental Petrochemical (Taiwan) Co., Ltd.	Petrochemical materials production	80.76	80.76
	Far Eastern Investment (Holding) Ltd.	Investment	100.00	100.00
	PET Far Eastern (Holding) Ltd. (PETH)	Investment	100.00	100.00
	Kai Yuan International Investment Co., Ltd.	Investment	100.00	100.00
	Far Eastern Polytex (Holding) Ltd.	Investment	100.00	100.00
	Yuan Ding Company Ltd.	Real estate construction and selling	49.99	49.99
	Far Eastern Construction Co., Ltd.	Real estate construction and selling	65.11	65.11
	Ding Yuan International Investment Co., Ltd.	Investment	100.00	100.00
	An Ho Garment Co., Ltd.	Investment	100.00	100.00
	FEDP (Holding) Ltd. (FEDP)	Investment	100.00	100.00
	Fu Kwok Garment Manufacturing Co., Ltd.	Garment production	99.99	99.99
	Far Eastern Textile Ltd.	Textile production	100.00	100.00
	Far Eastern Electronic Toll Collection Co., Ltd.	Electronic toll collection service	66.33	66.33
	Yuan Hsin Digital Payment Co., Ltd.	Other financing and supporting services	65.01	65.01
	Malaysia Garment Manufactures Pte. Ltd. (Note 8)	Clothing production and investment	50.92	-
Yuan Ding Investment Co., Ltd.	Oriental Textile (Holding) Ltd. (OTTI)	Investment	100.00	100.00
	Far Eastern Apparel (Holding) Ltd. (FEAH)	Sale of textile, garments, and clothing	100.00	100.00
	Far Eastern Fibertech Co., Ltd.	Nylon production	100.00	100.00

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership	
			December 31	
			2015	2014
	Far Eastern Apparel Co., Ltd.	Sale of textile, garments, and clothing	100.00	100.00
	Oriental Resources Development Ltd.	Waste recycling and processing	70.00	70.00
	Yuan Faun Ltd.	PET bottle production and selling	100.00	100.00
Far Eastern Investment (Holding) Ltd. (FEIH)	FETG Investment Autilles N.V.	Investment	100.00	100.00
	PET Far Eastern (M) Sdn. Bhd. (Note 12)	Bottle production	100.00	50.00
	Far Eastern Apparel (Vietnam) Ltd.	Clothing production	100.00	100.00
	Worldwide Polychem (HK) Ltd. (WWPI)	Petrochemical, PET and apparel productions foreign trade	100.00	100.00
	Far Eastern Polytex (Vietnam) Ltd. (Note 6)	Chemical fiber and textile production	100.00	-
	Far Eastern New Apparel (Vietnam) Ltd. (Note 7)	Clothing production	100.00	-
Far Eastern Polychem Industries Ltd. (FEPI)	Magna View Sdn. Bhd. (Note 12)	Investment	100.00	-
	Far Eastern Industries (Shanghai) Ltd.	Chemical fiber production	100.00	100.00
	Far Eastern Industries (Yangzhou) Ltd.	PA and its by-product production	100.00	100.00
	Far Eastern Ishizuka Green Pet Corporation (FIGP)	PET production and sale	85.15	80.00
Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Co., Ltd.	Construction	99.95	99.95
Far Eastern Apparel (Holding) Ltd. (FEAH)	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Dyeing and finishing	100.00	100.00
FETG Investment Antilles N.V.	Waldorf Services B.V.	Investment	100.00	100.00
Yuan Faun Ltd.	Yuan Cheng Human Resources Consultant Corp.	Personnel recruitment	55.19	55.19
Yuan Tong Investment Co., Ltd.	Sino Belgium (Holding) Ltd.	Investment	90.88	93.55
Far Eastern Apparel (Suzhou) Ltd.	An Ho Garment (Suzhou) Ltd.	Garment production	100.00	100.00
	Suqian Far Eastern Apparel Co., Ltd. (Note 3)	Garment production and accessories	-	-
PET Far Eastern (Holding) Ltd. (PETH)	Oriental Petrochemical (Shanghai) Corp.	PTA production and sale	61.35	61.35
	Far Eastern Union Petrochemical (Yangzhou) Corporation (Note 4)	MEG and its by-product sale	-	-
Oriental Textile (Holding) Ltd. (OTTI)	Far Eastern Industries (Wuxi) Ltd.	Fiber and textile production	100.00	100.00
	Oriental Industries (Suzhou) Ltd.	Textile production	100.00	100.00
FEDP (Holding) Ltd. (FEDP)	Far Eastern Industries (Suzhou) Ltd.	Garment production	100.00	100.00
Far Eastern Polytex (Holding) Ltd.	Wuhan Far Eastern New Material Ltd.	Garment production and sale	100.00	100.00
	Far Eastern Apparel (Suzhou) Ltd.	Garment production	100.00	100.00
	Far Eastern Yihua Petrochemical (Yangzhou) Corporation	PTA and by-product production and sale	60.00	60.00
	Far Eastern New Century (China) Investment Ltd.	Investment	100.00	100.00
Far Eastern New Century (China) Investment Ltd.	Shanghai Yuan Zi Information Technology Co., Ltd.	Software development, equipment maintenance and consulting	100.00	100.00
	Yuan Ding Enterprise (Shanghai) Ltd.	Software development	100.00	100.00
Sino Belgium (Holding) Ltd.	Sino Belgium Beer (Suzhou) Ltd.	Brewer	100.00	100.00
	Martens Beers Trading (Shanghai) Ltd.	Beer sale	100.00	100.00
Oriental Petrochemical (Shanghai) Corp.	Shanghai Far Eastern Petrochemical Logistic Ltd.	Transportation	100.00	100.00
Yuan Ding Company Ltd.	Ding Ding Hotel Co., Ltd.	Hotel	80.99	80.99
	YDT Technology International Co., Ltd.	Electronic materials and by-product sale	100.00	100.00
	Far Eastern Technical Consultants Co, Ltd.	Real estate development business consulting and management	100.00	100.00
	FET Consulting Engineers Co., Ltd.	Investment	100.00	100.00
	Ding Ding Integrated Marketing Services Co., Ltd.	Market research and general advertisement	80.00	80.00
	Far Eastern Electronic Commerce Co., Ltd.	Electronic information providing services	73.42	73.42
FET Consulting Engineers Co., Ltd.	DDIM (Virgin Islands) Ltd.	Investment	100.00	100.00

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership	
			2015	2014
YDT Technology International Co., Ltd.	YDC (Virgin Islands) Ltd.	Investment	100.00	100.00
YDC (Virgin Islands) Ltd.	Speedy (Shanghai) Digital Tech. Co., Ltd.	Intelligent control equipment and security monitoring products	100.00	100.00
DDIM (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	Internet software development services	100.00	100.00
Malaysia Garment Manufactures Pte. Ltd.	PT Malaysia Garment Bintan (Note 8)	Clothing Production	99.00	-
Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	Types I and II telecommunications services	100.00	100.00
	ARCOA Communication Co., Ltd.	Type II telecommunications services, sale of communications products and office equipment	61.63	61.63
	KGEx.com Co., Ltd.	Type II telecommunications services	99.99	99.99
	Yuan Cing Co., Ltd.	Call center services	99.99	99.99
	E. World (Holdings) Ltd. (Note 9)	Investment	-	85.92
	Far EasTron Holding Ltd. (Note 10)	Investment	-	100.00
	Far Eastern Info Service Holding Ltd. (FEIS)	Investment	100.00	100.00
	O-music Co., Ltd.	Electronic information providing services	50.00	50.00
	Q-Ware Communication Co., Ltd.	Type II telecommunications services	81.46	81.46
	Hiiir Co., Ltd.	Electronic information providing services	89.54	89.54
ARCOA Communication Co., Ltd.	DataExpress Infotech Co., Ltd.	Sale of communications products	70.00	70.00
New Century InfoComm Tech Co., Ltd.	New Diligent Co., Ltd.	Investment	100.00	100.00
	Information Security Service Digital United Co., Ltd.	Security and monitoring service via Internet	100.00	100.00
	Digital United (Cayman) Ltd.	Investment	100.00	100.00
	Simple InfoComm Co., Ltd. (Note 11)	Type II telecommunications	-	100.00
Digital United (Cayman) Ltd.	Digital United Information Technology (Shanghai) Co., Ltd.	Design and research of computer system	100.00	100.00
New Diligent Co., Ltd.	Sino Lead Enterprise Limited	Telecommunications services	100.00	100.00
	Far Eastern New Diligent Co., Ltd.	Electronic toll collection service	100.00	100.00
	New Diligent (Hong Kong) Co., Ltd. (Note 5)	Investment	-	-
Far Eastern New Diligent Co., Ltd.	Far Eastern Tech-info Ltd. (Shanghai)	Computer software, data processing and network information providing services	100.00	100.00
	Far Eastern New Century Information Technology (Beijing) Ltd.	Software development, equipment maintenance and consulting	79.04	79.04
DataExpress Infotech Co., Ltd.	Linkwell Tech. Co., Ltd.	Sale of communications products	100.00	100.00
	Home Master Technology Co., Ltd.	Sale of communications products	100.00	99.99
	Jing Yuan Technology Co., Ltd. (Note 2)	Data Processing services	-	-

(Concluded)

Note 1: Even though the consolidated ownership of the Company and its subsidiaries to Far EasTone was not over 50%, over half of board of directors of Far EasTone were served by the Group. Thus, Far EasTone were included in a subsidiaries in the consolidated financial statement.

Note 2: A subsidiary was dissolved on January 28, 2014.

Note 3: A subsidiary was liquidated as of May 2014.

Note 4: The Group lost control over the subsidiaries by re-electing the board of directors as of March 31, 2014.

Note 5: Establishment completed on December 4, 2014, but the investment amount had not been remitted to the investee as of December 31, 2015

Note 6: The investment amount US\$5,300 thousand was fully paid as of July 2, 2015.

Note 7: The investment amount US\$900 thousand was fully paid as of August 19, 2015.

Note 8: The Group acquired control of it on September 30, 2015 (Note 31).

Note 9: A subsidiary was liquidated and dissolved on November 4, 2015.

Note 10: A subsidiary was liquidated and dissolved on November 6, 2015.

Note 11: A subsidiary was dissolved on December 19, 2015.

Note 12: On December 30, 2015, the Group acquired 100% equity interest in Magna View Sdn. Bhd., and indirectly acquired 50% equity interest in PET Far Eastern (M) Sdn. Bhd.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2015	2014	2015	2014
	Subsidiaries			
Far EasTone	\$ 7,136,378	\$ 7,168,796	\$ 45,125,949	\$ 45,697,926
			December 31	
			2015	2014
Current assets			\$ 34,299,373	\$ 20,806,012
Non-current assets			102,581,798	102,902,175
Current liabilities			(21,683,305)	(22,675,815)
Non-current liabilities			(42,538,970)	(27,479,371)
Equity			\$ 72,658,896	\$ 73,553,001
Equity attributable to:				
Owners of the Group			\$ 27,532,947	\$ 27,855,075
Non-controlling interests of Far EasTone			44,373,418	44,892,575
Non-controlling interests of Far EasTone's subsidiaries			752,531	805,351
			\$ 72,658,896	\$ 73,553,001
			For the Year Ended December 31	
			2015	2014
Revenue			\$ 97,293,218	\$ 94,175,600
Net income for the period			\$ 11,534,251	\$ 11,565,631
Other comprehensive income for the period			(45,367)	12,734
Total comprehensive income for the period			\$ 11,488,884	\$ 11,578,365

(Continued)

	For the Year Ended December 31	
	2015	2014
Net income attributable to:		
Owners of the Group	\$ 4,397,873	\$ 4,396,835
Non-controlling interests of Far EasTone	7,087,822	7,086,150
Non-controlling interests of Far EasTone's subsidiaries	<u>48,556</u>	<u>82,646</u>
	<u>\$ 11,534,251</u>	<u>\$ 11,565,631</u>
Total comprehensive income attributable to:		
Owners of the Group	\$ 4,380,503	\$ 4,401,673
Non-controlling interests of Far EasTone	7,059,829	7,093,946
Non-controlling interests of Far EasTone's subsidiaries	<u>48,552</u>	<u>82,746</u>
	<u>\$ 11,488,884</u>	<u>\$ 11,578,365</u>
Net cash flow from:		
Operating activities	\$ 21,051,754	\$ 25,584,888
Investing activities	(12,862,573)	(14,678,287)
Financing activities	3,953,006	(9,878,090)
Effect of exchange rate changes	<u>(458)</u>	<u>3,362</u>
Net cash inflow	<u>\$ 12,141,729</u>	<u>\$ 1,031,873</u>
Dividends paid to non-controlling interest		
Far EasTone	<u>\$ 7,543,336</u>	<u>\$ 7,543,336</u>
Far EasTone's subsidiaries	<u>\$ 85,107</u>	<u>\$ 97,687</u>
		(Concluded)

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31			
	2015		2014	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Material associates				
Listed companies				
Asia Cement Co., Ltd.	\$ 22,549,382	26	\$ 24,231,445	25
Associates that are not individually material				
Listed companies				
Far Eastern Department Stores Co., Ltd.	7,162,285	23	7,370,454	22
Oriental Union Chemical Co., Ltd.	6,449,105	33	6,597,024	31
Everest Textile Co., Ltd.	<u>1,173,346</u>	26	<u>1,172,804</u>	26
	<u>14,784,736</u>		<u>15,140,282</u>	

(Continued)

	December 31			
	2015		2014	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Unlisted companies				
Oriental Securities Co., Ltd.	\$ 4,715,965	46	\$ 4,995,787	46
Pacific Liu Tong Investment Co., Ltd.	4,044,553	40	4,201,060	40
Yu Yuan Investment Co., Ltd.	2,049,057	44	2,984,472	44
Far Eastern International Leasing Co., Ltd.	2,293,687	34	2,362,406	34
Far Eastern Union Petrochemical (Yangzhou) Corporation	1,728,099	50	1,974,612	50
Liquid Air Far East Co., Ltd.	1,874,991	35	1,600,555	35
Da Ju Fiber Co., Ltd.	1,490,394	42	1,193,637	42
Tong Da Air Industry (Yangzhou) Co., Ltd.	1,043,410	50	1,048,327	50
Yu Ding Industry Co., Ltd.	604,941	31	617,990	31
Yuan Ding Leasing Co., Ltd.	416,261	46	428,360	46
Kowloon Cement Corp.	482,746	49	448,282	49
Freudenberg Far Eastern Spunweb Co., Ltd.	355,253	30	291,867	30
FEEDS Asia Pacific Development Co., Ltd.	130,303	5	128,195	5
Yue Ming Trading Co., Ltd.	63,480	47	71,869	47
Malaysia Garment Manufactures Pte. Ltd.	-	-	65,794	38
Alliance Digital Technology Co., Ltd.	16,008	13	21,917	13
Com 2B Corporation	13,975	20	14,450	20
iScreen	-	-	16,526	40
Opas Fund Segregated Portfolio Company	1,710	34	1,646	34
	<u>21,324,833</u>		<u>22,467,752</u>	
	<u>\$ 58,658,951</u>		<u>\$ 61,839,479</u>	

(Concluded)

a. Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights	
			December 31	
			2015	2014
Asia Cement Co., Ltd.	Cement production	Taiwan	25.52%	25.37%

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

Name of Associate	December 31	
	2015	2014
Asia Cement Co., Ltd.	<u>\$ 23,510,215</u>	<u>\$ 33,258,225</u>

Summarized financial information in respect of each of the Group's material associates is set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Asia Cement Co., Ltd.

	December 31	
	2015	2014
Current assets	\$ 52,844,285	\$ 70,558,875
Non-current assets	217,232,924	212,260,180
Current liabilities	(65,223,927)	(64,989,203)
Non-current liabilities	(49,999,090)	(56,102,626)
Non-controlling interests	<u>(18,955,319)</u>	<u>(19,893,662)</u>
	<u>\$ 135,898,873</u>	<u>\$ 141,833,564</u>
Proportion of the Group's ownership	25.52%	25.37%
Equity attributable to the Group	\$ 34,681,392	\$ 35,983,175
Cross shareholdings	<u>(12,132,010)</u>	<u>(11,751,730)</u>
Carrying amount	<u>\$ 22,549,382</u>	<u>\$ 24,231,445</u>

	For the Year Ended December 31	
	2015	2014
Operating revenue	<u>\$ 66,287,480</u>	<u>\$ 77,683,281</u>
Net income for the year	\$ 4,934,483	\$ 10,905,998
Other comprehensive income	<u>(3,860,529)</u>	<u>4,827,293</u>
Total comprehensive income for the year	<u>\$ 1,073,954</u>	<u>\$ 15,733,291</u>
Dividends received from Asia Cement Co., Ltd.	<u>\$ 1,876,913</u>	<u>\$ 1,504,385</u>

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2015	2014
The Group's share of:		
Net income for the year	\$ 1,964,825	\$ 2,524,868
Other comprehensive income	<u>(2,020,803)</u>	<u>67,455</u>
Total comprehensive income for the year	<u>\$ (55,978)</u>	<u>\$ 2,592,323</u>

On September 30, 2015, the Group acquired a 13% equity interest in Malaysia Garment Manufactures Pte. Ltd. (MG) for NT\$171,115 thousand for organization restructuring, resulting in the Group's increasing its equity interest in MG to 50.92%. The Group thus included MG in its consolidated financial statements since the acquisition date (Note 31).

On March 31, 2014, the Group lost control over Far Eastern Union Petrochemical (Yangzhou) Corp. (FEUPY) due to the FEUPY's board members who represented the Group is less than 50% after a board of directors' election. The Group revalued its retained holding of FEUPY shares at fair value and recognized RMB3,912 thousand as gain on disposal of investment.

On February 26, 2014, the Group and Oriental Union Chemical Corp. co-establish Tong Da Air Industry (Yangzhou) Co., Ltd. and acquired a 50% ownership of the latter company.

For the years ended December 31, 2015 and 2014, investments in FEDS Asia Pacific Development Co., Ltd., Com2B Corporation and Alliance Digital Technology Co., Ltd. were accounted for the equity-method since the Group exercised significant influence on them even though the Group owned less than 20% of each investee's voting shares.

The calculation of the investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of the investments were based on the associates' audited financial statements, except for those of Alliance Digital Technology Co., Ltd. in 2015 and 2014. Management believes there would have been no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income had the financial statements of Alliance Digital Technology Co., Ltd. been audited.

18. PROPERTY, PLANT, EQUIPMENT AND PREPAYMENTS FOR EQUIPMENT

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
Property, plant and equipment	\$ 148,141,804	\$ 139,055,972
Prepayment for equipment	<u>2,280,180</u>	<u>4,914,856</u>
	<u>\$ 150,421,984</u>	<u>\$ 143,970,828</u>

Carrying amounts

	Land	Buildings	Machinery and Equipment	Telecommuni- cations Equipment	Computer Equipment	Leasehold Improvements	Operating and Miscellaneous Equipment	Construction-in- progress and Prepayment for Equipment	Total
<u>Cost</u>									
Balance at January 1, 2015	\$ 17,327,539	\$ 29,327,112	\$ 116,998,189	\$ 141,788,190	\$ 14,008,541	\$ 4,957,919	\$ 18,898,657	\$ 30,945,222	\$ 374,251,369
Acquisitions through business combinations	1,112,035	465,055	-	-	-	-	1,109	-	1,578,199
Additions	15,079	649,397	900,932	91,587	35,175	42,687	1,390,549	20,776,656	23,902,062
Disposals	-	(292,548)	(2,159,423)	(21,966,435)	(408,137)	(490,606)	(1,493,818)	(1,274,729)	(28,085,696)
Reclassification	11,354	1,103,725	5,334,302	10,774,038	1,338,594	250,273	1,154,855	(20,383,340)	(416,199)
Effect of exchange rate difference	(1,297)	(140,780)	(1,009,595)	1	(144)	(15)	(49,851)	(128,825)	(1,330,506)
Balance at December 31, 2015	<u>\$ 18,464,710</u>	<u>\$ 31,111,961</u>	<u>\$ 120,064,405</u>	<u>\$ 130,687,381</u>	<u>\$ 14,974,029</u>	<u>\$ 4,760,258</u>	<u>\$ 19,901,501</u>	<u>\$ 29,934,984</u>	<u>\$ 369,899,229</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2015	\$ (96,557)	\$ (13,088,831)	\$ (79,700,476)	\$ (109,278,453)	\$ (11,286,648)	\$ (3,446,256)	\$ (13,383,320)	\$ -	\$ (230,280,541)
Acquisitions through business combinations	-	(207,434)	-	-	-	-	(496)	-	(207,930)
Disposals	-	288,190	2,152,244	21,079,499	406,901	391,263	440,961	-	24,759,058
Impairment loss	-	-	(102,000)	-	-	-	-	-	(102,000)
Depreciation expense	-	(752,992)	(4,058,173)	(6,634,255)	(1,149,610)	(414,426)	(1,300,684)	-	(14,310,140)
Reclassification	-	30,232	16,204	757	452	-	(19,201)	-	28,444
Effect of exchange rate differences	-	61,312	545,021	-	98	9	29,424	-	635,864
Balance at December 31, 2015	<u>\$ (96,557)</u>	<u>\$ (13,669,523)</u>	<u>\$ (81,147,180)</u>	<u>\$ (94,832,452)</u>	<u>\$ (12,028,807)</u>	<u>\$ (3,469,410)</u>	<u>\$ (14,233,316)</u>	<u>\$ -</u>	<u>\$ (219,477,245)</u>
<u>Cost</u>									
Balance at January 1, 2014	\$ 17,332,301	\$ 28,168,340	\$ 112,175,350	\$ 144,771,595	\$ 12,716,058	\$ 4,631,998	\$ 17,617,938	\$ 23,268,152	\$ 360,681,432
Additions	254	23,964	566,917	88,581	34,642	33,454	496,130	27,191,934	28,435,876
Disposals	(5,016)	(118,996)	(1,482,729)	(12,836,553)	(215,925)	(99,362)	(734,485)	(39,712)	(15,532,778)
Derecognition of subsidiaries due to control loss	-	-	-	-	-	-	-	-	-
Reclassification	-	952,619	4,269,227	9,764,566	1,473,275	391,829	1,441,765	(18,061,054)	(1,525,979)
Effect of exchange rate difference	-	301,485	1,469,424	1	491	-	97,874	91,316	1,960,591
Balance at December 31, 2014	<u>\$ 17,327,539</u>	<u>\$ 29,327,112</u>	<u>\$ 116,998,189</u>	<u>\$ 141,788,190</u>	<u>\$ 14,008,541</u>	<u>\$ 4,957,919</u>	<u>\$ 18,898,657</u>	<u>\$ 30,945,222</u>	<u>\$ 374,251,369</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2014	\$ (96,557)	\$ (12,194,750)	\$ (76,675,611)	\$ (114,352,153)	\$ (10,530,559)	\$ (3,138,722)	\$ (12,822,163)	\$ -	\$ (229,810,515)
Disposals	-	82,989	1,439,700	11,960,452	212,779	75,039	692,256	-	14,463,215
Derecognition of subsidiaries due to control loss	-	-	-	-	-	-	2,335	-	2,335
Impairment loss	-	-	(49,190)	-	-	-	-	-	(49,190)
Depreciation expense	-	(697,464)	(3,704,120)	(6,887,627)	(964,804)	(382,054)	(1,185,909)	-	(13,821,978)
Reclassification	-	(186,144)	(41,451)	875	(3,852)	(511)	(12,346)	-	(243,429)
Effect of exchange rate difference	-	(93,462)	(669,804)	-	(212)	(8)	(57,493)	-	(820,979)
Balance at December 31, 2014	<u>\$ (96,557)</u>	<u>\$ (13,088,831)</u>	<u>\$ (79,700,476)</u>	<u>\$ (109,278,453)</u>	<u>\$ (11,286,648)</u>	<u>\$ (3,446,256)</u>	<u>\$ (13,383,320)</u>	<u>\$ -</u>	<u>\$ (230,280,541)</u>

The above items of property, plant and equipment were depreciated on a straight-line basis over the following estimated useful lives:

Building	3-60 years
Telecommunication equipment	2-25 years
Computer equipment	3-10 years
Machinery and equipment	3-20 years
Leasehold improvements, operating and miscellaneous equipment	3-15 years

As of December 31, 2015 and 2014, farmland was reclassified to property, plant and equipment amounting to NT\$238,430 thousand and to investment properties amounting to NT\$34,212 thousand and NT\$34,591 thousand, respectively. The titles to the land are temporarily registered in the name of trustees who have either signed an agreement showing that the farmlands belong to the Company or have pledged the land to the Group.

19. INVESTMENT PROPERTIES

The fair value of investment properties was estimated using unobservable inputs (Level 3). The movements in the fair value were as follows:

	Completed Investment Properties
Balance at January 1, 2015	\$ 119,663,209
Additions	441,540
Disposals	(2,040,303)
Reclassification	2,168,407
Recognized in profit (gain arising from the change in fair value of investment property)	3,959,748
Recognized in other comprehensive income (exchange differences on translating foreign operations)	<u>(1,895)</u>
Balance at December 31, 2015	<u>\$ 124,190,706</u>
Balance at January 1, 2014	\$ 113,458,525
Additions	11,803
Reclassification	(68,891)
Recognized in profit (gain arising from the change in fair value of investment property)	6,222,659
Recognized in other comprehensive income (exchange differences on translating foreign operations)	<u>39,113</u>
Balance at December 31, 2014	<u>\$ 119,663,209</u>

The Group and Asia Cement Corporation (ACC) co-own a land located on Dunhua South Road in Taipei. Under an agreement, subsidiary Yuan Ding paid for the construction of a multifunctional building on this land and acquired 30-year right of superficies which is not required to pay any rent. However, the ownership of the building was registered in the name of the Group, ACC and subsidiary Yuan Ding at 12%, 12% and 76% respectively. Upon expiration of the agreement, the Company and ACC will acquire subsidiary Yuan Ding's 76% ownership of the building based on the carrying value of the building.

The construction of a building (Mega City) located in the Bangiao Xin Ban section was completed in 2011, and the building was leased to Far Eastern Department Stores Co., Ltd. (FEDS) as its department store space. A portion of the rental income generated from the operating lease was recognized over the lease term on a straight-line basis and the rest of the income was recognized as a percentage of FEDS's gross operating income. The lease of FEDS will expire in December 2026. The construction of Banqiao

Zhong Ben commercial building (Mega Tower) was completed in the three months ended March 31, 2015 and recognized as inventories (available-for-sale - land and building). Some floors that were later rented out to others were reclassified from inventories to investment properties at their fair value of NT\$1,292,828 thousand, recognized valuation gain on investment properties amounting to NT\$698,761 thousand (recognized as gain on change in fair value of investment properties), while other floors rented out to the Group were reclassified from inventories to property, plant and equipment amounting to NT\$381,831 thousand.

The construction project - Taipei Far Eastern Telecom Park, investment property located in Banqiao was in accordance with the enforcement rules of Act for Promotion of Private Participation in Infrastructure Projects and the market rentals were valued between NT\$0.4 thousand and NT\$1.1 thousand per ping (i.e. 1 ping = 3.3 square meters).

The fair value of investment properties were as follows:

	December 31	
	2015	2014
Independent valuation	<u>\$ 124,190,706</u>	<u>\$ 119,663,209</u>

The fair value of the investment properties as of December 31, 2015 and 2014, was based on the valuations carried out at February 5, 2016 and January 30, 2015 by independent qualified professional valuers, Mr. Tsai, Chia-ho, Ms. Hu, Chun-Chun and Mr. Li, Ken-Yuan, from Debenham Tie Leung Real Estate Appraiser Office, a member of certified ROC real estate appraisers.

The fair value of investment properties, except for undeveloped land, was measured using the income approach. The significant assumptions used were as follows:

	December 31	
	2015	2014
Expected future cash inflows	\$ 59,373,009	\$ 57,791,454
Expected future cash outflows	<u>(2,035,051)</u>	<u>(1,952,832)</u>
Expected future cash inflows, net	<u>\$ 57,337,958</u>	<u>\$ 55,838,622</u>
Discount rate	1.985%-2.31%	2.125%-2.28%

The Group identified the investment properties located in Banqiao on the basis of their individual operating purposes and estimated future cash inflows/outflows by type of investment property. The difference between the estimated future cash inflows and outflows was used in estimating the fair value of different type of investment property and then calculate the total fair value of Group's investment properties in Banqiao under foregoing basis.

Part of the investment properties had been leased out under operating leases. The rental income generated for the years ended December 31, 2015 and 2014 were NT\$1,069,057 thousand and NT\$1,090,254 thousand, respectively.

The expected future cash inflows generated by investment properties referred to rental income, interest income on rental deposits, loss on vacancy rate of space and disposal value. The rental income was extrapolated using the comparative market rentals covering 10 years, excluding too-high and too-low values, taking into account the annual rental growth rate. However, when the investment properties had specific rental period, the rental income was extrapolated on that rental period with no more than 10 years. Loss on vacancy rate of space was extrapolated using the vacancy rates of the neighboring stores and factories, the interest income on rental deposits was extrapolated using 1.21%, the interest rate announced by the central bank for the one-year average deposit interest rate of five major banks, and the disposal value

was determined using the direct capitalization method under the income approach. The expected future cash outflows on investment property included expenditures such as land value taxes, house taxes, insurance premium, maintenance costs, replacement allowance and depreciation. These expenditures were extrapolated on the basis of the current level of expenditures, taking into account the future adjustment to the government-announced land value and the tax rate promulgated under the House Tax Act.

The discount rate was determined by reference to the local same class product, a reasonable rental income level and the selling price of investment properties taking into consideration the liquidity, potential risk, appreciation and the complexity of management; in addition, the discount rate should not be lower than the interest rate for two-year time deposits of Chunghwa Post Co., Ltd. plus 0.75%.

The Group's undeveloped land was mainly located in Zhongli District and Taipei City. The fair value was measured using the land development analysis, because it was undeveloped and cannot be measured by income approach. The significant assumptions used were as follows:

	December 31	
	2015	2014
Estimated total sale price	<u>\$ 27,309,915</u>	<u>\$ 27,051,660</u>
Rate of return	15%	15%-18%
Overall capital interest rate	1.21%-1.52%	1.36%-1.56%

The estimated total sale price is specifically saying the sale price of some constructing buildings located in Zhongli, Taoyuan and the estimated total sale price is disclosed by reference to any existing lease, local rents, or market rents for similar comparable subjects. The fair value in that area is determined by sale price of each constructing building and estimated the total fair value.

The total selling price is estimated on the basis of the most effective use of land or property available for sale after development is completed, taking into account the related regulations, optimism of domestic macroeconomic prospects, local land use, and market rates.

20. GOODWILL

	For the Year Ended December 31	
	2015	2014
<u>Cost</u>		
Beginning balance	\$ 11,930,443	\$ 11,928,782
Impairment loss	(60,809)	-
Effect of foreign currency exchange differences	<u>(4,119)</u>	<u>1,661</u>
Balance at December 31	<u>\$ 11,865,515</u>	<u>\$ 11,930,443</u>

If an investment acquisition cost exceeds the fair value of identifiable net assets acquired, and the source of this excess cannot be identified, this excess should be recorded as goodwill. Goodwill mainly resulted from the mergers and acquisitions of Far EasTone, which obtained a large percentage of companies with which it had merged.

The Group was divided into several identifiable cash-generating units that enhance the Group's operating effectiveness and integrate its telecommunications resources: The mobile telecommunications service business, telecommunications equipment business, WiFly business and integrated network business.

As of December 31, 2015 and 2014, the carrying values of the tangible and intangible assets used by the Group were \$97,723,651 thousand and \$98,642,227 thousand, respectively. The Group's management estimated the recoverable amounts of core assets at their expected useful lives and thus based the cash flow forecast with the following discount rates as of December 31, 2015 and 2014: Mobile telecommunications service business - 6.82% and 10.28%, respectively; telecommunications equipment business - 5.78% and 7.32%, respectively; integrated network business - 7.14% and 10.02%, WiFly business - 4.05% and 7.77%, respectively. The operating revenue forecast was based on the expected future growth rate of the telecom industry along with the projected advancement of the Group's own business. The principal assumptions and the relevant measurement of the recoverable amounts of the Group are summarized as follows:

- a. Expected future growth rate of the telecommunications industry
 - 1) Mobile voice service (MVS): The anticipated MVS is measured based on the actual effective customer base and minutes of usage of previous years, while the development trend of the market is taken into account.
 - 2) Mobile data service (MDS): The anticipated MDS is measured based on the proportion of MDS to the total telecommunications service revenues of previous years, while the demands and changes of the market are taken into account.
 - 3) Business of selling cellular phone units: The anticipated selling cellular phone is based on the historical sales revenues and quantities of previous years, while the trend of the market is taken into account.
 - 4) WiFly business: The anticipated WiFly is based on present operating experience and the demand of WiFly, while the trend of the industry is taken into account.
 - 5) Integrated network business (INB): The anticipated INB is measured based on the actual effective customer base and service revenues of previous years, while the trend of the market is taken into account.
- b. Expected ratio of service EBITDA (earnings before interest, taxes, depreciation and amortization) to operating revenue: The expected ratio is anticipated based on the historical ratio of EBITDA to operating revenues, while the possible influence of each revenue, cost and expense are taken into account.

21. CONCESSION AND OTHER INTANGIBLE ASSETS

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
<u>Carrying amounts</u>		
Concession	\$ 35,151,640	\$ 37,314,277
Other intangible assets		
Computer software	2,811,278	2,602,855
Others	<u>654,267</u>	<u>1,169,584</u>
	<u>3,465,545</u>	<u>3,772,439</u>
	<u>\$ 38,617,185</u>	<u>\$ 41,086,716</u>

	Concession	Computer Software	Others	Total
Balance at January 1, 2015	\$ 37,314,277	\$ 2,602,855	\$ 1,169,584	\$ 41,086,716
Additions	239,820	921,579	72,042	1,233,441
Amortization	(2,400,863)	(804,403)	(542,780)	(3,748,046)
Disposals	(770)	-	(479)	(1,249)
Recognized impairment loss	-	-	(42,613)	(42,613)
Reclassifications	(824)	92,036	755	91,967
Effect of exchange rate differences	<u>-</u>	<u>(789)</u>	<u>(2,242)</u>	<u>(3,031)</u>
Balance at December 31, 2015	<u>\$ 35,151,640</u>	<u>\$ 2,811,278</u>	<u>\$ 654,267</u>	<u>\$ 38,617,185</u>
Balance at January 1, 2014	\$ 37,734,135	\$ 2,557,237	\$ 1,626,885	\$ 41,918,257
Additions	1,018,143	759,396	150,467	1,928,006
Amortization	(1,436,675)	(794,831)	(610,921)	(2,842,427)
Disposals	(1,326)	(5,164)	(1,055)	(7,545)
Derecognition of subsidiaries due to control loss	-	(4,563)	-	(4,563)
Reclassifications	-	87,898	1,251	89,149
Effect of exchange rate differences	<u>-</u>	<u>2,882</u>	<u>2,957</u>	<u>5,839</u>
Balance at December 31, 2014	<u>\$ 37,314,277</u>	<u>\$ 2,602,855</u>	<u>\$ 1,169,584</u>	<u>\$ 41,086,716</u>

The above other intangible assets were depreciated on a straight-line basis up to the estimated useful lives of the assets, as follows:

Concession	17 years
Computer software	10 years
Others	16 years

22. BORROWINGS

a. Short-term borrowings

	December 31	
	2015	2014
Bank credit loans	\$ 20,648,775	\$ 23,365,794
Bank secured and pledged borrowings	446,000	283,036
Loans from related parties	<u>3,592,852</u>	<u>3,989,830</u>
	<u>\$ 24,687,627</u>	<u>\$ 27,638,660</u>

- 1) The interest rates for bank loans were 0.67% to 5.75% and 0.80% to 4.48% as of December 31, 2015 and 2014, respectively.
- 2) Loans from related parties were the Group's repayments to related parties. Interest rates were all 0% as of December 31, 2015 and 2014.

b. Short-term bills payable

	December 31	
	2015	2014
Commercial paper	\$ 6,604,000	\$ 4,666,000
Less: Unamortized discount on bills payable	<u>6,237</u>	<u>3,468</u>
	<u>\$ 6,597,763</u>	<u>\$ 4,662,532</u>

The short-term bills payable outstanding were issued at interest rates of 0.59% to 1.44% and 0.80% to 1.40% as of December 31, 2015 and 2014, respectively.

c. Long-term borrowings

	December 31	
	2015	2014
<u>Secured borrowings</u>		
Bank loans	<u>\$ 2,640,000</u>	<u>\$ 2,640,000</u>
<u>Unsecured borrowings</u>		
Credit loan	56,012,344	52,679,572
Long-term commercial paper	19,500,000	9,500,000
Less: Unamortized discount on commercial paper	<u>56,573</u>	<u>34,055</u>
	<u>75,455,771</u>	<u>62,145,517</u>
	78,095,771	64,785,517
Less: Current portion	<u>1,090,879</u>	<u>786,307</u>
Long-term borrowings	<u>\$ 77,004,892</u>	<u>\$ 63,999,210</u>

The foregoing loans are repayable through a lump sum payment on maturity and pay interest monthly; a lump sum of capital and interest on maturity; a lump sum of capital on maturity and prepaid interest which are in New Taiwan dollars, Japanese yen, EUR dollars and U.S. dollars. Except for these non-revolving credit loans, the Group had been allowed to make loans within the credit line limit until maturity. The maturity dates and bank interest rates of the Group's revolving loans were as follows:

	December 31	
	2015	2014
Maturity	April 2017- April 2031	January 2016- April 2031
Bank interest rates	0.58%-2.09%	0.65%-2.09%

On March 22, 2011, a company subsidiary, FECC entered into a credit agreement with Hua Nan Bank and other financial institutions, and update the credit agreement into NT\$7,400,000 thousand on March 20, 2015. FECC pledged its land and construction pertaining to the Zhong Ben and Zhong Ben (2) (Mega Tower) project (Ban Qiao - New Section No. 8) and amounting to NT\$8,880,000 thousand as first mortgage to the creditor banks. Other agreement terms were as follows:

	Credit Line	Maturity Period	Interest Rate	Repayment
A	NT\$ 2,000,000 thousand	20 years after use of the credit	Hua Nan Bank's periodic savings interest rate plus 0.4% then over 0.946%	No revolving credit but batch employed available within 5 years; No repayment in the first 5 years; quarterly repayments of NT\$30,000 thousand quarterly from the sixth year and redemption of rest on maturity
B	NT\$ 1,400,000 thousand	5 years after approve of the credit	Reference interest rate plus 0.6295% (negotiated by each loan)	Revolving credit within the period; no longer than 6 months; lump sum repayment on maturity
C	NT\$ 1,000,000 thousand	5 years after approve of the credit	Reference interest rate plus 0.6295% (negotiated by each loan)	Revolving credit within the period; no longer than 6 months; lump sum repayment on maturity
D	NT\$ 3,000,000 thousand	7 years after draw down of the credit	Reference interest rate plus 0.804% (negotiated by each loan, but no less than 1.5%)	No revolving credit but be partly draw down available within 3 years; credit will be paid every 6 months from 3 years after each drawdown date. The first 8 installments should repay 5% of the loan, and the last installment should repay 60% of loan.
<hr/>				
NT\$ 7,400,000 thousand				

Note: The reference interest rate is based on The Taipei Inter-bank 90 days' Offered Rate (TAIBOR).

In 2012, an FENC subsidiary, Oriental Petrochemicals (Taiwan) Co., Ltd. (OPTC), got a five-year and seven-year syndicated loan in a total amount of NT\$11,000,000 thousand from Mega International Commercial Bank. OPTC committed that, during the contract period, its financial statements should show it was keeping its liability ratio within a certain range. Once OPTC fails to meet its commitment, it should issue new shares for cash by the end of November of next year, fully repay the loan, or put the asset/liability ratio back within the required range. Otherwise, OPTC should pay fees monthly at 0.125% per day of the outstanding amounts during the period between the maturity date and the day before the asset/liability ratio has met the range requirement; the banks will assess OPTC's condition to determine the new deadline for the settlement of the principal and the interests. OPTC was in compliance with the ratio requirement.

On April 23, 2012, in order to construct a freeway taximeter system infrastructure, an FENC subsidiary, Far Eastern Electronic Toll Collection Co., Ltd. (FETC), entered into a syndicated loan agreement amounting to NT\$6,420,000 thousand with Cathay United bank and three other financial institutions. The agreement terms are as follows:

The syndicated loan, which consisted of three different loans with different terms and lines of credit (A, B and C), was obtained to meet FETC's capital needs for operating and maintain the infrastructure for the electronic toll collection project ("ETC project"). Its amount, date, and are expected to move aside as the repayment period:

Project	Credit	Fixed dial Date	Expected Repayment Period
Syndicated loan borrowings			
A	\$ 2,906,000	2012.05.10	2014.11-2021.02
B	3,294,000	2012.05.10	2019.08-2025.11
C	220,000	2012.05.10	The first use to build the operating contract by the borrower to complete the transfer of assets after 6 months

Another requirement in the syndicated loan agreement was for FETC to open special bank accounts and to place appropriate payments to these bank accounts through deposits and time deposits. The bank accounts pertaining to the loan reserve and time deposits that had been pledged to Cathy United Bank were accounted for under other financial assets - noncurrent (Note 37). The terms of loan A and B further included a requirement for FETC to keep its loan capital and interest coverage ratio at more than 1.10 during the interest accrual period after November 10, 2014. In addition, FETC should get prior written consent from Cathy United Bank based on the schedule and amount of the ETC project shown in FETC's annual budget before FETC disposes of the pledged deposits and should replace these deposits with other operating assets as collateral. The value of the operating assets should be the lower of the value of newly built operating assets for ETC's operations or the value of other assets that had not been provided to Cathay United Bank as collateral.

With FETC's long-term debts with floating rates, which may cause material cash flow risks, FETC started to use interest rate swaps on the first day it made a loan drawdown to hedge against adverse cash flow fluctuations on its liabilities under the syndicated loan agreement.

23. BONDS PAYABLE

	December 31	
	2015	2014
Nonconvertible bonds	\$ 84,381,500	\$ 74,144,000
Discount of nonconvertible bonds	<u>(96,980)</u>	<u>(90,393)</u>
	84,284,520	74,053,607
Less: Current portion	<u>20,921,484</u>	<u>13,341,588</u>
	<u>\$ 63,363,036</u>	<u>\$ 60,712,019</u>

Bonds

Period	Maturity	Annual Rate (%)	Issued Amount	December 31		Repayment
				2015 Outstanding Balance	2014 Outstanding Balance	
<u>Company</u>						
Unsecured bonds						
99-1	2010.05.27-2015.05.27	1.68	\$ 5,500,000	\$ -	\$ 2,750,000	(Note 1)
99-2	2010.09.16-2015.09.16	1.59	6,000,000	-	3,000,000	(Note 1)
100-1	2011.05.27-2016.05.27	1.50	3,800,000	1,900,000	3,800,000	(Note 1)
100-2	2011.09.29-2016.09.29	1.55	2,200,000	1,100,000	2,200,000	(Note 1)
100-3	2012.02.15-2017.02.15	1.36	6,000,000	6,000,000	6,000,000	(Note 1)
101-1	2012.06.07-2017.06.07	1.35	3,200,000	3,200,000	3,200,000	(Note 1)
101-2	2012.11.26-2017.11.26	1.30	4,200,000	4,200,000	4,200,000	(Note 1)
102-1-A	2013.05.16-2016.05.16	2.95	RMB 500,000	2,507,000	2,558,000	(Note 2)
102-1-B	2013.05.16-2016.05.16	Benchmark rate (Libor)+1.10%	JPY 5,000,000	1,374,500	1,336,000	(Note 2)
102-2	2013.08.28-2017.02.28	1.39	3,000,000	3,000,000	3,000,000	(Note 2)
102-3	2013.12.23-2018.12.23	1.45	2,800,000	2,800,000	2,800,000	(Note 2)
103-1	2014.08.21-2019.08.21	1.47	3,200,000	3,200,000	3,200,000	(Note 1)
103-2	2014.12.04-2019.12.04	1.47	2,200,000	2,200,000	2,200,000	(Note 1)
103-3	2015.02.06-2020.02.06	1.38	2,600,000	2,600,000	-	(Note 1)
104-1	2015.05.25-2020.05.25	1.39	8,000,000	8,000,000	-	(Note 1)
104-2	2015.10.02-2020.10.02	1.28	5,200,000	5,200,000	-	(Note 1)
104-3	2015.11.16-2020.11.16	1.25	2,800,000	2,800,000	-	(Note 2)
<u>Subsidiary Yuan Ding Co., Ltd.</u>						
Unsecured bonds						
99-1	2010.07.19-2015.07.19	1.62	2,000,000	-	800,000	(Note 3)
100-1	2011.07.20-2016.07.20	1.50	3,000,000	1,200,000	2,100,000	(Note 3)
100-2	2011.12.15-2016.12.15	1.45	2,000,000	1,000,000	2,000,000	(Note 1)
101-1-A	2012.08.06-2015.08.06	1.25	1,900,000	-	1,900,000	(Note 2)
101-1-B	2012.08.06-2017.08.06	1.40	1,100,000	1,100,000	1,100,000	(Note 1)
102-1	2013.11.25-2016.11.25	1.35	3,000,000	3,000,000	3,000,000	(Note 2)
103-1	2014.05.26-2019.05.26	1.35	3,000,000	3,000,000	3,000,000	(Note 1)
104-1	2015.07.10-2020.07.10	1.43	3,000,000	3,000,000	-	(Note 1)
104-2	2015.11.09-2020.11.09	1.28	2,000,000	2,000,000	-	(Note 1)
<u>Subsidiary Far EasTone</u>						
Unsecured bonds						
102-4	2013.06.27-2020.06.27	1.33	5,000,000	5,000,000	5,000,000	(Note 4)
102-5-A	2013.10.15-2017.10.15	1.46	1,000,000	1,000,000	1,000,000	(Note 2)
102-5-B	2013.10.15-2018.10.15	1.58	4,000,000	4,000,000	4,000,000	(Note 2)
102-6-A	2013.12.24-2016.12.24	1.17	1,600,000	1,600,000	1,600,000	(Note 2)
102-6-B	2013.12.24-2017.12.24	1.27	5,200,000	5,200,000	5,200,000	(Note 2)
102-6-C	2013.12.24-2019.12.24	1.58	3,200,000	3,200,000	3,200,000	(Note 2)
Total outstanding balance				\$ 84,381,500	\$ 74,144,000	

Note 1: These bonds are repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

Note 2: These bonds are repayable in lump sum on maturity. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

Note 3: These bonds are repayable at 30%, 30% and 40% of the total amount at the end of the third, fourth and fifth years, respectively, of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

Note 4: These bonds are repayable at 50% and 50% of the total amount at the end of fifth and seventh years, respectively. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

24. PROVISIONS

	December 31	
	2015	2014
Dismantling obligation	\$ 926,125	\$ 870,515
Warranties	142,146	124,565
Onerous contracts	<u>1,461</u>	<u>8,340</u>
	<u>\$ 1,069,732</u>	<u>\$ 1,003,420</u>
Current	\$ 258,638	\$ 240,197
Non-current	<u>811,094</u>	<u>763,223</u>
	<u>\$ 1,069,732</u>	<u>\$ 1,003,420</u>

	Dismantling Obligation	Warranties	Onerous Contracts	Total
Balance at January 1, 2015	\$ 870,515	\$ 124,565	\$ 8,340	\$ 1,003,420
Additional provisions recognized	80,301	69,218	1,461	150,980
Reductions arising from payments	(24,691)	(48,637)	(8,340)	(81,668)
Reversing un-usage balances	<u>-</u>	<u>(3,000)</u>	<u>-</u>	<u>(3,000)</u>
Balance at December 31, 2015	<u>\$ 926,125</u>	<u>\$ 142,146</u>	<u>\$ 1,461</u>	<u>\$ 1,069,732</u>
Balance at January 1, 2014	\$ 799,760	\$ 87,260	\$ 12,171	\$ 899,191
Additional provisions recognized	84,001	99,749	8,340	192,090
Reductions arising from payments	<u>(13,246)</u>	<u>(62,444)</u>	<u>(12,171)</u>	<u>(87,861)</u>
Balance at December 31, 2014	<u>\$ 870,515</u>	<u>\$ 124,565</u>	<u>\$ 8,340</u>	<u>\$ 1,003,420</u>

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and its subsidiaries adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly wages and salaries. The subsidiaries which registered in mainland China made contributions at certain percentage of wages and salaries under local government's regulations.

The pension costs recognized in total comprehensive income under the defined contribution plan amounted to NT\$856,585 thousand and NT\$759,098 thousand for the years ended December 31, 2015 and 2014, respectively.

b. Defined benefit plans

The defined benefit plan adopted by the Company and its subsidiaries established in Republic of China in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. These companies contribute amounts corresponding to certain percentages of monthly salaries to their respective pension funds, which are administered by the Labor Pension Fund Supervisory Committee and deposited in the Committee's name in the Bank of Taiwan. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31, 2015	December 31, 2014	January 1, 2014
Present value of defined benefit obligation	\$ 8,839,678	\$ 8,422,270	\$ 8,215,720
Fair value of plan assets	<u>(4,936,684)</u>	<u>(5,815,659)</u>	<u>(5,656,632)</u>
Deficit	3,902,994	2,606,611	2,559,088
Recognized in net defined benefit asset	<u>49,403</u>	<u>52,800</u>	<u>45,211</u>
Net defined benefit liability (Note)	<u>\$ 3,952,397</u>	<u>\$ 2,659,411</u>	<u>\$ 2,604,299</u>

Note: Yuan Cing Infocomm Tech Co. (YCIC) which had been dissolved due to the merger with Far Eastone conducted a tender offer to acquire the common shares of New Century InfoComm Tech Co., Ltd. (NCIC); therefore, the net defined benefit liability of NT\$10,529 thousand each as of December 31, 2015, December 31, 2014 and January 1, 2014 have been written off in the consolidated financial statements.

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2015	<u>\$ 8,422,270</u>	<u>\$ (5,815,659)</u>	<u>\$ 2,606,611</u>
Service cost			
Current service cost	89,396	-	89,396
Interest expense (income)	<u>165,446</u>	<u>(118,489)</u>	<u>46,957</u>
Recognized in profit or loss (Note)	<u>254,842</u>	<u>(118,489)</u>	<u>136,353</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	985,248	985,248
Actuarial (gain) loss - changes in demographic assumptions	6,922	-	6,922

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Actuarial (gain) loss - changes in financial assumptions	\$ 235,873	\$ -	\$ 235,873
Actuarial (gain) loss - experience adjustments	<u>294,387</u>	<u>-</u>	<u>294,387</u>
Recognized in other comprehensive income	<u>537,182</u>	<u>985,248</u>	<u>1,522,430</u>
Contributions from the employer	-	(314,215)	(314,215)
Benefits paid	<u>(374,616)</u>	<u>326,431</u>	<u>(48,185)</u>
Balance at December 31, 2015	<u>\$ 8,839,678</u>	<u>\$ (4,936,684)</u>	<u>\$ 3,902,994</u>
Balance at January 1, 2014	<u>\$ 8,215,720</u>	<u>\$ (5,656,632)</u>	<u>\$ 2,559,088</u>
Service cost			
Current service cost	117,511	-	117,511
Loss (gain) on settlements	840	-	840
Interest expense (income)	<u>172,804</u>	<u>(120,059)</u>	<u>52,745</u>
Recognized in profit or loss (Note)	<u>291,155</u>	<u>(120,059)</u>	<u>171,096</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(24,275)	(24,275)
Actuarial (gain) loss - changes in demographic assumptions	8,263	-	8,263
Actuarial (gain) loss - changes in financial assumptions	134,376	-	134,376
Actuarial (gain) loss - experience adjustments	<u>42,095</u>	<u>-</u>	<u>42,095</u>
Recognized in other comprehensive income	<u>184,734</u>	<u>(24,275)</u>	<u>160,459</u>
Contributions from the employer	-	(282,626)	(282,626)
Benefits paid	(268,499)	267,093	(1,406)
Liabilities extinguished on settlement	<u>(840)</u>	<u>840</u>	<u>-</u>
Balance at December 31, 2014	<u>\$ 8,422,270</u>	<u>\$ (5,815,659)</u>	<u>\$ 2,606,611</u> (Concluded)

Note: In 2015, the Group transferred defined benefit costs NT\$135 thousand to related parties. Pension costs capitalized to fixed assets were NT\$4,850 thousand in 2015 and NT\$4,745 thousand in 2014.

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks. In addition, the Company has another pension fund which is separate to the above. This pension fund is invested in domestic listed companies' stocks and time deposits. It is exposed to the risks of changes in market price and interest rates.

- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2015	December 31, 2014	January 1, 2014
Discount rate(s)	1.25%-2.00%	1.50%-2.25%	1.75%-2.25%
Expected rate(s) of salary increase	1.50%-4.00%	1.50%-4.00%	1.50%-4.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would decrease (increase) as follows:

	December 31, 2015
Discount rate(s)	
0.50% increase	<u>\$ (1,045,828)</u>
0.50% decrease	<u>\$ 1,106,962</u>
Expected rate(s) of salary increase	
0.50% increase	<u>\$ 1,103,099</u>
0.50% decrease	<u>\$ (1,046,720)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2015	December 31, 2014	January 1, 2014
The expected contributions to the plan for the next year	<u>\$ 370,107</u>	<u>\$ 536,572</u>	<u>\$ 421,624</u>
The average duration of the defined benefit obligation	7.9-17.4 years	8-17.3 years	8-17.3 years

26. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The contract-related assets and liabilities of Far Eastern Construction Co., Ltd. (FECC), Far Eastern General Contractor Inc. (FEGC) are classified as current or noncurrent depending on the operating cycle. Amounts expected to be received or paid within one year or over one year were as follows:

	December 31, 2015		
	Within One Year	Over One Year	Total
<u>Assets</u>			
Notes and accounts receivable	\$ 431,941	\$ 285,370	\$ 717,311
Inventories - construction and real estate	4,019,173	700,887	4,720,060
Amounts due from customers for construction contracts	90,542	883,346	973,888
Other financial assets - current	80,249	1,546,727	1,626,976
Refundable deposits - current	25,003	9,180	34,183
<u>Liabilities</u>			
Notes and accounts payable	1,919,971	407,525	2,327,496
Notes and accounts payable to related parties	97,249	-	97,249
Amounts due to customers for construction contracts	2,133	118,563	120,696
Provisions - current	-	53,620	53,620
Advance real estate receipts	4,308	-	4,308
	December 31, 2014		
	Within One Year	Over One Year	Total
<u>Assets</u>			
Notes and accounts receivable	\$ 126,283	\$ 174,481	\$ 300,764
Inventories - construction and real estate	2,454,578	700,887	3,155,465
Amounts due from customers for construction contracts	1,195,314	1,091,597	2,286,911
Other financial assets - current	315,863	1,276,691	1,592,554
Refundable deposits - current	531	7,068	7,599
<u>Liabilities</u>			
Notes and accounts payable	1,461,336	356,256	1,817,592
Notes and accounts payable to related parties	193,195	-	193,195
Amounts due to customers for construction contracts	3,737	106,857	110,594
Provisions - current	-	53,445	53,445

27. EQUITY

a. Share capital

Common shares

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
Numbers of shares authorized (in thousands)	<u>6,000,000</u>	<u>6,000,000</u>
Shares authorized	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>5,352,875</u>	<u>5,247,917</u>
Shares issued	<u>\$ 53,528,751</u>	<u>\$ 52,479,168</u>

The shares issued had a par value of NT\$10 and have the rights of voting and receiving dividends.

b. Capital surplus

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
<u>May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)</u>		
Difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ 2,654,932	\$ 3,636,824
<u>May be used to offset a deficit only (2)</u>		
Arising from changes in percentage of ownership interest in subsidiaries	107,081	4,183
Treasury shares transaction	11,729	10,813
<u>May not be used for any purpose</u>		
Changes in equity-method associates capital surplus	<u>33,941</u>	<u>15,128</u>
	<u>\$ 2,807,683</u>	<u>\$ 3,666,948</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital.
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using equity method.

c. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, net income should be used to pay its business income tax and offset deficits. From any remaining net income will be appropriated 10% as legal reserve and a special reserve as required by government regulations. After adding prior years' unappropriated earnings, the Company would retain a certain amount for expansion plans and then make the following appropriations:

	%
Dividends	60
Bonus for stockholders	33
Bonus for employees	4
Remuneration for directors and supervisors	3

All appropriations are approved by the stockholders in the year, and disclosed in the financial statements of the year, following the year of earnings generation. The Company's dividends should be appropriated at a percentage based on the Company's Articles of Incorporation to have a stable dividend distribution while taking into account the future economic condition, cash demands and taxation. The cash dividends should be at least 10% of total dividends declared, unless cash is required for investments, productivity expansion, any significant future capital expenditures or plans to improve financial structure.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on March 25, 2016 and are subject to the resolution of the shareholders in their meeting to be held on June 23, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 28. (c) Employee benefits expense.

Under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed. Furthermore, Rule No. 1030006415 is followed.

Appropriation of earnings to legal reserve should be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's capital surplus, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident stockholders, all stockholders receiving the dividends are allowed a tax credit equal to their proportionate shares of the income tax paid by the Company.

The appropriations from the 2014 and 2013 earnings were approved in the stockholders' meetings on June 26, 2015 and 2014, respectively. The appropriations and dividends per share were as follows:

	Appropriation and Earnings		Dividend Per Share (NT\$)	
	For the Years Ended December 31		For the Years Ended December 31	
	2014	2013	2014	2013
Legal reserve	\$ 1,103,342	\$ 720,708		
Special reserve	4,348,583	-		
Cash dividends	<u>6,297,500</u>	<u>6,688,522</u>	\$ 1.2	\$ 1.3
	<u>\$ 11,749,425</u>	<u>\$ 7,409,230</u>		

In addition, in order to refine financial and capital structure, The Company's stockholders approved the distribution of shares amounting to NT\$1,049,583 thousand and NT\$1,029,003 thousand, with NT\$0.2 per share, from the capital surplus in the stockholders' meetings on June 26, 2015 and 2014.

The appropriations of earnings for 2015 had been proposed by the Company's board of directors on May 25, 2016. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 803,469	
Special reserve	2,165,513	
Cash dividends	5,352,875	\$1.0

The appropriations of earnings for 2015 are subject to the resolution of the shareholders' meeting to be held on June 23, 2016.

d. Special reserves

The Company's special reserves appropriated following the first-time adoption of IFRSs were as NT\$22,287,929 thousand.

Information on the above special reserve appropriated or reversed on elimination of the original need to appropriate a special reserve is as follows:

	For the Year Ended December 31	
	2015	2014
Beginning balance	\$ 22,275,153	\$ 22,275,153
Reversed on elimination of the original need to appropriate a special reserve		
Disposal of investment properties	<u>(415,036)</u>	<u>-</u>
Ending balance	<u>\$ 21,860,117</u>	<u>\$ 22,275,153</u>

On the initial application of fair value model to investment properties, the Company appropriated for a special reserve of NT\$80,462,245 thousand, the same amount as the net increase that arose from fair value measurement and was transferred to retained earnings.

	For the Year Ended December 31	
	2015	2014
Beginning balance	\$ 80,462,245	\$ 80,462,245
Reversed on elimination of the original need to appropriate a special reserve		
Disposal of investment properties	(1,123,929)	-
Appropriation in respect of		
Application of the fair value method to investment properties	<u>4,348,583</u>	<u>-</u>
Ending balance	<u>\$ 83,686,899</u>	<u>\$ 80,462,245</u>

e. Other equity items

The changes in other equity items were as follows:

	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	Gains on Property Revaluation	Total
Balance at January 1, 2015	\$ 2,871,860	\$ 3,629,652	\$ (173,051)	\$ 512,607	\$ 6,841,068
Exchange differences on translating foreign operations	(528,586)	-	-	-	(528,586)
Unrealized gain (loss) on available-for-sale financial assets	-	(296,466)	-	-	(296,466)
Gains on hedging instruments in cash flow hedges arising from fair value changes	-	-	76,436	-	76,436
Gains on property revaluation	-	-	-	188,026	188,026
Share of the other comprehensive income (loss) of associates	<u>(68,591)</u>	<u>(2,213,259)</u>	<u>671</u>	<u>1,397</u>	<u>(2,279,782)</u>
Balance at December 31, 2015	<u>\$ 2,274,683</u>	<u>\$ 1,119,927</u>	<u>\$ (95,944)</u>	<u>\$ 702,030</u>	<u>\$ 4,000,696</u>
Balance at January 1, 2014	\$ 291,196	\$ 4,472,732	\$ (118,363)	\$ 8,161	\$ 4,653,726
Exchange differences on translating foreign operations	1,587,070	-	-	-	1,587,070
Unrealized gain (loss) on available-for-sale financial assets	-	(555,439)	-	-	(555,439)
Losses on hedging instruments in cash flow hedges arising from fair value changes	-	-	(54,885)	-	(54,885)
Share of the other comprehensive income (loss) of associates	<u>993,594</u>	<u>(287,641)</u>	<u>197</u>	<u>504,446</u>	<u>1,210,596</u>
Balance at December 31, 2014	<u>\$ 2,871,860</u>	<u>\$ 3,629,652</u>	<u>\$ (173,051)</u>	<u>\$ 512,607</u>	<u>\$ 6,841,068</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2015	2014
Beginning balance	\$ 63,818,325	\$ 66,133,950
Attributable to non-controlling interests:		
Share of net income	6,651,678	6,154,881
Cash dividends distributed by subsidiaries	(7,933,930)	(7,960,785)
Remeasurement on defined benefit plans	(52,098)	47,734
Exchange differences arising on translation of foreign operations	(17,249)	571,964

(Continued)

	For the Year Ended December 31	
	2015	2014
Unrealized gain (loss) on available-for-sale financial assets	\$ (72,600)	\$ 20,206
Gain (loss) on hedging instruments in cash flow hedges arising from fair value changes	15,012	(100,060)
Gains on property revaluation	9,934	-
Share of other comprehensive loss of associates accounted for using the equity method	(191,292)	(158,529)
Adjustment relating to changes in capital surplus of associates accounted for using the equity method	40	152
Adjustment relating to changes in special reserve of associates accounted for using the equity method	(1)	-
Adjustment relating to changes in unappropriated earnings of associates accounted for using the failing stake	(82)	(42)
Effect on changes in percentage of ownership in associates	2	-
Acquisition (disposal) of partial interests in associates	(70)	1,850
Acquisition (disposal) of partial interests in subsidiaries	(183,230)	56,063
Effect on changes in percentage of ownership in subsidiaries	(19,716)	-
Non-controlling interests arising from the new capital stock issued by subsidiaries	490,917	820,589
Acquisition of subsidiary (Note 31)	646,063	-
Non-controlling decreases arising from the losing control of subsidiaries	-	(1,769,648)
Remittance of cash due to the liquidation of subsidiary	<u>(16,265)</u>	<u>-</u>
Ending balance	<u>\$ 63,145,438</u>	<u>\$ 63,818,325</u> (Concluded)

g. Treasury shares

The Company's shares held by its subsidiary, Yuan Ding Company Ltd. (Yuan Ding), at the end of the reporting periods were as follows:

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
<u>December 31, 2015</u>			
Yuan Ding	779	<u>\$ 25,063</u>	<u>\$ 20,069</u>
<u>December 31, 2014</u>			
Yuan Ding	764	<u>\$ 25,063</u>	<u>\$ 23,992</u>

The Company consolidated its subsidiary, Yuan Ding since December 28, 2011. As of December 31, 2011, the Company's shares held by Yuan Ding had a carrying value of NT\$25,063 thousand.

The Company's shares held by the subsidiary are recognized as treasury shares. The subsidiaries holding treasury shares, however, retain stockholders' rights, except the rights to participate in any share issuance for cash and to vote.

28. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest expense

	For the Year Ended December 31	
	2015	2014
Capitalized interests on properties	\$ 241,904	\$ 213,198
Capitalization rates	1.07%-1.72%	1.07%-1.71%

b. Depreciation and amortization

	For the Year Ended December 31	
	2015	2014
Property, plant and equipment	\$ 14,310,140	\$ 13,821,978
Intangible assets	3,748,046	2,842,427
Long-term prepayments for lease	<u>206,757</u>	<u>243,605</u>
	<u>\$ 18,264,943</u>	<u>\$ 16,908,010</u>
 An analysis of deprecation by function		
Operating costs	\$ 12,610,981	\$ 12,145,992
Operating expenses	1,581,585	1,579,562
Other expense	<u>117,574</u>	<u>96,424</u>
	<u>\$ 14,310,140</u>	<u>\$ 13,821,978</u>
 An analysis of amortization by function		
Operating costs	\$ 3,233,758	\$ 2,027,198
Operating expenses	<u>721,045</u>	<u>1,058,834</u>
	<u>\$ 3,954,803</u>	<u>\$ 3,086,032</u>

c. Employee benefit expense

	For the Year Ended December 31	
	2015	2014
Post-employment benefits		
Defined contribution plans	\$ 856,585	\$ 759,098
Defined benefit plans	131,368	166,351
Other employee benefits	<u>18,454,727</u>	<u>17,700,864</u>
Total employee benefit expense	<u>\$ 19,442,680</u>	<u>\$ 18,626,313</u>
 Analysis of employee benefit expense by function		
Operating costs	\$ 9,367,054	\$ 8,867,007
Operating expenses	<u>10,075,626</u>	<u>9,759,306</u>
	<u>\$ 19,442,680</u>	<u>\$ 18,626,313</u>

Under the Company's Articles of Incorporation, net income should be used to pay its business income tax and offset deficits. From any remaining net income will be appropriated 10% as legal reserve and a special reserve as required by government regulations. After adding prior years' unappropriated earnings, the Company would retain a certain amount for expansion plans and then make the following appropriations:

	%
Dividends	60
Bonus for stockholders	33
Bonus for employees	4
Remuneration for directors and supervisors	3

The Company accrued the bonuses to employees amounting to NT\$270,860 and remunerations to directors and supervisors amounting to NT\$203,145 for the year ended December 31, 2014.

To be in compliance with the Company Act as amended in May 2015, the proposed amended Articles of Incorporation of the Company stipulate to distribute employees' compensation and remuneration to directors at the rates 2.0% to 3.5% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors. For the year ended December 31, 2015, the Company accrued the employees' compensation and the remuneration to directors amounting to \$230,231 thousand and \$152,659 thousand, respectively, representing 2.67% and 1.77% of foregoing net profit before income tax, respectively, of the base net profit. The employees' compensation and remuneration to directors for the year ended December 31, 2015, have been approved by the Company's board of directors on March 25, 2016 and are subject to the resolution of the amendments to the Company's Articles of Incorporation for adoption by the shareholders in their meeting to be held on June 23, 2016, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The bonuses to employees and remuneration to directors and supervisors for 2014 and 2013 which have been approved in the shareholders' meetings on June 26, 2015 and 2014, respectively, were as follows:

	For the Year Ended December 31			
	2014		2013	
	Cash Dividends	Share Dividends	Cash Dividends	Share Dividends
Bonus to employees	\$ 270,860	\$ -	\$ 287,678	\$ -
Remuneration of directors and supervisors	203,145	-	215,759	-

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings on June 26, 2015 and 2014 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2014 and 2013, respectively. The total bonus to employees was paid in cash.

Information on the employees' compensation and remuneration to directors resolved by the Company's board of directors in 2016 and bonus to employees, directors and supervisors resolved by the shareholders' meeting in 2015 and 2014 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

29. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2015	2014
Current tax		
In respect of the current year	\$ 2,282,698	\$ 2,554,211
Adjustments for prior years	<u>101,744</u>	<u>(53,861)</u>
	2,384,442	2,500,350
Deferred tax	<u>2,629,862</u>	<u>1,909,407</u>
Income tax expense recognized in profit or loss	<u>\$ 5,014,304</u>	<u>\$ 4,409,757</u>

A reconciliation of accounting profit and current income tax expenses is as follows:

	For the Year Ended December 31	
	2015	2014
Profit before tax from continuing operations	<u>\$ 19,700,673</u>	<u>\$ 21,417,729</u>
Income tax expense calculated at the statutory rate (17%)	\$ 3,349,114	\$ 3,641,014
Adjustment items effect of income tax	(1,162,213)	(1,456,170)
Income tax on unappropriated earnings	4,544	4,565
Adjustments for prior years' tax	101,744	(53,861)
Effect of different tax rate of group entities operating in other jurisdictions	<u>91,253</u>	<u>364,802</u>
Current tax	2,384,442	2,500,350
Deferred tax	<u>2,629,862</u>	<u>1,909,407</u>
Income tax expense recognized in profit or loss	<u>\$ 5,014,304</u>	<u>\$ 4,409,757</u>

- b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2015	2014
<u>Deferred tax</u>		
Current year		
Remeasurement on defined benefit plan	<u>\$ 256,999</u>	<u>\$ 53,973</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2015

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Decrease due to disposal	Closing Balance
<u>Deferred tax assets</u>					
Investment credits	\$ -	\$ 3,372	\$ -	\$ -	\$ 3,372
Allowance for doubtful accounts	373,677	(73,235)	-	-	300,442
Inventory write-off	111,290	(31,463)	-	-	79,827
Loss carryforwards	1,011,871	(43,041)	-	-	968,830
Defined benefit obligation	292,364	(234,173)	256,999	-	315,190
Impairment loss	257,512	(112,715)	-	-	144,797
Others	690,943	(186,255)	-	-	504,688
	<u>\$ 2,737,657</u>	<u>\$ (677,510)</u>	<u>\$ 256,999</u>	<u>\$ -</u>	<u>\$ 2,317,146</u>
<u>Deferred tax liabilities</u>					
Share of profit of associates	\$ 641,436	\$ (93,236)	\$ -	\$ -	\$ 548,200
Amortization of goodwill	1,210,232	134,470	-	-	1,344,702
Provision of land value incremental tax	12,592,782	1,682,034	-	(240,402)	14,034,414
Investment properties	521,706	108,228	-	-	629,934
Others	144,291	120,856	-	-	265,147
	<u>\$ 15,110,447</u>	<u>\$ 1,952,352</u>	<u>\$ -</u>	<u>\$ (240,402)</u>	<u>\$ 16,822,397</u>

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Investment credits	\$ 384	\$ (384)	\$ -	\$ -
Allowance for doubtful accounts	292,007	81,670	-	373,677
Inventory write-off	70,237	41,053	-	111,290
Loss carryforwards	1,222,526	(210,655)	-	1,011,871
Defined benefit obligation	304,698	(66,307)	53,973	292,364
Impairment loss	234,220	23,292	-	257,512
Others	688,500	2,443	-	690,943
	<u>\$ 2,812,572</u>	<u>\$ (128,888)</u>	<u>\$ 53,973</u>	<u>\$ 2,737,657</u>
<u>Deferred tax liabilities</u>				
Share of profit of associates	\$ 693,770	\$ (52,334)	\$ -	\$ 641,436
Amortization of goodwill	1,075,762	134,470	-	1,210,232
Provision of land value incremental tax	11,129,817	1,462,965	-	12,592,782
Investment properties	406,300	115,406	-	521,706
Others	24,279	120,012	-	144,291
	<u>\$ 13,329,928</u>	<u>\$ 1,780,519</u>	<u>\$ -</u>	<u>\$ 15,110,447</u>

d. Items for which no deferred tax assets have been recognized

	December 31	
	2015	2014
Loss carryforwards	<u>\$ 19,394,249</u>	<u>\$ 16,567,175</u>
Expiry year	2016-2025	2016-2024
Investment credits		
Acquisition of initial share offering	<u>\$ 4,447</u>	<u>\$ 22,695</u>
Deductible temporary differences	<u>\$ 10,013,188</u>	<u>\$ 8,295,553</u>

e. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2015 comprised:

Unused Amount	Expiry Year
<u>\$ 24,463,906</u>	2016-2025

f. Information about unused investment credits

As of December 31, 2015, investment tax credits comprised of:

Yuan Tong

Laws and Statutes	Tax Credit Source	Remaining Creditable Amount	Expiry Year
Enforcement rule of act for promotion of private participation in infrastructure project	Acquisition of initial share offering	<u>\$ 4,447</u>	2019

Far Eastern General Contractor Inc.

Laws and Statutes	Tax Credit Source	Remaining Creditable Amount	Expiry Year
Enforcement rule of act for promotion of private participation in infrastructure project	Acquisition of initial share offering	<u>\$ 3,372</u>	2019

g. Integrated income tax

	December 31	
	2015	2014
Unappropriated earnings		
Generated before January 1, 1998	<u>\$ 78,778</u>	<u>\$ 98,793</u>
Balance of imputation credits accounts (ICA)	<u>\$ 785,893</u>	<u>\$ 922,151</u>

For the Year Ended December 31

	2015	2014
	(Expected)	
Creditable ratio for distribution of earning	5.77%	9.85%

h. Income tax assessments

	Latest Year of Income Tax Return That Tax Authorities Had Examined and Cleared
Far Eastern New Century Corporation	2009
Far Eastern Resources Development Co.	2009
Far Eastern Fibertech Co., Ltd.	2013
Oriental Petrochemical (Taiwan) Co., Ltd.	2013
Yuan Tong Investment Co., Ltd.	2013
Ding Ding Integrated Marketing Service Co., Ltd.	2013
Ding Ding Hotel Co., Ltd.	2013
Fu Kwok Garment Manufacturing Co., Ltd.	2012
Far Eastern Apparel Co., Ltd.	2013
Yuan Cheng Human Resources Consultant Corp.	2013
Yuan Ding Investment Co., Ltd.	2013
Oriental Resources Development Ltd.	2014
Yuan Faun Co., Ltd.	2013
Kai Yuan International Investment Co., Ltd.	2013
Ding Yuan International Investment Co., Ltd.	2013
An Ho Garment Co., Ltd.	2013
Far Eastern Electronic Toll Collection Co., Ltd.	2013
Far Eastern Textile Co., Ltd.	2013
Far Eastern Construction Co., Ltd.	2013
Far Eastern General Contractor Inc.	2013
Yuan Ding Co., Ltd.	2013
FET Consulting Engineers Co., Ltd.	2013
Far Eastern Technical Consultants Co., Ltd.	2013
Far Eastern Electronic Commerce Co., Ltd.	2013
YDT Technology International Co., Ltd.	2013
Far EasTone Telecommunications Co., Ltd.	2013
New Century InfoComm Tech Co., Ltd.	2013
Arcoa Communication Co., Ltd.	2013
Simple InfoComm Co., Ltd.	2013
Q-Ware Communication Corp.	2013
Information Security Service Digital United Co., Ltd.	2013
Linkwell Tech. Co., Ltd.	2013
Data Express Infotech Co., Ltd.	2012
Yuan Cing Co., Ltd.	2013
O-music Co., Ltd.	2013
New Diligent Co., Ltd.	2013
KGEx.com Co., Ltd.	2013
Homet Master Technology Co., Ltd.	2013
Yuan Cing Co., Ltd.	2014
Hiiir Co., Ltd.	2014

KG Telcom (merged with Far EasTone on January 1, 2010)

Income tax returns through 2010, except for 2009, of KG Telecom (dissolved due to the merger with Far EasTone on January 1, 2010) had been assessed by the tax authorities. However, Far EasTone disagreed with the tax authorities' assessment of its 2004 returns and thus filed appeals for the reexamination of these returns. Nevertheless, Far EasTone accrued the related tax.

NCIC

NCIC disagreed with the tax authorities' assessment of its 2009 return and thus applied for reexamination. Nevertheless, NCIC accrued the related tax.

30. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2015	2014
Basic earnings per share	<u>\$ 1.61</u>	<u>\$ 2.17</u>
Diluted earnings per share	<u>\$ 1.60</u>	<u>\$ 2.16</u>

The earnings and weighted average number of common shares outstanding that were used in the computation of earnings per share were as follows:

Net Income for the Year

	<u>For the Year Ended December 31</u>	
	2015	2014
Net income for the period attributable to owners of the Company	<u>\$ 8,034,691</u>	<u>\$ 10,853,091</u>

Weighted Average Number of Common Shares Outstanding

Unit: In Thousand Shares

	<u>For the Year Ended December 31</u>	
	2015	2014
Weighted average number of common shares used in the computation of basic earnings per share	5,002,506	5,004,444
Effect of dilutive potential common shares:		
Employees' compensation or bonus issue to employees	<u>13,333</u>	<u>12,238</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>5,015,839</u>	<u>5,016,682</u>

In calculating the weighted average number of share outstanding for consolidated EPS, the Group recognized the number of the shares held by associates as treasury shares and deducted the number of treasury shares from the weighted average number of outstanding shares in the current period.

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

The weighted average number of shares outstanding for EPS calculation has been retroactively adjusted for stock dividends.

The Company calculated basic EPS with the weighted average number of actual outstanding shares in the current period. Based on the calculation, for the years ended December 31, 2015 and 2014, the Company's basic EPS were NT\$1.50 and NT\$2.03, respectively.

31. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Equity Interests with Voting Rights/ Acquisition Percentage (%)	Consideration Transferred
Malaysia Garment Manufactures Pte. Ltd.	Garment production and investment	September 30, 2015	13.00	<u>\$ 171,115</u>

On September 30, 2015, the Group acquired a 13% equity interest in Malaysia Garment Manufactures Pte. Ltd. (MG) for organization restructuring. With this acquisition, the Group's original equity interest of 37.92% in MG exceeded 50%. Thus, the Group began to include MGMP in the consolidated financial statements on September 30, 2015.

b. Considerations transferred

Cash	Malaysia Garment Manufactures Pte. Ltd.	<u>\$ 171,115</u>
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c. Assets acquired and liabilities assumed at the date of acquisition

	Malaysia Garment Manufactures Pte. Ltd.
Current assets	
Cash and cash equivalents	\$ 11,666
Accounts receivables	303
Prepayments	108
Other current assets	593
Noncurrent assets	
Property, plant and equipment	1,429,993
Other noncurrent assets	302
Current liabilities	
Short-term borrowings	(104,711)
Accounts payable	(13,039)
Other payable	(944)
Other noncurrent liabilities	(7,882)
Noncurrent liabilities	
Credit balance of investment accounted for using the equity method	<u>(43)</u>
	<u>\$ 1,316,346</u>

d. Noncontrolling interests

The noncontrolling interest in Malaysia Garment Manufactures Pte. Ltd. was recognized at NT\$646,063 thousand, the fair value of the interest at the acquisition date.

e. Net cash outflow on the acquisition of a subsidiary

	Year Ended December 31, 2015
Consideration paid in cash	\$ 171,115
Less: Cash and cash equivalent balances acquired	<u>(11,666)</u>
	<u>\$ 159,449</u>

f. Impact of acquisition on the results of the Group

The following operating results of the acquire since the acquisition date were included in the consolidated statements of comprehensive income:

	December 31, 2015
Revenue	
Malaysia Garment Manufactures Pte. Ltd.	<u>\$ -</u>
Net income	
Malaysia Garment Manufactures Pte. Ltd.	<u>\$ (2,237)</u>

Had this business combination been in effect at the beginning of the annual reporting period, the Group's pro forma consolidated revenue from Malaysia Garment Manufactures Pte. Ltd. would have been NT\$217,948,202 thousand for the year ended December 31, 2015, and the pro forma consolidated profit from continuing operations would have been NT\$14,702,391 thousand for the year ended December 31 2015. This pro forma information is for illustrative purposes only and is not necessarily an indication of the Group's revenue and results of operations had the acquisition been completed on January 1, 2015, nor is it intended to be a projection of future results.

32. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For the year ended December 31, 2015

The Group acquired additional equity interests in Far Eastern Ishizuka Green Pet Corporation, Sino Belgium (Holding) Ltd., DDIM (Virgin Islands) Ltd., Yuan Ding Integrated Information Service (Shanghai) Inc. and Magna View Sdn. Bhd.

	Far Eastern Ishizuka Green Pet Corporation	Sino Belgium (Holding) Ltd.	DDIM (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	Magna View Sdn. Bhd.
Cash consideration received (paid)	\$ (59,701)	\$ (63,550)	\$ -	\$ -	\$ (115,539)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>55,952</u>	<u>59,537</u>	<u>37,408</u>	<u>149</u>	<u>183,230</u>
Difference arising from equity transaction	<u>\$ (3,749)</u>	<u>\$ (4,013)</u>	<u>\$ 37,408</u>	<u>\$ 149</u>	<u>\$ 67,691</u>
<u>Line items adjusted for equity transaction</u>					
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,691</u>
Capital surplus - changes in percentage of ownership interest in subsidiaries	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,408</u>	<u>\$ 149</u>	<u>\$ -</u>
Retained earnings	<u>\$ (3,749)</u>	<u>\$ (4,013)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

In August 2015, Sino Belgium (Holding) Ltd. ("Sino") issued new shares for cash, but the Group did not subscribe for these new shares. Thus, the consolidated ownership of Sino by the Company and its subsidiaries decreased from 93.72% to 90.88%.

	Sino Belgium (Holding) Ltd.
Cash consideration received (paid)	\$ 75,420
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>(10,079)</u>
Differences arising from equity transactions	<u>\$ 65,341</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - changes in percentage of ownership interest in subsidiaries	<u>\$ 65,341</u>
<u>For the year ended December 31, 2014</u>	

	Hilir Co., Ltd.	PET Far Eastern (Holding) Ltd.	ARCOA Communicati on Co., Ltd.	Yuan Hsin Digital Payment Co., Ltd.	Sino Belgium (Holding) Ltd.
Cash consideration received (paid)	\$ (457,260)	\$ -	\$ (10,767)	\$ (780,120)	\$ (317,650)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>456,198</u>	<u>(35)</u>	<u>10,475</u>	<u>780,685</u>	<u>294,948</u>
Difference arising from equity transaction	<u>\$ (1,062)</u>	<u>\$ (35)</u>	<u>\$ (292)</u>	<u>\$ 565</u>	<u>\$ (22,702)</u>
<u>Line items adjusted for equity transaction</u>					
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>\$ (1,062)</u>	<u>\$ -</u>	<u>\$ (292)</u>	<u>\$ 565</u>	<u>\$ -</u>
Retained earnings	<u>\$ -</u>	<u>\$ (35)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,702)</u>

33. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Operating leases were main related to leases of building, cell sites and office space.

The future minimum lease payments for non-cancellable operating lease commitments were as follows:

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
Up to 1 year	\$ 3,684,769	\$ 3,493,052
More than 1 year up to 5 years	6,968,830	6,181,599
Later than 5 years	<u>1,149,250</u>	<u>1,326,541</u>
	<u>\$ 11,802,849</u>	<u>\$ 11,001,192</u>

b. The Group as lessor

The operating lease were main related to lease of investment properties owned by the Group. The future minimum lease payments for noncancellable operating lease commitments were as follows:

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
Up to 1 year	\$ 538,746	\$ 797,771
More than 1 year up to 5 years	1,657,723	2,544,406
Later than 5 years	<u>2,358,556</u>	<u>1,912,682</u>
	<u>\$ 4,555,025</u>	<u>\$ 5,254,859</u>

34. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stockholders through the optimization of the debt and equity balance.

35. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Except as detailed in the following table, management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	<u>December 31</u>			
	<u>2015</u>		<u>2014</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Bonds payable	\$ 84,284,520	\$ 84,706,177	\$ 74,053,607	\$ 74,247,159
<u>Fair value hierarchy as at December 31, 2015</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial liabilities</u>				
Bonds payable	<u>\$ 84,706,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,706,177</u>
<u>Fair value hierarchy as at December 31, 2014</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial liabilities</u>				
Bonds payable	<u>\$ 74,247,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,247,159</u>

b. Fair value of financial instruments that are measured at fair value

1) Fair value hierarchy

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVTPL)				
Open-end mutual funds -				
beneficial certificates	\$ 3,333,494	\$ -	\$ -	\$ 3,333,494
Marketable equity securities	543,829	-	-	543,829
Guarantee deposits - cotton futures contracts	-	-	43,073	43,073
Guarantee deposits - PTA futures contracts	-	-	6,012	6,012
Cross-currency swap contracts	-	-	2,195	2,195
Combined exchange options	-	-	1,009	1,009
Forward exchange contracts	-	-	68,283	68,283
	<u>\$ 3,877,323</u>	<u>\$ -</u>	<u>\$ 120,572</u>	<u>\$ 3,997,895</u>
Available-for-sale financial assets				
Marketable equity securities	\$ 4,433,684	\$ -	\$ -	\$ 4,433,684
Mutual funds - beneficial certificates	-	665,295	-	665,295
Oversea equity securities	115,317	-	-	115,317
	<u>\$ 4,549,001</u>	<u>\$ 665,295</u>	<u>\$ -</u>	<u>\$ 5,214,296</u>
Hedging derivative financial assets				
Cross-currency swaps	\$ -	\$ -	\$ 3,790	\$ 3,790
Forward exchange contracts	-	-	2,225	2,225
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,015</u>	<u>\$ 6,015</u>
Hedging derivative financial liabilities				
Forward exchange contracts	\$ -	\$ -	\$ 3,916	\$ 3,916
Cross-currency swaps	-	-	1,775	1,775
Foreign exchange swap contracts	-	-	5,325	5,325
Interest rate swaps	-	-	338,020	338,020
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 349,036</u>	<u>\$ 349,036</u>

December 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVTPL)				
Open-end mutual funds -				
beneficial certificates	\$ 630,567	\$ -	\$ -	\$ 630,567
Marketable equity securities	374,567	-	-	374,567
Guarantee deposits - cotton futures contracts	-	-	41,450	41,450

(Continued)

	Level 1	Level 2	Level 3	Total
Guarantee deposits - PTA futures contracts	\$ -	\$ -	\$ 12,451	\$ 12,451
Combined foreign exchange options	-	-	40,085	40,085
Forward exchange contracts	<u>-</u>	<u>-</u>	<u>24,996</u>	<u>24,996</u>
	<u>\$ 1,005,134</u>	<u>\$ -</u>	<u>\$ 118,982</u>	<u>\$ 1,124,116</u>
Available-for-sale financial assets				
Marketable equity securities	\$ 4,620,397	\$ -	\$ -	\$ 4,620,397
Mutual funds - beneficial certificates	111,100	701,421	-	812,521
Oversea equity securities	<u>214,801</u>	<u>-</u>	<u>-</u>	<u>214,801</u>
	<u>\$ 4,946,298</u>	<u>\$ 701,421</u>	<u>\$ -</u>	<u>\$ 5,647,719</u>
Financial liabilities at FVTPL				
Combined foreign exchange options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 807</u>	<u>\$ 807</u>
Hedging derivative financial liabilities				
Cross currency swaps	\$ -	\$ -	\$ 3,150	\$ 3,150
Forward exchange contracts	-	-	11,800	11,800
Interest rate swaps	<u>-</u>	<u>-</u>	<u>535,837</u>	<u>535,837</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 550,787</u>	<u>\$ 550,787</u>

(Concluded)

There were no transfers between Levels 1 and 2 for the years ended December 31, 2015 and 2014.

2) Reconciliation of Level 3 fair value measurements of financial assets

For the year ended December 31, 2015

	Financial Assets at Fair Value Through Profit or Loss - Held for Trading	Hedging Derivative Financial Instruments	Total
Balance at January 1, 2015	\$ 118,175	\$ (550,787)	\$ (432,612)
Total gains or losses			
In profit or loss	2,397	64,477	66,874
In other comprehensive income	<u>-</u>	<u>143,289</u>	<u>143,289</u>
Balance at December 31, 2015	<u>\$ 120,572</u>	<u>\$ (343,021)</u>	<u>\$ (222,449)</u>

December 31, 2014

	Financial Assets at Fair Value Through Profit or Loss - Held for Trading	Hedging Derivative Financial Instruments	Total
Balance at January 1, 2014	\$ 63,235	\$ (416,838)	\$ (353,603)
Total gains or losses			
In profit or loss	54,940	45,747	100,687
In other comprehensive income	<u> -</u>	<u>(179,696)</u>	<u>(179,696)</u>
Balance at December 31, 2014	<u>\$ 118,175</u>	<u>\$ (550,787)</u>	<u>\$ (432,612)</u>

- 3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Overseas mutual funds - beneficial certificates	Valuation based on the fair values of a portfolio of funds, calculated through each subfund by fair value net of the management and operating expenses for the subfund.

- 4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Future contract	Future contract pricing model. The fair values of future contracts are determined using future contract pricing models where the significant unobservable inputs are historical volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value.
Forward exchange contracts, Option contracts, combined exchange options, cross-currency swaps and interests rate swap	Discounted cash flow. Future cash flows are estimated based on observable spot exchange rates at the end of the reporting period and contract rates, discounted at a 0% rate; the counterparties' high credit ratings and short contract terms indicate a low credit risk on counterparties.

c. Categories of financial instruments

	December 31	
	2015	2014
<u>Financial assets</u>		
FVTPL		
Held for trading	\$ 3,997,895	\$ 1,124,116
Derivative instruments in designated hedge accounting relationships	6,015	-
Loans and receivables (Note 1)	83,170,332	68,954,539
Available-for-sale financial assets (Note 2)	6,352,922	6,718,871
<u>Financial liabilities</u>		
FVTPL		
Held for trading	-	807
Derivative instruments in designated hedge accounting relationships	349,036	550,787
Amortized cost (Note 3)	229,139,543	204,645,872

Note 1: The balances included loans and receivables measured at amortized cost, which comprised cash and cash equivalents, debt investments with no active market, notes and accounts receivable (including those from related parties), other receivables (including those from related parties), other financial assets, long-term receivables from related parties and refundable deposits.

Note 2: The balances included the carrying amounts of available-for-sale financial assets and financial assets carried at cost.

Note 3: The balances included financial liabilities measured at amortized cost, which comprised short-term borrowings, short-term bills payable, notes and accounts payables (including those to related parties), other payables (including those to related parties), payables to suppliers of machinery and equipment, provisions, bonds payable, long-term borrowings and guarantee deposits.

d. Financial risk management objectives and policies

The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the nonoperating activities of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

Several subsidiaries of the Group had foreign currency sales and purchases, which exposed the Group to exchange rate risk. Exchange rate exposures were managed within approved policy parameters through forward exchange contracts.

The carrying amounts of the Group's significant foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as Note 40.

Sensitivity analysis

The Group was mainly exposed to U.S. dollars.

The following table details the Group's sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency) against the U.S. dollar. The 5% sensitivity rate is used when foreign currency risk is reported internally to key management personnel and represents management's assessment of the reasonably possible changes in exchange rates. The sensitivity analysis included only outstanding foreign currency-denominated monetary items, and the translation of these items at the end of the reporting period was adjusted for a 5% change in exchange rates. A positive number below indicates an increase in pretax profit and other equity associated with New Taiwan dollars that strengthen 5% against the relevant currency. For a 5% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pretax profit and other equity, and the balances below would be negative.

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
5% change in profit or loss		
USD	\$ (589,910)	\$ 309,065

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. It managed the risk by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
Fair value interest rate risk		
Financial assets	\$ 33,333,704	\$ 19,741,105
Financial liabilities	150,927,513	129,025,561
Cash flow interest rate risk		
Financial assets	12,913,827	12,333,670
Financial liabilities	43,087,204	42,650,591

Sensitivity analysis

The sensitivity analysis below was determined on the basis of the Group's exposure to interest rates for financial assets and financial liabilities at the end of the reporting period. An increase or decrease of 0.25% is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. For the financial assets and financial liabilities with fixed interest rate, their fair value will change as the market interest rates change. For the financial assets and financial liabilities with floating interest rate, their effective interest rates will change as the market interest rates change.

For the years ended December 31, 2015 and 2014, had interest rates been 0.25% higher/lower and all other variables had been held constant, the fair value of the Group's financial assets with fixed interest rate would have decreased/increased by NT\$83,126 thousand and NT\$49,230 thousand, respectively, and the cash flows on the Group's financial assets with floating interest rate would have increased by NT\$32,285 thousand and NT\$30,834 thousand, respectively.

For the years ended December 31, 2015 and 2014, had interest rates been 0.25% higher/lower and all other variables had been held constant, the fair value of the Group's financial liabilities with fixed interest rate would have decreased by NT\$376,378 thousand and NT\$321,760 thousand, respectively, and the cash flows on the Group's financial liabilities with floating interest rate would have increased by NT\$107,718 thousand and NT\$106,626 thousand, respectively.

c) Other price risks

The group was exposed to equity price risk because of its investments in domestic quoted stocks and mutual funds.

Sensitivity analysis

The following sensitivity analysis was based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% lower, the fair value of held-for-trading and available-for-sale financial assets as of December 31, 2015 and 2014 would have decreased by NT\$454,581 thousand and NT\$332,643 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counter-parties will default on its contractual obligations, resulting in a financial loss to the Group. As of the end of a reporting period, the Group's maximum exposure to credit risk that will cause the Group a financial loss due to (a) the counter-parties' failure to discharge their obligations and (b) financial guarantees provided by the Group could arise from:

- a) The carrying amounts of the recognized financial assets as stated in the balance sheets; and
- b) The amounts of contingent liabilities in relation to financial guarantees issued by the Group.

The Group has a policy of dealing with only creditworthy counter-parties and obtaining sufficient collateral, where appropriate, to mitigate the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continually monitored.

Trade receivables refer to a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is made to determine the financial condition of trade receivables.

3) Liquidity risk

The Group manages liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the use of bank borrowings and ensures compliance with loan covenants.

The maturity dates of financial liabilities (except financial liabilities - current, i.e., with maturities of less than one year) are as follows:

	1-2 Years	2-3 Years	Over 3 Years	Total
<u>December 31, 2015</u>				
Long-term borrowings	\$ 48,596,038	\$ 12,013,572	\$ 16,395,282	\$ 77,004,892
Bonds payable	<u>16,450,000</u>	<u>13,500,000</u>	<u>33,500,000</u>	<u>63,450,000</u>
	<u>\$ 65,046,038</u>	<u>\$ 25,513,572</u>	<u>\$ 49,895,282</u>	<u>\$ 140,454,892</u>
<u>December 31, 2014</u>				
Long-term borrowings	\$ 32,253,523	\$ 16,784,033	\$ 14,961,654	\$ 63,999,210
Bonds payable	<u>20,944,000</u>	<u>16,450,000</u>	<u>23,400,000</u>	<u>60,794,000</u>
	<u>\$ 53,197,523</u>	<u>\$ 33,234,033</u>	<u>\$ 38,361,654</u>	<u>\$ 124,793,210</u>

36. TRANSACTIONS WITH RELATED PARTIES

The Group had significant transactions with related parties. Besides the transactions mentioned in the other notes, the transactions for the years ended December 31, 2015 and 2014 and the related balances as of the balance sheet dates are summarized in the accompanying Schedules B and C.

37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

In addition to those disclosed in the other notes, the following assets had been pledged or mortgaged as collaterals for short-term borrowings, short-term bills payable, tariff duties, and long-term borrowings; as construction warranties; as guarantees for related parties; and as administrative tax remedies for meeting requirements for certain projects.

	<u>December 31</u>	
	2015	2014
Other financial assets - current	\$ 2,057,606	\$ 1,815,650
Inventories - available-for-sale - buildings and land	1,401,999	-
Inventories - available-for-construction - land	693,157	693,157
Inventories - construction-in-progress - buildings and land	-	1,459,429
Property, plant and equipment, net	13,599,735	12,689,384
Investment properties	36,689,061	37,648,280

(Continued)

	December 31	
	2015	2014
Available-for-sale financial assets - current and noncurrent	\$ 146,850	\$ 157,500
Investment accounted for using the equity method	2,975,552	3,509,089
Concession	2,857,000	1,936,000
Other financial assets - noncurrent	<u>2,697,969</u>	<u>2,995,948</u>
	<u>\$ 63,118,929</u>	<u>\$ 62,904,437</u>
		(Concluded)

As of December 31, 2015 and 2014, FENC and some of its subsidiaries had provided 122,094 thousand shares and 123,794 thousand shares, respectively, of the common shares of Far EasTone Telecommunications Co., Ltd. and both 16,500 thousand common shares of Yuan Ding, as collaterals for short-term borrowings, short-term bills payable and long-term borrowings.

38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of December 31, 2015:

- a. Issued but unused letters of credit aggregated approximately NT\$1,022,874 thousand.
- b. Of (a) unpaid building construction and equipment installation contracts (excluding an FENC subsidiary, Far EasTone Telecommunications Co., Ltd. and its subsidiaries) amounting to approximately NT\$7,764,224 thousand, and (b) property, plant and equipment and cellular phone equipment (an FENC subsidiary, Far EasTone Telecommunications Co., Ltd. and its subsidiaries) acquired for NT\$6,668,933 thousand and NT\$13,372,760 thousand, respectively, NT\$1,716,273 thousand and NT\$8,264,134 thousand, respectively, had been paid.
- c. There were undelivered cotton contracts amounting to NT\$222,091 thousand and recognized payable onerous contracts (recognized as provisions) NT\$1,461 thousand, as of December 31, 2015.
- d. Construction project contracts already signed by Far Eastern General Contractor Inc. (FEGC) amounted to NT\$26,466,265 thousand.
- e. Eastern Electronic Toll Collection Co., Ltd. (FETC) was entrusted by the Taiwan Area National Freeway Bureau (TANFB) to collect electronic tolls on freeways and had signed a third-party benefit trust contract with Far Eastern International Bank Co., Ltd. (FEIB) to manage the tolls collected. The trust property for this agreement had amounted to NT\$3,598,241 thousand.
- f. Endorsements and guarantees provided to the related parties are shown in Schedule E (attached).
- g. Ming-Chiung Chang filed an incidental civil suit, in connection with the criminal case of forgery, against Ming-chung Kuo (an FENC employee) and Hua-de Lin, Hung-Long Li and Yung-gi Lai (the fiduciaries of Pacific Liu Tung Investment Co. or PLT, an equity-method investee of the Company). Chang claimed that Kuo and Hua-de Lin, Hung-Long Li and Yung-gi Lai colluded and used their positions to carry out transactions that resulted in his losses and asked the Taiwan High Court to declare that the ownership of PLT held by FEDS, FEDS's subsidiaries, the Company and its subsidiaries was just a fabrication, i.e., it never existed. In October 2009, Chang lost the suit and then appealed to the Taiwan High Court. Chang later raised an appeal to the Supreme Court, but the decision of the original criminal cases made by Taiwan High Court was revoked by the Supreme Court on March 25, 2010. Under the Article 510 of The Code of Criminal Procedures, the Supreme Court remanded the criminal and the incidental civil suit to the Taiwan High Court. As of March 25, 2016, the lawsuit was pending before the Taipei High Court.

- h. A subsidiary of FENC, Far Eastern General Contractor Inc. (FEGC), contracted the Southern Taiwan Science Park (STSP) to do underground cable construction. During the construction period, material costs rose because of adverse economic factors and the rising prices of stainless steel and cable materials. Although the contract amount had been adjusted for price inflation, FEGC still incurred a great loss and got no indemnification. Thus, FEGC filed a lawsuit for indemnification with the Supreme Court. As of March 25, 2016, the result of the lawsuit was still being awaited.

In 2008, FEGC recognized a construction loss of NT\$119,949 thousand on its underground cable construction project.

- i. A company subsidiary, FECC, and Far Eastern Department Store Co., Ltd. (FEDS) had jointly developed Ban Ciao Zhong Ben (Construction License Number: Year 2010 Letter Chang No. 00135) in line with the Directions for the Urban Land Development Application (the "Directions"). Under the Directions, for the joint developers to be entitled to larger floor area and have a building occupancy permit, they should complete the construction within four years after passing an urban design review. If this deadline is unmet, the joint developers should either donate the building or remit a certain amount to the New Taipei City Government (NTCG). Later, the NTCG claimed the construction was not completed on time, but the joint developers disagreed with the NTCG's claim. Thus, a dispute on this issue arose. Steps have been taken to settle this dispute, and while the settlement is being negotiated, FECC had placed in the Far Eastern International Bank a negotiable certificate of deposit amounting to NT\$109,995 thousand as a pledge based on the NTCG's requirement. The Ministry of the Interior had dismissed the administrative appeal. FECC disagree the administrative appeal decision, and thus filed an administrative litigation with the Taipei High Administrative Court. As of March 25, 2016, the administrative litigation was pending before the Taipei High Administrative Court.
- j. A company subsidiary, Far Eastern Electronic Toll Collection Co., Ltd. (FETC), has cooperated with government authorities to establish an electronic toll collection system based on the "Establishment and Operating Contract" with Taiwan Area National Freeway Bureau (TANFB). However, on the basis of the system usage rate and the manner of system implementation, TANFB claimed it had the right to penalize FETC for the latter's failing to achieve the requirements for the electronic toll collection (ETC) system stated in the contract. However, FETC disagreed with the bureau's interpretation of the contract terms and filed for arbitration with the Negotiation Committee. Nevertheless, both the FETC and TANFB did not agree with the Negotiation Committee's arbitration. FETC filed a lawsuit against TANFB. The contract terms were as follow:

1) Usage rate

TANFB claimed that FETC had failed to reach the 45% designated ETC usage rate in the third year stated in the contract, thus violating the terms of the contract. TANFB and ETC reached a consensus that FETC proposed an improvement plan, which TANFB accepted, and set six inspection points to be used in determining if FETC's improvement plan was effective. FETC successfully met the inspection requirements, as shown by TANFB's confirmation of the plan results. Thus, FETC believed that its successful implementation of its improvement plan should be considered by TANFB as the FETC's added investment in the ETC plan as well as the equivalent of FETC's paying a penalty for not meeting the ETC usage rate requirement. Thus, FETC claimed TANFB should not impose a penalty on FETC anymore.

TANFB commented that FETC failed to reach the 70% designated usage rate of ETC in the sixth year of the contract and thus violated the contract, for which FETC was liable for a penalty amounting to NT\$427,500 thousand. Nevertheless, TANFB and ETC have reached a consensus to consider the implementation of the above improvement plan as making up for FETC's not meeting the 70% usage rate requirement; there was no reason for TANFB to penalize FETC. In addition, FETC exceeded the 65% usage rate stated in the "Establishment and Operating Contract" for the taximeter phase, the usage rate was markedly increased and the operation of the taximeter system infrastructure (TSI) was also on track. Thus, there was actually no physical evidence of FETC's violating the contract. For these reasons, FETC said TANFB should not accuse FETC of breach of

contract. To settle this matter, FETC applied for a conciliation with TANFB through the Negotiation Committee. The Negotiation Committee suggested TANFB decrease its penalty on FETC because (a) FETC could enter into the taximeter phase since the 65% ETC usage rate had been reached even though this rate was lower than the 70% usage rate stated in the contract; (b) the impact of usage rate to the interest of highway users was markedly diminished (c) the amounts FETC invested in the improvement plan were more than the penalty TANFB claimed.

FETC, however, could not accept the negotiation result. In September 2013, FETC filed a lawsuit against TANFB, claiming it was not liable for the penalty imposed by TANFB. As of March 19, 2015, this case was pending before the Tainan District Court and FETC has prepared the possible loss which was likely to be imposed.

2) Taximeter system infrastructure

TANFB stated FETC breached the contract when FETC was unable to complete the ETC driveway infrastructure by September 21, 2012 as required in the contract. But after FETC negotiated with TANFB through the Negotiation Committee, both the FETC and TANFB agreed to extend the construction period by four months until January 21, 2013. Thus, TANFB should reset the contract expiry date according to the agreement. However, TANFB has not reset the expiry date and set the date FETC had been informed of violation of contract on February 3, 2013 and obligated FETC to complete the ETC driveway infrastructure and taximeter system infrastructure by April 21, 2013. After FETC's conciliation with TANFB through the Negotiation Committee in July 2013, the Negotiation Committee suggested that TANFB recheck the construction results and determine if after four months after the original contract expiry date of September 21, 2012, FETC violated the contract. Nevertheless, TANFB did not agree with the Negotiation Committee's decision and filed a lawsuit against FETC and imposed a penalty of NT\$142,500 thousand on FETC. As of December 31, 2015, FETC had completed the ETC highway infrastructure as TMSI required in the contract and accrued a penalty loss because the penalty was likely to be imposed.

- k. In May 2015, an FENC subsidiary, Far EasTone applied to the Taipei District Court for a temporary injunction order against Taiwan Mobile Co., Ltd. (TWM) for TWM's violation of the agreement between Far EasTone and TWM and prohibited TWM from using the C1 spectrum till TWM escheats the C4 spectrum to NCC. On July 1, 2015, the Taipei District Court approved the issuance of a preliminary injunction. Under the preliminary injunction process, in July 2015, Far EasTone lodged \$1,049,000 thousand in negotiable certificates (recognized as other financial assets - current) however TWM posted a bond of \$927,000 thousand as part of its appeal of the preliminary injunction and request that the Court allow TWM to use the C1 spectrum. On September 11, 2015, the High Court rejected TWM's interlocutory appeal and upheld provisional injunction.

TWM no longer filed another appeal of the preliminary injunction. On July 28, 2015, Far EasTone filed a civil litigation against TWM, asking TWM to escheat the C4 spectrum immediately and declared that TWM should refrain from using the C1 spectrum even before escheating the C4 spectrum. At the same time, Far EasTone demanded a compensation of \$1,005,800 thousand from TWM.

- l. To enter the cable television market and strengthen the domain of digital convergence, an FENC subsidiary, Far EasTone planned to enter into a strategic alliance with Morgan Stanley Private Equity Asia IV, LLC ("MSPE Asia") and seek opportunities to cooperate with China Network Systems Group ("CNS Group") by acquiring the corporate bonds in the future. For this alliance, on July 30, 2015, the board of directors of Far EasTone resolved to enter into a cooperation agreement with the subsidiaries to be individually established by North Haven Private Equity Asia IV Holdings Limited ("NHPEA") which is managed by MSPE Asia to regulate future rights and obligations between Far EasTone and MSPE Asia. Under the cooperation agreement, Far EasTone may subscribe for the corporate bonds to be issued by the subsidiaries to be directly/indirectly owned by NHPEA and to be established in the R.O.C. to provide certain technology and advisory services as well as to explore other potential opportunities for collaboration as allowed under R.O.C. laws and regulations. Far EasTone's total subscription of the subsidiaries' corporate bonds should not exceed \$17,120,000 thousand.

If Far EasTone cannot acquire the permission from the administration, the original shareholders of CNS Group or its related parties could become Far EasTone's strategic cooperative partners under certain conditions. For this cooperative partnership, the board of directors of Far EasTone resolved to sign a contract with the above subsidiaries, and Evergreen Jade Sdn. Bhd. and Goodwill Tower Sdn. Bhd., both of whom are shareholders of CNS Group, to regulate the rights and obligations of each party. The case is subject to the permission from the Investment Commission, MOEA.

- m. An FENC subsidiary, Far EasTone bid for a 4G wireless communication license for GSM2600 on December 7, 2015, with the getting price of \$9,130,000 thousand. The deposit for bidding in the amount of \$1,000,000 thousand (recognized as other non-current assets) was applied as partial payment of the bid price and the rest of the bid price was paid on January 4, 2016.

39. SUBSEQUENT EVENTS

On March 25, 2016, the board of directors of the Company decided to issue unsecured bonds. The bonds, with a term of less than 10 years, will have an aggregate face value not more than NT\$8,000,000 thousand and a par value of NT\$1,000 thousand.

40. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount (NT\$)
<u>Financial assets</u>			
Monetary items			
USD	\$ 549,405	32.88 (USD:NTD)	\$ 18,064,436
USD	112,975	6.589 (USD:RMB)	3,714,618
USD	51,429	7.800 (USD:HKD)	1,690,986
USD	3,746	4.478 (USD:MYR)	<u>123,168</u>
			<u>\$ 23,593,208</u>
<u>Financial liabilities</u>			
Monetary items			
USD	157,132	32.88 (USD:NTD)	\$ 5,166,500
USD	191,217	6.589 (USD:RMB)	6,287,215
USD	7,630	7.800 (USD:HKD)	250,874
USD	2,750	4.478 (USD:MYR)	<u>90,420</u>
			<u>\$ 11,795,009</u>

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount (NT\$)
<u>Financial assets</u>			
Monetary items			
USD	\$ 466,307	31.65 (USD:NTD)	\$ 14,758,617
USD	199,154	6.215 (USD:RMB)	6,303,224
USD	130,553	7.800 (USD:HKD)	4,132,002
USD	8,158	3.641 (USD:MYR)	<u>258,201</u>
			<u>\$ 25,452,044</u>
<u>Financial liabilities</u>			
Monetary items			
USD	257,061	31.65 (USD:NTD)	\$ 8,135,981
USD	689,603	6.215 (USD:RMB)	21,825,935
USD	46,718	7.800 (USD:HKD)	1,478,625
USD	6,092	3.641 (USD:MYR)	<u>192,812</u>
			<u>\$ 31,633,353</u>

For the years ended December 31, 2015 and 2014, (realized and unrealized) net foreign exchange losses (gains) were NT\$(916,502) thousand and NT\$632,174 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of functional currencies of the group entities.

41. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: Schedule D (attached)
- 2) Endorsement/guarantee provided: Schedule E (attached)
- 3) Marketable securities held: Schedule F (attached)
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: Schedule G (attached)
- 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: Schedule H (attached)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: Schedule I (attached)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Schedule J (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Schedule K (attached)

- 9) Trading in derivative instruments: Note 7
 - 10) Intercompany relationships and significant intercompany transactions: Schedule L
 - 11) Information on investees: Schedule M
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area.: Schedule N and N-1 (attached)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Schedules N (attached)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

42. SEGMENT INFORMATION

The information provided to the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance focuses on types of goods delivered or services provided. Thus, under IFRS 8 "Operating Segments," the Group defined its operating segments as follows: Petrochemical business, chemical fiber business, textile business, mobile services business, real estate business, investment and other business.

Segment operating income is the profit generated by each operating segment, which excludes expenses allocated in group headquarter, remuneration for directors, share of the profit or loss of associates, interest revenue, gain or loss on disposal of property, plant and equipment, investment properties and intangible assets, exchange gain or loss, interest expense and income tax expense. It is the measure reported to the chief operating decision maker to allocate resources to the segments and assess their performance.

a. Segments revenues and results

The analysis of the Group's revenues and operating results by operating segment is as follows:

	Segment Revenue		Segment Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2015	2014	2015	2014
Petrochemical business			\$ (1,647,019)	\$ (3,079,551)
Revenues generated from external customers	\$ 17,113,429	\$ 22,765,358		
Intersegment revenues	<u>12,862,128</u>	<u>17,617,123</u>		
	<u>29,975,557</u>	<u>40,382,481</u>		
Chemical fiber business			896,875	1,001,924
Revenues generated from external customers	59,735,118	70,702,994		
Intersegment revenues	<u>741,307</u>	<u>897,797</u>		
	<u>60,476,425</u>	<u>71,600,791</u>		
Textile business			672,603	697,417
Revenues generated from external customers	32,150,979	35,634,097		
Intersegment revenues	<u>109,355</u>	<u>196,014</u>		
	<u>32,260,334</u>	<u>35,830,111</u>		
Mobile services business			15,393,037	15,052,589
Revenues generated from external customers	97,067,215	93,936,218		
Intersegment revenues	<u>226,003</u>	<u>239,382</u>		
	<u>97,293,218</u>	<u>94,175,600</u>		
Real estate development			692,255	677,942
Revenues generated from external customers	6,401,964	6,286,296		
Intersegment revenues	<u>241,650</u>	<u>219,590</u>		
	<u>6,643,614</u>	<u>6,505,886</u>		
Investment and other			1,048,898	2,656,660
Revenues generated from external customers	\$ 8,156,591	\$ 11,000,999		
Intersegment revenues	<u>626,657</u>	<u>676,288</u>		
	<u>8,783,248</u>	<u>11,677,287</u>		
Adjustment and elimination	<u>(14,532,416)</u>	<u>(19,684,067)</u>	<u>408,657</u>	<u>(332,596)</u>
	<u>\$ 220,899,980</u>	<u>\$ 240,488,089</u>	<u>17,465,306</u>	<u>16,674,385</u>
Interest revenue			483,727	482,434
Exchange gain (loss)			(916,502)	632,174
Interest expense			(2,450,149)	(1,934,871)
Other revenue and income (other expenses and losses)			<u>5,118,291</u>	<u>5,563,607</u>
Profit before tax			<u>\$ 19,700,673</u>	<u>\$ 21,417,729</u>

Note: As of December 31, 2015 and 2014, the main differences between the total reportable segment revenue and consolidated operating revenue and those between the total reportable segment profit and consolidated operating income were due to the share of the associates' profits of NT\$2,721,771 thousand and NT\$4,293,787 thousand, respectively, and dividend income from associates, which amounted to NT\$230,007 thousand and NT\$687,663 thousand, respectively.

b. Segment total assets and liabilities

Segment total assets and liabilities was not disclosed due to this information was not reviewed by or regularly provided to the chief operating decision maker.

c. Geographical information

The Group operates in three principal geographical areas - Taiwan, China and oversea.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2015	2014	2015	2014
Taiwan	\$ 162,206,048	\$ 174,737,410	\$ 287,388,157	\$ 279,630,180
China	33,240,514	39,092,913	41,668,721	41,130,706
Oversea	<u>22,501,640</u>	<u>21,676,316</u>	<u>4,867,246</u>	<u>3,412,754</u>
	<u>\$ 217,948,202</u>	<u>\$ 235,506,639</u>	<u>\$ 333,924,124</u>	<u>\$ 324,173,640</u>

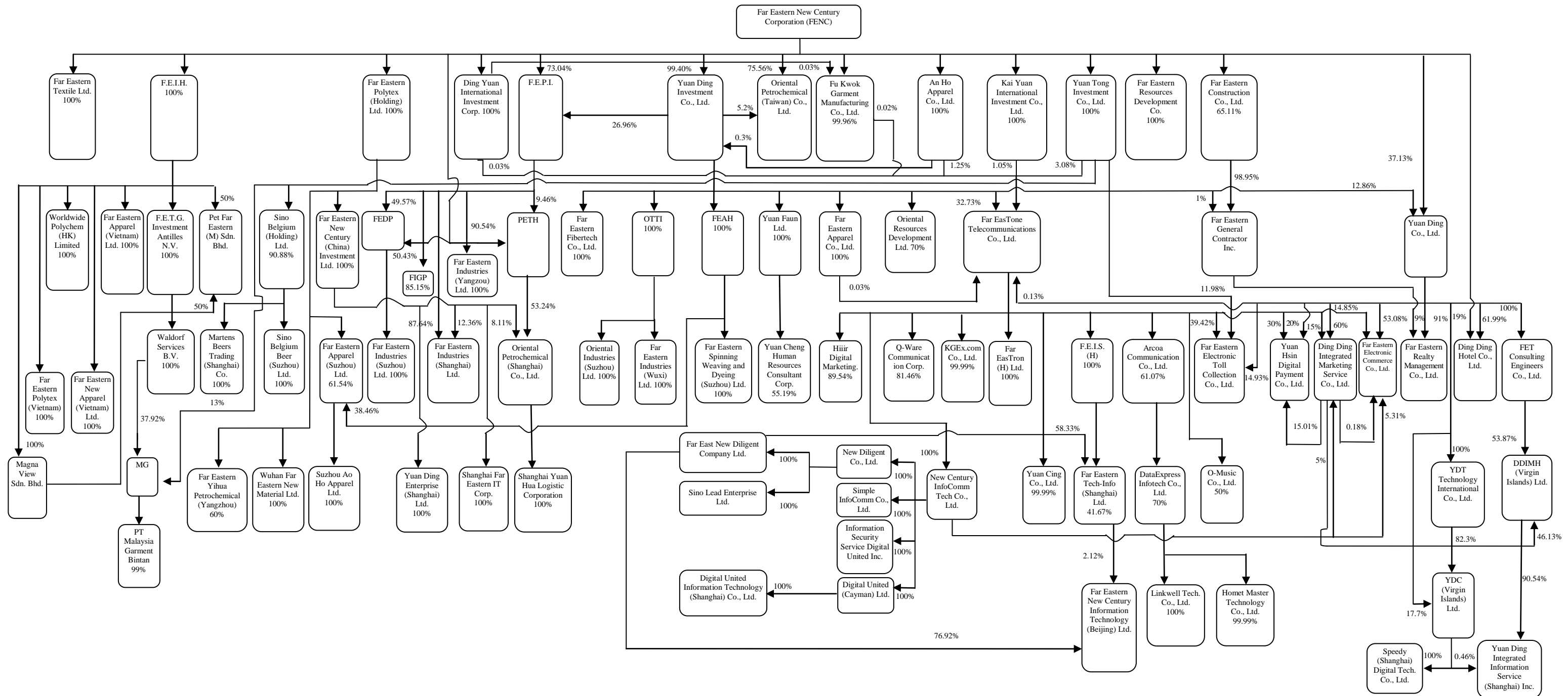
Non-current assets exclude non-current assets classified as held for sale, financial instruments, investments accounted for using the equity method, deferred tax assets, net benefit assets, and guarantee deposits.

d. Information about major customers

No other single customers contributed 10% or more to the Group's revenue for both 2015 and 2014.

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND PERCENTAGES OF OWNERSHIP
DECEMBER 31, 2015



FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**CONSOLIDATED RELATED-PARTY TRANSACTIONS****(In Thousands of New Taiwan Dollars)**

	For the Year Ended December 31	
	2015	2014
Sales		
Associates	\$ 1,461,674	\$ 1,636,914
Others	<u>1,076,849</u>	<u>1,169,632</u>
	<u>\$ 2,538,523</u>	<u>\$ 2,806,546</u>
Operating cost	\$ 1,378,989	\$ 1,323,694
Associates	<u>876,565</u>	<u>1,279,515</u>
Others	<u>\$ 2,255,554</u>	<u>\$ 2,603,209</u>
Operating expense		
Associates	\$ 56,509	\$ 66,779
Others	<u>364,865</u>	<u>361,464</u>
	<u>\$ 421,374</u>	<u>\$ 428,243</u>
Rental revenue		
Associates	\$ 263,075	\$ 242,586
Others	<u>352,729</u>	<u>339,221</u>
	<u>\$ 615,804</u>	<u>\$ 581,807</u>
Rental expense (recognized as operating cost and expense)		
Associates	\$ 102,311	\$ 117,437
Others	<u>180,299</u>	<u>192,218</u>
	<u>\$ 282,610</u>	<u>\$ 309,655</u>

Note:

- a. The terms of sales to and purchases from the related parties were based on agreements.
- b. The Group had donated NT\$14,487 thousand and NT\$22,391 thousand to other related parties as of December 31, 2015 and 2014.
- c. For the year ended December 31, 2015, the Group had purchased the office equipment from associates amounted to NT\$63 thousand and had purchased the software equipment, machinery and equipment, and construction contracts from the other related parties amounted to NT\$59,546 thousand. For the year ended December 31, 2014, the Group had purchased the software equipment, machinery and equipment, and construction contracts from other related parties amounted to NT\$188,111 thousand.

(Continued)

- d. The Group had sold office equipment and other assets amounting to NT\$199,640 thousand to the associates and recognized the gain on disposal as of NT\$34,275 thousand (recognized as other income) for the year ended December 31, 2015. The Group had sold office equipments amounted to NT\$342 thousand and NT\$23 thousand, respectively to the associates and other related parties for the year ended December 31, 2014.
- e. The Group had sold investment properties - land to its related parties for NT\$1,878,322 thousand and recognized a gain of NT\$815,643 thousand on this disposal for the year ended December 31, 2015. The disposal proceeds of NT\$78,322 thousand had been received in cash, and the rest of the proceeds amounting to NT\$1,800,000 thousand and to be received in the next several years was recognized as follows as of December 31, 2015: NT\$180,000 thousand as other receivables from related parties, and NT\$1,620,000 as long-term other receivables from related parties.
- f. The Group had exchanged its investment properties - land with a fair value NT\$1,115,520 thousand and paid an extra NT\$776,850 thousand for lands with fair value NT\$1,892,370 thousand with other related parties, and recognized a gain of NT\$167,986 thousand on this exchange for the year ended December 31, 2015. In addition, based on the exchange contract the Group paid NT\$158,255 thousand for related transaction cost for this exchange. The Group recognized the exchanging lands as inventories-available for sale-land and building amounting to NT\$1,665,015 thousand and investment properties - land amounting to NT\$385,610 thousand as of December 31, 2015.
- g. The fund transactions between the Group and Opas Fund Segregated Porfolio Company (“Opas Company”) involved the acquisition and disposal of the Opas Fund Segregated Portfolio Tranches B, C, and D through the trading platform of Opas Company. The decisions on these overseas mutual funds with different tranches were made by the investment committee formed by the Group and other investors. For the year ended December 31, 2015, the Group acquired Opas Fund Segregated Portfolio Tranches for NT\$653,400 thousands, and disposed of funds with a carrying amount of NT\$603,900 thousand. The disposal proceeds were NT\$687,033 thousand and the gain on fund disposal were NT\$83,133 thousand.
- h. The rental expense incurred for rental agreements on factories in Hukou and Hsinchu, office and equipment rooms in Tainan, base stations and departments around Taiwan. The term of the rental agreements was from January 2009 to January 2029. The revenue generated from renting out some of the floors of the Taipei Metro Tower building and buildings in Chen-Chung Section in Taipei City, Hsin-ban Section in New Taipei City and Xinhua development zone in Shanghai City; the related lease term was from November 2006 to December 2026. Rent is received or paid quarterly or monthly, and the amount of rent was based on market conditions in nearby locations.
- j. Compensation of key management personnel:

	<u>For the Year Ended December 31</u>	
	2015	2014
Short-term employee benefits	\$ 435,978	\$ 453,086
Post-employment benefits	<u>3,147</u>	<u>(3,167)*</u>
	<u>\$ 439,125</u>	<u>\$ 449,919</u>

* The post-employment benefit were gain for the years ended December 31, 2014 based on the actuarial result applied by 2010 version of IAS 19 “Employee Benefits”.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED RELATED-PARTY TRANSACTIONS

(In Thousands of New Taiwan Dollars)

	December 31	
	2015	2014
Notes and accounts receivable from related parties		
Associates	\$ 562,937	\$ 372,985
Others	<u>582,024</u>	<u>585,496</u>
	<u>\$ 1,144,961</u>	<u>\$ 958,481</u>
Notes and accounts payable from related parties		
Associates	\$ 71,596	\$ 109,211
Others	<u>309,787</u>	<u>404,414</u>
	<u>\$ 381,383</u>	<u>\$ 513,625</u>
Billing on construction-in-progress		
Associates	\$ -	\$ 3,311,893
Others	<u>707,564</u>	<u>698,986</u>
	<u>\$ 707,564</u>	<u>\$ 4,010,879</u>
Guarantee deposits received		
Associates	\$ 10,899	\$ 10,915
Others	<u>177,306</u>	<u>173,467</u>
	<u>\$ 188,205</u>	<u>\$ 184,382</u>
Deferred credit - gains on related-party transactions		
Associates	\$ 139,736	\$ 140,291
Others	<u>9,338</u>	<u>9,338</u>
	<u>\$ 149,074</u>	<u>\$ 149,629</u>
 <u>Financing to related parties</u>		
Loans to related parties (recognized as other receivables)		
	December 31	
	2015	2014
Associates	<u>\$ 4,186,100</u>	<u>\$ 940,000</u>

(Continued)

Loans from related parties (recognized as short-term borrowings)

	December 31	
	2015	2014
Others	<u>\$ 3,592,852</u>	<u>\$ 3,989,830</u>

Note:

- a. The terms of sales to and purchases from other related parties were based on the agreements.
- b. The rent receivables from renting out the factories to other related parties (recognized as other receivables) were NT\$258,524 thousand and NT\$249,828 thousand as of December 31, 2015 and 2014.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED
 FOR THE YEAR ENDED DECEMBER 31, 2015
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Related Parties	Financial Statement Account	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
0	Far Eastern New Century Corporation	Far Eastern Polychem Industries Ltd.	Yes	Receivables from related parties	\$ 1,944,350	\$ 1,913,400	\$ 1,913,400	1.5750-3.35	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 9,862,578	\$ 98,625,783	Amounts allowed for ending period (Note B); maximum amounts allowed for the period (Note G)
	Far Eastern New Century Corporation	PET Far Eastern (Holding) Ltd.	Yes	Receivables from related parties	2,022,150	1,946,100	1,946,100	3.35	2	-	For revolving fund	-	Promissory note	-	9,862,578	98,625,783	Amounts allowed for ending period (Note B); maximum amounts allowed for the period (Note G)
1	Yuan Ding Investment Co., Ltd.	Oriental Resources Development Ltd.	Yes	Receivables from related parties	300,000	300,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,071,049	20,355,245	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		Oriental Petrochemical (Taiwan) Co.	Yes	Receivables from related parties	1,500,000	1,500,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,071,049	20,355,245	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		Ding Yuan International Investment Co., Ltd.	Yes	Receivables from related parties	300,000	300,000	-	1.71-1.72	2	-	For revolving fund	-	Promissory note	-	4,071,049	20,355,245	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		Far Eastern Resources Development Co.	Yes	Receivables from related parties	1,000,000	1,000,000	-	1.73-1.74	2	-	For revolving fund	-	Promissory note	-	4,071,049	20,355,245	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		Yuan Tong Investment Co., Ltd.	Yes	Receivables from related parties	800,000	750,000	254,000	1.63-1.79	2	-	For revolving fund	-	Promissory note	-	4,071,049	20,355,245	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		Yu Ding Industry Co., Ltd.	Yes	Receivables from related parties	340,000	340,000	340,000	1.63-1.77	2	-	For revolving fund	-	Promissory note	-	4,071,049	20,355,245	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		An Ho Garment Co., Ltd	Yes	Receivables from related parties	400,000	400,000	400,000	1.63-1.79	2	-	For revolving fund	-	Promissory note	-	4,071,049	20,355,245	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		Kai Yuan International Investment Co., Ltd.	Yes	Receivables from related parties	800,000	800,000	485,000	1.63-1.79	2	-	For revolving fund	-	Promissory note	-	4,071,049	20,355,245	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
2	Yuan Tong Investment Co., Ltd.	Da Ju Fiber Co., Ltd.	Yes	Receivables from related parties	155,000	-	-	1.50-1.54	2	-	For revolving fund	-	Promissory note	-	825,216	4,126,079	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		Far Eastern Resources Development Co.	Yes	Receivables from related parties	500,000	500,000	-	1.54-1.78	2	-	For revolving fund	-	Promissory note	-	825,216	4,126,079	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)

(Continued)

No.	Lender	Borrower	Related Parties	Financial Statement Account	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
3	Ding Yuan International Investment Co., Ltd.	Far Eastern Apparel Co., Ltd.	Yes	Receivables from related parties	\$ 50,000	\$ -	\$ -	-	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 269,143	\$ 1,345,713	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		Yu Ding Industry Co., Ltd.	Yes	Receivables from related parties	140,000	-	-	1.50-2.11	2	-	For revolving fund	-	Promissory note	-	269,143	1,345,713	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		Da Ju Fiber Co., Ltd.	Yes	Receivables from related parties	100,000	-	-	1.52-1.54	2	-	For revolving fund	-	Promissory note	-	269,143	1,345,713	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
4	Kai Yuan International Investment Co., Ltd.	Da Ju Fiber Co., Ltd.	Yes	Receivables from related parties	100,000	100,000	-	-	2	-	For revolving fund	-	Promissory note	-	527,493	2,637,463	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		Yu Ding Industry Co., Ltd.	Yes	Receivables from related parties	150,000	150,000	150,000	1.88	2	-	For revolving fund	-	Promissory note	-	527,493	2,637,463	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
5	An Ho Garment Co., Ltd	Far Eastern Apparel Co., Ltd.	Yes	Receivables from related parties	50,000	50,000	-	-	2	-	For revolving fund	-	Promissory note	-	200,851	1,004,256	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
6	Far EasTone Telecommunications Co., Ltd.	Q-ware Communications Co., Ltd.	Yes	Receivables from related parties	250,000	250,000	241,000	1.48-1.66	2	-	For revolving fund	-	-	-	7,190,637	35,953,183	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
7	New Century InfoComm Co., Ltd.	Q-ware Communications Co., Ltd.	Yes	Receivables from related parties	250,000	-	-	1.64	2	-	For revolving fund	-	-	-	4,931,909	12,329,772	Amounts allowed for ending period (Note E); maximum amounts allowed for the period (Note G)
		Far EasTone Telecommunications Co., Ltd.	Yes	Receivables from related parties	4,500,000	4,500,000	2,500,000	1.00-1.14	2	-	For revolving fund	-	-	-	4,931,909	12,329,772	Amounts allowed for ending period (Note E); maximum amounts allowed for the period (Note G)
		Far EasTone Telecommunications Co., Ltd.	Yes	Receivables from related parties	4,000,000	4,000,000	4,000,000	1.00-1.14	1	4,541,171	-	-	-	-	4,541,171	12,329,772	Amounts allowed for ending period (Note N); maximum amounts allowed for the period (Note G)
8	Yuan Ding Company Ltd.	YDT Technology International Co., Ltd.	Yes	Receivables from related parties	50,000	-	-	-	2	-	For revolving fund	-	Promissory note	-	1,513,251	3,783,128	Amounts allowed for ending period (Note E); maximum amounts allowed for the period (Note G)
		FET Consulting Engineers Co., Ltd.	Yes	Receivables from related parties	50,000	-	-	-	2	-	For revolving fund	-	Promissory note	-	1,513,251	3,783,128	Amounts allowed for ending period (Note E); maximum amounts allowed for the period (Note G)
		Far Eastern Technical Consultants Co., Ltd.	Yes	Receivables from related parties	50,000	50,000	-	-	2	-	For revolving fund	-	Promissory note	-	1,513,251	3,783,128	Amounts allowed for ending period (Note E); maximum amounts allowed for the period (Note G)
		Ding Ding Integrated Marketing Services Co., Ltd.	Yes	Receivables from related parties	100,000	100,000	-	-	2	-	For revolving fund	-	Promissory note	-	1,513,251	3,783,128	Amounts allowed for ending period (Note E); maximum amounts allowed for the period (Note G)
		Ding Ding Hotel Co., Ltd.	Yes	Receivables from related parties	300,000	300,000	-	-	2	-	For revolving fund	-	Promissory note	-	1,513,251	3,783,128	Amounts allowed for ending period (Note E); maximum amounts allowed for the period (Note G)

(Continued)

No.	Lender	Borrower	Related Parties	Financial Statement Account	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
		Yuan Ding Integrated Information Service (Shanghai) Inc.	Yes	Receivables from related parties	\$ 503,360	\$ 328,800	\$ -	1.5	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 1,513,251	\$ 3,783,128	Amounts allowed for ending period (Note E); maximum amounts allowed for the period (Note G)
		Far Eastern Electronic Commerce Co., Ltd.	Yes	Receivables from related parties	100,000	100,000	70,000	1.3735	2	-	For revolving fund	-	Promissory note	-	1,513,251	3,783,128	Amounts allowed for ending period (Note E); maximum amounts allowed for the period (Note G)
9	YDT Technology International Co., Ltd.	Yuan Ding Company Ltd.	Yes	Receivables from related parties	200,000	200,000	110,000	1.1955-1.3788	2	-	For revolving fund	-	Promissory note	-	137,840	172,300	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note G)
10	FET Consulting Engineers Co., Ltd.	Yuan Ding Company Ltd.	Yes	Receivables from related parties	220,000	140,000	140,000	1.1955-1.3788	2	-	For revolving fund	-	Promissory note	-	208,919	261,149	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note G)
11	Far Eastern Investment (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	Yes	Other receivables - loans to related parties	756,240	-	-	-	2	-	For revolving fund	-	Promissory note	-	3,818,587	3,818,587	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
		Worldwide Polychem (HK) Ltd.	Yes	Other receivables - loans to related parties	328,800	328,800	-	-	2	-	For revolving fund	-	Promissory note	-	4,773,234	14,319,701	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		FEDP (Holding) Ltd.	Yes	Other receivables - loans to related parties	328,800	328,800	-	1.36280-1.44485	2	-	For revolving fund	-	Promissory note	-	4,773,234	14,319,701	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Far Eastern Apparel (Holding) Ltd.	Yes	Other receivables - loans to related parties	986,400	986,400	-	1.36280-1.44485	2	-	For revolving fund	-	Promissory note	-	4,773,234	14,319,701	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Far Eastern Polychem Industries Ltd.	Yes	Other receivables - loans to related parties	1,150,800	1,150,800	-	1.36280-1.44485	2	-	For revolving fund	-	Promissory note	-	4,773,234	14,319,701	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Far Eastern New Century (China) Investment Ltd.	Yes	Other receivables - loans to related parties	998,000	998,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,773,234	14,319,701	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Sino Belgium (Holding) Ltd.	Yes	Other receivables - loans to related parties	493,200	493,200	154,536	1.36280-1.44485	2	-	For revolving fund	-	Promissory note	-	3,818,587	3,818,587	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
		PET Far Eastern (M) Sdn. Bhd.	Yes	Other receivables - loans to related parties	328,800	328,800	217,122	1.36280-1.44485	2	-	For revolving fund	-	Promissory note	-	4,773,234	14,319,701	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		PET Far Eastern (Holding) Ltd.	Yes	Other receivables - loans to related parties	986,400	986,400	341,952	1.44485	2	-	For revolving fund	-	Promissory note	-	4,773,234	14,319,701	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Far Eastern Apparel (Vietnam) Ltd.	Yes	Other receivables - loans to related parties	986,400	986,400	542,520	-	2	-	For revolving fund	-	Promissory note	-	4,773,234	14,319,701	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Oriental Textile (Holding) Ltd.	Yes	Other receivables - loans to related parties	3,288,000	3,288,000	910,776	1.36280-1.44485	2	-	For revolving fund	-	Promissory note	-	4,773,234	14,319,701	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Far Eastern Polytex (Holding) Ltd.	Yes	Other receivables - loans to related parties	2,630,400	2,630,400	2,058,288	1.36280-1.44485	2	-	For revolving fund	-	Promissory note	-	4,773,234	14,319,701	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)

(Continued)

No.	Lender	Borrower	Related Parties	Financial Statement Account	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
12	Far Eastern Apparel (Holding) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Yes	Other receivables - loans to related parties	\$ 657,600	\$ 657,600	\$ -	-	1	\$ 1,764,770	-	\$ -	Promissory note	\$ -	\$ 1,764,770	\$ 1,861,051	Amounts allowed for ending period (Note N); maximum amounts allowed for the period (Note H)
		Far Eastern Apparel (Suzhou) Ltd.	Yes	Other receivables - loans to related parties	986,400	986,400	50,430	-	2	-	For revolving fund	-	Promissory note	-	1,329,322	3,987,967	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Yes	Other receivables - loans to related parties	986,400	986,400	202,584	-	2	-	For revolving fund	-	Promissory note	-	1,329,322	3,987,967	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
13	Oriental Textile (Holding) Ltd.	Oriental Industries (Suzhou) Ltd.	Yes	Other receivables - loans to related parties	1,578,240	1,578,240	-	-	1	3,769,215	-	-	Promissory note	-	3,769,215	5,681,609	Amounts allowed for ending period (Note N); maximum amounts allowed for the period (Note H)
		Sino Belgium Beer (Suzhou) Ltd.	Yes	Other receivables - loans to related parties	197,280	197,280	-	-	2	-	For revolving fund	-	Promissory note	-	4,058,292	12,174,877	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Sino Belgium (Holding) Ltd.	Yes	Other receivables - loans to related parties	328,800	328,800	-	1.3628	2	-	For revolving fund	-	Promissory note	-	3,246,634	3,246,634	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
		Far Eastern Industries (WuXi) Ltd.	Yes	Other receivables - loans to related parties	2,133,912	2,133,912	90,947	-	2	-	For revolving fund	-	Promissory note	-	4,058,292	12,174,877	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Far Eastern New Century (China) Investment Ltd.	Yes	Other receivables - loans to related parties	1,946,100	1,946,100	199,600	1.265	2	-	For revolving fund	-	Promissory note	-	4,058,292	12,174,877	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Oriental Industries (Suzhou) Ltd.	Yes	Other receivables - loans to related parties	2,959,200	2,959,200	411,741	-	2	-	For revolving fund	-	Promissory note	-	4,058,292	12,174,877	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
14	Far Eastern Polychem Industries Ltd.	Oriental Petrochemical (Shanghai) Corp.	Yes	Other receivables - loans to related parties	230,160	-	-	-	2	-	For revolving fund	-	Promissory note	-	4,311,730	4,311,730	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
		Far Eastern Industries (Shanghai) Ltd.	Yes	Other receivables - loans to related parties	2,170,080	2,170,080	-	-	1	9,378,820	-	-	Promissory note	-	7,545,527	7,545,527	Amounts allowed for ending period (Note H); maximum amounts allowed for the period (Note H)
		Sino Belgium Beer (Suzhou) Ltd.	Yes	Other receivables - loans to related parties	328,800	328,800	-	-	2	-	For revolving fund	-	Promissory note	-	5,389,662	16,168,987	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Far Eastern Investment (Holding) Ltd.	Yes	Other receivables - loans to related parties	328,800	328,800	-	-	2	-	For revolving fund	-	Promissory note	-	5,389,662	16,168,987	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Far Eastern Industries (Shanghai) Ltd.	Yes	Other receivables - loans to related parties	3,222,240	1,709,760	98,640	-	2	-	For revolving fund	-	Promissory note	-	5,389,662	16,168,987	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Far Eastern Industries (Suzhou) Ltd.	Yes	Other receivables - loans to related parties	1,282,320	1,282,320	319,679	-	2	-	For revolving fund	-	Promissory note	-	5,389,662	16,168,987	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Far Eastern Ishizuka Green Pet Corporation	Yes	Other receivables - loans to related parties	545,800	545,800	368,415	1.13929-1.14443	2	-	For revolving fund	-	Promissory note	-	4,311,730	4,311,730	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)

(Continued)

No.	Lender	Borrower	Related Parties	Financial Statement Account	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
		Far Eastern New Century (China) Investment Ltd.	Yes	Other receivables - loans to related parties	\$ 2,944,100	\$ 2,944,100	\$ 648,700	1.265	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 5,389,662	\$ 16,168,987	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
15	PET Far Eastern (Holding) Ltd.	Tong Da Air Industry (Yangzhou) Co., Ltd.	Yes	Other receivables - loans to related parties	1,644,000	-	-	-	2	-	For revolving fund	-	Promissory note	-	2,485,552	2,485,552	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
		Oriental Petrochemical (Shanghai) Corp.	Yes	Other receivables - loans to related parties	1,262,592	624,720	-	-	2	-	For revolving fund	-	Promissory note	-	2,485,552	2,485,552	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
		Far Eastern Investment (Holding) Ltd.	Yes	Other receivables - loans to related parties	1,315,200	1,315,200	-	1.3628	2	-	For revolving fund	-	Promissory note	-	3,106,941	9,320,822	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Far Eastern New Century (China) Investment Ltd.	Yes	Other receivables - loans to related parties	2,095,800	2,095,800	2,095,800	1.265	2	-	For revolving fund	-	Promissory note	-	3,106,941	9,320,822	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
16	FEDP (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	Yes	Other receivables - loans to related parties	164,400	164,400	-	-	2	-	For revolving fund	-	Promissory note	-	236,805	710,414	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Far Eastern Industries (Suzhou) Ltd.	Yes	Other receivables - loans to related parties	427,440	295,920	-	-	2	-	For revolving fund	-	Promissory note	-	236,805	710,414	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
17	Waldorf Services B.V.	Far Eastern Polychem Industries Ltd.	Yes	Other receivables - loans to related parties	493,200	493,200	-	1.3628	2	-	For revolving fund	-	Promissory note	-	785,985	2,357,954	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Oriental Textile (Holding) Ltd.	Yes	Other receivables - loans to related parties	493,200	493,200	348,528	1.36280-1.44485	2	-	For revolving fund	-	Promissory note	-	785,985	2,357,954	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Far Eastern Investment (Holding) Ltd.	Yes	Other receivables - loans to related parties	493,200	493,200	493,200	1.36280-1.44485	2	-	For revolving fund	-	Promissory note	-	785,985	2,357,954	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
18	Far Eastern Polytex (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	Yes	Other receivables - loans to related parties	328,800	-	-	-	2	-	For revolving fund	-	Promissory note	-	4,057,449	12,172,347	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Wuhan Far Eastern New Material Ltd.	Yes	Other receivables - loans to related parties	295,920	131,520	-	-	2	-	For revolving fund	-	Promissory note	-	4,057,449	12,172,347	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
		Far Eastern New Century (China) Investment Ltd.	Yes	Other receivables - loans to related parties	4,274,400	2,170,080	2,052,766	-	2	-	For revolving fund	-	Promissory note	-	4,057,449	12,172,347	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note J)
19	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	Yes	Receivables from related parties	499,000	499,000	178,557	1.83479-3.37245	2	-	For revolving fund	-	Promissory note	-	2,130,667	4,734,815	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note K)
20	Far Eastern Apparel (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	Yes	Receivables from related parties	998,000	998,000	595,512	1.83479-3.37245	2	-	For revolving fund	-	Promissory note	-	1,273,234	2,829,408	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note K)

(Continued)

No.	Lender	Borrower	Related Parties	Financial Statement Account	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note	
													Item	Value				
21	Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	Yes	Receivables from related parties	\$ 499,000	\$ 149,700	\$ -	2.67653-3.18567	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 209,969	\$ 466,597	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note K)	
22	Oriental Industries (Suzhou) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Yes	Receivables from related parties	499,000	499,000	-	3.04394-3.57332	2	-	For revolving fund	-	Promissory note	-	5,054,945	11,233,212	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note K)	
		Far Eastern Apparel (Suzhou) Ltd.	Yes	Receivables from related parties	499,000	499,000	-	3.30863	2	-	For revolving fund	-	Promissory note	-	5,054,945	11,233,212	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note K)	
		Far Eastern Industries (WuXi) Ltd.	Yes	Receivables from related parties	1,497,000	998,000	-	3.04394-3.57332	2	-	For revolving fund	-	Promissory note	-	5,054,945	11,233,212	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note K)	
		Far Eastern Union Petrochemical (Yangzhou) Corporation	Yes	Receivables from related parties	349,300	349,300	349,300	2.5		2	-	For revolving fund	-	Promissory note	-	2,246,642	2,246,642	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
		Far Eastern Industries (Suzhou) Ltd.	Yes	Receivables from related parties	1,497,000	1,497,000	632,862	2.91159-3.57332		2	-	For revolving fund	-	Promissory note	-	5,054,945	11,233,212	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note K)
		Sino Belgium Beer (Suzhou) Ltd.	Yes	Receivables from related parties	1,671,650	1,671,650	680,766	2.61000-3.57332	2	-	For revolving fund	-	Promissory note	-	5,054,945	11,233,212	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note K)	
23	Sino Belgium Beer (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	Yes	Receivables from related parties	49,900	-	-	-	2	-	For revolving fund	-	Promissory note	-	6,260	13,911	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note K)	
24	Far Eastern Industries (WuXi) Ltd.	Oriental Industries (Suzhou) Ltd.	Yes	Receivables from related parties	1,497,000	998,000	167,729	1.83479-3.37245	2	-	For revolving fund	-	Promissory note	-	2,871,971	6,382,159	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note K)	
25	Oriental Petrochemical (Shanghai) Corp.	Wuhan Far Eastern New Material Ltd.	Yes	Receivables from related parties	49,900	-	-	-	2	-	For revolving fund	-	Promissory note	-	320,572	961,715	Amounts allowed for ending period (Note B); maximum amounts allowed for the period (Note D)	
		Far Eastern Industries (Shanghai) Ltd.	Yes	Receivables from related parties	99,800	-	-	-	2	-	For revolving fund	-	Promissory note	-	320,572	961,715	Amounts allowed for ending period (Note B); maximum amounts allowed for the period (Note D)	
		Far Eastern New Century (China) Investment Ltd.	Yes	Receivables from related parties	249,500	249,500	-	1.265		2	-	For revolving fund	-	Promissory note	-	320,572	961,715	Amounts allowed for ending period (Note B); maximum amounts allowed for the period (Note D)
		Shanghai Far Eastern Petrochemical Logistic Ltd.	Yes	Receivables from related parties	74,850	74,850	34,930	5.9		2	-	For revolving fund	-	Promissory note	-	320,572	961,715	Amounts allowed for ending period (Note B); maximum amounts allowed for the period (Note D)
26	Far Eastern Industries (Shanghai) Ltd.	Oriental Petrochemical (Shanghai) Corp.	Yes	Receivables from related parties	598,800	499,000	-	3	2	-	For revolving fund	-	Promissory note	-	3,688,172	3,688,172	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)	

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No.	Lender	Borrower	Related Parties	Financial Statement Account	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
		Far Eastern New Century (China) Investment Ltd.	Yes	Receivables from related parties	\$ 748,500	\$ 748,500	\$ -	1.265	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 4,610,215	\$ 8,298,386	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note I)
		Everest Textile (Shanghai) Ltd.	Yes	Receivables from related parties	249,500	249,500	149,700	4.2	2	-	For revolving fund	-	Promissory note	-	3,688,172	3,688,172	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
		Far Eastern Union Petrochemical (Yangzhou) Corporation	Yes	Receivables from related parties	1,846,300	1,846,300	1,846,300	3	2	-	For revolving fund	-	Promissory note	-	3,688,172	3,688,172	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
27	Wuhan Far Eastern New Material Ltd.	Oriental Petrochemical (Shanghai) Corp.	Yes	Receivables from related parties	49,900	-	-	3	2	-	For revolving fund	-	Promissory note	-	413,235	413,235	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
		Far Eastern New Century (China) Investment Ltd.	Yes	Receivables from related parties	99,800	99,800	-	1.265	2	-	For revolving fund	-	Promissory note	-	516,543	929,778	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note I)
28	Far Eastern New Century (China) Investment Ltd.	Shanghai Far Eastern Petrochemical Logistic Ltd.	Yes	Receivables from related parties	59,880	59,880	-	-	2	-	For revolving fund	-	Promissory note	-	4,489,607	6,285,449	Amounts allowed for ending period (Note L); maximum amounts allowed for the period (Note M)
		Oriental Textile (Holding) Ltd.	Yes	Receivables from related parties	99,800	99,800	-	-	2	-	For revolving fund	-	Promissory note	-	4,489,607	6,285,449	Amounts allowed for ending period (Note L); maximum amounts allowed for the period (Note M)
		Far Eastern Polychem Industries Ltd.	Yes	Receivables from related parties	99,800	99,800	-	-	2	-	For revolving fund	-	Promissory note	-	4,489,607	6,285,449	Amounts allowed for ending period (Note L); maximum amounts allowed for the period (Note M)
		PET Far Eastern (Holding) Ltd.	Yes	Receivables from related parties	99,800	99,800	-	-	2	-	For revolving fund	-	Promissory note	-	4,489,607	6,285,449	Amounts allowed for ending period (Note L); maximum amounts allowed for the period (Note M)
		Wuhan Far Eastern New Material Ltd.	Yes	Receivables from related parties	99,800	99,800	50,424	1.265	2	-	For revolving fund	-	Promissory note	-	4,489,607	6,285,449	Amounts allowed for ending period (Note L); maximum amounts allowed for the period (Note M)
		Oriental Petrochemical (Shanghai) Corp.	Yes	Receivables from related parties	898,200	898,200	481,984	1.26500-3.00	2	-	For revolving fund	-	Promissory note	-	718,337	718,337	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
		Oriental Industries (Suzhou) Ltd.	Yes	Receivables from related parties	748,500	748,500	747,826	1.265	2	-	For revolving fund	-	Promissory note	-	4,489,607	6,285,449	Amounts allowed for ending period (Note L); maximum amounts allowed for the period (Note M)
		Far Eastern Industries (Shanghai) Ltd.	Yes	Receivables from related parties	5,788,400	5,788,400	2,014,223	1.265	2	-	For revolving fund	-	Promissory note	-	4,489,607	6,285,449	Amounts allowed for ending period (Note L); maximum amounts allowed for the period (Note M)
29	Far Eastern Industries (Yangzhou) Ltd.	Oriental Petrochemical (Shanghai) Corp.	Yes	Receivables from related parties	598,800	-	-	3	2	-	For revolving fund	-	Promissory note	-	622,262	622,262	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
		Far Eastern Industries (Shanghai) Ltd.	Yes	Receivables from related parties	249,500	249,500	249,500	3	2	-	For revolving fund	-	Promissory note	-	1,400,089	3,111,309	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note K)
		Far Eastern Union Petrochemical (Yangzhou) Corporation	Yes	Receivables from related parties	598,800	598,800	598,800	2.50-3.00	2	-	For revolving fund	-	Promissory note	-	622,262	622,262	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)

(Continued)

Notes: A. Reasons for financing are as follows:

1. Business relationship.
 2. For short-term financing.
- B. The limit is equal to 5% of the net value of the financier (based on audited financial statements) as of December 31, 2015.
- C. The limit is equal to 10% of the net value of the financier (based on audited financial statements) as of December 31, 2015.
- D. The limit is equal to 15% of the net value of the financier (based on audited financial statements) as of December 31, 2015.
- E. The limit is equal to 20% of the net value of the financier (based on audited financial statements) as of December 31, 2015.
- F. The limit is equal to 40% of the net value of the financier (based on audited financial statements) as of December 31, 2015.
- G. The limit is equal to 50% of the net value of the financier (based on audited financial statements) as of December 31, 2015.
- H. The limit is equal to 70% of the net value of the financier (based on audited financial statements) as of December 31, 2015.
- I. The limit is equal to 90% of the net value of the financier (based on audited financial statements) as of December 31, 2015.
- J. The limit is equal to 150% of the net value of the financier (based on audited financial statements) as of December 31, 2015.
- K. The limit is equal to 200% of the net value of the financier (based on audited financial statements) as of December 31, 2015.
- L. The limit is equal to 250% of the net value of the financier (based on audited financial statements) as of December 31, 2015.
- M. The limit is equal to 350% of the net value of the financier (based on audited financial statements) as of December 31, 2015.
- N. The limit is equal to business transaction amount.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Amounts Allowed for the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note M)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note E)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note E)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note E)	Note
		Name	Relationship											
0	Far Eastern New Century Corporation	Yuan Ding Investment Co., Ltd.	(Note A)	\$ 98,625,783	\$ 2,293,800	\$ 2,293,200	\$ 300,000	\$ -	1.16	\$ 197,251,565	Y	N	N	Limits on each counter-party's endorsement/guarantee amount (Note F); maximum amounts allowed for the period (Note G).
1	Far EasTone Telecommunicatio ns Co., Ltd.	KGEx.com Co., Ltd.	(Note A)	35,953,183	45,000	45,000	5,994	-	0.06	71,906,365	N	N	N	Limits on each counter-party's endorsement/guarantee amount (Note F); maximum amounts allowed for the period (Note G).
2	Yuan Ding Investment Co., Ltd.	Far Eastern Apparel Co., Ltd.	(Note A)	20,355,245	130,000	130,000	50,000	-	0.32	40,710,489	N	N	N	Limits on each counter-party's endorsement/guarantee amount (Note F); maximum amounts allowed for the period (Note G).
		Oriental Resources Development Ltd.	(Note A)	20,355,245	250,000	250,000	34,000	-	0.61	40,710,489	N	N	N	Limits on each counter-party's endorsement/guarantee amount (Note F); maximum amounts allowed for the period (Note G).
		Da Ju Fiber Co., Ltd.	(Note B)	20,355,245	394,000	360,000	120,000	-	0.88	40,710,489	N	N	N	Limits on each counter-party's endorsement/guarantee amount (Note F); maximum amounts allowed for the period (Note G).
		PET Far Eastern (Holding) Ltd.	(Note C)	19,725,157	1,091,925	657,600	-	-	1.62	19,725,157	N	N	N	Limits on each counter-party's endorsement/guarantee amount (Note H); maximum amounts allowed for the period (Note I).
		Far Eastern Apparel (Holding) Ltd.	(Note A)	20,355,245	1,582,500	986,400	51,851	-	2.42	40,710,489	N	N	N	Limits on each counter-party's endorsement/guarantee amount (Note F); maximum amounts allowed for the period (Note G).
		Far Eastern Polychem Industries Ltd.	(Note C)	19,725,157	2,215,500	1,315,200	-	-	3.23	19,725,157	N	N	N	Limits on each counter-party's endorsement/guarantee amount (Note H); maximum amounts allowed for the period (Note I).
		Oriental Textile (Holding) Ltd.	(Note A)	20,355,245	2,848,500	1,545,360	60,038	-	3.80	40,710,489	N	N	N	Limits on each counter-party's endorsement/guarantee amount (Note F); maximum amounts allowed for the period (Note G).

(Continued)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Amounts Allowed for the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) (Note M)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note O)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note O)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note O)	Note
		Name	Relationship											
		Far Eastern New Century Corporation	(Note D)	\$ 20,355,245	\$ 300,000	\$ 300,000	\$ 300,000	\$ -	0.74	\$ 40,710,489	N	Y	N	Limits on each counter-party's endorsement/guarantee amount (Note F); maximum amounts allowed for the period (Note G).
		Far Eastern Resources Development Co.	(Note A)	20,355,245	1,644,000	1,644,000	-	-	4.04	40,710,489	N	N	Y	Limits on each counter-party's endorsement/guarantee amount (Note F); maximum amounts allowed for the period (Note G).
3	Far Eastern Resources Development Co.	Far Eastern New Century Corporation	(Note D)	13,789,999	6,271,448	5,596,448	2,640,000	5,596,448	2.84	27,579,998	N	Y	N	Limits on each counter-party's endorsement/guarantee amount (Note F); maximum amounts allowed for the period (Note G).
4	Yuan Ding Company Ltd.	Ding Ding Hotel Co., Ltd.	(Note A)	3,783,128	1,103,000	1,103,000	710,000	50,000	0.56	7,566,256	N	N	N	Limits on each counter-party's endorsement/guarantee amount (Note F); maximum amounts allowed for the period (Note G).
		Yuan Ding Integrated Information Service (Shanghai) Inc.	(Note A)	3,783,128	65,840	65,760	32,880	-	0.03	7,566,256	N	N	Y	Limits on each counter-party's endorsement/guarantee amount (Note F); maximum amounts allowed for the period (Note G).
5	Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Co., Ltd.	(Note A)	38,163,858	350,000	350,000	-	-	2.75	38,163,858	N	N	N	Limits on each counter-party's endorsement/guarantee amount (Note K); maximum amounts allowed for the period (Note K).
6	PET Far Eastern (Holding) Ltd.	Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note B)	98,625,783	4,274,400	2,219,400	1,150,800	-	1.13	197,251,565	N	N	Y	Limits on each counter-party's endorsement/guarantee amount (Note K); maximum amounts allowed for the period (Note L).
7	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note C)	98,625,783	1,266,650	1,141,900	464,759	-	2.80	197,251,565	N	N	Y	Limits on each counter-party's endorsement/guarantee amount (Note K); maximum amounts allowed for the period (Note L).

Notes: A. Parent company's direct or indirect subsidiary.

B. Equity-method investee.

C. The guarantee provider and counter-party have the same ultimate parent company.

D. Parent company of the investee.

E. There will be a "Yes" if the situation meets any with endorsement/guarantee given by parent on behalf of subsidiaries, endorsement/guarantee given by subsidiaries on behalf of parent and endorsement/guarantee given on behalf of companies in Mainland China.

(Continued)

- F. The amount of the collateral/guarantee is equal to 50% of the net value of the guarantor, based on latest audited financial statements.
- G. The amount of the collateral/guarantee is equal to the net value of the guarantor, based on latest audited financial statements.
- H. The amount of the collateral/guarantee is at the lower of 10% of the net value of the ultimate parent company (based on audited financial statements as of December 31, 2015) and 50% of the net value of Yuan Ding Investment Co., Ltd. (based on audited financial statements as of December 31, 2015.)
- I. The amount of the collateral/guarantee is at the lower of 10% of the net value of the ultimate parent company (based on audited financial statements as of December 31, 2015) and the net value of Yuan Ding Investment Co., Ltd. (based on audited financial statements as of December 31, 2015.)
- J. The amount of the collateral/guarantee is equal to 300% of the net value of the guarantor, based on latest audited financial statements.
- K. The amount of the collateral/guarantee is equal to 50% of the net value of the ultimate parent company, based on latest audited financial statements.
- L. The amount of the collateral/guarantee is equal to the net value of the ultimate parent company, based on latest audited financial statements.
- M. The ratio of accumulated endorsement/guarantee to net equity in latest financial statements is calculated in accordance with Regulations Governing Loaning of Funds and Marketing of Endorsements/Guarantees by Public Companies.
- N. The tariff guarantee maximum amounts allowed for a subsidiary in Mainland China for the period and the actual appropriation as of period end are as follows:
 - 1. Far Eastern Industries (WuXi) Ltd.: RMB9,909 thousand (NT\$49,446 thousand), the actual remittance was this same amount.
 - 2. Far Eastern Apparel (Suzhou) Ltd.: RMB2,100 thousand (NT\$10,479 thousand), the actual remittance was this same amount.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES AND INVESTMENTS IN SHARES OF STOCK HELD
DECEMBER 31, 2015

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Far Eastern New Century Corporation	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	750,511	\$ 18,571,971	22.33	\$ 20,564,001	19,900 thousand shares pledged or mortgaged as collaterals for loans.
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	241,770	4,749,095	17.06	4,412,303	
	Oriental Union Chemical Corp.	(Note A)	Investments accounted for using the equity method	81,216	1,359,418	9.17	1,701,475	
	Everest Textile Co., Ltd.	(Note A)	Investments accounted for using the equity method	129	1,519	0.03	1,935	
	Oriental Securities Corp.	(Note A)	Investments accounted for using the equity method	140,278	1,948,952	19.65	-	
	Pacific Liu Tong Investment Co., Ltd. (Note G)	(Note A)	Investments accounted for using the equity method	135,000	1,777,417	16.83	-	
	Yuan Ding Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	1,822,822	40,135,283	99.40	-	
	Far Eastern Resources Development Co.	(Note A)	Investments accounted for using the equity method	557,354	99,278,697	100.00	-	
	Far Eastern Polytex (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	124	8,149,514	100.00	-	
	Far Eastern Polychem Industries Ltd.	(Note A)	Investments accounted for using the equity method	830,815	7,875,339	73.04	-	
	Yuan Tong Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	705,147	7,887,200	100.00	-	
	Kai Yuan International Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	302,843	5,274,785	100.00	-	
	Far Eastern Investment (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	1,700	9,309,702	100.00	-	
	PET Far Eastern (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	333	5,573,361	90.54	-	
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note A)	Investments accounted for using the equity method	1,183,311	7,562,475	75.56	-	
	Far Eastern Construction Co., Ltd.	(Note A)	Investments accounted for using the equity method	198,791	7,931,482	65.11	-	
	Yuan Ding Company Ltd.	(Note A)	Investments accounted for using the equity method	186,929	3,176,146	37.13	-	
	An Ho Garment Co., Ltd.	(Note A)	Investments accounted for using the equity method	66,346	1,932,594	100.00	-	
	Ding Yuan International Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	205,000	2,670,534	100.00	-	
	FEDP (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	244	238,841	50.43	-	
Fu Kwok Garment Manufacturing Co., Ltd.	(Note A)	Investments accounted for using the equity method	3,998	282,479	99.96	-		
Ding Ding Hotel Co., Ltd.	(Note A)	Investments accounted for using the equity method	19,772	45,587	19.00	-		
Far Eastern Textile Ltd.	(Note A)	Investments accounted for using the equity method	100	1,371	100.00	-		
Far Eastern International Bank	(Note C)	Available-for-sale financial assets - non-current	79,778	781,027	2.63	781,027		
Yuan Ding Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	15,839	565,776	0.47	433,989	43,145 thousand shares pledged or mortgaged as collaterals for loans.
	Oriental Union Chemical Corp.	(Note A)	Investments accounted for using the equity method	82,835	1,594,342	9.35	1,735,393	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	19,615	419,372	1.38	357,974	
	Everest Textile Co., Ltd.	(Note A)	Investments accounted for using the equity method	118,869	1,129,055	25.23	1,783,035	
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	1,066,658	23,473,128	32.73	72,106,081	
	Far Eastern Polychem Industries Ltd.	(Note A)	Investments accounted for using the equity method	306,644	2,906,889	26.96	-	
	Far Eastern Apparel (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	111	2,716,824	100.00	-	
	Da Ju Fiber Co., Ltd.	(Note A)	Investments accounted for using the equity method	27,305	1,490,394	41.86	-	
	Far Eastern Apparel Co., Ltd.	(Note A)	Investments accounted for using the equity method	24,736	282,860	100.00	-	
	Yuan Faun Ltd.	(Note A)	Investments accounted for using the equity method	5,000	121,305	100.00	-	
	Yue Ming Corp.	(Note A)	Investments accounted for using the equity method	3,729	62,904	45.50	-	
	Yuan Ding Leasing Corp.	(Note A)	Investments accounted for using the equity method	36,706	416,261	46.20	-	
	Far Eastern Fibertech Co., Ltd.	(Note A)	Investments accounted for using the equity method	91,000	1,139,108	100.00	-	
	Oriental Resources Development Ltd.	(Note A)	Investments accounted for using the equity method	34,242	322,577	70.00	-	
	Liquid Air Far East Co., Ltd.	(Note A)	Investments accounted for using the equity method	86,615	1,874,964	35.00	-	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note A)	Investments accounted for using the equity method	13,052	355,217	29.80	-	
Oriental Securities Corp.	(Note A)	Investments accounted for using the equity method	185,247	2,680,310	25.96	-		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Yuan Ding Company Ltd.	(Note A)	Investments accounted for using the equity method	64,759	\$ 1,129,042	12.86	\$ -	16,500 thousand shares pledged or mortgaged as collaterals for loans.
	Far Eastern International Leasing Corp.	(Note A)	Investments accounted for using the equity method	75,268	1,146,754	16.87	-	
	Oriental Textile (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	110	8,197,180	100.00	-	
	Pacific Liu Tong Investment Co., Ltd. (Note G)	(Note A)	Investments accounted for using the equity method	119,653	1,489,063	14.92	-	
	Yu Yuan Investment Co.	(Note A)	Investments accounted for using the equity method	98,198	560,876	18.96	-	
	Far Eastern General Contractor Co., Ltd.	(Note A)	Investments accounted for using the equity method	1,490	22,341	1.00	-	
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note A)	Investments accounted for using the equity method	81,374	526,742	5.20	-	
	U-Ming Marine Transport Corporation	(Note B)	Available-for-sale financial assets - non-current	8,599	229,163	1.02	229,163	
	Far Eastern International Bank	(Note C)	Available-for-sale financial assets - non-current	108,534	1,062,553	3.58	1,062,553	
	Chung Nan Textile Co., Ltd.	-	Financial assets carried at cost - non-current	2,985	81,405	5.27	-	
	Overseas Investment and Development Co., Ltd.	-	Financial assets carried at cost - non-current	1,000	10,000	1.11	-	
	Universal Venture Capital Investment Corp.	-	Financial assets carried at cost - non-current	1,400	14,000	1.16	-	
	China Investment and Development Co., Ltd.	-	Financial assets carried at cost - non-current	1,287	8,250	0.80	-	
	Taiwan Stock Exchange Corp.	-	Financial assets carried at cost - non-current	1,029	22,493	0.16	-	
	Oriental Securities Investment Consultant Co., Ltd.	-	Financial assets carried at cost - non-current	1	10	0.00	-	
	Dah Chung Bills Finance Corp.	-	Financial assets carried at cost - non-current	2,165	30,669	0.50	-	
	Financial assets under asset management contracts (Note F)							
	Taiwan Top 50 ETF	-	Financial assets at fair value through profit or loss - current	700	42,525	-	42,525	
	Formosa Chemicals & Fiber Corporation	-	Financial assets at fair value through profit or loss - current	350	25,900	-	25,900	
	United Microelectronics Corporation	-	Financial assets at fair value through profit or loss - current	2,000	24,200	-	24,200	
	Delta Electronics, Inc.	-	Financial assets at fair value through profit or loss - current	103	15,958	-	15,958	
	Hon Hai Precision Ind. Co., Ltd.	-	Financial assets at fair value through profit or loss - current	200	16,160	-	16,160	
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at fair value through profit or loss - current	325	46,475	-	46,475	
	Foxconn Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	175	12,180	-	12,180	
	Cathay Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	300	13,890	-	13,890	
	Yuanta Financial Holdings	-	Financial assets at fair value through profit or loss - current	1,800	21,870	-	21,870	
	LOTES Co., Ltd.	-	Financial assets at fair value through profit or loss - current	50	6,125	-	6,125	
	Chipbond Technology Corporation.	-	Financial assets at fair value through profit or loss - current	550	26,153	-	26,153	
	Pou Chen Corporation	-	Financial assets at fair value through profit or loss - current	250	10,775	-	10,775	
	Yuanta Daily Taiwan 50 Bull 2X ETF	-	Financial assets at fair value through profit or loss - current	350	6,289	-	6,289	
Far Eastern Investment (Holding) Ltd.	FETG Investment Autilles N.V.	(Note A)	Investments accounted for using the equity method	6	1,552,545	100.00	-	
	Filsyn Corporation	(Note A)	Investments accounted for using the equity method	45,066	-	21.85	-	
	PET Far Eastern (M) Sdn. Bhd.	(Note A)	Investments accounted for using the equity method	Common stock 5,000 Preferred stock 3,000	182,977	50.00	-	
	Com2B	(Note A)	Investments accounted for using the equity method	9,000	13,975	20.00	-	
	Far Eastern Apparel (Vietnam) Ltd.	(Note A)	Investments accounted for using the equity method	(Note H)	407,054	100.00	-	
	Worldwide Polychem (HK) Ltd.	(Note A)	Investments accounted for using the equity method	2,700	100,021	100.00	-	
	Opas Fund Segregated Portfolio Company	(Note A)	Investments accounted for using the equity method	(Note H)	1,710	34.00	-	
	Far Eastern Polytex (Vietnam) Ltd.	(Note A)	Investments accounted for using the equity method	(Note H)	171,601	100.00	-	
	Far Eastern New Apparel (Vietnam) Ltd.	(Note A)	Investments accounted for using the equity method	(Note H)	133,197	100.00	-	
	Magna View Sdn. Bhd.	(Note A)	Investments accounted for using the equity method	3,000	181,629	100.00	-	
Magna View Sdn. Bhd.	PET Far Eastern (M) Sdn. Bhd.	(Note A)	Investments accounted for using the equity method	Common stock 5,000 Preferred stock 3,000	183,230	50.00	-	
Ding Yuan International Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	13,222	483,471	0.39	362,283	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	3,551	84,135	0.25	64,806	
	Everest Textile Co., Ltd.	(Note A)	Investments accounted for using the equity method	4,582	41,626	0.97	68,730	
	Oriental Union Chemical Corp.	(Note A)	Investments accounted for using the equity method	27,710	703,116	3.13	580,525	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	920	\$ 41,570	0.03	\$ 62,192	15,000 thousand shares pledged or mortgaged as collaterals for loans.
	Pacific Liu Tong Investment Co., Ltd. (Note G)	(Note A)	Investments accounted for using the equity method	18,000	218,672	2.24	-	
	Yue Ding Industry Co., Ltd.	(Note A)	Investments accounted for using the equity method	11,074	301,648	13.20	-	
	Fu Kwok Garment Manufacturing Co., Ltd.	(Note A)	Investments accounted for using the equity method	1	66	0.03	-	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - non-current	80,649	789,559	2.66	789,559	
Kai Yuan International Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	20,207	728,529	0.60	553,672	23,800 thousand shares pledged or mortgaged as collaterals for loans.
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	34,149	1,145,553	1.05	2,308,472	
	Oriental Union Chemical Corp.	(Note A)	Investments accounted for using the equity method	36,367	787,414	4.11	761,889	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	20,672	568,929	1.46	377,264	
	Kowloon Cement Corp.	(Note A)	Investments accounted for using the equity method	1,127	482,746	49.00	-	
	Far Eastern International Leasing Corp.	(Note A)	Investments accounted for using the equity method	74,970	1,146,933	16.80	-	
	Pacific Liu Tong Investment Co., Ltd. (Note G)	(Note A)	Investments accounted for using the equity method	18,000	218,874	2.24	-	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - non-current	97,912	958,557	3.23	958,557	
	U-Ming Marine Transport Corporation	(Note E)	Available-for-sale financial assets - non-current	819	21,826	0.10	21,826	
Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Investments accounted for using the equity method	(Note H)	8,078,503	87.64	-	
	PET Far Eastern (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	35	587,671	9.46	-	
	FEDP (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	240	235,028	49.57	-	
	Far Eastern Industries (Yangzhou) Ltd.	(Note A)	Investments accounted for using the equity method	(Note H)	1,555,215	100.00	-	
	Far Eastern Ishizuka Green Pet Corporation	(Note A)	Investments accounted for using the equity method	172	37,134	85.15	-	
	Bank of Chungqing	-	Available-for-sale financial assets - non-current	3,883	115,317	0.25	115,317	
Far Eastern Construction Co., Ltd.	Nippon Parison Co., Ltd	-	Financial assets carried at cost - non-current	4	71,865	10.00	-	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	17,726	589,826	0.53	485,692	
	Far Eastern General Contractor Co., Ltd.	(Note A)	Investments accounted for using the equity method	147,413	2,031,182	98.95	-	
	U-Ming Marine Transport Corporation	(Note E)	Available-for-sale financial assets - current	1,590	42,368	0.19	42,368	
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note A)	Investments accounted for using the equity method	(Note H)	544,955	38.46	-	
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note A)	Investments accounted for using the equity method	(Note H)	2,371,075	100.00	-	
Far Eastern Apparel Co., Ltd.	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	469	18,803	0.01	12,851	
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	90	1,985	0.00	6,084	
	Yue Ding Industry Co., Ltd.	(Note A)	Investments accounted for using the equity method	7	949	0.01	-	
Far Eastern General Contractor Co., Ltd.	Far Eastern Technical Consultants Co., Ltd.	(Note A)	Investments accounted for using the equity method	450	4,705	9.00	-	
	U-Ming Marine Transport Corporation	(Note E)	Available-for-sale financial assets - current	746	19,894	0.09	19,894	
	Kaohsiung Rapid Transit Co., Ltd.	-	Financial assets carried at cost - non-current	7,572	44,863	2.72	-	
	Ya-Li Precast Prestressed Concrete Industries Corp.	-	Financial assets carried at cost - non-current	3,106	25,142	16.03	-	
	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,595	50,000	-	50,000	
	Union Money Market	-	Financial assets at fair value through profit or loss - current	4,984	65,016	-	65,016	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss - current	3,431	50,159	-	50,159	
	Fubon Chi-Hsiang Money Market	-	Financial assets at fair value through profit or loss - current	3,227	50,015	-	50,015	
	Taishin Ta-Chong Money Market	-	Financial assets at fair value through profit or loss - current	7,137	100,098	-	100,098	
FETG Investment Antilles N.V.	Waldorf Services B.V.	(Note A)	Investments accounted for using the equity method	2	1,571,969	100.00	-	
Waldorf Services B.V.	Malaysia Garment Manufactures Pte. Ltd.	(Note A)	Investments accounted for using the equity method	30	497,746	37.92	-	
	Far Eastern International Garments	(Note A)	Other liabilities - other	59	(12,531)	41.00	-	
	Cemtex Apparel Inc.	(Note A)	Other liabilities - other	90	(11,627)	50.00	-	
	Filsyn Corporation	-	Financial assets carried at cost - non-current	20,513	-	9.95	-	
Malaysia Garment Manufactures Pte. Ltd.	PT Malaysia Garment Bintan	(Note A)	Other liabilities - other	(Note H)	(46)	99.00	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	40,818	\$ 1,077,250	1.25	\$ 2,759,297	21,050 thousand shares pledged or mortgaged as collaterals for loans.
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	6,094	249,363	0.18	166,976	
	Oriental Union Chemical Corp.	(Note A)	Investments accounted for using the equity method	11,204	272,344	1.26	234,724	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	370	11,175	0.03	6,753	
	Oriental Securities Corp.	(Note A)	Investments accounted for using the equity method	5,890	86,703	0.83	-	
	Yue Ding Industry Co., Ltd.	(Note A)	Investments accounted for using the equity method	13,146	259,754	15.66	-	
	Pacific Liu Tong Investment Co., Ltd. (Note G)	(Note A)	Investments accounted for using the equity method	9,681	122,852	1.21	-	
	Yuan Ding Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	5,502	164,796	0.30	-	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - non-current	20,083	196,613	0.66	196,613	
Yuan Faun Ltd.	Yuan Cheng Human Resources Consultant Corp.	(Note A)	Investments accounted for using the equity method	745	12,359	55.19	-	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - non-current	4,256	41,663	0.14	41,663	
	Yi Tong Fiber Co., Ltd.	-	Financial assets carried at cost - non-current	3,504	28,519	3.56	-	
Fu Kwok Garment Manufacturing Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	520	19,734	0.02	35,152	
Yuan Tong Investment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	100,237	2,812,888	3.08	6,776,021	34,100 thousand shares pledged or mortgaged as collaterals for loans.
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	39,619	1,234,733	2.80	723,047	
	Oriental Union Chemical Corp.	(Note A)	Investments accounted for using the equity method	49,705	1,732,471	5.61	1,041,320	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	28,579	1,132,423	0.85	783,065	
	Pacific Liu Tong Investment Co., Ltd. (Note G)	(Note A)	Investments accounted for using the equity method	18,000	217,675	2.24	-	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Investments accounted for using the equity method	77,257	320,276	11.98	-	
	Liquid Air Far East Co., Ltd.	(Note A)	Investments accounted for using the equity method	1	27	0.00	-	
	Sino Belgium (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	36	23,146	90.88	-	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note A)	Investments accounted for using the equity method	1	36	0.00	-	
	Malaysia Garment Manufactures Pte. Ltd.	(Note A)	Investments accounted for using the equity method	10	170,641	13.00	-	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - non-current	19,407	189,998	0.64	189,998	
	Ding Shen Investment Co., Ltd.	-	Financial assets carried at cost - non-current	39,600	396,000	18.00	-	
	Bockhold N.V - stock	-	Financial assets carried at cost - non-current	1	182,283	12.51	-	
	Financial assets under asset management contracts (Note F)	-			-		-	
	YUANTA DAILY TAIWAN 50 BULL 2X ETF	-	Financial assets at fair value through profit or loss - current	400	7,188	-	7,188	
	Cathay Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	361	16,714	-	16,714	
	Yuanta Financial Holdings	-	Financial assets at fair value through profit or loss - current	2,240	27,216	-	27,216	
	Pou Chen Corporation	-	Financial assets at fair value through profit or loss - current	432	18,619	-	18,619	
	Foxconn Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	132	9,196	-	9,196	
	Delta Electronics, Inc.	-	Financial assets at fair value through profit or loss - current	63	9,820	-	9,820	
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at fair value through profit or loss - current	347	49,621	-	49,621	
	Taiwan Top 50 ETF	-	Financial assets at fair value through profit or loss - current	893	54,250	-	54,250	
	Hon Hai Precision Ind. Co., Ltd.	-	Financial assets at fair value through profit or loss - current	220	17,776	-	17,776	
	Fubon SSE180 ETF	-	Financial assets at fair value through profit or loss - current	450	14,405	-	14,405	
	Formosa Chemicals & Fiber Corporation	-	Financial assets at fair value through profit or loss - current	290	21,460	-	21,460	
	United Microelectronics Corporation	-	Financial assets at fair value through profit or loss - current	1,170	14,157	-	14,157	
	Chipbond Technology Corporation.	-	Financial assets at fair value through profit or loss - current	140	6,657	-	6,657	
	Innolux Corporation	-	Financial assets at fair value through profit or loss - current	830	8,250	-	8,250	
Far Eastern Apparel (Suzhou) Ltd.	An Ho Garment (Suzhou) Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note H)	53,874	100.00	-	
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	(Note A)	Investments accounted for using the equity method	(Note H)	3,410,208	53.24	-	
	Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	1,728,099	50.00	-	
	Tong Da Air Industry (Yangzhou) Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note H)	1,043,410	50.00	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd. Oriental Industries (Suzhou) Ltd.	(Note A)	Investments accounted for using the equity method	(Note H)	\$ 3,196,041	100.00	\$ -	
		(Note A)	Investments accounted for using the equity method	(Note H)	5,625,341	100.00	-	
FEDP (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note A)	Investments accounted for using the equity method	(Note H)	233,298	100.00	-	
Far Eastern Polytex (Holding) Ltd.	Wuhan Far Eastern New Material Ltd. Far Eastern Apparel (Suzhou) Ltd. Far Eastern New Century (China) Investment Ltd. Far Eastern Yihua Petrochemical (Yangzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	1,033,086	100.00	-	
		(Note A)	Investments accounted for using the equity method	(Note H)	870,609	61.54	-	
		(Note A)	Investments accounted for using the equity method	(Note H)	1,795,843	100.00	-	
		(Note A)	Investments accounted for using the equity method	(Note H)	4,379,090	60.00	-	
Far Eastern New Century (China) Investment Ltd.	Far Eastern Industries (Shanghai) Ltd. Shanghai Yuan Zi Information Co., Ltd. Oriental Petrochemical (Shanghai) Corp. Yuan Ding Enterprise (Shanghai) Ltd.	(Note A)	Investments accounted for using the equity method	(Note H)	1,139,644	12.36	-	
		(Note A)	Investments accounted for using the equity method	(Note H)	67,200	100.00	-	
		(Note A)	Investments accounted for using the equity method	(Note H)	519,968	8.11	-	
		(Note A)	Investments accounted for using the equity method	(Note H)	257,404	100.00	-	
Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Ltd. Martens Beers Trading (Shanghai) Ltd.	(Note A)	Investments accounted for using the equity method	(Note H)	6,956	100.00	-	
		(Note A)	Investments accounted for using the equity method	(Note H)	27,820	100.00	-	
Oriental Petrochemical (Shanghai) Corp.	Shanghai Far Eastern Petrochemical Logistic Ltd.	(Note A)	Investments accounted for using the equity method	(Note H)	133,408	100.00	-	
Far Eastern Industries (Yangzhou) Ltd.	Harvest Money Market A	-	Financial assets at fair value through profit or loss - current	15,111	75,403	-	75,403	
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	Harvest Money Market A	-	Financial assets at fair value through profit or loss - current	561,532	2,802,042	-	2,802,042	
Yuan Ding Company Ltd.	YDT Technology International Co., Ltd. Ding Ding Integrated Marketing Services Co., Ltd. Far Eastern Technical Consultants Co, Ltd. YDC (Virgin Islands) Ltd. Ding Ding Hotel Co., Ltd. Far Eastern Electronic Commerce Co., Ltd. FET Consulting Engineers Co., Ltd. Asia Cement Corporation Far Eastone Telecommunications Co., Ltd. Yu Yuan Investment Co. Yue Ming Corp. Yue Ding Industry Co., Ltd. FEDS Asia Pacific Development Co., Ltd. Far Eastern Electronic Toll Collection Co., Ltd. Yuan Hsin Digital Payment Co., Ltd. Far Eastern International Bank Far Eastern New Century Corporation	(Note A)	Investments accounted for using the equity method	13,992	304,877	100.00	-	
		(Note A)	Investments accounted for using the equity method	41,633	229,537	60.00	-	
		(Note A)	Investments accounted for using the equity method	4,550	50,226	91.00	-	
		(Note A)	Investments accounted for using the equity method	-	8,790	17.70	-	
		(Note A)	Investments accounted for using the equity method	64,502	148,571	61.99	-	
		(Note A)	Other liabilities - other	23,913	(119,795)	53.08	-	
		(Note A)	Investments accounted for using the equity method	85,000	533,356	100.00	-	
		(Note A)	Investments accounted for using the equity method	5,329	206,878	0.16	146,015	
		(Note A)	Investments accounted for using the equity method	4,164	112,317	0.13	281,486	
		(Note A)	Investments accounted for using the equity method	129,637	1,527,843	25.02	-	
		(Note A)	Investments accounted for using the equity method	82	576	1.00	-	
		(Note A)	Investments accounted for using the equity method	2,175	42,590	2.59	-	
		(Note A)	Investments accounted for using the equity method	10,650	130,303	5.00	-	
		(Note A)	Investments accounted for using the equity method	96,312	393,847	14.93	-	
(Note A)	Investments accounted for using the equity method	30,000	217,726	20.00	-			
(Note D)	Available-for-sale financial assets - non-current	7,592	74,326	0.25	74,326			
(Note J)	Financial assets at fair value through profit or loss - current	779	20,069	-	20,069			
Ding Ding Integrated Marketing Services Co., Ltd.	Far Eastern Electronic Commerce Co., Ltd. Yuan Hsin Digital Payment Co., Ltd. DDIM (Virgin Islands) Ltd. Pacific SOGO Department Stores DFE DWS Taiwan Money Market	(Note A)	Other liabilities - other	79	(407)	0.18	-	
		(Note A)	Investments accounted for using the equity method	22,515	163,400	15.01	-	
		(Note A)	Investments accounted for using the equity method	(Note H)	32,161	46.13	-	
		-	Financial assets carried at cost - non-current	1	10	0.00	-	
		-	Financial assets at fair value through profit or loss - current	12,192	140,761	-	140,761	
Far Eastern Technical Consultants Co, Ltd.	Cosmos Foreign Exchange Intl. Co., Ltd.	-	Financial assets carried at cost - non-current	480	4,800	4.00	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
FET Consulting Engineers Co., Ltd.	DDIM (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	(Note H)	\$ 37,557	53.87	\$ -	
YDC (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	(Note A)	Investments accounted for using the equity method	(Note H)	329	0.46	-	
	Speedy (Shanghai) Digital Tech. Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note H)	47,628	100.00	-	
DDIM (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	(Note A)	Investments accounted for using the equity method	(Note H)	69,226	99.54	-	
YDT Technology International Co., Ltd.	Everest Textile Co., Ltd.	(Note A)	Investments accounted for using the equity method	120	1,146	0.03	1,800	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,764	94,846	0.19	50,443	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	61	2,342	0.00	1,671	
	YDC (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	1	40,872	82.30	-	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - non-current	2,670	26,137	0.09	26,137	
	Oriental Securities Investment Consultant Co., Ltd.	-	Financial assets carried at cost - non-current	1	10	0.00	-	
Far EastTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,100,000	27,274,470	100.00	-	
	Arcoa Communication Co., Ltd.	(Note A)	Investments accounted for using the equity method	82,762	1,311,282	61.63	-	
	KGEx.com Co., Ltd.	(Note A)	Investments accounted for using the equity method	88,894	948,235	99.99	-	
	Hiiir Digital Marketing Co., Ltd.	(Note A)	Investments accounted for using the equity method	53,726	123,831	89.54	-	
	Yuan Cing Co., Ltd.	(Note A)	Investments accounted for using the equity method	19,350	137,951	99.99	-	
	Far Eastern Info Service (Holding) Ltd.	(Note A)	Other liabilities - other	1	(49,267)	100.00	-	
	O-music Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,500	3,925	50.00	-	
	Q-Ware Communication Co., Ltd.	(Note A)	Other liabilities - other	33,983	(62,915)	81.46	-	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Investments accounted for using the equity method	254,240	631,848	39.42	-	
	Far Eastern Electronic Commerce Co., Ltd.	(Note A)	Other liabilities - other	6,691	(33,032)	14.85	-	
	Ding Ding Integrated Marketing Services Co., Ltd.	(Note A)	Investments accounted for using the equity method	10,408	57,692	15.00	-	
	Yuan Hsin Digital Payment Co., Ltd.	(Note A)	Investments accounted for using the equity method	45,000	326,458	30.00	-	
	Alliance Digital Technology Co., Ltd.	(Note A)	Investments accounted for using the equity method	3,000	16,008	13.33	-	
	AppWorks Venture Co., Ltd.	-	Financial assets carried at cost - non-current	15,000	150,000	11.11	-	
New Century InfoComm Tech Co., Ltd.	New Diligent Co., Ltd.	(Note A)	Investments accounted for using the equity method	80,000	563,778	100.00	-	
	Information Security Service Digital United Co., Ltd.	(Note A)	Investments accounted for using the equity method	10,249	104,491	100.00	-	
	Digital United (Cayman) Ltd.	(Note A)	Investments accounted for using the equity method	4,320	32,555	100.00	-	
	Ding Ding Integrated Marketing Services Co., Ltd.	(Note A)	Investments accounted for using the equity method	3,469	19,231	5.00	-	
	Far Eastern Electronic Commerce Co., Ltd.	(Note A)	Other liabilities - other	2,392	(11,809)	5.31	-	
	Opas Fund Segregated Portfolio Tranche A	-	Available-for-sale financial assets - current	15	492,375	-	492,375	
	Opas Fund Segregated Portfolio Tranche C	-	Available-for-sale financial assets - current	4	172,920	-	172,920	
	Kaohsiung Rapid Transit Co., Ltd.	-	Financial assets carried at cost - non-current	8,858	50,000	3.18	-	
	BankPro E-service Technology Co., Ltd.	-	Financial assets carried at cost - non-current	450	4,500	3.33	-	
ARCOA Communication Co., Ltd.	DataExpress Infotech Co., Ltd.	(Note A)	Investments accounted for using the equity method	12,866	205,417	70.00	-	
	THI Consultants, Inc.	-	Financial assets carried at cost - non-current	1,214	12,190	18.32	-	
	Web Point Co., Ltd.	-	Financial assets carried at cost - non-current	161	1,618	0.63	-	
New Diligent Co., Ltd.	Sino Lead Enterprise Limited	(Note A)	Investments accounted for using the equity method	-	100	100.00	-	
	Far Eastern New Diligent Co., Ltd.	(Note A)	Investments accounted for using the equity method	-	50,460	100.00	-	
	New Diligent (HK) Ltd.	(Note A)	Investments accounted for using the equity method	-	-	-	-	
DataExpress Infotech Co., Ltd.	Linkwell Tech. Ltd.	(Note A)	Investments accounted for using the equity method	-	43,413	100.00	-	
	Home Master Technology Ltd.	(Note A)	Other liabilities - other	-	(9,177)	100.00	-	
Digital United (Cayman) Ltd.	Digital United Information Technologies (Shanghai) Co., Ltd.	(Note A)	Investments accounted for using the equity method	-	10,817	100.00	-	
Far Eastern Tech-Info Ltd. (Shanghai)	Far Eastern New Century Information Technology (Beijing) Limited	(Note A)	Investments accounted for using the equity method	-	2,105	2.12	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Far Eastern New Diligent Co., Ltd.	Far Eastern New Century Information Technology (Beijing) Limited	(Note A)	Investments accounted for using the equity method	-	\$ 76,364	76.92	\$ -	
	Far Eastern Tech-Info Ltd. (Shanghai)	(Note A)	Investments accounted for using the equity method	-	62,894	58.33	-	
Far Eastern Info Service (Holding) Ltd.	Far Eastern Tech-Info Ltd. (Shanghai)	(Note A)	Investments accounted for using the equity method	-	44,931	41.67	-	

- Notes:
- A. Equity-method investee.
 - B. Investor company and investee have the same chairman.
 - C. The vice chairman of investee is the chairman of investor.
 - D. The vice chairman of investee is the chairman of FENC.
 - E. The chairman of the investee is FENC's chairman.
 - F. Financial assets under asset management contracts and the financial assets can be sold in the open market by the investee, Oriental Securities Corp.
 - G. The investor opened a trust account in Shanghai Bank in Taipei on September 26, 2002 to acquire the ownership of Pacific Liu Tung Investment Co., Ltd.
 - H. A private company.
 - I. The Fair value of financial assets measured at cost and unlisted equity investments held by the Group was not disclosed due to it cannot be reliably measured.
 - J. Parent company of the investee.
 - K. Relevant information about investment of subsidiaries, affiliates and joint venture. Please refer Schedules M and N.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

**SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Investment Income under the Equity Method	Ending Balance	
					Shares (Thousands)/ Thousand Units	Amount	Shares (Thousands)/ Thousand Units	Amount	Shares (Thousands)/ Thousand Units	Price	Book Value	Disposal Gain		Shares (Thousands)/ Thousand Units	Amount
Far Eastern New Century Corporation	Oriental Petrochemical (Taipei, Taiwan) Co., Ltd.	Investments accounted for using the equity method	Cash capital increase	(Note A)	1,032,195	\$ 6,665,722	151,116	\$ 1,511,163	-	\$ -	\$ -	\$ -	\$ (614,410)	1,183,311	\$ 7,562,475
Yuan Ding Investment Co., Ltd.	Oriental Textile (Holding) Ltd.	Investments accounted for using the equity method	Cash capital increase	(Note A)	89	7,009,140	21	1,300,271	-	-	-	-	(112,231)	110	8,197,180
Oriental Textile (Holding) Ltd.	Oriental Industries (Suzhou) Ltd.	Investments accounted for using the equity method	Cash capital increase	(Note A)	(Note B)	US\$ 132,802	(Note B)	US\$ 40,740	-	-	-	-	US\$ (2,455)	(Note B)	US\$ 171,087
Yuan Ding Company Ltd.	Ding Ding Integrated Marketing Services Co., Ltd.	Investments accounted for using the equity method	Cash capital increase	(Note A)	9,833	119,481	31,800	318,000	-	-	-	-	(207,944)	41,633	229,537
Ding Ding Integrated Marketing Services Co., Ltd.	DDIM (Virgin Islands) Ltd.	Investments accounted for using the equity method	Cash capital increase	(Note A)	(Note B)	-	(Note B)	357,940	-	-	-	-	(325,779)	(Note B)	32,161
DDIM (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	Investments accounted for using the equity method	Cash capital increase	(Note A)	(Note B)	US\$ (3,506)	(Note B)	US\$ 11,000	-	-	-	-	US\$ (5,389)	(Note B)	US\$ 2,105
Far Eastern Construction Co., Ltd.	Hua Nan Phoenix Money Market Fund.	Financial assets at fair value through profit or loss - current	-	-	-	-	18,746	300,000	18,746	300,030	300,000	30	-	-	-
	CTBC Hwa-Win Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	27,712	300,000	27,712	300,268	300,000	268	-	-	-
Far Eastern General Contractor Co., Ltd.	CTBC Hwa-Win Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	30,488	330,021	26,246	285,000	52,139	565,555	565,021	524	-	4,595	50,000
	Hua Nan Phoenix Money Market Fund.	Financial assets at fair value through profit or loss - current	-	-	-	-	36,477	430,000	36,477	430,185	430,000	185	-	-	-
	Mirae Asset Solomon Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	12,102	150,000	13,029	162,000	25,131	312,160	312,000	160	-	-	-
	UPAMC James Bond Mouey Market Fund.	Financial assets at fair value through profit or loss - current	-	-	-	-	22,379	368,000	22,379	368,225	368,000	225	-	-	-
	Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	34,032	541,000	34,032	541,260	541,000	260	-	-	-
Far Eastern Industries (Yangzhou) Ltd.	Yoshizane Money Market Fund B (Note C)	Financial assets at fair value through profit or loss - current	-	-	-	-	110,000	RMB 110,000	96,000	RMB 96,000	RMB 96,000	RMB -	-	15,111	RMB 15,111
Far Eastern Yihua petrochemical (Yangzhou) Corporation	Yoshizane Money Market Fund B (Note C)	Financial assets at fair value through profit or loss - current	-	-	-	-	837,583	RMB 837,583	282,497	RMB 282,497	RMB 282,497	RMB -	-	561,532	RMB 561,532
Ding Ding Integrated Marketing Services Co., Ltd.	DFE DWS Taiwan Money Market	Financial assets at fair value through profit or loss - current	-	-	-	-	45,158	520,000	32,966	380,000	379,591	409	-	12,192	140,409
Far Eastern Electronic Commerce Co., Ltd.	DFE DWS Taiwan Money Market	Financial assets at fair value through profit or loss - current	-	-	12,235	140,541	21,696	250,000	33,931	390,749	390,541	208	-	-	-

(Continued)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Investment Income under the Equity Method	Ending Balance	
					Shares (Thousands)/ Thousand Units	Amount	Shares (Thousands)/ Thousand Units	Amount	Shares (Thousands)/ Thousand Units	Price	Book Value	Disposal Gain		Shares (Thousands)/ Thousand Units	Amount
New Century InfoComm Co., Ltd.	Opas Fund Segregated Portfolio Tranche A	Available-for-sale financial assets - current	-	-	-	\$ -	15	\$ 487,050	-	\$ -	\$ -	\$ -	-	15	\$ 487,050
	Opas Fund Segregated Portfolio Tranche B	Available-for-sale financial assets - current	-	-	11	445,500	-	-	11	505,614	445,500	60,114	-	-	-

Notes: A. Subsidiary.

B. A private company

C. The transaction of Yoshizane Money Market Fund B were purchased and redeemed based on one unit for RMB 1, the dividend were reinvested original unit when holding period, difference of unit were the dividend reinvested.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms	
							Property Owner	Relationship	Transaction Date	Amount				
Far Eastern Resources Development Co.	Lands located in Bangiao Xin-Ya and Bangiao Ya-Tong section, New Taipei City	February 2, 2015	\$ 1,892,370	(Note)	Oriental Institute of Technology (OIT)	The buyer and the counterparty have the same chairman	Far Eastern New Century Corporation	Parent company	From 1973 to 1978	\$ 2,244	Elite Appraisers Firm Debenham Tie Leung Real Estate Appraiser Office Sinyi Real Estate Appraisers Firm CCIS Real Estate Joint Appraisers Firm	Future operation planning	Referencing Institute of Technology - Taiwan Ministry of Education (2) letter No. 103016686, the land increment tax and other taxes amounting to NT\$158,255 thousand incurred from the seller were paid by Far Eastern Resources Development Co.	
							National Property Administration	-	September 16, 1989	4,124				REPro Real Estate Joint Appraisers Firm
							Taoyuan Irrigation Association	-	June 29, 1979	235				

Note: Far Eastern Resources Development Co. (FERD) exchanged its investment properties - land amounting to NT\$1,115,520 thousand and paid an extra NT\$776,580 thousand to Oriental Institute of Technology (OIT) for this exchange.

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Far Eastern Resources Development Co.	Land No. 1006 located in Bangiao Ya-Tong section, New Taipei City	March 3, 2015	June 10, 2004	\$ 1,048,780	\$ 1,878,322	(Note B)	\$ 815,643	Far Eastern Medical Foundation	(Note A)	Operation planning	Elite Appraisers Firm REPro Real Estate Joint Appraisers Firm Debenham Tie Leung Real Estate Appraiser Office	-
	Lands located in Bangiao Ya-Tong section, New Taipei City	February 2, 2015	June 10, 2004	949,458	1,115,520	(Note C)	167,986	Oriental Institute of Technology (OIT)	(Note A)	Operation planning	Sinyi Real Estate Appraisers Firm Elite Appraisers Firm REPro Real Estate Joint Appraisers Firm Debenham Tie Leung Real Estate Appraiser Office Sinyi Real Estate Appraisers Firm CCIS Real Estate Joint Appraisers Firm	-

Note: A. The chairman of the Company is the chairman of FENC.

B. The payment was made by NT\$78,322 thousand cash and the rest NT\$1,800,000 thousand will be paid by installment annually.

C. Far Eastern Resources Development Co. (FERD) exchanged its land with fair value NT\$1,892,370 thousand and paid an extra NT\$776,580 thousand to Oriental Institute of Technology (OIT) for this exchange.

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note	
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	% to Total		
Far Eastern New Century Corporation	Oriental Resources Development Ltd.	(Note A)	Purchase	\$ 345,722	1	Based on contract	-	-	\$ -	-	\$ (35,481)	(1)		
	Oriental Petrochemical (Taiwan) Co.	(Note A)	Purchase	6,664,674	16	Based on contract	-	-	-	-	(478,203)	(17)		
	Far Eastern Ishizuka Green Pet Corporation	(Note A)	Purchase	116,353	-	Based on contract	-	-	-	-	(51,194)	(2)		
	Worldwide Polychem (HK) Ltd.	(Note A)	Sale	(1,947,085)	(4)	Based on contract	-	-	-	-	648,962	9		
	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Sale	(775,108)	(2)	Based on contract	-	-	-	-	234,997	3		
	Far Eastern Industries (WuXi) Ltd.	(Note A)	Sale	(276,380)	(1)	Based on contract	-	-	-	-	38,690	1		
	Far Eastern Apparel (Vietnam) Ltd.	(Note A)	Sale	(139,810)	-	Based on contract	-	-	-	-	10,449	-		
	Far Eastern Apparel (Suzhou) Ltd.	(Note A)	Sale	(240,470)	(1)	Based on contract	-	-	-	-	15,610	-		
	Pet Far Eastern (M) Sdn. Bhd.	(Note A)	Sale	(110,058)	-	Based on contract	-	-	-	-	27,746	-		
	Fu-Da Transport Corp.	(Note G)	Purchase	137,525	-	Based on contract	-	-	-	-	(4,533)	-		
	Oriental Union Chemical Corp.	(Note D)	Purchase	1,285,907	3	Based on contract	-	-	-	-	(59,166)	(2)		
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note E)	Sale	(307,698)	(1)	Based on contract	-	-	-	-	44,634	1		
	Everest Textile Co., Ltd.	(Note D)	Sale	(331,357)	(1)	Based on contract	-	-	-	-	37	-		
	PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	(Note A)	Sale	(277,341)	(100)	Based on contract	-	-	-	-	-	-	
	Far Eastern Apparel (Holding) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note A)	Purchase	2,531,504	51	Based on contract	-	-	-	-	(437,589)	(45)	
Far Eastern Apparel (Suzhou) Ltd.		(Note C)	Purchase	1,283,209	26	Based on contract	-	-	-	-	(270,832)	(28)		
Far Eastern Apparel (Vietnam) Ltd.		(Note C)	Purchase	1,167,688	23	Based on contract	-	-	-	-	(242,374)	(25)		
Far Eastern Apparel (Vietnam) Ltd.		(Note C)	Sale	(230,158)	(4)	Based on contract	-	-	-	-	170,151	37		
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Industries (WuXi) Ltd.	(Note C)	Purchase	266,530	7	Based on contract	-	-	-	-	(89,298)	(15)		
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	215,071	6	Based on contract	-	-	-	-	(53,794)	(9)		
	Far Eastern Apparel (Holding) Ltd.	(Note B)	Sale	(2,531,504)	(60)	Based on contract	-	-	-	-	437,589	47		
	Far Eastern Apparel (Suzhou) Ltd.	(Note C)	Sale	(253,645)	(6)	Based on contract	-	-	-	-	91,844	10		
Far Eastern Industries (Shanghai) Ltd.	Far Eastern New Century Corporation	(Note B)	Purchase	775,108	4	Based on contract	-	-	-	-	(234,997)	(9)		
	Oriental Petrochemical (Shanghai) Corp.	(Note C)	Purchase	4,578,892	23	Based on contract	-	-	(583,870)	(87)	(400,205)	(16)		
	Wuhan Far Eastern New Material Ltd.	(Note C)	Purchase	157,004	1	Based on contract	-	-	-	-	(50,967)	(2)		
	Far Eastern Polychem Industries Ltd.	(Note B)	Sale	(7,078,515)	(33)	Based on contract	-	-	-	-	955,307	43		
	Wuhan Far Eastern New Material Ltd.	(Note C)	Sale	(888,607)	(4)	Based on contract	-	-	89,979	27	145,647	7		
	Worldwide Polychem (HK) Ltd.	(Note C)	Sale	(182,081)	(1)	Based on contract	-	-	-	-	16,516	1		
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Sale	(215,071)	(1)	Based on contract	-	-	-	-	53,794	2		
Far Eastern Ishizuka Green Pet Corporation	Far Eastern New Century Corporation	(Note B)	Sale	(116,353)	(1)	Based on contract	-	-	-	-	51,194	58		
Far Eastern Industries (Suzhou) Ltd.	Oriental Petrochemical (Shanghai) Corp.	(Note C)	Purchase	1,511,153	53	Based on contract	-	-	(270,702)	(100)	(125,369)	(71)		
	Oriental Industries (Suzhou) Ltd.	(Note C)	Sale	(2,449,615)	(86)	Based on contract	-	-	17,884	62	226,677	68		
Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Purchase	7,078,515	92	Based on contract	-	-	-	-	(955,307)	(81)		
	Wuhan Far Eastern New Material Ltd.	(Note C)	Purchase	372,929	5	Based on contract	-	-	-	-	(24,528)	(2)		
	Pet Far Eastern (M) Sdn. Bhd.	(Note C)	Sale	(878,051)	(11)	Based on contract	-	-	-	-	255,837	21		
	Wuhan Far Eastern New Material Ltd.	(Note C)	Sale	(271,317)	(3)	Based on contract	-	-	-	-	63,248	5		

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	% to Total	
Oriental Petrochemical (Shanghai) Corp.	PET Far Eastern (Holding) Ltd.	(Note B)	Purchase	\$ 277,341	2	Based on contract	-	-	\$ -	-	\$ -	(61)	
	Shanghai Far Eastern Petrochemical Logistic Ltd.	(Note A)	Other operating cost	120,564	1	Based on contract	-	-	-	-	(11,985)	(2)	
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Sale	(4,578,892)	(31)	Based on contract	-	-	583,870	44	400,205	59	
	Far Eastern Industries (Suzhou) Ltd.	(Note C)	Sale	(1,511,153)	(10)	Based on contract	-	-	270,702	21	125,369	18	
Oriental Petrochemical (Taiwan) Co.	Far Eastern New Century Corporation	(Note B)	Sale	(6,664,674)	(50)	Based on contract	-	-	-	-	478,203	39	
Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note C)	Purchase	2,449,615	39	Based on contract	-	-	(17,884)	100	(226,677)	(49)	
	Oriental Textile (Holding) Ltd.	(Note B)	Sale	(3,001,224)	(43)	Based on contract	-	-	-	-	442,767	36	
Oriental Textile (Holding) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note A)	Purchase	3,001,224	88	Based on contract	-	-	-	-	(442,767)	(83)	
	Far Eastern Industries (WuXi) Ltd.	(Note A)	Purchase	415,852	12	Based on contract	-	-	-	-	(93,695)	(17)	
Far Eastern Fibertech Co., Ltd.	Everest Textile Co., Ltd.	(Note F)	Sale	(259,912)	(12)	Based on contract	-	-	-	-	29,060	22	
Far Eastern Apparel (Vietnam) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note C)	Purchase	230,158	12	Based on contract	-	-	-	-	(170,151)	(74)	
	Far Eastern New Century Corporation	(Note B)	Purchase	139,810	8	Based on contract	-	-	-	-	(10,449)	(5)	
	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(1,167,688)	(55)	Based on contract	-	-	-	-	242,374	75	
Pet Far Eastern (M) Sdn. Bhd.	Far Eastern Polychem Industries Ltd.	(Note C)	Purchase	878,051	63	Based on contract	-	-	-	-	(255,837)	(89)	
	Far Eastern New Century Corporation	(Note B)	Purchase	110,058	8	Based on contract	-	-	-	-	(27,746)	(10)	
Wuhan Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	888,607	62	Based on contract	-	-	(89,979)	(100)	(145,647)	(51)	
	Far Eastern Polychem Industries Ltd.	(Note C)	Purchase	271,317	19	Based on contract	-	-	-	-	(63,248)	(22)	
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Sale	(157,004)	(10)	Based on contract	-	-	-	-	50,967	28	
	Far Eastern Polychem Industries Ltd.	(Note C)	Sale	(372,929)	(23)	Based on contract	-	-	-	-	24,528	14	
Worldwide Polychem (HK) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	182,081	8	Based on contract	-	-	-	-	(16,516)	(2)	
	Far Eastern New Century Corporation	(Note B)	Purchase	1,947,085	84	Based on contract	-	-	-	-	(648,962)	(94)	
Far Eastern General Contractor Co., Ltd.	Ya Tung Ready-mixed Concrete Corp.	(Note H)	Purchase	444,591	9	Based on contract	-	-	(47,532)	(12)	(41,303)	(3)	
	Far Eastern Department Stores Co., Ltd.	(Note F)	Construction revenue	(206,519)	(4)	Based on contract	-	-	-	-	159,968	27	
Oriental Resources Development Ltd.	Far Eastern New Century Corporation	(Note B)	Sale	(345,722)	(61)	Based on contract	-	-	-	-	35,481	55	
Far Eastern Industries (WuXi) Ltd.	Far Eastern New Century Corporation	(Note B)	Purchase	276,380	9	Based on contract	-	-	-	-	(38,690)	(93)	
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Sale	(266,530)	(8)	Based on contract	-	-	-	-	89,298	24	
	Oriental Textile (Holding) Ltd.	(Note B)	Sale	(415,852)	(13)	Based on contract	-	-	-	-	93,695	25	
Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Purchase	253,645	9	Based on contract	-	-	-	-	(91,844)	(21)	
	Far Eastern New Century Corporation	(Note B)	Purchase	240,470	9	Based on contract	-	-	-	-	(15,610)	(4)	
	An Ho Garment (Suzhou) Co., Ltd.	(Note A)	Purchase	207,994	8	Based on contract	-	-	-	-	(12,067)	(3)	
	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(1,283,209)	(44)	Based on contract	-	-	-	-	270,832	52	
Shanghai Far Eastern Petrochemical Logistic Ltd.	Oriental Petrochemical (Shanghai) Corp.	(Note B)	Other operating revenue	(120,564)	(64)	Based on contract	-	-	-	-	11,985	39	
An Ho Garment (Suzhou) Co., Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note B)	Sale	(207,994)	(100)	Based on contract	-	-	-	-	12,067	30	
Yuan Cheng Human Resources Consultant Corp.	Far Eastern International Bank	(Note I)	Other operating revenue	(134,727)	(42)	Based on contract	-	-	-	-	-	-	
	Far Eastone Telecommunications Co., Ltd.	(Note C)	Other operating revenue	(105,089)	(33)	Based on contract	-	-	-	-	9,015	83	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	% to Total	
Far EasTone Telecommunications Co., Ltd.	ARCOA Communication Co., Ltd.	(Note A)	Operating revenues	\$ (242,740)	-	Based on contract	-	-	\$ -	-	\$ 97,761	2	(Note J)
			Cost of telecommunications services, marketing expenses and cost of sales	16,048,386	25	Based on contract	-	-	-	-	(1,181,896)	(7)	
	New Century InfoComm Co., Ltd.	(Note A)	Operating revenues	(749,882)	(1)	Based on contract	-	-	-	-	3,845	-	
			Cost of telecommunications services	3,791,289	8	Based on contract	-	-	-	-	(779,035)	(5)	
	KGEx.com Co., Ltd.	(Note A)	Operating revenues	(170,078)	-	Based on contract	-	-	-	-	27,352	-	
	O-music Co., Ltd.	(Note A)	Cost of telecommunications services	202,417	-	Based on contract	-	-	-	-	(41,089)	-	
	Yuan Cheng Human Resources Consultant Corp.	(Note C)	Service fee	105,089	1	Based on contract	-	-	-	-	(9,015)	-	
New Century InfoComm Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note B)	Operating revenues	(3,791,289)	(28)	Based on contract	-	-	-	-	779,035	49	(Note K)
			Cost of telecommunications services	749,882	8	Based on contract	-	-	-	-	(3,845)	-	
	KGEx.com Co., Ltd.	(Note C)	Cost of telecommunications services	153,225	2	Based on contract	-	-	-	-	(27,189)	(4)	
	Sino Lead Enterprise Limited	(Note A)	Cost of telecommunications services	114,336	1	Based on contract	-	-	-	-	(19,723)	(3)	
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note B)	Operating revenues	(16,048,386)	(78)	Based on contract	-	-	-	-	1,181,896	82	
			Cost of sales and cost of telecommunications services	242,740	1	Based on contract	-	-	-	-	-	(97,761)	
KGEx.com Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note B)	Cost of telecommunications services	170,078	33	Based on contract	-	-	-	-	(27,352)	(47)	
	New Century InfoComm Co., Ltd.	(Note C)	Operating revenues	(153,225)	(26)	Based on contract	-	-	-	-	27,189	31	
O-music Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note B)	Operating revenues	(202,417)	(99)	Based on contract	-	-	-	-	41,089	98	
Sino Lead Enterprise Limited	New Century InfoComm Co., Ltd.	(Note B)	Operating revenues	(114,336)	(100)	Based on contract	-	-	-	-	19,723	94	
DataExpress Infotech Co., Ltd.	Linkwell Tech. Ltd.	(Note A)	Purchase	114,875	4	Based on contract	-	-	-	-	(16,385)	(5)	
Linkwell Tech. Ltd.	DataExpress Infotech Co., Ltd.	(Note B)	Operating revenues	(114,875)	(8)	Based on contract	-	-	-	-	16,385	40	

Notes: A. Subsidiary.

B. Parent company.

C. Same ultimate parent company.

D. Equity-method investee.

E. Equity-method investee equity-method of FENC's subsidiary

F. Equity-method investee equity-method of FENC.

G. The chairman of the company is the vice chairman of FENC.

H. The chairman of the ultimate parent company is the chairman of FENC.

I. The vice chairman of the company is the chairman of FENC.

J. All interconnect revenues, costs and collection of international direct dial revenues between Far EasTone and NCIC were settled at net amounts and were included in accounts payable - related parties.

K. Including the receivables collected by Far EasTone for NCIC.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Actions Taken		
Far Eastern New Century Corporation	Worldwide Polychem (HK) Ltd.	(Note B)	\$ 648,962	3.94	\$ -	-	\$ 520,831	\$ -
	Far Eastern Industries (Shanghai) Ltd.	(Note B)	234,997	4.73	-	-	172,799	-
Far Eastern Polychem Industries Ltd.	Pet Far Eastern (M) Sdn. Bhd.	(Note D)	255,837	2.95	-	-	219,095	-
Oriental Petrochemical (Taiwan) Co.	Far Eastern New Century Corporation	(Note C)	478,203	12.47	-	-	476,203	-
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Vietnam) Ltd.	(Note D)	170,151	2.71	-	-	8,589	-
Far Eastern Apparel (Vietnam) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note D)	242,374	6.59	-	-	51,616	-
Far Eastern Industries (Shanghai) Ltd.	Far Eastern Polychem Industries Ltd.	(Note C)	955,307	13.32	-	-	924,362	-
	Wuhan Far Eastern New Material Ltd.	(Note D)	235,626	4.41	-	-	145,647	-
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note C)	437,589	7.42	-	-	383,999	-
Oriental Petrochemical (Shanghai) Corp.	Far Eastern Industries (Shanghai) Ltd.	(Note D)	984,075	3.45	-	-	603,186	-
	Far Eastern Industries (Suzhou) Ltd.	(Note D)	396,071	3.07	-	-	266,828	-
Oriental Industries (Suzhou) Ltd.	Oriental Textile (Holding) Ltd.	(Note C)	442,767	6.01	-	-	442,767	-
Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note D)	244,561	4.27	-	-	226,677	-
Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note D)	270,832	4.97	-	-	259,223	-
Far Eastern General Contractor Co., Ltd.	Far Eastern Department Stores Co., Ltd.	(Note E)	159,968	(Note F)	-	-	11,069	-
Far EastTone Telecommunications Co., Ltd.	ARCOA Communication Co., Ltd.	(Note B)	117,227	12.57	-	-	86,616	-
	New Century InfoComm Co., Ltd.	(Note B)	178,132	(Note G)	-	-	96,495	-
New Century InfoComm Co., Ltd.	Far EastTone Telecommunications Co., Ltd.	(Note C)	7,374,579	(Note H)	-	-	723,227	-
ARCOA Communication Co., Ltd.	Far EastTone Telecommunications Co., Ltd.	(Note C)	1,181,896	11.71	-	-	1,181,896	-

(Continued)

Notes: A. For the receivables from the financing to affiliates, please refer to Schedule D.

B. Subsidiary.

C. Parent company.

D. Same ultimate parent company.

E. Equity-method investee equity-method of FENC.

F. The turnover rate was unavailable as the receivables from related parties were due to including retentions receivables, expected to remain as receivables until the satisfaction of conditions in each contract, usually more than 12 months.

G. The turnover rate was unavailable as the receivables from related parties were mainly due to the advances made for NCIC's daily operating expenditures and the management service charges to NCIC.

H. The turnover rate was unavailable as the receivables from related parties were due to (A) the collection of telecommunications bills by Far EasTone for NCIC and (B) financing provided by NCIC to Far EasTone.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS BETWEEN FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)**

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
0	Far Eastern New Century Corporation	Far Eastern Polychem Industries Ltd.	1	Other receivables	\$ 1,913,400	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	1	Interest receivables	38,186	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	1	Interest revenue	38,382	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	1	Other receivables	1,946,100	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	1	Interest receivables	50,818	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	1	Interest revenue	64,508	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	1	Sales	240,470	Based on agreement	-
		Worldwide Polychem (HK) Ltd.	1	Accounts receivable	648,962	Based on agreement	-
		Worldwide Polychem (HK) Ltd.	1	Sales	1,947,085	Based on agreement	1
		Far Eastern Industries (Shanghai) Ltd.	1	Sales	775,108	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	1	Accounts receivable	234,997	Based on agreement	-
		Far Eastern Industries (WuXi) Ltd.	1	Sales	276,380	Based on agreement	-
		Far Eastern Apparel (Vietnam) Ltd.	1	Sales	139,810	Based on agreement	-
		Pet Far Eastern (M) Sdn. Bhd.	1	Sales	110,058	Based on agreement	-
1	Yuan Ding Investment Co., Ltd.	Yuan Tong Investment Co., Ltd.	3	Other receivables	254,000	Based on agreement	-
		Yuan Tong Investment Co., Ltd.	3	Interest revenue	7,662	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Other receivables	485,000	Based on agreement	-
		Kai Yuan International Investment Co., Ltd.	3	Interest revenue	11,485	Based on agreement	-
		An Ho Garment Co., Ltd	3	Other receivables	400,000	Based on agreement	-
		An Ho Garment Co., Ltd	3	Interest revenue	6,536	Based on agreement	-
2	Yuan Tong Investment Co., Ltd.	Far Eastern Resources Development Co.	1	Interest revenue	132	Based on agreement	-
3	Far Eastern Polychem Industries Ltd.	Pet Far Eastern (M) Sdn. Bhd.	3	Accounts receivable	255,837	Based on agreement	-
		Pet Far Eastern (M) Sdn. Bhd.	3	Sales	878,051	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	1	Other receivables	98,640	Based on agreement	-
		Far Eastern Ishizuka Green Pet	1	Other receivables	368,415	Based on agreement	-
		Far Eastern Ishizuka Green Pet	1	Interest receivables	961	Based on agreement	-
		Far Eastern Ishizuka Green Pet	1	Interest revenue	3,066	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Other receivables	319,679	Based on agreement	-
		Far Eastern New Century (China) Investment Ltd.	3	Other receivables	648,700	Based on agreement	-
Wuhan Far Eastern New Material Ltd.	3	Sales	271,317	Based on agreement	-		
4	Oriental Petrochemical (Taiwan) Co.	Far Eastern New Century Corporation	2	Accounts receivable	478,203	Based on agreement	-
		Far Eastern New Century Corporation	2	Sales	6,664,674	Based on agreement	3

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
5	Far Eastern Investment (Holding) Ltd.	Far Eastern Polychem Industries Ltd.	3	Interest revenue	\$ 1,214	Based on agreement	-
		Far Eastern Polytex (Holding) Ltd.	3	Other receivables	2,058,288	Based on agreement	-
		Far Eastern Polytex (Holding) Ltd.	3	Interest revenue	25,771	Based on agreement	-
		FEDP (Holding) Ltd.	3	Interest revenue	305	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Other receivables	910,776	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Interest revenue	26,329	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	3	Interest revenue	2,574	Based on agreement	-
		Pet Far Eastern (M) Sdn. Bhd.	1	Other receivables	217,122	Based on agreement	-
		Pet Far Eastern (M) Sdn. Bhd.	1	Interest receivables	55,110	Based on agreement	-
		Pet Far Eastern (M) Sdn. Bhd.	1	Interest revenue	1,720	Based on agreement	-
		Far Eastern Apparel (Vietnam) Ltd.	1	Other receivables	542,520	Based on agreement	-
		Sino Belgium (Holding) Ltd.	3	Other receivables	154,536	Based on agreement	-
		Sino Belgium (Holding) Ltd.	3	Interest revenue	2,462	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	3	Other receivables	341,952	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	3	Interest revenue	571	Based on agreement	-
6	PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	1	Sales	277,341	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	3	Interest revenue	903	Based on agreement	-
		Far Eastern New Century (China) Investment Ltd.	3	Other receivables	2,095,800	Based on agreement	-
		Far Eastern New Century (China) Investment Ltd.	3	Interest receivables	4,358	Based on agreement	-
		Far Eastern New Century (China) Investment Ltd.	3	Interest revenue	4,397	Based on agreement	-
7	Far Eastern Polytex (Holding) Ltd.	Far Eastern New Century (China) Investment Ltd.	1	Other receivables	2,052,766	Based on agreement	-
8	Yuan Ding Company Ltd.	Far Eastern Electronic Commerce Co., Ltd.	1	Other receivables	70,000	Based on agreement	-
		Far Eastern Electronic Commerce Co., Ltd.	1	Interest receivables	76	Based on agreement	-
		Far Eastern Electronic Commerce Co., Ltd.	1	Interest revenue	76	Based on agreement	-
		Yuan Ding Integrated Information Service (Shanghai) Inc.	1	Interest revenue	3,609	Based on agreement	-
9	Oriental Textile (Holding) Ltd.	Oriental Industries (Suzhou) Ltd.	1	Other receivables	411,741	Based on agreement	-
		Far Eastern Industries (WuXi) Ltd.	1	Other receivables	90,947	Based on agreement	-
		Far Eastern New Century (China) Investment Ltd.	3	Other receivables	199,600	Based on agreement	-
		Far Eastern New Century (China) Investment Ltd.	3	Interest receivables	10	Based on agreement	-
		Far Eastern New Century (China) Investment Ltd.	3	Interest revenue	10	Based on agreement	-
10	Far Eastern Apparel (Holding) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	1	Other receivables	202,584	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	3	Other receivables	50,430	Based on agreement	-
		Far Eastern Apparel (Vietnam) Ltd.	3	Accounts receivable	170,151	Based on agreement	-
		Far Eastern Apparel (Vietnam) Ltd.	3	Sales	230,158	Based on agreement	-
11	Oriental Resources Development Ltd.	Far Eastern New Century Corporation	2	Sales	345,722	Based on agreement	-
12	Far Eastern Apparel (Vietnam) Ltd.	Far Eastern Apparel (Holding) Ltd.	3	Accounts receivable	242,374	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	3	Sales	1,167,688	Based on agreement	1
		Far Eastern New Century Corporation	2	Sales	382,847	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
13	Far Eastern Industries (Shanghai) Ltd.	Far Eastern Polychem Industries Ltd.	2	Accounts receivable	\$ 955,307	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	2	Sales	7,078,515	Based on agreement	3
		Worldwide Polychem (HK) Ltd.	3	Sales	182,081	Based on agreement	-
		Wuhan Far Eastern New Material Ltd.	3	Accounts receivable	145,647	Based on agreement	-
		Wuhan Far Eastern New Material Ltd.	3	Notes receivable	89,979	Based on agreement	-
		Wuhan Far Eastern New Material Ltd.	3	Sales	888,607	Based on agreement	-
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Sales	215,071	Based on agreement	-
14	Far Eastern Industries (Yangzhou) Ltd.	Far Eastern Industries (Shanghai) Ltd.	3	Other receivables	249,500	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Interest receivables	2,661	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Interest revenue	2,685	Based on agreement	-
		Oriental Petrochemical (Shanghai) Corp.	3	Interest revenue	3,268	Based on agreement	-
15	Far Eastern Ishizuka Green Pet	Far Eastern New Century Corporation	2	Sales	116,353	Based on agreement	-
16	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Apparel (Holding) Ltd.	2	Accounts receivable	437,589	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	2	Sales	2,531,504	Based on agreement	1
		Far Eastern Apparel (Suzhou) Ltd.	3	Sales	253,645	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Other receivables	178,557	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Interest receivables	524	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Interest revenue	1,896	Based on agreement	-
17	Waldorf Services B.V.	Far Eastern Investment (Holding) Ltd.	2	Other receivables	493,200	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	2	Interest receivables	471	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	2	Interest revenue	1,435	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Other receivables	348,528	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Interest receivables	831	Based on agreement	-
		Oriental Textile (Holding) Ltd.	3	Interest revenue	6,906	Based on agreement	-
18	An Ho Garment (Suzhou) Co., Ltd.	Far Eastern Apparel (Suzhou) Ltd.	2	Sales	207,994	Based on agreement	-
19	Oriental Petrochemical (Shanghai) Corp.	Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	400,205	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Notes receivable	583,870	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	4,578,892	Based on agreement	2
		Far Eastern Industries (Suzhou) Ltd.	3	Accounts receivable	125,369	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Notes receivable	270,702	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Sales	1,511,153	Based on agreement	1
		Shanghai Far Eastern Petrochemical Logistic Ltd.	1	Other receivables	34,930	Based on agreement	-
20	Far Eastern Industries (WuXi) Ltd.	Oriental Textile (Holding) Ltd.	2	Sales	415,852	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Other receivables	167,729	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Interest receivables	479	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Interest revenue	2,330	Based on agreement	-
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Sales	266,530	Based on agreement	-
21	Oriental Industries (Suzhou) Ltd.	Oriental Textile (Holding) Ltd.	2	Accounts receivable	442,767	Based on agreement	-
		Oriental Textile (Holding) Ltd.	2	Sales	3,001,224	Based on agreement	1

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
		Far Eastern Industries (Suzhou) Ltd.	3	Other receivables	\$ 632,862	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Interest receivables	1,657	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Interest revenue	13,741	Based on agreement	-
		Sino Belgium Beer (Suzhou) Ltd.	3	Other receivables	680,766	Based on agreement	-
		Sino Belgium Beer (Suzhou) Ltd.	3	Interest receivables	1,869	Based on agreement	-
		Sino Belgium Beer (Suzhou) Ltd.	3	Interest revenue	18,605	Based on agreement	-
22	Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	3	Accounts receivable	226,677	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Notes receivable	17,884	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Sales	2,449,615	Based on agreement	1
23	Wuhan Far Eastern New Material Ltd.	Far Eastern Polychem Industries Ltd.	3	Sales	372,929	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	157,004	Based on agreement	-
24	Far Eastern Apparel (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	3	Other receivables	595,512	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Interest receivables	1,277	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Interest revenue	15,608	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	3	Accounts receivable	270,832	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	3	Sales	1,283,209	Based on agreement	1
		Far Eastern New Century Corporation	2	Sales	699,573	Based on agreement	-
25	Far Eastern New Century (China) Investment Ltd.	Oriental Petrochemical (Shanghai) Corp.	1	Other receivables	481,984	Based on agreement	-
		Oriental Petrochemical (Shanghai) Corp.	1	Interest receivables	3,541	Based on agreement	-
		Oriental Petrochemical (Shanghai) Corp.	1	Interest revenue	498	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Other receivables	2,014,223	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Interest receivables	2,849	Based on agreement	-
		Far Eastern Industries (Shanghai) Ltd.	3	Interest revenue	3,075	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Other receivables	747,826	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Interest receivables	668	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Interest revenue	674	Based on agreement	-
		Wuhan Far Eastern New Material Ltd.	3	Other receivables	50,424	Based on agreement	-
		Wuhan Far Eastern New Material Ltd.	3	Interest receivables	177	Based on agreement	-
		Wuhan Far Eastern New Material Ltd.	3	Interest revenue	187	Based on agreement	-
26	YDT Technology International Co., Ltd.	Yuan Ding Company Ltd.	2	Other receivables	110,000	Based on agreement	-
		Yuan Ding Company Ltd.	2	Interest receivables	128	Based on agreement	-
		Yuan Ding Company Ltd.	2	Interest revenue	1,877	Based on agreement	-
27	FET Consulting Engineers Co., Ltd.	Yuan Ding Company Ltd.	2	Other receivables	140,000	Based on agreement	-
		Yuan Ding Company Ltd.	2	Interest receivables	163	Based on agreement	-
		Yuan Ding Company Ltd.	2	Interest revenue	1,915	Based on agreement	-
28	Shanghai Far Eastern Petrochemical Logistic Ltd.	Oriental Petrochemical (Shanghai) Corp.	2	Other operating revenue	120,564	Based on agreement	-
29	Yuan Cheng Human Resources Consultant Corp.	Far EasTone Telecommunications Co., Ltd.	3	Other operating revenue	105,089	Based on agreement	-

(Continued)

Note A: How the Company and subsidiaries are identified:

1. The Company: 0.
2. Subsidiaries are started at 1 consecutively.

Note B: Flow of transaction:

1. From FENC to subsidiary.
2. From the subsidiary to FENC.
3. Between subsidiaries.

Note C: The number presenting in this column is the ratio of ending balance to consolidated asset or the ratio of cumulative amount to consolidated revenue.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Share of Profits (Loss)	Notes	
				December 31, 2015	December 31, 2014	Shares (Thousands)	Percentage of Ownership	Carrying Value				
Far Eastern New Century Corporation	Asia Cement Corporation	Taipei, Taiwan	Cement production	\$ 2,652,282	\$ 2,652,282	750,511	22.33	\$ 18,571,971	\$ 4,860,241	\$ 660,862	Gain or loss recognized under the treasury stock method (Note A)	
	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	1,254,158	1,254,158	241,770	17.06	4,749,095	1,655,135	279,387	(Note A)	
	Oriental Union Chemical Corp.	Taipei, Taiwan	Petrochemical materials production	1,176,211	1,176,211	81,216	9.17	1,359,418	(114,925)	(10,539)	(Notes A and K)	
	Everest Textile Co., Ltd.	Taipei, Taiwan	Chemical fiber production	1,689	1,689	129	0.03	1,519	451,520	135	(Note A)	
	Oriental Securities Corp.	Taipei, Taiwan	Broker	159,823	159,823	140,278	19.65	1,948,952	(343,101)	(67,419)	(Note A)	
	Pacific Liu Tung Investment Corp. (Note E)	Taipei, Taiwan	Investment	810,000	810,000	135,000	16.83	1,777,417	391,170	65,834	(Note A)	
	Yuan Ding Investment Co., Ltd.	Taipei, Taiwan	Investment	100,041	100,041	1,822,822	99.40	40,135,283	5,230,441	5,156,580	Including write off and reversed by side-stream transactions \$(42,478) thousand (Notes B and H)	
	Far Eastern Resources Development Co.	Taipei, Taiwan	Real estate construction and selling	14,931,733	14,931,733	557,354	100.00	99,278,697	2,510,790	2,535,929	\$25,139 thousand (Notes B and K)	
	Far Eastern Polytex (Holding) Ltd.	Bermuda	Investment	7,678,309	7,678,309	124	100.00	8,149,514	(433,539)	(433,539)	(Note B)	
	Far Eastern Polychem Industries Ltd.	Bermuda	Investment	7,318,312	7,318,312	830,815	73.04	7,875,339	(138,724)	(101,324)	(Note B)	
	Yuan Tong Investment Co., Ltd.	Taipei, Taiwan	Investment	5,850,000	5,850,000	705,147	100.00	7,887,200	159,121	169,027	\$9,906 thousand (Note B)	
	Kai Yuan International Investment Co., Ltd.	Taipei, Taiwan	Investment	999,993	999,993	302,843	100.00	5,274,785	468,403	468,403	(Note B)	
	Far Eastern Investment (Holding) Ltd.	Bermuda	Investment	5,833,333	5,833,333	1,700	100.00	9,309,702	738,771	738,771	(Note B and K)	
	PET Far Eastern (Holding) Ltd.	Bermuda	Investment	5,811,250	5,811,250	333	90.54	5,573,361	(1,028,962)	(921,895)	Including premium and discount amortization \$9,727 thousand (Note B)	
	Oriental Petrochemical (Taipei, Taiwan) Co., Ltd.	Taipei, Taiwan	Petrochemical materials production	10,919,967	9,408,804	1,183,311	75.56	7,562,475	(711,208)	(596,084)	Including write off and reversed by upstream transactions \$(58,695) thousand (Notes B and H)	
	Far Eastern Construction Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	143,450	143,450	198,791	65.11	7,931,482	1,552,350	1,010,735	(Notes B and K)	
	Yuan Ding Company Ltd.	Taipei, Taiwan	Real estate construction and selling	857,511	857,511	186,929	37.13	3,176,146	47,695	24,782	Including write off and reversed by side-stream transactions \$7,073 thousand (Notes B, I and K)	
	An Ho Garment Co., Ltd.	Taipei, Taiwan	Investment	1,023	1,023	66,346	100.00	1,932,594	178,886	172,012	Including write off and reversed by side-stream transactions \$(6,874) thousand (Note B)	
	Ding Yuan International Investment Co., Ltd.	Taipei, Taiwan	Investment	2,000,062	2,000,062	205,000	100.00	2,670,534	69,440	63,758	Including write off and reversed by side-stream transactions \$(5,682) thousand (Note B)	
	FEDP (Holding) Ltd.	Bermuda	Investment	676,315	676,315	244	50.43	238,841	(195,313)	(98,496)	(Note B)	
	Fu Kwok Garment Manufacturing Co., Ltd.	Kaohsiung, Taiwan	Garment production	9,076	9,129	3,998	99.96	282,479	116,249	116,214	(Notes B and K)	
	Ding Ding Hotel Co., Ltd.	Taipei, Taiwan	Hotel	393,651	393,651	19,772	19.00	45,587	(294,126)	(55,884)	(Note B)	
	Far Eastern Textile Ltd.	Taipei, Taiwan	Chemical fiber production	1,000	1,000	100	100.00	1,371	63	63	(Note B)	
	Yuan Ding Investment Co., Ltd.	Asia Cement Corporation	Taipei, Taiwan	Cement production	453,350	316,556	15,839	0.47	565,776	4,860,241	-	(Note A)
		Oriental Union Chemical Corp.	Taipei, Taiwan	Petrochemical materials production	1,335,807	1,321,883	82,835	9.35	1,594,342	(114,925)	-	(Note A)
		Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	408,054	169,831	19,615	1.38	419,372	1,655,135	-	(Note A)
		Everest Textile Co., Ltd.	Taipei, Taiwan	Chemical fiber production	470,103	470,103	118,869	25.23	1,129,055	451,520	-	(Note A)
		Far EastTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	2,723,598	2,723,598	1,066,658	32.73	23,473,128	11,485,695	-	(Note B)
Far Eastern Polychem Industries Ltd.		Bermuda	Investment	1,392,692	1,392,692	306,644	26.96	2,906,889	(138,724)	-	(Note B)	
Far Eastern Apparel (Holding) Ltd.		Bermuda	Investment	2,179,442	2,179,442	111	100.00	2,716,824	213,663	-	(Note B)	
Da Ju Fiber Co., Ltd.		Taipei, Taiwan	Investment	263,790	263,790	27,305	41.86	1,490,394	498,555	-	(Note A)	
Far Eastern Apparel Co., Ltd.		Taipei, Taiwan	Sale of textile, garments, and clothing	287,984	287,984	24,736	100.00	282,860	(81,905)	-	(Note B)	
Yuan Faun Ltd.		Taipei, Taiwan	PET bottle production and selling	51,671	51,671	5,000	100.00	121,305	2,801	-	(Note B)	
Yue Ming Co., Ltd.		Taipei, Taiwan	Trading	97,852	97,852	3,729	45.50	62,904	2,475	-	(Note A)	
Yuan Ding Leasing Corp.		Taipei, Taiwan	Real estate construction and selling	319,380	319,380	36,706	46.20	416,261	82,958	-	(Note A)	
Far Eastern Fibertech Co., Ltd.		Taipei, Taiwan	Nylon production	585,000	585,000	91,000	100.00	1,139,108	148,739	-	(Note B)	
Oriental Resources Development Ltd.		Taipei, Taiwan	Waste recycling and processing	338,188	338,188	34,242	70.00	322,577	(21,694)	-	(Note B)	
Air Liquide Far Eastern Ltd.		Taipei, Taiwan	Industrial gas production and selling	504,806	504,806	86,615	35.00	1,874,964	1,657,664	-	(Note A)	
Freudenberg Far Eastern Spunweb Co., Ltd.		Taipei, Taiwan	Production of nonwoven industrial fabrics	144,786	144,786	13,052	29.80	355,217	521,895	-	(Note A)	
Oriental Securities Corp.		Taipei, Taiwan	Broker	255,424	255,424	185,247	25.96	2,680,310	(343,101)	-	(Note A)	
Yuan Ding Company Ltd.		Taipei, Taiwan	Real estate construction and selling	188,846	188,846	64,759	12.86	1,129,042	47,695	-	(Note B)	
Far Eastern International Leasing Corp.		Taipei, Taiwan	Leasing	1,012,057	1,012,057	75,268	16.87	1,146,754	1,528,756	-	(Note A)	
Oriental Textile (Holding) Ltd.		Bermuda	Investment	7,142,602	5,842,331	110	100.00	8,197,180	63,325	-	(Note B)	

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Share of Profits (Loss)	Notes	
				December 31, 2015	December 31, 2014	Shares (Thousands)	Percentage of Ownership	Carrying Value				
Far Eastern Investment (Holding) Ltd.	Pacific Liu Tung Investment Corp. (Note E)	Taipei, Taiwan	Investment	\$ 796,491	\$ 796,491	119,653	14.92	\$ 1,489,063	\$ 391,170	\$ -	(Note A)	
	Yue Yuan Investment Co., Ltd.	Taipei, Taiwan	Investment	673,704	673,704	98,198	18.96	560,876	508,158	-	(Note A)	
	Far Eastern General Contractor Co., Ltd.	Taipei, Taiwan	Real estate construction	14,682	14,682	1,490	1.00	22,341	124,049	-	(Note B)	
	Oriental Petrochemical (Taipei, Taiwan) Co., Ltd.	Taipei, Taiwan	Petrochemical materials production	415,679	311,759	81,374	5.20	526,742	(711,208)	-	(Note B)	
	FETG Investment Antilles N.V.	Antillem	Investment	US\$ 6	US\$ 6	6	100.00	1,552,545	381,395	-	(Note B)	
	Filsyn Corporation	Philippines	Polychemical products	PESO 225,324	PESO 225,324	45,066	21.85	-	-	-	(Note A)	
	PET Far Eastern (M) Sdn. Bhd.	Malaysia	Bottle production	MYR 8,000	MYR 8,000	8,000	50.00	182,977	24,075	-	(Notes B and C)	
	Com2B	Cayman Islands	E-business	US\$ 3,375	US\$ 3,375	9,000	20.00	13,975	(1,150)	-	(Note A)	
	Far Eastern Apparel (Vietnam) Ltd.	Vietnam	Clothing production	US\$ 9,000	US\$ 9,000	-	100.00	407,054	139,853	-	(Notes B and D)	
	Worldwide Polychem (HK) Ltd.	Hong Kong	Polyester production trading	US\$ 3,500	US\$ 3,500	2,700	100.00	100,021	-	-	(Note B)	
Magna View Sdn. Bhd.	Opas Fund Segregated Portfolio Company	Cayman Islands	Investment	US\$ 51	US\$ 51	-	34.00	1,710	15	-	(Notes A and D)	
	Far Eastern Polytex (Vietnam) Ltd.	Vietnam	Chemical fiber and textile production	US\$ 5,300	-	-	100.00	171,601	(2,558)	-	(Notes B and D)	
	Far Eastern New Apparel (Vietnam) Ltd.	Vietnam	Garment production	US\$ 4,300	-	-	100.00	133,197	(7,905)	-	(Notes B and D)	
	Magna View Sdn. Bhd.	Malaysia	Investment	US\$ 3,465	-	3,000	100.00	181,629	-	-	(Note B)	
	PET Far Eastern (M) Sdn. Bhd.	Malaysia	Bottle production	MYR 8,000	MYR 8,000	8,000	50.00	183,230	24,075	-	(Notes B and C)	
	Ding Yuan International Investment Co., Ltd	Asia Cement Corporation	Taipei, Taiwan	Cement production	375,512	375,512	13,222	0.39	483,471	4,860,241	-	(Note A)
		Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	70,995	54,812	3,551	0.25	84,135	1,655,135	-	(Note A)
		Everest Textile Co., Ltd.	Taipei, Taiwan	Chemical fiber production	74,932	70,428	4,582	0.97	41,626	451,520	-	(Note A)
		Oriental Union Chemical Corp.	Taipei, Taiwan	Petrochemical materials production	684,551	596,353	27,710	3.13	703,116	(114,925)	-	(Note A)
		Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	38,457	38,457	920	0.03	41,570	11,485,695	-	(Note B)
Pacific Liu Tung Investment Corp. (Note E)		Taipei, Taiwan	Investment	90,000	90,000	18,000	2.24	218,672	391,170	-	(Note A)	
Yue Ding Industry Co., Ltd.		Taipei, Taiwan	Department store operations	95,624	95,624	11,074	13.20	301,648	99,419	-	(Note A)	
Fu Kwok Garment Manufacturing Co., Ltd.		Kaohsiung, Taiwan	Garment production	50	-	1	0.03	66	116,249	-	(Note B)	
Kai Yuan International Investment Co., Ltd.		Asia Cement Corporation	Taipei, Taiwan	Cement production	483,448	483,448	20,207	0.60	728,529	4,860,241	-	(Note A)
		Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	793,702	793,702	34,149	1.05	1,145,553	11,485,695	-	(Note B)
	Oriental Union Chemical Corp.	Taipei, Taiwan	Petrochemical materials production	834,820	816,803	36,367	4.11	787,414	(114,925)	-	(Note A)	
	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	519,473	519,473	20,672	1.46	568,929	1,655,135	-	(Note A)	
	Kowloon Cement Co., Ltd.	Hong Kong	Cement production	226,896	226,896	1,127	49.00	482,746	58,054	-	(Note A)	
	Far Eastern International Leasing Corp.	Taipei, Taiwan	Leasing	1,026,489	1,026,489	74,970	16.80	1,146,933	1,528,756	-	(Note A)	
	Pacific Liu Tung Investment Corp. (Note E)	Taipei, Taiwan	Investment	90,000	90,000	18,000	2.24	218,874	391,170	-	(Note A)	
	Far Eastern Polychem Industries Ltd.	PET Far Eastern (Holding) Ltd.	Bermuda	Investment	US\$ 17,622	US\$ 17,622	35	9.46	587,671	(1,028,962)	-	(Note B)
		FEDP (Holding) Ltd.	Bermuda	Investment	US\$ 29,240	US\$ 29,240	240	49.57	235,028	(195,313)	-	(Note B)
		Far Eastern Ishizuka Green Pet Corporation	Japan	PET PRODUCTION AND SALE	JPY 1,214,683	JPY 1,200,000	172	85.15	37,134	(184,221)	-	(Note B)
Far Eastern Construction Co., Ltd.	Asia Cement Corporation	Taipei, Taiwan	Cement production	216,959	216,959	17,726	0.53	589,826	4,860,241	-	(Note A)	
	Far Eastern General Contractor Co., Ltd.	Taipei, Taiwan	Real estate construction	271,587	271,587	147,413	98.95	2,031,182	124,049	-	(Note B)	
Far Eastern Apparel Co., Ltd.	Asia Cement Corporation	Taipei, Taiwan	Cement production	16,246	-	469	0.01	18,803	4,860,241	-	(Note A)	
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	6,353	-	90	-	1,985	11,485,695	-	(Note B)	
	Yue Ding Industry Co., Ltd.	Taipei, Taiwan	Department store operations	29	29	7	0.01	949	99,419	-	(Note A)	
Far Eastern General Contractor Co., Ltd.	Far Eastern Technical Consultants Co., Ltd.	Taipei, Taiwan	Real estate development business consulting and management	3,864	3,864	450	9.00	4,705	2,071	-	(Note B)	
FETG Investment Antilles N.V.	Waldorf Services B.V.	The Netherlands	Investment	US\$ 19	US\$ 19	2	100.00	1,571,969	381,612	-	(Note B)	
Waldorf Services B.V.	Malaysia Garment Manufactures Pte. Ltd.	Singapore	Garment production & Investment	SGD 3,000	SGD 3,000	30	37.92	497,746	13,785	-	(Note B)	
	Far Eastern International Garments	Philippines	Garment production	US\$ 290	US\$ 290	59	41.00	(12,531)	-	-	(Note A)	
	Cemtex Apparel Inc.	Philippines	Clothing O.E.M.	PESO 9,000	PESO 9,000	90	50.00	(11,627)	-	-	(Note A)	
Malaysia Garment Manufactures Pte. Ltd.	PT Malaysia Garment Bintan	Malaysia	Garment production	IDR -	IDR -	-	99.00	(46)	-	-	(Notes B and D)	
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	748,158	748,158	40,818	1.25	1,077,250	11,485,695	-	(Note B)	
	Asia Cement Corporation	Taipei, Taiwan	Cement production	206,551	206,551	6,094	0.18	249,363	4,860,241	-	(Note A)	
	Oriental Union Chemical Corp.	Taipei, Taiwan	Petrochemical materials production	287,121	286,049	11,204	1.26	272,344	(114,925)	-	(Note A)	
	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	10,483	10,483	370	0.03	11,175	1,655,135	-	(Note A)	
	Oriental Securities Corp.	Taipei, Taiwan	Broker	95,103	95,103	5,890	0.83	86,703	(343,101)	-	(Note A)	
	Yue Ding Industry Co., Ltd.	Taipei, Taiwan	Department store operations	111,997	111,997	13,146	15.66	259,754	99,419	-	(Note A)	
	Pacific Liu Tung Investment Corp. (Note E)	Taipei, Taiwan	Investment	67,285	67,285	9,681	1.21	122,852	391,170	-	(Note A)	
	Yuan Ding Investment Co., Ltd.	Taipei, Taiwan	Investment	148,994	148,994	5,502	0.30	164,796	5,230,441	-	(Note B)	

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Share of Profits (Loss)	Notes
				December 31, 2015	December 31, 2014	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Yuan Faun Ltd.	Yuan Cheng Human Resources Consultant Corp.	Taipei, Taiwan	Personnel recruitment	\$ 7,214	\$ 7,214	745	55.19	\$ 12,359	\$ 3,672	\$ -	(Note B)
Fu Kwok Garment Manufacturing Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	19,663	19,663	520	0.02	19,734	11,485,695	-	(Note B)
Yuan Tong Investment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	2,246,035	2,246,035	100,237	3.08	2,812,888	11,485,695	-	(Note B)
	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	1,159,521	1,159,521	39,619	2.80	1,234,733	1,655,135	-	(Note A)
	Oriental Union Chemical Corp.	Taipei, Taiwan	Petrochemical materials production	1,755,017	1,511,986	49,705	5.61	1,732,471	(114,925)	-	(Note A)
	Asia Cement Corporation	Taipei, Taiwan	Cement production	888,648	888,648	28,579	0.85	1,132,423	4,860,241	-	(Note A)
	Pacific Liu Tung Investment Corp. (Note E)	Taipei, Taiwan	Investment	90,000	90,000	18,000	2.24	217,675	391,170	-	(Note A)
	Far Eastern Electronic Toll Collection Co., Ltd.	Taipei, Taiwan	Electronic toll collection service	787,104	787,104	77,257	11.98	320,276	(264,208)	-	(Note B)
	Air Liquide Far Eastern Ltd.	Taipei, Taiwan	Industrial gas production and selling	20	20	1	-	27	1,657,664	-	(Note A)
	Sino Belgium (Holding) Ltd.	Bermuda	Investment	2,255,510	2,191,960	36	90.88	23,146	(219,891)	-	(Note B)
	Freudenberg Far Eastern Spunweb Co., Ltd.	Taipei, Taiwan	Production of nonwoven industrial fabrics	34	34	1	-	36	521,895	-	(Note A)
	Malaysia Garment Manufactures Pte. Ltd.	Singapore	Garment production & Investment	SGD 7,354	SGD -	10	13.00	170,641	13,785	-	(Note B)
Yuan Ding Company Ltd.	YDT Technology International Co., Ltd.	Taipei, Taiwan	Electronic material and relevant by-product sale	100,000	100,000	13,992	100.00	304,877	44,370	-	(Note B)
	Ding Ding Integrated Marketing Services Co., Ltd.	Taipei, Taiwan	Marketing	558,000	240,000	41,633	60.00	229,537	(17,298)	-	(Note B)
	Far Eastern Technical Consultants Co., Ltd.	Taipei, Taiwan	Real estate development business consulting and management	45,182	45,182	4,550	91.00	50,226	2,071	-	(Note B)
	YDC (Virgin Islands) Ltd.	British Virgin Islands	Investment	US\$ 200	US\$ 200	-	17.70	8,790	2,481	-	(Note B)
	Ding Ding Hotel Co., Ltd.	Taipei, Taiwan	Hotel	645,021	645,021	64,502	61.99	148,571	(294,126)	-	(Note B)
	Far Eastern Electronic Commerce Co., Ltd.	Taipei, Taiwan	Electronic information providing services	239,130	239,130	23,913	53.08	(119,795)	(249,925)	-	(Note B)
	FET Consulting Engineers Co., Ltd.	Taipei, Taiwan	Business consulting	822,701	822,701	85,000	100.00	533,356	(147,542)	-	(Note B)
	Asia Cement Corporation	Taipei, Taiwan	Cement production	136,037	136,037	5,329	0.16	206,878	4,860,241	-	(Note A)
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	100,412	100,412	4,164	0.13	112,317	11,485,695	-	(Note B)
	Yue Yuan Investment Co., Ltd.	Taipei, Taiwan	Investment	411,187	411,187	129,637	25.02	1,527,843	508,158	-	(Note A)
	Yue Ming Co., Ltd.	Taipei, Taiwan	Trading	787	787	82	1.00	576	2,475	-	(Note A)
	Yue Ding Industry Co., Ltd.	Taipei, Taiwan	Department store operations	22,676	22,676	2,175	2.59	42,590	99,419	-	(Note A)
	FEDS Asia Pacific Development Ltd.	Taipei, Taiwan	Department store operations	100,000	100,000	10,650	5.00	130,303	163,010	-	(Note A)
	Far Eastern Electronic Toll Collection Co., Ltd.	Taipei, Taiwan	Electronic toll collection service	977,650	977,650	96,312	14.93	393,847	(264,208)	-	(Note B)
	Yuan Hsin Digital Payment Co., Ltd.	Taipei, Taiwan	Other financing and supporting services	300,000	300,000	30,000	20.00	217,726	(265,416)	-	(Note B)
Ding Ding Integrated Marketing Services Co., Ltd.	Far Eastern Electronic Commerce Co., Ltd.	Taipei, Taiwan	Electronic information providing services	745	745	79	0.18	(407)	(249,925)	-	(Note B)
	Yuan Hsin Digital Payment Co., Ltd.	Taipei, Taiwan	Other financing and supporting services	225,150	225,150	22,515	15.01	163,400	(265,416)	-	(Note B)
	DDIM (Virgin Islands) Ltd.	British Virgin Islands	Investment	US\$ 11,000	-	-	46.13	32,161	(170,927)	-	(Note B and D)
FET Consulting Engineers Co., Ltd.	DDIM (Virgin Islands) Ltd.	British Virgin Islands	Investment	384,970	384,970	-	53.87	37,557	(170,927)	-	(Note B and D)
YDT Technology International Co., Ltd.	Everest Textile Co., Ltd.	Taipei, Taiwan	Chemical fiber production	10,161	16,173	120	0.03	1,146	451,520	-	(Note A)
	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	51,673	51,673	2,764	0.19	94,846	1,655,135	-	(Note A)
	Asia Cement Corporation	Taipei, Taiwan	Cement production	862	862	61	-	2,342	4,860,241	-	(Note A)
	YDC (Virgin Islands) Ltd.	British Virgin Islands	Investment	US\$ 930	US\$ 930	1	82.30	40,872	2,481	-	(Note B)
Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	Taipei, Taiwan	Type I, II telecommunications services	22,249,283	22,249,283	2,100,000	100.00	27,274,470	3,032,150	-	(Note B)
	ARCOA Communication Co., Ltd.	Taipei, Taiwan	Type II telecommunications services, sales of communications products and office equipment	1,305,802	1,305,802	82,762	61.63	1,311,282	201,715	-	(Note B)
	KGEx. com. Co., Ltd.	Taipei, Taiwan	Type II telecommunications services	2,540,442	2,540,442	88,894	99.99	948,235	56,612	-	(Note B)
	Hiiir Inc.	Taipei, Taiwan	Electronic information providing services	537,260	537,260	53,726	89.54	123,831	(323,516)	-	(Note B)
	Yuan Cing Co., Ltd.	Taipei, Taiwan	Call center services	101,371	101,371	19,350	99.99	137,951	11,334	-	(Note B)
	E. World (Holdings) Ltd.	Cayman Islands	Investment	-	82,883	-	-	-	(215)	-	(Note B)
	Far EasTron Holding Ltd.	Cayman Islands	Investment	-	150,000	-	-	-	267	-	(Note B)
	Far Eastern Info Service (Holding) Ltd.	Bermuda	Investment	92,616	92,616	1	100.00	(49,267)	(37,686)	-	(Note B)
	Omusic Co., Ltd.	Taipei, Taiwan	Electronic information providing services	25,000	25,000	2,500	50.00	3,925	7,912	-	(Note B)
	Q-ware Communication Co., Ltd.	Taipei, Taiwan	Type II telecommunications services	832,038	832,038	33,983	81.46	(62,915)	254	-	(Note B)
	Far Eastern Electronic Toll Collection Co., Ltd.	Taipei, Taiwan	Electronic toll collection service	2,542,396	2,542,396	254,240	39.42	631,848	(264,208)	-	(Note B)
	Yuan Hsin Digital Payment Co., Ltd.	Taipei, Taiwan	Other financing and supporting services	450,000	450,000	45,000	30.00	326,458	(265,416)	-	(Note B)
	Ding Ding Integrated Marketing Services Co., Ltd.	Taipei, Taiwan	Marketing	139,500	60,000	10,408	15.00	57,692	(17,298)	-	(Note B)
	Alliance Digital Technology Co., Ltd.	Taipei, Taiwan	Electronic information providing services	30,000	30,000	3,000	13.33	16,008	(53,481)	-	(Note A)
	iScreen Corporation	Taipei, Taiwan	Information service	-	100,000	-	-	-	1,626	-	(Note A)
	Far Eastern Electronic Commerce Co., Ltd.	Taipei, Taiwan	Electronic information providing services	80,893	80,893	6,691	14.85	(33,032)	(249,925)	-	(Note B)
ARCOA Communication Co., Ltd.	DataExpress Infotech Co., Ltd.	Taipei, Taiwan	Sale of communications products	141,750	141,750	12,866	70.00	205,417	51,792	-	(Note B)

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Share of Profits (Loss)	Notes
				December 31, 2015	December 31, 2014	Shares (Thousands)	Percentage of Ownership	Carrying Value			
New Century InfoComm Tech Co., Ltd.	New Diligent Co., Ltd.	Taipei, Taiwan	Investment	\$ 800,000	\$ 800,000	80,000	100.00	\$ 563,778	\$ (68,414)	\$ -	(Note B)
	Information Security Service Digital United Inc.	Taipei, Taiwan	Security and monitoring service via internet	148,777	148,777	10,249	100.00	104,491	2,502	-	(Note B)
	Digital United (Cayman) Ltd.	Cayman Islands	Investment	132,406	132,406	4,320	100.00	32,555	(6,821)	-	(Note B)
	Simple InfoComm Co., Ltd.	Taipei, Taiwan	Electronic information providing services	-	34,000	-	-	-	24	-	(Note B)
	Far Eastern Electronic Commerce Co., Ltd.	Taipei, Taiwan	Electronic information providing services	28,922	28,922	2,392	5.31	(11,809)	(249,925)	-	(Note B)
New Diligent Co., Ltd.	Ding Ding Integrated Marketing Services Co., Ltd.	Taipei, Taiwan	Marketing	46,500	20,000	3,469	5.00	19,231	(17,298)	-	(Note B)
	Sino Lead Enterprise Limited	Hong Kong	Telecommunications services	125	125	-	100.00	100	(126)	-	(Note B)
	Far Eastern New Diligent Company Ltd.	British Virgin Islands	Investment	133,048	133,048	-	100.00	50,460	(74,600)	-	(Note B)
DataExpress Infotech Co., Ltd.	New Diligent Hong Kong Co., Ltd.	Hong Kong	Investment	-	-	-	-	-	-	-	(Notes B and J)
	Linkwell Tech. Ltd.	Taipei, Taiwan	Sale of communications products	10,000	10,000	-	100.00	43,413	(6,369)	-	(Note B)
	Home Master Technology Ltd.	Taipei, Taiwan	Sale of communications products	10,000	9,999	-	100.00	(9,177)	(6,240)	-	(Note B)

Notes: A. Equity-method investee.

B. Subsidiary.

C. Included 5,000 thousand common shares and 3,000 thousand preferred shares.

D. A private company.

E. The investor opened a trust account in Shanghai Bank in Taipei on September 26, 2002 to acquire the ownership of Pacific Liu Tung Investment Co., Ltd.

F. Shares in thousands.

G. Investment in mainland china, please refer to Schedule N.

H. Under the "IFRSs Questions and Answers" issued by Taiwan Stock Exchange Corp. (TWSE), the Company recognized these items as investment properties in its stand-alone financial statements and reclassified them to property, plant and equipment in the consolidated financial statements. The Company used the equity method and share of the profit or loss of associates to adjust the differences between the investment property amounts presented in the stand-alone and consolidated financial statements.

I. The share value of FENC shares held by Yuan Ding Company Ltd. and the shares of Yuan Ding Company Ltd. were adjusted resulting from investment properties are subsequently measured by the fair value.

J. New Diligent Hong Kong Co., Ltd. was established on December 4, 2014. The investment amount had not been remitted to the investee as of December 31, 2015.

K. Adjustment in investee's investment properties measured by market value method.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Renminbi and U.S. Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note A)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2015	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Amount as of December 31, 2015 (Note C)	Accumulated Repatriation of Investment Income as of December 31, 2015	Note
					Outflow	Inflow							
Far Eastern Industries (Shanghai) Ltd.	Manufacture and distribution of PET staple, PET filament, polyester top, PET performs, draw textured yarn, spinning yarn, knit fabrics, woven fabrics, knit garments and woven garments	\$ 9,383,193	2	\$ 3,700,967	\$ -	\$ -	\$ 3,700,967	\$ 248,052	100.00	\$ 248,052	\$ 9,218,147	\$ 853,493	Notes D and E
Far Eastern Apparel (Suzhou) Ltd.	Manufacture and distribution of knit garments, woven garments, non-knit garments, and nonwoven garments and accessories	1,020,840	2	1,010,901	-	-	1,010,901	100,779	100.00	100,779	1,415,564	233,172	Notes F and G
Far Eastern Industries (WuXi) Ltd.	Manufacture and distribution of combed cotton yarn, 60/40 poly/cotton blended yarn, 65/35 poly/cotton blended yarn, spun yarn, woven fabrics, greige woven fabrics, print woven fabrics, piece dyed woven fabrics and bleached woven fabrics	2,402,538	2	2,018,430	-	-	2,018,430	(78,417)	100.00	(78,417)	3,196,041	246,378	Notes H and I
Oriental Petrochemical (Shanghai) Corp.	Manufacture and distribution of PTA and its by-products	7,494,329	2	2,976,148	-	-	2,976,148	(1,528,223)	61.35	(937,565)	3,930,176	1,064,005	Note J
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Manufacture and distribution of weaving, dyeing and finishing of novelty fabrics, high-value engineered textiles industrial woven fabrics and scraps	1,842,673	2	1,342,854	-	-	1,342,854	130,463	100.00	130,463	2,371,075	92,719	Notes H and S
Far Eastern Industries (Suzhou) Ltd.	Manufacture and distribution of polyester chips, partially oriented yarn, fully oriented yarn, and polyester yarn	1,967,905	2	1,765,319	-	-	1,765,319	(195,405)	100.00	(195,405)	233,298	-	Note K
Wuhan Far Eastern New Material Ltd.	Manufacture and distribution of PET chips, PET performs and garments and its by-products	853,528	2	724,110	-	-	724,110	29,542	100.00	29,542	1,033,086	-	
Oriental Industries (Suzhou) Ltd.	Manufacture and distribution of PET performs and high-value engineered textiles industrial woven fabrics and scraps	5,463,285	2	3,656,977	1,300,271	-	4,957,248	212,473	100.00	212,473	5,625,341	-	Note H
Far Eastern New Century (China) Investment Ltd.	Investment	2,348,701	2	2,089,425	-	-	2,089,425	(485,854)	100.00	(485,854)	1,795,843	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note A)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2015	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Amount as of December 31, 2015 (Note C)	Accumulated Repatriation of Investment Income as of December 31, 2015	Note
					Outflow	Inflow							
Sino Belgium (Suzhou) Ltd.	Brewery	\$ 1,901,979	2	\$ 1,763,952	\$ -	\$ -	\$ 1,763,952	\$ (138,479)	100.00	\$ (138,479)	\$ 6,956	\$ -	Note L
Martens Beers Trading (Shanghai) Ltd.	Brewery	391,247	2	200,473	31,002	-	231,475	(10,587)	100.00	(10,587)	27,820	-	Note L
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	PA and its by-product production and sale	7,252,222	2	4,181,323	-	-	4,181,323	388	60.00	233	4,379,090	-	
Far Eastern Industries (Yangzhou) Ltd.	PA and its by-product production	1,541,423	2	1,436,190	-	-	1,436,190	16,637	100.00	16,637	1,555,215	-	
Far Eastern Union Petrochemical (Yangzhou) Corporation	PA and its by-product production	4,072,392	2	1,962,908	-	-	1,962,908	(417,187)	50.00	(208,594)	1,728,099	-	
Shanghai Yuan Zi Information Co., Ltd.	Software development, equipment maintenance and consulting	63,423	3	-	-	-	-	794	100.00	794	67,200	-	
Shanghai Far Eastern Petrochemical Logistic Ltd.	Transportation	94,810	3	-	-	-	-	9,676	100.00	9,676	133,408	-	
An Ho Garment (Suzhou) Ltd.	Garment production	4,990	3	-	-	-	-	4,678	100.00	4,678	53,874	-	
Yuan Ding Enterprise (Shanghai) Ltd.	Software development	528,940	3	-	-	-	-	(110,855)	100.00	(110,855)	257,404	-	
Tong Da air Industry (Yangzhou) Co., Ltd.	Liquid oxygen, nitrogen and hydrogen warehousing	2,053,256	2	1,020,489	-	-	1,020,489	32,658	50.00	16,329	1,043,410	-	
Yuan Ding Integrated Information Service (Shanghai) Inc.	Computer software and internet software design and development	751,735	2	240,330	357,940	-	598,270	(171,666)	100.00	(171,666)	69,555	-	Note M
Speedy (Shanghai) Digital Tech. Co., Ltd.	Intelligent control equipment and security monitoring products and services	32,631	2	24,220	-	-	24,220	3,801	100.00	3,801	47,628	-	Note N
Far Eastern Tech-info Ltd. (Shanghai)	Computer software, data processing and provision of network information	196,950	2	207,504	-	-	207,504	(44,223)	100.00	(44,223)	107,825	-	Note O
Digital United Information Technologies (Shanghai) Ltd.	Research and design of computer system	101,758	2	101,758	-	-	101,758	(7,549)	100.00	(7,549)	10,817	-	Note P
Far Eastern New Century Information Technology (Beijing) Limited	Electronic information providing services	170,690	2	131,300	-	-	131,300	(64,464)	79.04	(50,951)	78,469	-	Note Q
New Diligence Corporation (Shanghai)	Consulting services, supporting services, and wholesale of machinery and equipment	-	1	36,994	-	-	36,994	-	-	-	-	-	Notes Q and R

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Far Eastern New Century Co., Ltd. (Notes T and U)	\$ 19,134,418	\$ 25,638,872	\$ -

(Continued)

Notes: A. Investment type as follows:

1. The Group made the investment directly.
2. The Group made the investment through a company registered in a third region. The companies registered in a third region are Far Eastern Polychem Industries Ltd., PET Far Eastern (Holding) Ltd., Oriental Textile (Holding) Ltd., FEDP (Holding) Ltd., Far Eastern Polytex (Holding) Ltd., Sino Belgium (Holding) Ltd., YDC (Virgin Islands) Ltd., DDIM (Virgin Islands) Ltd., Far Eastern Info Service (Holding) Ltd., Digital United (Cayman) Ltd. and Far Eastern New Diligent Company Ltd.
3. Other.

B. Recognition of gains/losses was based on the following three information:

1. Financial statements of these companies, which were audited by an international accounting firm with a cooperative relationship with an ROC accounting firm: Far Eastern Industries (Shanghai) Ltd., Sino Belgium (Suzhou) Limited, Far Eastern Apparel (Suzhou) Ltd., Oriental Petrochemical (Shanghai) Corp., Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd., Far Eastern Industries (Suzhou) Ltd., Wuhan Far Eastern New Material Ltd., Far Eastern Industries (WuXi) Ltd. and Oriental Industries (Suzhou) Ltd.
2. Financial statements of these companies, which were audited by the parent company's accounting firm: Far Eastern Tech-info Ltd. (Shanghai), Digital United Information Technology (Shanghai) Co., Ltd., New Diligence Tech-info (Shanghai) Ltd. and Far Eastern New Century Information Technology (Beijing) Limited.
3. Others: Far Eastern New Century (China) Investment Ltd., Martens Beers Trading (Shanghai) Ltd., Yuan Ding Integrated Information Service (Shanghai) Inc., Speedy (Shanghai) Digital Tech. Co., Ltd., Far Eastern Yihua Petrochemical (Yangzhou) Corporation, Far Eastern Industries (Yangzhou) Ltd., Far Eastern Union Petrochemical (Yangzhou) Corporation., Shanghai Yuan Zi Information Co., Ltd., Shanghai Far Eastern Petrochemical Logistic Ltd., An Ho Garment (Suzhou) Ltd., Suqian Far Eastern Apparel Co., Ltd. and Yuan Ding Enterprise (Shanghai) Ltd.

C. The ending balance of investment recognized by parent company.

D. As of December 31, 2015, the accumulated outflow of investment from Taiwan was NT\$3,700,967 thousand which NT\$3,134,807 thousand where from the Company and the other was from Yuan Ding Investment Co., Ltd.

E. As of December 31, 2015, the remitted amount of profit of investment was the total cash dividend of Far Eastern Polychem Industries Ltd. received by FENC and Yuan Ding Investment Co., Ltd.

F. As of December 31, 2015, the accumulated outflow of investment from Taiwan was NT\$1,010,901 thousand which NT\$509,725 thousand was remitted by FENC the other was by Yuan Ding Investment Co., Ltd.

G. As of December 31, 2015, the profit of investment was cash dividend paid by Far Eastern Apparel (Suzhou) Ltd. remitted through an FENC subsidiaries, Far Eastern Polytex (Holding) Ltd. and Far Eastern Apparel (Holding) Ltd.

H. As of December 31, 2015, the accumulated outflow of investment from Taiwan was remitted by Yuan Ding Investment Co., Ltd.

I. As of December 31, 2015, the profit of investment was cash dividend paid by Far Eastern Industries (WuXi) Ltd. remitted through an FENC subsidiaries, Oriental Textile (Holding) Ltd.

J. As of December 31, 2015, the profit of investment was cash dividend paid by Oriental Petrochemical (Shanghai) Corp. remitted through an FENC subsidiaries, PET Far Eastern (Holding) Ltd. and Far Eastern Polytex (Holding) Ltd.

K. As of December 31, 2015, the accumulated outflow of investment from Taiwan was NT\$1,765,319 thousand which NT\$1,099,293 thousand was remitted by FENC, and the other was by subsidiaries, Yuan Ding Investment Co., Ltd. and Yuan Tong Investment Corporation.

L. As of December 31, 2015, the accumulated outflow of investment from Taiwan was remitted by an FENC subsidiary, Yuan Tong Investment Corporation.

M. As of December 31, 2015, the accumulated outflow of investment from Taiwan was remitted by an FENC subsidiary, YDT Technology International Co., Ltd., Ding Ding Integrated Marketing Services Co., Ltd. and FET Consulting Engineers Co., Ltd.

N. As of December 31, 2015, the accumulated outflow of investment from Taiwan was remitted by an FENC subsidiary, YDT Technology International Co., Ltd.

O. As of December 31, 2015, the accumulated outflow of investment from Taiwan was remitted by an FENC subsidiary, Far EasTone Telecommunications Co., Ltd.

P. As of December 31, 2015, the accumulated outflow of investment from Taiwan was remitted by an FENC subsidiary, New Century InfoComm Tech Co., Ltd.

Q. On June 27, 2012, New Diligence Corporation (Shanghai) remitted back to Taiwan US\$73 thousand, the investment registered with the Investment Commission of the MOEA, and wrote off this same amount.

R. As of December 31, 2015, the accumulated outflow of investment from Taiwan was remitted by an FENC subsidiary, New Diligent Co., Ltd.

S. As of December 31, 2015, the profit of investment was cash dividend paid by Far Eastern Dyeing & Finishing (Suzhou) Ltd. remitted through an FENC subsidiaries, Far Eastern Apparel (Holding) Ltd.

T. Investment amounts authorized by Investment Commission, MOEA were included by US\$778,755 thousand and RMB6,695 thousand which was the original investment from Far Eastern Polytex (Holding) Ltd. and approved by Investment Commission under the Ministry of Economic Affairs.

U. Based on MOEA Approval Letter No. 10320431180, there is no cap on the amount of the Company's investment.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

**INVESTMENT IN MAINLAND CHINA - INVESTMENT TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of U.S. Dollars)**

Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area (US\$)	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Far Eastern Industries (Shanghai) Ltd.	Far Eastern New Century Corporation	1996.07.09	No. 84015136	Far Eastern Polychem Industries Ltd.	\$ 6,000	\$ 6,000			
	Yuan Ding Investment Co., Ltd.			Far Eastern Polychem Industries Ltd.	24,000	24,000			
	Far Eastern New Century Corporation	2004.12.29	No. 093032400	Far Eastern Polychem Industries Ltd.	1,712		\$ 1,712		
	Far Eastern New Century Corporation	2004.12.30	No. 093032090	Far Eastern Polychem Industries Ltd.	1,540			\$ 1,540	
	Far Eastern New Century Corporation	2004.11.03	No. 093032240	Far Eastern Polychem Industries Ltd.	3,879		3,879		
	Yuan Ding Investment Co., Ltd.	2004.12.29	No. 093032402	Far Eastern Polychem Industries Ltd.	7,014		7,014		
	Yuan Ding Investment Co., Ltd.	2004.11.02	No. 093032239	Far Eastern Polychem Industries Ltd.	15,898		15,898		
	Yuan Ding Investment Co., Ltd.	2004.12.29	No. 093032089	Far Eastern Polychem Industries Ltd.	6,313			6,313	
	Far Eastern New Century Corporation	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Ltd.	31,779	31,779			
	Far Eastern New Century Corporation	2008.06.27	No. 09700163440	Far Eastern Polychem Industries Ltd.	56,000	56,000			
	Far Eastern New Century Corporation	2008.04.18	No. 09700045490	Far Eastern Polychem Industries Ltd.	4,800	4,800			
					8,198 (Note E)				
		Far Eastern New Century Corporation	2010.04.19	No. 09900142680 (Note D)	Far Eastern Polychem Industries Ltd.	11,500	11,500		
Far Eastern Apparel (Suzhou) Ltd.	Yuan Ding Investment Co., Ltd.	1996.10.16	No. 85016219	Far Eastern Apparel (Holding) Ltd.	10,000	10,000			
	Yuan Ding Investment Co., Ltd.	2003.10.30	No. 092033299	Far Eastern Apparel (Holding) Ltd.	5,000	5,000			
	Far Eastern New Century Corporation	2006.05.23	No. 09500112650	Far Eastern Polytex (Holding) Ltd.	11,000	11,000			
	Far Eastern New Century Corporation	2008.03.31	No. 09700038490	Far Eastern Polytex (Holding) Ltd.	5,000	5,000			
Far Eastern Industries (WuXi) Ltd.	Yuan Ding Investment Co., Ltd.	2002.06.21	No. 091011903	Oriental Textile (Holding) Ltd.	19,960	19,960			
	Yuan Ding Investment Co., Ltd.	2005.11.03	No. 094024169	Oriental Textile (Holding) Ltd.	40,000	40,000			
Far Eastern Industries (Shanghai) Ltd.	Far Eastern New Century Corporation	2009.11.17	No. 09800408170 (Note B)	Far Eastern Polychem Industries Ltd.	1,228				\$ 1,228
	Yuan Ding Investment Co., Ltd.	2009.11.17	No. 09800408160 (Note C)	PET Far Eastern (Holding) Ltd.	6,592				6,592
	Far Eastern New Century Corporation	2008.06.27	No. 09700163430	PET Far Eastern (Holding) Ltd.	49,500	49,500			
	Far Eastern New Century Corporation	2008.04.18	No. 09700045500	Far Eastern Polychem Industries Ltd.	4,800	4,800			
				PET Far Eastern (Holding) Ltd.	2,936 (Note F)				
	Far Eastern New Century Corporation	2009.12.25	No. 09800456740	PET Far Eastern (Holding) Ltd.	41,171	41,171			
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Yuan Ding Investment Co., Ltd.	2003.10.31	No. 092033525	Far Eastern Apparel (Holding) Ltd.	20,000	20,000			
	Yuan Ding Investment Co., Ltd.	2008.10.13	No. 09700348610	Far Eastern Apparel (Holding) Ltd.	30,000	30,000			
Far Eastern Industries (Shanghai) Ltd.	Yuan Ding Investment Co., Ltd.	2002.11.26	No. 091035216	Far Eastern Polychem Industries Ltd.	9,352				9,352
	Far Eastern New Century Corporation	2004.10.11	No. 093025506	FEDP (Holding) Ltd.	1,569			1,569	
	Far Eastern New Century Corporation	2004.10.14	No. 093030298	Far Eastern Polychem Industries Ltd.	713				713
	Far Eastern New Century Corporation	2010.10.12	No. 09900403430 (Note H)	FEDP (Holding) Ltd.	5,288	5,288			
	Far Eastern New Century Corporation	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Ltd.	4,524	4,524			
	Far Eastern New Century Corporation	2008.04.18	No. 09700045510	FEDP (Holding) Ltd.	4,800 754 (Note G)	4,800			

(Continued)

Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area (US\$)	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Far Eastern Industries (Suzhou) Ltd.	Far Eastern New Century Corporation	2010.12.29	No. 09900470520 (Note I)	FEDP (Holding) Ltd.	\$ 18,224	\$ 18,224			
	Yuan Ding Investment Co., Ltd.	2005.08.01	No. 094015006	Oriental Textile (Holding) Ltd.	19,800	19,800			
	Yuan Ding Investment Co., Ltd.	2006.02.09	No. 094037416	Oriental Textile (Holding) Ltd.	30,200	30,200			
	Yuan Ding Investment Co., Ltd.	2007.10.02	No. 09600280400	Oriental Textile (Holding) Ltd.	23,000	23,000			
	Yuan Ding Investment Co., Ltd.	2008.09.01	No. 09700172130	Oriental Textile (Holding) Ltd.	32,500	32,500			
	Yuan Ding Investment Co., Ltd.	2013.04.29	No. 10200127470	Oriental Textile (Holding) Ltd.	8,000	8,000			
	Yuan Ding Investment Co., Ltd.	2014.09.11	No. 10300223190 (Note K)	Oriental Textile (Holding) Ltd.	43,000	43,000			
Wuhan Far Eastern New Material Ltd.	Far Eastern New Century Corporation	2006.05.19	No. 09500090070	Far Eastern Polytex (Holding) Ltd.	12,000	12,000			
	Far Eastern New Century Corporation	2009.06.29	No. 09800135640	Far Eastern Polytex (Holding) Ltd.	10,000	10,000			
	Far Eastern New Century Corporation	2010.12.21	No. 09900470530	Far Eastern Polytex (Holding) Ltd.	RMB 6,695				RMB 6,695
Far Eastern New Century (China) Investment Ltd. (Note A)	Far Eastern New Century Corporation	2006.08.01	No. 09500124430	Far Eastern Polytex (Holding) Ltd.	48,000	48,000			
Sino Belgium Beer (Suzhou) Ltd.	Yuan Tong Investment Co., Ltd.	2007.08.02	No. 09600248620	Sino Belgium (Holding) Ltd.	18,000	18,000			
	Yuan Tong Investment Co., Ltd.	2008.02.21	No. 09600451060	Sino Belgium (Holding) Ltd.	12,000	12,000			
	Yuan Tong Investment Co., Ltd.	2014.04.24	No. 10300091010 (Note L)	Sino Belgium (Holding) Ltd.	16,000	16,000			
	Yuan Tong Investment Co., Ltd.	2014.12.19	No. 10300249370 (Note O)	Sino Belgium (Holding) Ltd.	10,000	10,000			
Martens Beers Trading (Shanghai) Ltd.	Yuan Tong Investment Co., Ltd.	2008.12.10	No. 09700456110	Sino Belgium (Holding) Ltd.	3,800	3,800			
	Yuan Tong Investment Co., Ltd.	2010.07.29	No. 09900284200	Bockhold N.V. Martens HK Ltd.	4,304				\$ 4,304
		2014.04.24	No. 10300091010 (Note L)	Sino Belgium (Holding) Ltd.	1,500	1,500			
	Yuan Tong Investment Co., Ltd.	2013.11.28	No. 10200451570 (Note N)	Sino Belgium (Holding) Ltd.	1,100	1,100			
	Yuan Tong Investment Co., Ltd.	2014.12.19	No. 10300249370 (Note O)	Sino Belgium (Holding) Ltd.	1,000	1,000			
Far Eastern Tech-Info Ltd. (Shanghai)	Far Eastone Telecommunications Co., Ltd.	2004.08.26	No. 093018811	Far Eastern Info Service (Holding) Limited	2,500	2,500			
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	Far Eastern New Century Corporation	2011.06.23	No. 10000021360 (Note J)	Far Eastern Polytex (Holding) Ltd.	166,000	166,000			
Far Eastern Industries (Yangzhou) Ltd.	Far Eastern New Century Corporation	2012.03.30	No. 10100043080	Far Eastern Polychem Industries Ltd.	49,000	49,000			
Far Eastern Union Petrochemical (Yangzhou) Corporation	Far Eastern New Century Corporation	2012.08.31	No. 10100115020 (Note M)	PET Far Eastern (Holding) Ltd.	100,000	100,000			
Yuan Ding Enterprise (Shanghai) Ltd.	Far Eastern New Century Corporation	2013.11.08	No. 10200399280	Far Eastern Polytex (Holding) Ltd. Far Eastern New Century (China) Investment Ltd.	1,000	1,000			
	Far Eastern New Century Corporation	2014.01.28	No. 10200399290 (Note R)	Far Eastern Polytex (Holding) Ltd. Far Eastern New Century (China) Investment Ltd.	82,340	82,340			
Tong Da Air Industry (Yangzhou) Co., Ltd.	Far Eastern New Century Corporation	2014.01.28	No. 10300203670 (Note Q)	PET Far Eastern (Holding) Ltd.	33,500	33,500			
Yuan Ding Integrated Information Service (Shanghai) Inc.	YDT Technology International Co., Ltd.	2011.10.19	No. 10000429550	YDC (Virgin Islands) Ltd.	110	110			
	FET Consulting Engineers Co., Ltd.	2011.11.03	No. 10000439470	DDIM (Virgin Islands) Ltd.	8,100	8,100			
	Ding Ding Integrated Marketing Service Co., Ltd.	2015.08.11	No. 10400179060	DDIM (Virgin Islands) Ltd.	1,100	1,100			
Speedy (Shanghai) Digital Tech. Co., Ltd.	YDT Technology International Co., Ltd.	2004.02.11	No. 093003471	YDC (Virgin Islands) Ltd.	300	300			
		2005.02.05	No. 094003122	YDC (Virgin Islands) Ltd.	500	500			

(Continued)

Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area (US\$)	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Far Eastern Tech-Info Ltd. (Shanghai)	Far Eastone Telecommunications Co., Ltd.	2004.08.26	No. 093018811	Far Eastern Info Service (Holding) Ltd.	\$ 2,500	\$ 2,500			
	New Diligent Co., Ltd.	2014.01.29	No. 10300022990	Far Eastern New Diligent Company Ltd.	3,500	3,500			
Digital United Information Technologies (Shanghai) Co., Ltd.	New Century InfoComm Tech Co., Ltd.	2002.10.07	No. 091041498	Digital United (Cayman) Ltd.	3,100				\$ 3,100
	New Century InfoComm Tech Co., Ltd.	2013.08.09	No. 10200302730	Digital United (Cayman) Ltd.	1,000	1,000			
New Diligence Corporation (Shanghai)	New Diligent Co., Ltd.	2007.08.08	No. 09600261870	New Diligent Co., Ltd. (Note P)	1,127	1,127			
	New Diligent Co., Ltd.	2012.11.19	No. 10100496420	Far Eastern New Diligent Company Ltd.	4,000	4,000			

- Notes: A. Far Eastern New Century (China) Investment Ltd. invested US\$30,000 thousand in Far Eastern Industries (Shanghai) Ltd. and US\$16,000 thousand in Oriental Petrochemical (Shanghai) Ltd.
- B. Document No. 092035971 has been canceled and replaced with document No. 09800408170.
- C. Document No. 092035970 has been canceled and replaced with document No. 09800408160.
- D. The approved amount of US\$12,000 thousand as stated in document No. 09800283970 dated September 18, 2009 had been changed to US\$11,500 thousand while awaiting the completion of the-review process on April 19, 2010.
- E. The shares offered for the privatization of FEPI had antidilutive effects; thus, FEPI's ownership of and amount invested in Far Eastern Industry (Shanghai) Ltd. increased.
- F. The shares offered for the privatization of FEPI had antidilutive effects; thus, FEPI's ownership of and amount invested in Oriental Petrochemical (Shanghai) Ltd. increased.
- G. The shares offered for the privatization of FEPI had antidilutive effects; thus, FEPI's ownership of and amount invested in Far Eastern Industries (Suzhou) Ltd. increased.
- H. Under the original investment scheme, the investment in Far Eastern Industry (Suzhou) Ltd. was made indirectly through Far Eastern Polytex (Holding) Ltd. and FEDP (Holding) Ltd. under the approval stated in Letter No. 09600059830 of the Ministry of Economic Affairs (MOEA). After a scheme modification, this investment was made indirectly only through FEDP (Holding) Ltd. under the MOEA's approval (Letter No. 09900403430).
- I. After obtaining MOEA approval (No. 09900470520), FENC received from FEDP (Holding) Ltd. the equity of Yuan Tong Investment Co., Ltd. amounting US\$18,224 thousand (MOEA approval No. 09600243260).
- J. After obtaining MOEA approval (No. 10000021360), FENC made its subsidiary, Far Eastern Polytex (Holding) Ltd., indirectly invest US\$166,000 thousand in Far Eastern Yihua Petrochemical (Yangzhou) Corporation. As of December 31, 2015, FENC paid US\$139,400 thousand in this indirect investment.
- K. After modifying MOEA approval from No. 10300140570 to No. 10300223190, FENC's subsidiary, Yuan Ding Investment Co., Ltd. amended to make its Oriental Textile (Holding) Ltd. indirectly invest US\$43,000 thousand or equivalent RMB in Far Eastern Industries (Suzhou) Ltd. As of December 31, 2015, Yuan Ding Investment Co., Ltd. remitted RMB258,000 thousand to this indirect investment.
- L. After modifying MOEA approval from No. 10000446910 to No. 10300091010, FENC made its subsidiary, Yuan Tong Investment Co., Ltd. amended to make its Sino Belgium (Holding) Ltd. indirectly invest US\$17,500 thousand in Sino Belgium Beer (Suzhou) Ltd. and Martens Beers Trading (Shanghai) Ltd.
- M. After obtaining MOEA approval (No. 10100115020), FENC made its subsidiary, PET Far Eastern (Holding) Ltd., indirectly invest US\$100,000 thousand in Far Eastern Union Petrochemical (Yangzhou) Ltd. As of December 31, 2015, FENC remitted US\$66,000 thousand to this indirect investment.
- N. After obtaining MOEA approval (No. 10200451570), FENC's subsidiary, Yuan Tong Investment Co., Ltd. made its subsidiary, Sino Belgium (Holding) Ltd., indirectly invest US\$1,100 thousand in Martens Beers Trading (Shanghai) Ltd. As of December 31, 2015, Yuan Tong Investment Co., Ltd. remitted US\$1,065 thousand to this indirect investment.
- O. After obtaining MOEA approval (No. 10300249370), FENC's subsidiary Yuan Tong Investment Co., Ltd. made its subsidiary, Sino Belgium (Holding) Ltd. indirectly invest US\$11,000 thousand in Sino Belgium Beer (Suzhou) Ltd. and Martens Beers Trading (Shanghai) Ltd. As of December 31, 2015, FENC remitted US\$10,950 thousand to this indirect investment.
- P. On June 27, 2012, New Diligence Corporation (Shanghai) remitted back to Taiwan US\$73 thousand, the investment registered with the MOEA's Investment Commission, which then canceled this amount.
- Q. After modifying MOEA approval from No. 10200478110 to No. 10300203670, FENC amended its indirectly investment to US\$33,500 thousand and made its subsidiary, PET Far Eastern (Holding) Ltd. indirectly invest Tong Da Air Industry (Yangzhou) Co., Ltd.
- R. After obtaining MOEA approval (No. 10200399290), FENC made it subsidiary, Far Eastern Polytex (Holding) Ltd. and Far Eastern New Century (China) Investment Ltd., indirectly invest US\$82,340 thousand in Yuan Ding Enterprise (Shanghai) Ltd. As of December 31, 2015, FENC remitted US\$16,625 thousand as its indirect investment.

(Concluded)