

Far Eastern New Century Corporation

**Financial Statements for the
Years Ended December 31, 2016 and 2015 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
Far Eastern New Century Corporation

Opinion

We have audited the financial statements of Far Eastern New Century Corporation (the "Company"), which comprise the balance sheets as of December 31, 2016 and 2015, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016 and 2015, and its financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of the key audit matters of the financial statements for the year ended in December 31, 2016 are as follows:

Fair Value Evaluation of Investment Properties (Including Investment Properties Held by Subsidiaries Which Are accounted for Using the Equity Method)

The Company's investment properties (including the investment properties held by subsidiaries which are accounted for by using the equity method) are subsequently measured using the fair value model. The fair value evaluation involves significant accounting estimations and judgment, and the recognition of fair value fluctuations significantly impacts the gains or losses on the changes in fair value of investment properties and the share of profit or loss of subsidiaries and associates. As a result, the fair value evaluation of investment properties (including the investment properties held by subsidiaries which are accounted for by using the equity method) is considered a key audit matter.

For the accounting policies, significant accounting judgment, evaluation, and assumptions of the main sources of uncertainty related to investment properties, refer to Notes 4(9) and 5 of the accompanying financial statements. For more information about the Company's investment properties, refer to Note 13 of the financial statements.

For the fair value evaluation of investment properties, our corresponding audit procedures were as follows:

1. We assessed the competencies and independence of the external valuer engaged by the management and discussed with the management the valuer's work scope and process of engagement acceptance to evaluate the risk of the possible impairment of the valuer's independence and evaluate whether the valuer's work scope was free from limiting factors.
2. We assessed the reasonableness of the valuer's assumptions and methods used in the valuation.
3. We audited items from management's supporting documentation, including data which was used in the valuation process by the valuer.

Evaluation of Impairment Loss of Related Assets from the Company's Subsidiaries' Equity-Method Investee

The Company's subsidiaries' equity-method investee, Far EasTone Telecommunications Corporation ("Far EasTone") is a material component. Far EasTone is in the telecommunications industry which is a highly competitive industry with a rapidly changing environment. Economic trends and technology development influence the management's evaluation and judgment on the expected economic benefits and recoverable amounts of the cash-generating units to which the assets belong, which in return is used for the evaluation of the assets' impairment. The management's evaluation and judgment of related assets' impairment would impact the share of profit or loss of subsidiaries and associates. As a result, the evaluation of impairment loss of related assets from the Company's subsidiaries' equity-method investee is considered a key audit matter.

For the evaluation of impairment loss of related assets from the Company's subsidiaries' equity-method investee, our corresponding audit procedures were as follows:

1. We obtained an understanding of the Company's asset impairment evaluation processes and of the design and implementation of the related controls.
2. We obtained the Company's asset impairment evaluation reports for each cash-generating unit.

3. We evaluated the reasonableness of the Company's identification of the assets which were considered impaired and the assumptions and sensitivity used in the asset impairment assessments, including the appropriateness of the classification of the cash-generating units, cash flow forecasts and the discount rates used.

Recognition of Telecommunications Service Revenue from the Company's Subsidiaries' Equity-Method Investee

The Company's subsidiaries' equity-method investee, Far EasTone Telecommunications Corporation ("Far EasTone") is a material component. The telecommunications service revenue is the main source of the revenue of Far EasTone. The calculation of the telecommunications service revenue relies heavily on automated systems and includes complicated and huge amounts of data transmission. In order to meet market demands and remain competitive, the Company often launches different combinations of products and services which make the calculation of revenue more complex and directly affects the accuracy and timing of revenue recognition. The recognition of telecommunications service revenue impacts the share of the profit or loss of subsidiaries and associates. As the result, the recognition of telecommunications service revenue is considered a key audit matter.

For recognition of telecommunications service revenue, our corresponding audit procedures were as follows:

1. We obtained an understanding of the Company's recognition of telecommunications service revenue and the design and implementation of the related controls.
2. We reviewed the contracts of mobile subscribers to confirm the accuracy of the information in the accounting system.
3. We performed dialing tests to verify the accuracy and completeness of the traffic data and information in the switch equipment.
4. We tested the accuracy of the billing calculation.
5. We tested the completeness and accuracy of the calculation and billing of monthly fees and airtime fees.
6. We tested the completeness and accuracy of the calculation and billing of value-added service fees.

For the revenue recognition of billed and unbilled amounts, we conducted the following tests:

1. For the billed amounts, we checked whether there was any difference between the reports generated from the accounting system and the billing system.
2. For the unbilled amounts, we recalculated the service revenue for services provided as of the balance sheet date based on the applied charge rates to confirm the accuracy.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ching-Pin Shih and Cheng-Hung Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2017

Notice to Readers

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

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

FAR EASTERN NEW CENTURY CORPORATION

BALANCE SHEETS DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

ASSETS	2016		2015	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 25)	\$ 13,932,650	5	\$ 14,213,766	5
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 25)	49,525	-	99,125	-
Notes and accounts receivable, net (Notes 4, 9 and 25)	6,960,762	3	7,193,069	3
Other receivables (Note 25)	307,556	-	4,063,193	1
Current tax assets	12,005	-	14,663	-
Inventories (Notes 4 and 10)	6,231,657	2	6,349,136	2
Prepayments	68,168	-	113,066	-
Other current assets	265,424	-	250,048	-
Total current assets	<u>27,827,747</u>	<u>10</u>	<u>32,296,066</u>	<u>11</u>
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 8)	740,500	-	781,027	-
Investments accounted for using equity method (Notes 4, 11 and 26)	230,569,651	81	235,733,762	80
Property, plant and equipment (Notes 4, 12 and 26)	24,509,217	9	24,340,572	8
Investment properties (Notes 4, 5, 13 and 26)	1,456,014	-	1,446,491	1
Other intangible assets (Notes 4 and 14)	24,499	-	20,622	-
Deferred tax assets (Notes 4 and 21)	138,658	-	148,237	-
Prepayment for equipment (Note 12)	308,692	-	236,690	-
Refundable deposits (Note 25)	91,479	-	53,776	-
Other financial assets - non-current (Note 26)	41,174	-	48,205	-
Other non-current assets	62,317	-	62,165	-
Total non-current assets	<u>257,942,201</u>	<u>90</u>	<u>262,871,547</u>	<u>89</u>
TOTAL	<u>\$ 285,769,948</u>	<u>100</u>	<u>\$ 295,167,613</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 2,033,578	1	\$ 40,366	-
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 25)	3,166	-	-	-
Notes and accounts payable	2,008,267	1	2,133,929	1
Notes and accounts payable to related parties (Note 25)	1,208,687	1	637,379	-
Payables to suppliers of machinery and equipment	4,960	-	8,716	-
Other payable	3,735,929	1	3,438,101	1
Provisions - current (Note 17)	-	-	1,461	-
Receipts in advance	285,380	-	358,988	-
Current portion of long-term liabilities (Note 16)	9,696,741	3	13,575,460	5
Other current liabilities	864,260	-	775,790	-
Total current liabilities	<u>19,840,968</u>	<u>7</u>	<u>20,970,190</u>	<u>7</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 16)	38,545,506	13	36,447,254	12
Long-term borrowings (Notes 15 and 25)	32,578,264	11	36,169,650	12
Deferred tax liabilities (Notes 4 and 21)	1,596,464	1	1,930,822	1
Net defined benefit liabilities - non-current (Notes 4 and 18)	2,259,559	1	2,359,176	1
Guarantee deposits received	3,144	-	3,043	-
Deferred credit - gain on related-party transactions (Note 25)	35,828	-	35,913	-
Other non-current liabilities (Note 11)	23,760	-	-	-
Total non-current liabilities	<u>75,042,525</u>	<u>26</u>	<u>76,945,858</u>	<u>26</u>
Total liabilities	<u>94,883,493</u>	<u>33</u>	<u>97,916,048</u>	<u>33</u>
EQUITY (Note 19)				
Capital stock				
Common stock	53,528,751	19	53,528,751	18
Capital surplus	2,859,588	1	2,807,683	1
Retained earnings				
Legal reserve	15,315,028	5	14,511,559	5
Special reserve	110,292,892	39	108,721,550	37
Unappropriated earnings	11,785,464	4	13,706,389	5
Total retained earnings	137,393,384	48	136,939,498	47
Other equity	(2,870,205)	(1)	4,000,696	1
Treasury shares	(25,063)	-	(25,063)	-
Total equity	<u>190,886,455</u>	<u>67</u>	<u>197,251,565</u>	<u>67</u>
TOTAL	<u>\$ 285,769,948</u>	<u>100</u>	<u>\$ 295,167,613</u>	<u>100</u>

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

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 25)				
Net sales	\$ 44,735,795	100	\$ 46,837,024	100
Other operating revenue	<u>13,642</u>	-	<u>12,505</u>	-
Total operating revenue	<u>44,749,437</u>	<u>100</u>	<u>46,849,529</u>	<u>100</u>
OPERATING COSTS (Notes 10, 20 and 25)				
Cost of goods sold	40,620,551	91	42,559,154	91
Other operating cost	<u>15,284</u>	-	<u>13,759</u>	-
Total operating costs	<u>40,635,835</u>	<u>91</u>	<u>42,572,913</u>	<u>91</u>
GROSS PROFIT	<u>4,113,602</u>	<u>9</u>	<u>4,276,616</u>	<u>9</u>
OPERATING EXPENSES (Notes 20 and 25)				
Selling and marketing	3,007,620	7	2,691,283	6
General and administrative	1,123,249	2	1,281,387	3
Research and development	<u>849,096</u>	<u>2</u>	<u>757,250</u>	<u>1</u>
Total operating expenses	<u>4,979,965</u>	<u>11</u>	<u>4,729,920</u>	<u>10</u>
OPERATING LOSS	<u>(866,363)</u>	<u>(2)</u>	<u>(453,304)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES				
Share of the profit or loss of subsidiaries and associates (Note 11)	8,318,840	19	9,177,312	20
Interest income	65,030	-	137,142	-
Rental income	23,284	-	22,566	-
Dividend income	31,911	-	30,285	-
Other income	241,453	1	215,466	-
Gain on disposal of property, plant and equipment (Note 12)	3,237	-	11,352	-
Gain on disposal of investments	85	-	85,873	-
Net exchange (loss) gain (Note 4)	(271,978)	(1)	92,332	-
(Loss) gain on financial assets (liabilities) at fair value through profit or loss (Note 7)	(222,598)	(1)	283,364	1
Gain on change in fair value of investment properties (Note 13)	9,523	-	33,138	-
Interest expense	(962,019)	(2)	(1,025,841)	(2)
Other expenses	(207,516)	(1)	(203,712)	-
Loss on disposal of investment properties (Note 13)	-	-	(42,065)	-
Impairment loss	<u>(171,055)</u>	<u>-</u>	<u>(108,150)</u>	<u>-</u>
Total non-operating income and expenses	<u>6,858,197</u>	<u>15</u>	<u>8,709,062</u>	<u>19</u>

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 5,991,834	13	\$ 8,255,758	18
INCOME TAX EXPENSE (BENEFIT) (Notes 4, 5 and 21)	<u>315,952</u>	<u>1</u>	<u>(221,067)</u>	<u>(1)</u>
NET INCOME	<u>6,307,786</u>	<u>14</u>	<u>8,034,691</u>	<u>17</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(404,822)	(1)	(1,381,087)	(3)
Share of other comprehensive loss of subsidiaries and associates	(89,970)	-	(145,808)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>8,820</u>	<u>-</u>	<u>234,785</u>	<u>-</u>
	<u>(485,972)</u>	<u>(1)</u>	<u>(1,292,110)</u>	<u>(3)</u>
Items that may be reclassified subsequently to profit or loss:				
Unrealized loss on available-for-sale financial assets	(40,527)	-	(13,951)	-
Share of other comprehensive loss of subsidiaries and associates	<u>(6,831,122)</u>	<u>(15)</u>	<u>(3,015,844)</u>	<u>(6)</u>
	<u>(6,871,649)</u>	<u>(15)</u>	<u>(3,029,795)</u>	<u>(6)</u>
Total other comprehensive loss	<u>(7,357,621)</u>	<u>(16)</u>	<u>(4,321,905)</u>	<u>(9)</u>
TOTAL COMPREHENSIVE (LOSS) INCOME	<u>\$ (1,049,835)</u>	<u>(2)</u>	<u>\$ 3,712,786</u>	<u>8</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 22)				
Basic	<u>\$ 1.26</u>		<u>\$ 1.61</u>	
Diluted	<u>\$ 1.26</u>		<u>\$ 1.60</u>	

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars; Except Dividend Per Share)**

	Common Stock (Note 20)	Capital Surplus (Notes 4 and 20)	Legal Reserve (Note 20)	Special Reserve (Note 20)	Unappropriated Earnings (Note 20)	Other Equity					Total Equity
						Exchange Differences on Translating Foreign Operations (Notes 4 and 20)	Unrealized Gain (Loss) on Available-for- sale Financial Assets (Notes 4 and 20)	Cash Flow Hedges (Notes 4 and 20)	Gain on Property Revaluation (Notes 4 and 20)	Treasury Shares (Note 20)	
BALANCE AT JANUARY 1, 2015	\$ 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
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)
Stock dividends 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
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)
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
Change in associates accounted for using the equity method	-	179,117	-	(10)	(20,015)	-	-	-	-	-	159,092
Effect on changes in percentage of ownership in associates	-	10,285	-	-	-	-	-	-	-	-	10,285
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	916	-	-	-	-	-	-	-	-	916
Reversal of special reserve	-	-	-	(1,538,965)	1,538,965	-	-	-	-	-	-
BALANCE, 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
Appropriation of the 2015 earnings											
Legal reserve	-	-	803,469	-	(803,469)	-	-	-	-	-	-
Special reserve	-	-	-	2,165,513	(2,165,513)	-	-	-	-	-	-
Cash dividends - NT\$1.0 per share	-	-	-	-	(5,352,875)	-	-	-	-	-	(5,352,875)
Net income for the year ended December 31, 2016	-	-	-	-	6,307,786	-	-	-	-	-	6,307,786
Other comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	(486,720)	(3,852,495)	(3,067,584)	48,430	748	-	(7,357,621)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	5,821,066	(3,852,495)	(3,067,584)	48,430	748	-	(1,049,835)
Change in associates accounted for using the equity method	-	51,126	-	(1,196)	(13,109)	-	-	-	-	-	36,821
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	779	-	-	-	-	-	-	-	-	779
Reversal of special reserve	-	-	-	(592,975)	592,975	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2016	\$ 53,528,751	\$ 2,859,588	\$ 15,315,028	\$ 110,292,892	\$ 11,785,464	\$ (1,577,812)	\$ (1,947,657)	\$ (47,514)	\$ 702,778	\$ (25,063)	\$ 190,886,455

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

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,991,834	\$ 8,255,758
Adjustments for:		
Depreciation	2,085,962	2,145,777
Amortization	10,391	10,517
Allowance for doubtful accounts	237,515	-
Interest expenses	962,019	1,025,841
Interest income	(65,030)	(137,142)
Dividend income	(31,911)	(30,285)
Share of the profit of subsidiaries and associates	(8,318,840)	(9,177,312)
Gain on disposal of property, plant and equipment	(3,237)	(11,352)
Loss on disposal of investment properties	-	42,065
Gain on disposal of investments	(85)	(85,873)
Impairment loss	171,055	108,150
(Reversal of) write-down of inventories	(60,861)	146,280
Net gain on unrealized foreign currency exchange	-	(120,500)
Gain on change in fair value of investment properties	(9,523)	(33,138)
Net changes in operating assets and liabilities		
Financial assets held for trading	49,600	(12,070)
Notes and accounts receivable	(5,208)	1,512,634
Other receivables	(192,867)	716,211
Inventories	178,340	4,234
Prepayments	44,898	67,759
Other current assets	(15,376)	(39,491)
Financial liabilities held for trading	3,166	-
Notes and accounts payable	(125,662)	(462,785)
Notes and accounts payable to related parties	571,308	(111,081)
Other payables	357,845	(410,918)
Provisions	(1,461)	(6,879)
Receipts in advance	(73,608)	14,845
Other current liabilities	88,470	35,824
Net defined benefit liabilities - non-current	(504,439)	(178,932)
Cash generated from operations	1,344,295	3,268,137
Interest received	154,034	137,577
Dividends received	7,361,053	7,628,632
Interest paid	(986,009)	(985,952)
Income tax received	2,651	1,412
Net cash generated from operating activities	<u>7,876,024</u>	<u>10,049,806</u>

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FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease of debt investments with no active market	\$ -	\$ 585,979
Acquisition of investments accounted for using the equity-method	(705,923)	(1,511,164)
Proceeds on sale of investments accounted for using the equity-method	-	53
Payments for property, plant, equipment and prepayments for equipment	(2,504,427)	(2,389,653)
Proceeds from disposal of property, plant and equipment	10,443	15,113
Decrease in refundable deposits	(37,703)	7,473
Decrease in other receivables	3,957,500	120,750
Payments for intangible assets	(14,268)	(9,532)
Decrease in other financial assets	7,031	-
(Increase) decrease in other non-current assets	<u>(4,351)</u>	<u>45,766</u>
Net cash generated from (used in) investing activities	<u>708,302</u>	<u>(3,135,215)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	1,993,212	(2,189,056)
Proceeds from issue of bonds	11,800,000	18,600,000
Repayments of bonds payable	(13,679,500)	(8,750,000)
Proceeds from long-term borrowings	138,643,485	164,439,396
Repayment of long-term borrowings	(142,269,865)	(168,133,779)
Increase (decrease) in guarantee deposits received	101	(16)
Dividends paid	<u>(5,352,875)</u>	<u>(6,297,468)</u>
Net cash used in financing activities	<u>(8,865,442)</u>	<u>(2,330,923)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(281,116)	4,583,668
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>14,213,766</u>	<u>9,630,098</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 13,932,650</u>	<u>\$ 14,213,766</u>

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(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, semi-finished and finished textiles such as cotton, synthetic or blended fabrics, towels and bedsheets, and woven and knitted garments; PET (polyethylene terephthalate) bottles and sheets; and natural, synthetic or blended yarns and polyester textured yarns. It also does yarn, silk and cloth printing and dyeing.

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on March 23, 2017.

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

- a. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC for application starting from 2017

Rule No. 1050050021 and Rule No. 1050026834 issued by the FSC stipulated that starting January 1, 2017, the Company should apply the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) issued by the IASB and endorsed by the FSC for application starting from 2017.

New, Amended or Revised Standards and Interpretations (the “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)
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
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016

(Continued)

New, Amended or Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note 1)
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
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 or amended 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 in 2017 of the above IFRSs and related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Company’s accounting policies, except for the following:

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

The amendment clarifies that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property, plant and equipment for which impairment loss has been recognized or reversed is fair value less costs of disposal, the Company is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 2 or Level 3, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using present value technique. The amendment will be applied retrospectively.

2) 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 8 requires the Company 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. The judgements made in applying aggregation criteria should be disclosed retrospectively upon initial application of the amendment in 2017.

3) 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.

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 those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32. When the amended IFRS 13 becomes effective in 2017, the Company will elect to measure the fair value of those contracts on a net basis retrospectively.

4) Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed by the FSC for application starting from 2017. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president, or is the spouse or second immediate family of the chairman of the board of directors or president of the Company are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationship with whom the Company has significant transaction. If the transaction or balance with a specific related party is 10% or more of the Company’s respective total transaction or balance, such transaction should be separately disclosed by the name of each related party.

The amendments also require additional disclosure if there is a significant difference between the actual operation after business combination and the expected benefit on acquisition date.

The disclosures of related party transactions and impairment of goodwill will be enhanced when the above amendments are retrospectively applied in 2017.

The will have no anticipated significant impact on the Company’s asset, liability, equity, comprehensive income and cash flows from the initial application of IFRSs for application starting from 2017.

As of the date the financial statements were authorized for issue, the Company continues assessing other possible impacts that application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Company’s financial position and financial performance, and will disclose these other impacts when the assessment is completed.

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

The Company has not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC. The FSC announced that IFRS 9 and IFRS 15 will take effect 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 IFRSs.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”	January 1, 2018
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
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendments to IFRS 15 “Clarifications to IFRS 15 Revenue from Contracts with Customers”	January 1, 2018
IFRS 16 “Leases”	January 1, 2019
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 40 “Transfers of investment property”	January 1, 2018
IFRIC 22 “Foreign Currency Transactions and Advance Consideration”	January 1, 2018

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 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

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 Company’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 Company 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 Company 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.

Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed to apply IFRS 9 when it becomes effective. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period and restatement of prior periods is not required.

2) Amendment 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 Company 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 Company 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 as 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 Company’s assets for more than their carrying amount if there is sufficient evidence that it is probable that the Company will achieve the higher amount, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

3) Amendments to IAS 40 “Transfers of Investment Property”

The amendments clarify that the Company should transfer to, or from, investment property when, and only when, the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management’s intentions for the use of a property does not provide evidence of a change in use. The amendments also clarify that the evidence of the change in use is not limited to those illustrated in IAS 40.

The Company may elect to apply the amendments prospectively and reclassify the property as required to reflect the conditions that exist at the date of initial application. Any adjustment to the carrying amount upon reclassification is recognized in the opening balance of retained earnings/other equity at that date. The Company is also required to disclose the reclassified amounts and such amounts should be included in the reconciliation of the carrying amount of investment property. Alternatively, the Company may elect to apply the amendments retrospectively if, and only if, that is possible without the use of hindsight.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

When preparing its financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and jointly controlled entities. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to investments accounted for by equity method, share of profit or loss of subsidiaries, associates and joint ventures, share of other comprehensive income of subsidiaries, associates and joint ventures and related equity items, as appropriate, in the parent company only financial statements.

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 12 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 Company 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.

d. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company'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.

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 from 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 cases, 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.

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.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process 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 on the balance sheet date.

f. Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiary is an entity (including structured entity) that is controlled by the Company.

Under the equity method, investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (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 Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary 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 Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the entire financial statements of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investment in associates

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

The Company 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 Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of equity of associates attributable to the Company.

Any excess of the cost of acquisition over the Company'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 Company'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 Company 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 Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Company's share of equity of associates. If the Company'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 Company's share of losses of an associate 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 Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company 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.

Gain or loss is recognized under treasury share method when cross shareholdings with associates.

The Company 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 Company 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 Company continues to apply the equity method and does not remeasure the retained interest.

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

h. 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.

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.

i. Investment properties

Investment properties are properties held for earning 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 for profit or loss in the period in which they arise.

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.

j. 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 losses. 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.

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.

k. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company 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 Company 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, otherwise, corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent allocation basis.

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.

The 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.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Company 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 (FVTPL), available-for-sale (AFS) financial assets and loans and receivables.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL 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 24.

ii. Available-for-sale financial assets (AFS financial assets)

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

AFS financial assets are measured at fair value. 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 disposal or is determined to be impaired.

Dividends on AFS equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

iii. Loans and receivables

Loans and receivables (including cash and cash equivalents, accounts receivable 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 FVTPL, 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, 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 are assessed as not impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company'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 an 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 reorganisation, or the disappearance of an active market for that financial asset because of financial difficulties.

When an AFS financial asset is considered 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivables, 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 receivables that are written off against the allowance account.

c) Derecognition of financial assets

The Company 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 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 24.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including forward exchange contracts, option contracts and combined exchange contracts.

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.

m. Provisions

Provisions, including those arising from contractual obligation specified in the service concession arrangement to maintain or restore the infrastructure before it is handed over to the grantor, 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.

Onerous contracts

Where the Company 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.

n. 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. Sales 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 Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) The Company 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 Company; and
- e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Company 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.

2) Dividend and interest income

Dividend income from investments is recognized when the stockholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Company 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 Company 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 applicable effective interest rate.

o. 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 Company as lessor

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

2) The Company as lessee

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

p. 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.

q. 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 and 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. 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 Company'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.

r. 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 stockholders approve the retention of 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, 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.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company 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 assets 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 Company 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.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company'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.

Fair Value Measurements and Valuation Processes of Investment Properties (Including the Investment Properties Held by Subsidiaries Which Are Accounted for Using Equity Method)

If the investment properties (including the investment properties held by subsidiaries which are accounted for by using the equity method) where Level 1 inputs are not available, the Company or engaged valuers would determine appropriate inputs for investment properties which were measured using the income approach by referring to the existing lease contracts and rentals of similar properties in the vicinity. The Company or engaged valuers would determine appropriate inputs for investment properties which were measured by using a land development analysis approach by considering related policies, macroeconomics, the usage of the land, and the investment properties market conditions. If there are changes of the actual

inputs in the future which differ from expectation, the fair value of investment properties held by subsidiaries which are accounted for by using the equity method might vary accordingly. The Company updates inputs every quarter to confirm the appropriateness of the fair value measurement.

Information about the valuation techniques and inputs used in determining the fair value is disclosed in Note 13.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2016	2015
Cash on hand	\$ 5,299	\$ 4,461
Checking and demand accounts	8,003,088	7,025,272
Cash equivalents (investments with original maturities less than three months)		
Repurchase commercial paper	175,701	7,184,033
Time deposits	<u>5,748,562</u>	<u>-</u>
	<u>\$ 13,932,650</u>	<u>\$ 14,213,766</u>

As of December 31, 2016 and 2015, the deposits in foreign bank amounted to NT\$128,271 thousand (JPY465,425 thousand) and NT\$136,083 thousand (JPY502,338 thousand) in Japan, respectively.

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

	December 31	
	2016	2015
Repurchase commercial paper	0.75%-8.30%	0.04%-4.45%
Time deposits	0.55%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2016	2015
<u>Financial assets held for trading</u>		
Guarantee deposits of cotton futures contracts	\$ 42,328	\$ 43,073
Forward exchange contracts	4,820	55,043
Combined foreign exchange options	<u>2,377</u>	<u>1,009</u>
	<u>\$ 49,525</u>	<u>\$ 99,125</u>
<u>Financial liabilities held for trading</u>		
Option contracts	<u>\$ 3,166</u>	<u>\$ -</u>

a. Cotton futures contracts

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

The Company had no outstanding cotton future contracts as of December 31, 2016 and 2015.

b. Forward exchange contracts

The Company entered into forward exchange contracts to hedge against the exchange risks on foreign currency assets and liabilities. Since these transactions did not meet the criteria for hedge accounting, they were classified as held for trading.

As of December 31, 2016 and 2015, the Company had outstanding forward exchange contracts, as follows:

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2016</u>			
Sell	EUR/USD	2017.02.24-2017.03.29	EUR7,000/USD7,406
Buy	USD/JPY	2017.03.29	USD6,000/JPY702,760
Buy	USD/RMB	2017.02.24-2017.03.29	USD12,000/RMB84,161
<u>December 31, 2015</u>			
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
Buy	USD/TWD	2016.06.13-2016.07.05	USD260,000/JPY8,529,930

c. Option contracts

The Company sold option contracts to earn profit on royalties and the difference between exchange rate fluctuations.

The Company had no outstanding option contracts as of December 31, 2015. As of December 31, 2016, the Company had outstanding option contracts as follows:

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2016</u>			
Sell	USD/TWD	2017.01.05-2017.01.24	USD22,000/TWD719,580
Sell	EUR/USD	2017.01.10-2017.01.19	EUR4,000/USD4,240

d. Combined foreign exchange options

The Company entered into combined foreign exchange options to hedge against the exchange risks on foreign currency assets and liabilities. Since these transactions did not meet the criteria for hedge accounting, they were classified as held for trading. As of December 31, 2016 and 2015, the Company had outstanding combined foreign exchange options, as follows:

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2016</u>			
Sell EUR call options	EUR/USD	2017.02.13-2017.03.02	EUR18,000/USD19,489
Buy EUR put options	EUR/USD	2017.02.13-2017.03.02	EUR6,000/USD6,496
<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

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS - NON-CURRENT

	<u>December 31</u>	
	2016	2015
<u>Domestic investments</u>		
Marketable equity securities	<u>\$ 740,500</u>	<u>\$ 781,027</u>

9. NOTES AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	2016	2015
<u>Notes and accounts receivable</u>		
Notes and accounts receivable	\$ 7,243,347	\$ 7,238,139
Less: Allowance for doubtful accounts	<u>(282,585)</u>	<u>(45,070)</u>
	<u>\$ 6,960,762</u>	<u>\$ 7,193,069</u>

When deciding the recoverability of accounts receivable, the Company 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 Company's customer base is wide and is not focused on certain customers and companies involved are unrelated. The Company does not have accounts receivable with the aging being past due but not impaired.

	December 31	
	2016	2015
1-90 days	\$ 5,720,692	\$ 5,729,205
91-180 days	1,188,235	1,149,577
181-365 days	45,653	303,488
More than 365 days	<u>6,182</u>	<u>10,799</u>
	<u>\$ 6,960,762</u>	<u>\$ 7,193,069</u>

The above aging schedule was based on the invoice date.

Movements of the allowance for doubtful accounts were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2016	\$ 5,701	\$ 39,369	\$ 45,070
Allowance (reversal) for bad debts	<u>238,171</u>	<u>(656)</u>	<u>237,515</u>
Balance at December 31, 2016	<u>\$ 243,872</u>	<u>\$ 38,713</u>	<u>\$ 282,585</u>
Balance at January 1, 2015	\$ 4,644	\$ 40,426	\$ 45,070
Allowance (reversal) for bad debts	<u>1,057</u>	<u>(1,057)</u>	<u>-</u>
Balance at December 31, 2015	<u>\$ 5,701</u>	<u>\$ 39,369</u>	<u>\$ 45,070</u>

10. INVENTORIES

	December 31	
	2016	2015
Finished goods	\$ 1,842,026	\$ 1,732,634
Work in progress	1,839,981	2,069,732
Raw materials	2,056,785	2,107,254
Supplies	178,420	315,903
Raw materials in transit	<u>314,445</u>	<u>123,613</u>
	<u>\$ 6,231,657</u>	<u>\$ 6,349,136</u>

For the years ended December 31, 2016 and 2015, the costs of inventories sold were NT\$40,620,551 thousand and NT\$42,559,154 thousand, respectively. The cost of goods sold for the year ended December 31, 2016 consisted of reversal of inventory write-down of NT\$60,861 thousand. Previous write-down was reversed as a result of increased selling prices in certain markets. The cost of goods sold for the year ended December 31, 2015 consisted of the inventory write-down of NT\$146,280 thousand.

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Investments in subsidiaries	\$205,261,107	\$207,325,390
Investments in associates	<u>25,308,544</u>	<u>28,408,372</u>
	<u>\$230,569,651</u>	<u>\$235,733,762</u>

a. Investments in subsidiaries

	<u>December 31</u>			
	<u>2016</u>		<u>2015</u>	
	<u>Carrying Value</u>	<u>% of Owner- ship</u>	<u>Carrying Value</u>	<u>% of Owner- ship</u>
Unlisted companies				
Yuan Ding Investment Corporation	\$ 39,511,839	99.40	\$ 40,135,283	99.40
Far Eastern Resources Development Corporation	101,333,337	100.00	99,278,697	100.00
Far Eastern Polytex (Holding) Corporation	7,899,457	100.00	8,149,514	100.00
Far Eastern Polychem Industries Corporation	6,997,867	73.04	7,875,339	73.04
Yuan Tong Investment Corporation	7,697,083	100.00	7,887,200	100.00
Kai Yuan International Investment Corporation	4,899,472	100.00	5,274,785	100.00
Far Eastern Investment (Holding) Corporation	9,209,526	100.00	9,309,702	100.00
PET Far Eastern (Holding) Corporation	4,404,790	90.54	5,573,361	90.54
Oriental Petrochemical (Taiwan) Corporation	7,161,947	75.56	7,562,475	75.56
Far Eastern Construction Corporation	8,157,576	65.11	7,931,482	65.11
Yuan Ding Corporation	3,034,356	37.13	3,176,146	37.13
An Ho Garment Corporation	1,907,667	100.00	1,932,594	100.00
Ding Yuan International Investment Corporation	2,579,193	100.00	2,670,534	100.00
FEDP (Holding) Corporation	176,983	50.43	238,841	50.43
Fu Kwok Garment Manufacturing Corporation	288,566	99.96	282,479	99.96
Ding Ding Hotel Corporation	(23,760)	19.00	45,587	19.00
Far Eastern Textile Corporation	<u>1,448</u>	100.00	<u>1,371</u>	100.00
	<u>205,237,247</u>		<u>207,325,390</u>	
Plus: Transfer from the credit of the investments accounted for using equity method to other non-current liabilities	<u>23,760</u>		<u>-</u>	
	<u>\$ 205,261,107</u>		<u>\$ 207,325,390</u>	

The Company appointed the general manager of Yuan Ding Corporation, and therefore the Company could exercise control over Yuan Ding Corporation which is recognized as subsidiary. The Company and its subsidiaries owned more than 50% of each investee's voting stock. Thus, Ding Ding Hotel Corporation were recognized as subsidiary.

b. Investment in associates

	December 31			
	2016		2015	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
<u>Material associates</u>				
Listed companies				
Asia Cement Corporation	\$ 15,657,202	22.33	\$ 18,571,971	22.33
<u>Associates that are not individually material</u>				
Listed companies				
Far Eastern Department Stores Corporation	4,654,067	17.06	4,749,095	17.06
Oriental Union Chemical Corporation	1,220,758	9.17	1,359,418	9.17
Everest Textile Corporation	<u>1,536</u>	0.03	<u>1,519</u>	0.03
	<u>5,876,361</u>		<u>6,110,032</u>	
Unlisted companies				
Oriental Securities Corporation	1,916,962	19.65	1,948,952	19.65
Pacific Liu Tong Investment Corporation	<u>1,858,019</u>	16.83	<u>1,777,417</u>	16.83
	<u>3,774,981</u>		<u>3,726,369</u>	
	<u>\$ 25,308,544</u>		<u>\$ 28,408,372</u>	

1) Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights	
			December 31 2016	December 31 2015
Asia Cement Corporation	Cement production	Taiwan	22.33%	22.33%

Fair value (Level 1) of investment in associates with available published price quotation are summarized follows:

Name of Associate	December 31	
	2016	2015
Asia Cement Corporation	<u>\$ 19,775,973</u>	<u>\$ 20,564,001</u>

All the associates are accounted for using equity method.

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

Asia Cement Corporation

	December 31	
	2016	2015
Current assets	\$ 42,148,568	\$ 52,844,285
Noncurrent assets	196,322,217	217,232,924
Current liabilities	(40,857,530)	(65,223,927)
Noncurrent liabilities	<u>(56,950,034)</u>	<u>(49,999,090)</u>
Equity	140,663,221	154,854,192
Non-controlling interests	<u>(18,000,144)</u>	<u>(18,955,319)</u>
	<u>\$ 122,663,077</u>	<u>\$ 135,898,873</u>
Proportion of the Company's ownership	22.33%	22.33%
Equity attributable to the Company	\$ 27,390,665	\$ 30,346,218
Cross shareholdings	<u>(11,733,463)</u>	<u>(11,774,247)</u>
Carrying amount	<u>\$ 15,657,202</u>	<u>\$ 18,571,971</u>
	For the Year Ended December 31	
	2016	2015
Operating revenue	<u>\$ 60,946,190</u>	<u>\$ 66,287,480</u>
Net income for the year	\$ 4,683,297	\$ 4,934,483
Other comprehensive loss	<u>(14,688,396)</u>	<u>(3,860,529)</u>
Total comprehensive (loss) income for the year	<u>\$ (10,005,099)</u>	<u>\$ 1,073,954</u>
Dividends received from Asia Cement Corporation	<u>\$ 825,562</u>	<u>\$ 1,651,125</u>

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2016	2015
The Company's share of:		
Net income for the year	\$ 189,916	\$ 267,398
Other comprehensive loss	<u>(92,204)</u>	<u>(445,653)</u>
Total comprehensive (loss) income for the year	<u>\$ 97,712</u>	<u>\$ (178,255)</u>

The combined equity of the Company and subsidiaries in some investee companies - Far Eastern Department Stores Corporation, Oriental Union Chemical Corporation (OUCC), Everest Textile Corporation (Everest Textile), Oriental Securities Corporation, and Pacific Liu Tong Investment Corporation (PLT) - exceeded 20% of their respective outstanding common stocks. Thus, related investments were accounted for by the equity method.

The calculation of the investments accounted for under the equity method and the share of profit or loss and other comprehensive income of the investments were based on the subsidiaries' or associates' audited financial statements as of December 31, 2016 and 2015.

If an investment acquisition cost exceeds the fair value of net assets acquired, the excess amount should be recorded as goodwill. As of December 31, 2016 and 2015, the goodwill were both amounted to NT\$99,821 thousand.

12. PROPERTY, PLANT, EQUIPMENT AND PREPAYMENTS FOR EQUIPMENT

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Total property, plant and equipment	\$ 24,509,217	\$ 24,340,572
Prepayment for equipment	<u>308,692</u>	<u>236,690</u>
	<u>\$ 24,817,909</u>	<u>\$ 24,577,262</u>

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Operating and Miscellaneous Equipment</u>	<u>Construction- in-progress and Prepayment for Equipment</u>	<u>Total</u>
<u>Cost</u>						
Balance at January 1, 2016	\$ 6,395,493	\$ 8,119,665	\$ 49,222,489	\$ 4,735,798	\$ 2,478,774	\$ 70,952,169
Additions	26,432	-	-	-	2,474,239	2,500,671
Disposals	-	(19,238)	(895,700)	(137,470)	(1,084)	(1,053,492)
Reclassification	<u>-</u>	<u>279,261</u>	<u>1,295,784</u>	<u>410,121</u>	<u>(1,985,166)</u>	<u>-</u>
Balance at December 31, 2016	<u>\$ 6,421,925</u>	<u>\$ 8,379,688</u>	<u>\$ 49,622,573</u>	<u>\$ 5,008,449</u>	<u>\$ 2,966,713</u>	<u>\$ 72,399,348</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2016	\$ -	\$ (4,720,368)	\$ (38,065,746)	\$ (3,588,793)	\$ -	\$ (46,374,907)
Disposals	-	16,430	892,919	136,937	-	1,046,286
Impairment loss	-	-	(100,000)	-	(66,856)	(166,856)
Depreciation expense	-	(200,299)	(1,360,729)	(524,934)	-	(2,085,962)
Reclassification	<u>-</u>	<u>-</u>	<u>1</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2016	<u>\$ -</u>	<u>\$ (4,904,237)</u>	<u>\$ (38,633,555)</u>	<u>\$ (3,976,791)</u>	<u>\$ (66,856)</u>	<u>\$ (47,581,439)</u>
<u>Cost</u>						
Balance at January 1, 2015	\$ 6,380,414	\$ 7,524,882	\$ 47,669,690	\$ 4,222,382	\$ 5,031,195	\$ 70,828,563
Additions	15,079	-	-	-	2,381,177	2,396,256
Disposals	-	(9,124)	(2,109,449)	(154,077)	-	(2,272,650)
Reclassification	<u>-</u>	<u>603,907</u>	<u>3,662,248</u>	<u>667,493</u>	<u>(4,933,648)</u>	<u>-</u>
Balance at December 31, 2015	<u>\$ 6,395,493</u>	<u>\$ 8,119,665</u>	<u>\$ 49,222,489</u>	<u>\$ 4,735,798</u>	<u>\$ 2,478,724</u>	<u>\$ 70,952,169</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2015	\$ -	\$ (4,543,065)	\$ (38,556,314)	\$ (3,296,640)	\$ -	\$ (46,396,019)
Disposals	-	8,939	2,105,879	154,071	-	2,268,889
Impairment loss	-	-	(102,000)	-	-	(102,000)
Depreciation expense	-	(186,457)	(1,513,359)	(445,961)	-	(2,145,777)
Reclassification	<u>-</u>	<u>215</u>	<u>48</u>	<u>(263)</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2015	<u>\$ -</u>	<u>\$ (4,720,368)</u>	<u>\$ (38,065,746)</u>	<u>\$ (3,588,793)</u>	<u>\$ -</u>	<u>\$ (46,374,907)</u>

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

Buildings	3-55 years
Machinery and equipment	5-15 years
Operating and miscellaneous equipment	3-15 years

For the amount of property, plant and equipment that the Company pledged or mortgaged as collaterals for borrowings, please refer to Note 26.

As of December 31, 2016 and 2015, farmland was recognized as property, plant and equipment both amounting to NT\$238,430 thousand and recognized as investment properties amounting to NT\$34,956 thousand and NT\$34,212 thousand, respectively. The titles to the land are temporarily registered in the name of trustees who have either signed an agreement showing the farmlands belong to the Company or have pledged the land to the Company.

13. 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, 2016	\$ 1,446,491
Recognized in profit (gain arising from the change in fair value of investment property)	<u>9,523</u>
Balance at December 31, 2016	<u>\$ 1,456,014</u>
Balance at January 1, 2015	\$ 1,455,418
Disposal	(42,065)
Recognized in profit (gain arising from the change in fair value of investment property)	<u>33,138</u>
Balance at December 31, 2015	<u>\$ 1,446,491</u>

The major investment properties of the Company were as follows:

A building and land located in Taoyuan in the Guanyin District were leased to the Company's subsidiary, Oriental Petrochemical (Taiwan) Corporation (OPTC), for its operation. 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 subsidiaries and associates to adjust the differences between the investment property amounts presented in the stand-alone and consolidated financial statements.

The fair values of investment properties were as follows:

	December 31	
	2016	2015
Independent valuation	<u>\$ 1,456,014</u>	<u>\$ 1,446,491</u>

The fair values of the investment properties as of December 31, 2016 and 2015 were based on the valuations carried out on February 6, 2017 and February 5, 2016, respectively, by an independent qualified professional valuator, Mr. Li, Gen-yuan, from Debenham Tie Leung Real Estate Appraiser Office, a member of certified ROC real estate appraisals.

The fair value of investment properties was measured using the income approach. The significant assumptions used were as follows. The increase in estimated future net cash inflows, or the decrease in discount rates would result in increase in the fair value.

	December 31	
	2016	2015
Expected future cash inflows	\$ 1,484,959	\$ 1,451,497
Expected future cash outflows	<u>(58,785)</u>	<u>(46,141)</u>
Expected future cash inflows, net	<u>\$ 1,426,174</u>	<u>\$ 1,405,356</u>
Discount rate	3.70%	3.70%

Some of the investment properties had been leased out under operating leases. The rental incomes generated for the years ended December 31, 2016 and 2015 were NT\$23,284 thousand and NT\$22,566 thousand, respectively.

The expected future cash inflows generated by investment properties referred to rental income, 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. Loss on vacancy rate of space was extrapolated using the vacancy rates of the neighboring stores and factories, 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 and replacement allowance. 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 Corporation plus 0.75%.

14. OTHER INTANGIBLE ASSETS

	Computer Software	Others	Total
Balance at January 1, 2016	\$ 19,817	\$ 805	\$ 20,622
Additions	14,168	100	14,268
Amortization	<u>(9,951)</u>	<u>(440)</u>	<u>(10,391)</u>
Balance at December 31, 2016	<u>\$ 24,034</u>	<u>\$ 465</u>	<u>\$ 24,499</u>
Balance at January 1, 2015	\$ 20,382	\$ 1,225	\$ 21,607
Additions	9,532	-	9,532
Amortization	<u>(10,097)</u>	<u>(420)</u>	<u>(10,517)</u>
Balance at December 31, 2015	<u>\$ 19,817</u>	<u>\$ 805</u>	<u>\$ 20,622</u>

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

Computer software	3-5 years
Others	5 years

15. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Credit loans	\$ 2,026,345	\$ -
Export bills discount	<u>7,233</u>	<u>40,366</u>
	<u>\$ 2,033,578</u>	<u>\$ 40,366</u>
Interest rate	0.90%-1.95%	0.8977%-1.2%

b. Long-term borrowings

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Bank loans	\$ 29,589,844	\$ 23,716,224
Commercial paper	3,000,000	12,500,000
Less: Unamortized discount on commercial paper	<u>11,580</u>	<u>46,574</u>
	<u>\$ 32,578,264</u>	<u>\$ 36,169,650</u>

The long-term borrowings are payable in New Taiwan dollars, Japanese Yen and Euro. The foregoing borrowings are repayable at a lump sum on maturity with monthly interest payment. The Company had been allowed to make loans within the credit line limit until maturity. The maturity dates and interest rates of the Company's revolving loans were as follows:

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Maturity	February 2018- December 2019	April 2017- December 2018
Bank interest rates	0.63425%-1.40%	0.5769%-1.53%

16. BONDS PAYABLE

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Nonconvertible bonds	\$ 48,300,000	\$ 50,081,500
Discount of nonconvertible bonds	<u>(57,753)</u>	<u>(58,786)</u>
	48,242,247	50,022,714
Less: Current portion	<u>9,696,741</u>	<u>13,575,460</u>
	<u>\$ 38,545,506</u>	<u>\$ 36,447,254</u>

For details of bonds payable as of December 31, 2016, please refer to statement 10. The details of bonds payable as of December 31, 2015 which had been repaid in 2016 were as follows:

On May 27, 2011, the Company issued five-year unsecured bonds (the first tranche) amounting to NT\$3,800,000 thousand at a unit face value of NT\$1,000 thousand. The five-year bonds are repayable at 50% of the total amount the end of the fourth year and the other 50% at the end of the fifth year of bond issuance, with a 1.50% interest rate. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

On September 29, 2011, the Company issued five-year unsecured bonds (the second tranche) amounting to NT\$2,200,000 thousand at a unit face value of NT\$1,000 thousand. These five-year 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, with a 1.55% interest rate. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

On May 16, 2013, the Company issued three-year unsecured bonds (the first tranche) amounting to (a) RMB500,000 thousand and (b) JPY5,000,000 thousand with unit face values of RMB1,000 thousand and JPY 10,000 thousand, respectively. These three-year bonds will be repaid in lump sum on maturity. The interest rate of (a) is 2.95% and that of (b) is defined as three month JPY LIBOR + 1.10%. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

17. PROVISION

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
<u>Current</u>		
Onerous contracts	\$ -	\$ 1,461
		Onerous Contracts
Balance at January 1, 2016		\$ 1,461
Usage		<u>(1,461)</u>
Balance at December 31, 2016		<u>\$ -</u>
Balance at January 1, 2015		\$ 8,340
Additional provisions recognized		1,461
Usage		<u>(8,340)</u>
Balance at December 31, 2015		<u>\$ 1,461</u>

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company 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. The Company contribute amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. 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 Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. However, in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

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

	December 31	
	2016	2015
Present value of defined benefit obligation	\$ 6,102,747	\$ 5,902,738
Fair value of plan assets	<u>(3,843,188)</u>	<u>(3,543,562)</u>
Net defined benefit liability	<u>\$ 2,259,559</u>	<u>\$ 2,359,176</u>

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, 2016	\$ <u>5,902,738</u>	\$ <u>(3,543,562)</u>	\$ <u>2,359,176</u>
Service cost			
Current service cost	78,781	-	78,781
Past service cost and loss on settlements	77,749	-	77,749
Net interest expense (income)	<u>100,684</u>	<u>(62,012)</u>	<u>38,672</u>
Recognized in profit or loss (Note)	<u>257,214</u>	<u>(62,012)</u>	<u>195,202</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	83,509	83,509
Actuarial (gain) loss - changes in financial assumptions	119,775	-	119,775
Actuarial (gain) loss - experience adjustments	<u>201,538</u>	<u>-</u>	<u>201,538</u>
Recognized in other comprehensive income	<u>321,313</u>	<u>83,509</u>	<u>404,822</u>
Contributions from the employer	-	(692,697)	(692,697)
Benefits paid	<u>(378,518)</u>	<u>371,574</u>	<u>(6,944)</u>
Balance at December 31, 2016	<u>\$ 6,102,747</u>	<u>\$ (3,843,188)</u>	<u>\$ 2,259,559</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2015	<u>\$ 5,615,371</u>	<u>\$ (4,458,350)</u>	<u>\$ 1,157,021</u>
Service cost			
Current service cost	70,500	-	70,500
Net interest expense (income)	<u>107,612</u>	<u>(89,167)</u>	<u>18,445</u>
Recognized in profit or loss (Note)	<u>178,112</u>	<u>(89,167)</u>	<u>88,945</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	989,855	989,855
Actuarial (gain) loss - changes in financial assumptions	121,288	-	121,288
Actuarial (gain) loss - experience adjustments	<u>269,944</u>	<u>-</u>	<u>269,944</u>
Recognized in other comprehensive income	<u>391,232</u>	<u>989,855</u>	<u>1,381,087</u>
Contributions from the employer	-	(243,689)	(243,689)
Benefits paid	<u>(281,977)</u>	<u>257,789</u>	<u>(24,188)</u>
Balance at December 31, 2015	<u>\$ 5,902,738</u>	<u>\$ (3,543,562)</u>	<u>\$ 2,359,176</u> (Concluded)

Note: For the year ended 2016 and 2015, the Company transferred defined benefit costs NT\$836 thousand and NT\$135 thousand to related parties, respectively.

Through the defined benefit plans under the Labor Standards Law, the Company 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	
	2016	2015
Discount rate(s)	1.50%	1.75%
Expected rate(s) of salary increase	2.00%	2.00%

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 increase (decrease) as follows:

	December 31	
	2016	2015
Discount rate(s)		
0.5% increase	<u>\$ (244,390)</u>	<u>\$ (238,648)</u>
0.5% decrease	<u>\$ 261,042</u>	<u>\$ 255,055</u>
Expected rate(s) of salary increase		
0.5% increase	<u>\$ 258,476</u>	<u>\$ 253,192</u>
0.5% decrease	<u>\$ (244,437)</u>	<u>\$ (239,265)</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	
	2016	2015
The expected contributions to the plan for the next year	<u>\$ 278,666</u>	<u>\$ 298,763</u>
The average duration of the defined benefit obligation	8.3 years	8 years

19. EQUITY

a. Capital stock

1) Common stock

	December 31	
	2016	2015
Numbers of stocks authorized (in thousands)	<u>6,000,000</u>	<u>6,000,000</u>
Stocks authorized	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>
Number of stocks issued and fully paid (in thousands)	<u>5,352,875</u>	<u>5,352,875</u>
Stocks issued	<u>\$ 53,528,751</u>	<u>\$ 53,528,751</u>

Issued common stocks, which have a par value of NT\$10, are entitled to one vote per stock and a right to dividend.

2) Global depositary receipt

The Company issued global depositary receipts (GDRs), one GDRs unit represents 10 common stocks of the Company. The GDRs were traded and listed on the Luxembourg Stock Exchange. As of December 31, 2016, there are 33 thousand units outstanding, which were equal to 328 thousand common stocks of the Company.

b. Capital surplus

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
<u>May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)</u>		
The difference between consideration received or paid and the carrying amount of the subsidiaries net assets during actual disposal or acquisition	\$ 2,654,932	\$ 2,654,932
<u>May be used to offset a deficit only (2)</u>		
Changes in percentage of ownership interest in subsidiaries	148,775	107,081
Treasury shares transaction	12,508	11,729
<u>May not be used for any purpose</u>		
Changes in equity-method associates capital surplus	<u>43,373</u>	<u>33,941</u>
	<u>\$ 2,859,588</u>	<u>\$ 2,807,683</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 capital stock (limited to a certain percentage of the Company's capital surplus and once a year.).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary, equity transactions other than actual disposal or acquisition of ownership interests, or from changes in capital surplus of subsidiaries accounting for by using the equity method.

c. Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to stockholders and do not include employees. The stockholders held their regular meeting on June 23, 2016 and, in that meeting, resolved amendments to the Company's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' and directors' compensation.

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used as the basis for proposing a distribution plan. After adding prior years' unappropriated earnings, the Company would retain a certain amount for expansion plans and would then make the distribution of dividends evenly for all shares. When there is a capital increase, the amount of dividends for new shares of that year would be set according to the resolution of the stockholders' meeting. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to Note 20, c. "Employee benefits expense".

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

An 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.

Items referred to under Rule No. 1010012865 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", should be appropriated to or reversed from a special reserve by the Company.

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 2015 and 2014 earnings were approved in the stockholders' meetings on June 23, 2016 and June 26, 2015, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share	
			(NT\$)	
	For Year 2015	For Year 2014	For Year 2015	For Year 2014
Legal reserve	\$ 803,469	\$ 1,103,342		
Special reserve	2,165,513	4,348,583		
Cash dividends	5,352,875	6,297,500	\$1.0	\$1.2

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 with NT\$0.2 per share, from the capital surplus in the stockholders' meeting on June 26, 2015.

The appropriations and distribution of the 2016 earnings had been proposed by the board of directors on March 23, 2017. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 630,779	
Special reserve	2,662,006	
Cash dividends	4,282,300	\$0.8

The appropriation of earnings for 2016 are subject to the resolution of the stockholders' meeting to be held on June 28, 2017.

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	
	2016	2015
Beginning balance	\$ 21,860,117	\$ 22,275,153
Reversal:		
Disposal of investment properties	(292,455)	(415,036)
Disposal of associates	<u>(2,491)</u>	<u>-</u>
Ending balance	<u>\$ 21,565,171</u>	<u>\$ 21,860,117</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	
	2016	2015
Beginning balance	\$ 83,686,899	\$ 80,462,245
Reversal:		
Disposal of investment properties	(296,564)	(1,123,929)
Disposal of associates	(1,465)	-
Appropriation in respect of The fair value model for investment properties	<u>2,165,513</u>	<u>4,348,583</u>
Ending balance	<u>\$ 85,554,383</u>	<u>\$ 83,686,899</u>

e. Other equity items

The changes in other equity items are summarized as follow:

	Exchange Differences on Translating Foreign Operations	Unrealized (Loss) Gain on Available-for- sale Financial Assets	Cash Flow Hedges	Gain on Property Revaluation	Total
Balance at January 1, 2015	\$ 2,871,860	\$ 3,629,652	\$ (173,051)	\$ 512,607	\$ 6,841,068
Unrealized loss on available-for-sale financial assets	-	(13,951)	-	-	(13,951)
Share of other comprehensive income (loss) of subsidiaries and associates	<u>(597,177)</u>	<u>(2,495,774)</u>	<u>77,107</u>	<u>189,423</u>	<u>(2,826,421)</u>
Balance at December 31, 2015	2,274,683	1,119,927	(95,944)	702,030	4,000,696
Unrealized loss on available-for-sale financial assets	-	(40,527)	-	-	(40,527)
Share of other comprehensive income (loss) of subsidiaries and associates	<u>(3,852,495)</u>	<u>(3,027,057)</u>	<u>48,430</u>	<u>748</u>	<u>(6,830,374)</u>
Balance at December 31, 2016	<u>\$ (1,577,812)</u>	<u>\$ (1,947,657)</u>	<u>\$ (47,514)</u>	<u>\$ 702,778</u>	<u>\$ (2,870,205)</u>

f. Treasury shares

The Company's shares held by its subsidiary, Yuan Ding Corporation (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, 2016</u>			
Yuan Ding	779	<u>\$ 25,063</u>	<u>\$ 18,861</u>
<u>December 31, 2015</u>			
Yuan Ding	779	<u>\$ 25,063</u>	<u>\$ 20,069</u>

The Company consolidated its subsidiary, Yuan Ding, on 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.

20. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest expense

	<u>For the Year Ended December 31</u>	
	2016	2015
Capitalized interests on properties	\$ 23,908	\$ 43,212
Capitalization rates	1.17%-1.31%	1.32%-1.37%

b. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2016	2015
Property, plant and equipment	\$ 2,085,962	\$ 2,145,777
Other Intangible assets	<u>10,391</u>	<u>10,517</u>
	<u>\$ 2,096,353</u>	<u>\$ 2,156,294</u>
An analysis of deprecation by function		
Operating costs	\$ 1,857,780	\$ 1,907,083
Operating expenses	160,291	142,833
Other expense	62,454	93,305
Expenses transferred to other related parties	<u>5,437</u>	<u>2,556</u>
	<u>\$ 2,085,962</u>	<u>\$ 2,145,777</u>

(Continued)

	For the Year Ended December 31	
	2016	2015
An analysis of amortization by function		
Operating costs	\$ 3,135	\$ 3,189
Operating expenses	<u>7,256</u>	<u>7,328</u>
	<u>\$ 10,391</u>	<u>\$ 10,517</u>
		(Concluded)

c. Employee benefits expense

	For the Year Ended December 31, 2016		
	Operating Costs	Operating Expenses	Total
Retirement benefit			
Defined contribution plans	\$ 76,220	\$ 42,878	\$ 119,098
Defined benefit plans	141,209	53,157	194,366
Other employee benefits			
Salary	2,885,659	1,449,199	4,334,858
Insurance	258,073	90,014	348,087
Other	<u>143,084</u>	<u>58,693</u>	<u>201,777</u>
	<u>\$ 3,504,245</u>	<u>\$ 1,693,941</u>	<u>\$ 5,198,186</u>
	For the Year Ended December 31, 2015		
	Operating Costs	Operating Expenses	Total
Retirement benefit			
Defined contribution plans	\$ 73,663	\$ 38,787	\$ 112,450
Defined benefit plans	65,074	23,736	88,810
Other employee benefits			
Salary	2,956,764	1,450,597	4,407,361
Insurance	263,979	87,637	351,616
Other	<u>133,818</u>	<u>59,700</u>	<u>193,518</u>
	<u>\$ 3,493,298</u>	<u>\$ 1,660,457</u>	<u>\$ 5,153,755</u>

The Company had 5,036 and 5,202 employees as of December 31, 2016 and 2015, respectively.

- 1) Employees' compensation and remuneration of directors for the years ended December 31, 2016 and 2015

In compliance with the Company Act as amended in May 2015 and the amended Articles resolved by the stockholders' meetings in June 2016, the amendments stipulate distribution of employees' compensation and remuneration to directors at the rates of 2.0% to 3.5% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. However, the Company has to offset losses of previous years first. The employees' compensation and remuneration of directors for the years ended December 31, 2016 and 2015 which have been approved by the Company's board of directors on March 23, 2017 and March 25, 2016, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2016	2015
Employees' compensation	2.93%	2.67%
Remuneration of directors	1.85%	1.77%

Amount

	For the Year Ended December 31	
	2016	2015
Employees' compensation	\$ 184,185	\$ 230,231
Remuneration of directors	116,156	152,659

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the year ended December 31, 2015. The employees' compensation were distributed in cash by the Company.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2017 and 2016 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

- 2) Bonus to employees and remuneration of directors and supervisors for 2014

The bonus to employees and remuneration of directors and supervisors for 2014 which have been approved in the stockholders' meeting on June 26, 2015 were as follows:

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

There was no difference between the amounts of the bonus to employees and the remuneration of directors and supervisors approved in the stockholders' meeting on June 26, 2015 and the amounts recognized in the financial statements for the year ended December 31, 2014.

Information on the bonus to employees and remuneration of directors and supervisors resolved by the stockholders in their meeting in 2015 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

	<u>For the Year Ended December 31</u>	
	2016	2015
Current tax	\$ -	\$ -
Deferred tax	(315,959)	221,068
Prior year's adjustment	<u>7</u>	<u>(1)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (315,952)</u>	<u>\$ 221,067</u>

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

	<u>For the Year Ended December 31</u>	
	2016	2015
Profit before tax from continuing operations	<u>\$ 5,991,834</u>	<u>\$ 8,255,758</u>
Income tax expense at the 17% statutory rate	\$ 1,018,612	\$ 1,403,479
Tax effect of adjusting items	<u>(1,018,612)</u>	<u>(1,403,479)</u>
Current income tax expense	-	-
Deferred income tax expense	(315,959)	221,068
Adjustment for prior year	<u>7</u>	<u>(1)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (315,952)</u>	<u>\$ 221,067</u>

- b. Income tax expense recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	
	2016	2015
<u>Deferred tax</u>		
Current year		
Remeasurement on defined benefit plan	<u>\$ 8,820</u>	<u>\$ 234,785</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, 2016

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Allowance for impairment loss	\$ -	\$ 6,473	\$ -	\$ 6,473
Inventory write-down	17,030	(3,523)	-	13,507
Share of profit of subsidiaries and associates	-	1,786	-	1,786
Impairment loss	44,394	(4,340)	-	40,054
Onerous contract	45	(45)	-	-
Defined benefit obligation	80,678	(20,368)	8,820	69,130
Others	<u>6,090</u>	<u>1,618</u>	<u>-</u>	<u>7,708</u>
	<u>\$ 148,237</u>	<u>\$ (18,399)</u>	<u>\$ 8,820</u>	<u>\$ 138,658</u>

Deferred tax liabilities

Share of profit of subsidiaries and associates	\$ 230,630	\$ (230,630)	\$ -	\$ -
Unrealized foreign exchange gain	130,953	(106,094)	-	24,859
Provision of land value incremental tax	1,546,475	3,674	-	1,550,149
Investment properties	<u>22,764</u>	<u>(1,308)</u>	<u>-</u>	<u>21,456</u>
	<u>\$ 1,930,822</u>	<u>\$ (334,358)</u>	<u>\$ -</u>	<u>\$ 1,596,464</u>

For the year ended December 31, 2015

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Inventory write-down	\$ 21,701	\$ (4,671)	\$ -	\$ 17,030
Onerous contract	441	(396)	-	45
Impairment loss	72,624	(28,230)	-	44,394
Defined benefit obligation	84,628	(238,735)	234,785	80,678
Others	<u>10,528</u>	<u>(4,438)</u>	<u>-</u>	<u>6,090</u>
	<u>\$ 189,922</u>	<u>\$ (276,470)</u>	<u>\$ 234,785</u>	<u>\$ 148,237</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Share of profit of subsidiaries and associates	\$ 369,432	\$ (138,802)	\$ -	\$ 230,630
Unrealized foreign exchange gain	45,517	85,436	-	130,953
Provision of land value incremental tax	1,545,108	1,367	-	1,546,475
Investment properties	<u>26,167</u>	<u>(3,403)</u>	<u>-</u>	<u>22,764</u>
	<u>\$ 1,986,224</u>	<u>\$ (55,402)</u>	<u>\$ -</u>	<u>\$ 1,930,822</u>

(Concluded)

- d. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	<u>December 31</u>	
	2016	2015
Deductible temporary differences	<u>\$ 4,272,045</u>	<u>\$ 3,971,671</u>

- e. Integrated income tax

	<u>December 31</u>	
	2016	2015
Unappropriated earnings Generated before January 1, 1998	<u>\$ 66,464</u>	<u>\$ 78,778</u>
Imputation credit accounts	<u>\$ 775,584</u>	<u>\$ 785,893</u>

	<u>For the Year Ended December 31</u>	
	2016 (Expected)	2015 (Actual)
Creditable ratio for distribution of earnings	6.62%	11.84%

- f. Income tax assessments

The tax authorities completed the review of and cleared the 2012 income tax return of the Company.

22. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2016	2015
Basic earnings per share	<u>\$ 1.26</u>	<u>\$ 1.61</u>
Diluted earnings per share	<u>\$ 1.26</u>	<u>\$ 1.60</u>

The earnings and weighted average number of common stocks 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>	
	2016	2015
Net income for the year	<u>\$ 6,307,786</u>	<u>\$ 8,034,691</u>

Weighted Average Number of Common Stocks Outstanding

Unit: In Thousand Shares

	<u>For the Year Ended December 31</u>	
	2016	2015
Weighted average number of common stocks used in the calculation of basic earnings per share	4,999,727	5,002,506
Effect of dilutive potential common stocks:		
Employees' compensation	<u>9,808</u>	<u>13,333</u>
Weighted average number of common stocks used in the calculation of diluted earnings per share	<u>5,009,535</u>	<u>5,015,839</u>

In calculating the weighted average number of share outstanding for EPS, the Company 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 Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the calculation of diluted earnings per share, if the effect was 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 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, 2016 and 2015, the Company's basic EPS was NT\$1.18 and NT\$1.50, respectively.

23. CAPITAL MANAGEMENT

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

24. FINANCIAL INSTRUMENTS

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

Except as detailed in the following table, the Company considered that the carrying amounts of financial assets and financial liabilities recognized in financial statements approximate their fair values.

1)

	December 31			
	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>				
Bonds payable	\$ 48,242,247	\$ 48,584,110	\$ 50,022,714	\$ 50,296,590

2) Fair value hierarchy

December 31, 2016

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Bonds payable	<u>\$ 48,584,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,584,110</u>

December 31, 2015

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Bonds payable	<u>\$ 50,296,590</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,296,590</u>

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVTPL)				
Guarantee deposits - cotton futures contracts	\$ -	\$ -	\$ 42,328	\$ 42,328
Forward exchange contracts	-	-	4,820	4,820
Combined foreign exchange options	<u>-</u>	<u>-</u>	<u>2,377</u>	<u>2,377</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,525</u>	<u>\$ 49,525</u>
Available-for-sale financial assets				
Marketable equity securities	<u>\$ 740,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 740,500</u>
Financial liabilities at FVTPL				
Option contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,166</u>	<u>\$ 3,166</u>

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVTPL)				
Guarantee deposits - cotton futures contracts	\$ -	\$ -	\$ 43,073	\$ 43,073
Forward exchange contracts	-	-	55,043	55,043
Combined foreign exchange options	<u>-</u>	<u>-</u>	<u>1,009</u>	<u>1,009</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,125</u>	<u>\$ 99,125</u>
Available-for-sale financial assets				
Marketable equity securities	<u>\$ 781,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 781,027</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2016 and 2015.

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

For the year ended 2016

	Financial Assets (Liabilities) at Fair Value Through Profit or Loss - Held for Trading
Balance at January 1, 2016	\$ 99,125
Recognized in profit or loss	
Realized	(268,957)
Unrealized	46,359
Settlements	<u>169,832</u>
Balance at December 31, 2016	<u>\$ 46,359</u>

For the year ended 2015

	Financial Assets (Liabilities) at Fair Value Through Profit or Loss - Held for Trading
Balance at January 1, 2015	\$ 87,055
Recognized in profit or loss	
Realized	184,239
Unrealized	99,125
Settlements	<u>(271,294)</u>
Balance at December 31, 2015	<u>\$ 99,125</u>

3) 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>
Futures contract	Futures contract pricing model. The fair values of futures contracts are determined using futures 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 foreign exchange options	Discounted cash flow. Future cash flows are estimated based on observable forward spot exchange rates at the end of the reporting period and contract rates, are discounted at a 0% rate; the counterparties' high credit ratings and short contract terms indicate a low credit risk of counterparties.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
<u>Financial assets</u>		
FVTPL		
Held for trading	\$ 49,525	\$ 99,125
Loans and receivables (Note 1)	21,333,621	25,572,009
Available-for-sale financial assets	740,500	781,027
<u>Financial liabilities</u>		
FVTPL		
Held for trading	3,166	-
Amortized cost (Note 2)	89,815,076	92,455,359

Note 1: The balances included loans and receivables measured at amortized cost, which comprised cash and cash equivalents, notes and accounts receivable (including those from related parties), other receivables (including those from related parties), other financial assets and refundable deposits.

Note 2: The balances included financial liabilities measured at amortized cost, which comprised short-term borrowings, 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 received.

d. Financial risk management objectives and policies

The Company's 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 Company 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 Company 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 Company'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 Company'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

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

The Company's significant foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period were as Note 29.

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar.

The following table details the Company'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>2016</u>	<u>2015</u>
5% change in profit or loss		
USD	<u>\$ (158,327)</u>	<u>\$ (591,025)</u>

b) Interest rate risk

The Company was exposed to interest rate risk because entities in the Company 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 Company'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>2016</u>	<u>2015</u>
Fair value interest rate risk		
Financial assets	\$ 5,965,437	\$ 7,232,238
Financial liabilities	73,738,244	72,442,556
Cash flow interest rate risk		
Financial assets	1,037,532	473,838
Financial liabilities	9,115,845	13,790,174

Sensitivity analysis

The sensitivity analysis below was determined on the basis of the Company'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, 2016 and 2015, had interest rates been 0.25% higher/lower and all other variables had been held constant, the fair value of the Company's financial assets with fixed interest rate would have decreased/increased by NT\$14,876 thousand and NT\$18,036 thousand, respectively, and the cash flows on the Company's financial assets with floating interest rate would have increased/decreased by NT\$2,594 thousand and NT\$1,185 thousand, respectively.

For the years ended December 31, 2016 and 2015, had interest rates been 0.25% higher/lower and all other variables had been held constant, the fair value of the Company's financial liabilities with fixed interest rate would have decreased/increased by NT\$183,886 thousand and NT\$180,655 thousand, respectively, and the cash flows on the Company's financial liabilities with floating interest rate would have decreased/increased by NT\$22,790 thousand and NT\$34,475 thousand, respectively.

c) Other price risks

The Company was exposed to equity price risk through its investments in listed equity securities 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, 2016 and 2015 would have decreased by NT\$37,025 thousand and NT\$39,051 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 Company. As of the end of a reporting period, the Company's maximum exposure to credit risk that will cause the Company a financial loss due to the carrying amounts of the recognized financial assets as stated in the balance sheets.

The Company 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 Company uses other publicly available financial information and its own trading records to rate its major customers. The Company'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 Company manages liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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, 2016</u>				
Long-term borrowings	\$ 27,192,309	\$ 5,385,955	\$ -	\$ 32,578,264
Bonds payable	<u>5,500,000</u>	<u>10,600,000</u>	<u>22,500,000</u>	<u>38,600,000</u>
	<u>\$ 32,692,309</u>	<u>\$ 15,985,955</u>	<u>\$ 22,500,000</u>	<u>\$ 71,178,264</u>
<u>December 31, 2015</u>				
Long-term borrowings	\$ 32,382,718	\$ 3,786,932	\$ -	\$ 36,169,650
Bonds payable	<u>9,700,000</u>	<u>5,500,000</u>	<u>21,300,000</u>	<u>36,500,000</u>
	<u>\$ 42,082,718</u>	<u>\$ 9,286,932</u>	<u>\$ 21,300,000</u>	<u>\$ 72,669,650</u>

25. RELATED-PARTY TRANSACTIONS

The Company had significant transactions with related parties. Besides the transactions mentioned in the other notes, the transactions for the years ended December 31, 2016 and 2015 and the related balances as of the balance sheet dates are summarized in the accompanying Schedules A and B.

26. 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, tariff duties and long-term borrowings.

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Other financial assets - noncurrent		
Pledged time deposits	\$ 41,174	\$ 48,205
Investment accounted for using equity method	415,154	492,441
Property, plant and equipment	6,671,982	6,770,006
Investment properties	<u>215,521</u>	<u>214,740</u>
	<u>\$ 7,343,831</u>	<u>\$ 7,525,392</u>

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Company as of December 31, 2016 and 2015:

- a. Issued but unused letters of credit aggregated approximately NT\$620,265 thousand and NT\$953,496 thousand, respectively.
- b. Unpaid building construction and property, plant and equipment installation contracts amounting to approximately NT\$276,511 thousand and NT\$404,355 thousand, respectively.
- c. There were undelivered cotton contracts which cannot be canceled amounting to NT\$380,559 thousand and NT\$222,091 thousand as of December 31, 2016 and 2015.

- d. Endorsements and guarantees provided to the related parties are shown in Schedule D (attached).
- e. 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 23, 2017, the lawsuit was pending before the Taipei High Court.

28. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

- a. The board of directors of the Company decided to issue unsecured bonds on March 23, 2017. The bonds will have an aggregate face value of no more than NT\$8,000,000 thousand, a par value of NT\$1,000 thousand and a term of less than 10 years.
- b. The board of directors of the Company decided to sell the equipment on March 23, 2017 to subsidiary, Far Eastern Polytex (Vietnam) Ltd., for production and operation usage. The book value of equipment was NT\$674,690 thousand.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company 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, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount (NT\$)
<u>Financial assets</u>			
Monetary items			
USD	\$ 178,258	32.25	\$ 5,748,821
<u>Financial liabilities</u>			
Monetary items			
USD	80,071	32.25	2,582,290

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount (NT\$)
<u>Financial assets</u>			
Monetary items			
USD	\$ 370,727	32.83	\$ 12,170,967
<u>Financial liabilities</u>			
Monetary items			
USD	10,643	32.93	350,474

30. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided to others: Schedule C (attached)
- 2) Endorsement/guarantee provided: Schedule D (attached)
- 3) Marketable securities and investments in shares of stock held: Schedule E (attached)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the capital stock: Schedule F (attached)
- 5) Acquisition of real states at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: Schedule G (attached)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the capital stock: Schedule H (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the capital stock: Schedule I (attached)
- 9) Trading derivative transactions: Note 7
- 10) Information on investees: Schedule J (attached)

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 K and K-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: Schedule A, B, C, D, F, H and I
- 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 rendering or receiving services.

FAR EASTERN NEW CENTURY CORPORATION**RELATED-PARTY TRANSACTIONS
FOR THE YEARS ENDED DECEMBER 31 2016 AND 2015
(In Thousands of New Taiwan Dollars)**

	Notes	For the Year Ended December 31	
		2016	2015
Sales			
Subsidiaries		\$ 4,827,888	\$ 3,617,986
Associates		280,207	331,472
Others		<u>312,356</u>	<u>307,698</u>
		<u>\$ 5,420,451</u>	<u>\$ 4,257,156</u>
Operating cost and expense			
Purchase			
Subsidiaries		\$ 9,084,855	\$ 7,540,408
Associates		1,282,044	1,287,430
Others		<u>238,403</u>	<u>300,808</u>
		<u>\$ 10,605,302</u>	<u>\$ 9,128,646</u>
Contract costs			
Subsidiaries		\$ 22,609	\$ 22,153
Associates		7,931	15,561
Others		<u>196,678</u>	<u>181,803</u>
		<u>\$ 227,218</u>	<u>\$ 219,517</u>
Computer processing expense			
Subsidiaries		\$ 3,622	\$ 3,068
Others		<u>76,766</u>	<u>77,446</u>
		<u>\$ 80,388</u>	<u>\$ 80,514</u>
Rental expense	d.		
Subsidiaries		\$ 181,239	\$ 185,842
Others		<u>16,934</u>	<u>17,583</u>
		<u>\$ 198,173</u>	<u>\$ 203,425</u>
Non-operating revenue			
Rental revenue	e.		
Subsidiaries		\$ 16,609	\$ 16,434
Others		<u>5,685</u>	<u>5,632</u>
		<u>\$ 22,294</u>	<u>\$ 22,066</u>

(Continued)

	Notes	For the Year Ended December 31	
		2016	2015
Nonoperating expenses			
Other expenses - endorsement/guarantee expense			
Subsidiaries		<u>\$ 9,102</u>	<u>\$ 10,792</u>

Notes:

- a. The terms of sales to and purchases from the related parties were based on agreements.
- b. The Company commissioned subsidiaries to manufacture clothing products to sell to the Company in 2015. For this transaction, the Company recognized manufacturing expenses - processing cost of NT\$1,082,420 thousand for the year ended December 31, 2015. In compliance with the subsidiaries' local regulations, the Company advanced raw materials costs to subsidiaries and recognized these costs as other receivables amounting to NT\$284 thousand as of December 31, 2015.
- c. The Company provided agent services to a subsidiary, and recognized commission incomes of NT\$44,979 thousand and NT\$39,813 thousand for the years ended December 31, 2016 and 2015. In addition, the Company recognized NT\$9,647 thousand as other receivables as of December 31, 2015.
- d. As of December 31, 2016 and 2015, the Company rented the office building and factories from Yuan Ding Co., Ltd. and Far Eastern Resource Development Co., Ltd. and Far Eastern Fibertech Co., Ltd. and rental expense were paid by monthly and quarterly. All the terms of lease contract had been agreed upon by the lessor and the tenants.
- e. The Company had rent out factories and land in Xinpu, Guanyin and Hukou to Far Eastone, Oriental Petrochemical (Taiwan) Co. and Oriental Resources Development Ltd. Rental revenue was received by monthly and quarterly. All the terms of lease contract had been agreed upon by the lessor and the tenants.
- f. Compensation of key management personnel:

	For the Year Ended December 31	
	2016	2015
Short-term employee benefits	\$ 263,961	\$ 310,263
Post-employment benefits	<u>2,656</u>	<u>3,147</u>
	<u>\$ 266,617</u>	<u>\$ 313,410</u>

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

**RELATED-PARTY TRANSACTIONS
AS OF DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)**

	Notes	<u>For the Year Ended December 31</u>	
		2016	2015
Notes and accounts receivable			
Subsidiaries		\$ 1,134,949	\$ 992,108
Associates		53,995	26,868
Others		<u>56,777</u>	<u>44,634</u>
		<u>\$ 1,245,721</u>	<u>\$ 1,063,610</u>
Refundable deposits			
Subsidiaries		\$ 37,455	\$ 33,859
Associates		5,560	-
Others		<u>8,180</u>	<u>8,000</u>
		<u>\$ 51,195</u>	<u>\$ 41,859</u>
Notes and accounts payable to related parties			
Subsidiaries		\$ 1,011,133	\$ 566,623
Associates		171,984	59,203
Others		<u>25,570</u>	<u>11,553</u>
		<u>\$ 1,208,687</u>	<u>\$ 637,379</u>
Deferred credit - gain on related-party transactions			
Sale of securities			
Subsidiaries	a., b.	\$ 33,249	\$ 33,334
Others	c.	<u>2,579</u>	<u>2,579</u>
		<u>\$ 35,828</u>	<u>\$ 35,913</u>

Deposits

	<u>December 31</u>	
	2016	2015
Others	<u>\$ 1,695,127</u>	<u>\$ 6,284,511</u>

The Company had bank deposits and time deposits in other related parties. The interests income were NT\$19,833 thousand and NT\$19,023 thousand for the years ended December 31, 2016 and 2015, respectively.

(Continued)

Financial assets (liabilities) at fair value through profit or loss - current

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Others	<u>\$ 1,197</u>	<u>\$ (2,930)</u>

The Company signed forward exchange contracts and combined exchange options with other related parties. The gain or (loss) of financial assets (liabilities) at fair value through profit or loss were NT\$29,692 thousand and NT\$22,557 thousand for the years ended December 31, 2016 and 2015, respectively.

Financing to related parties

Loans to related parties (recognized as other receivables)

	<u>December 31</u>			
	<u>2016</u>		<u>2015</u>	
	<u>Carrying Amount</u>	<u>Interest receivable</u>	<u>Carrying Amount</u>	<u>Interest receivable</u>
Subsidiaries	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,859,500</u>	<u>\$ 89,004</u>

Loans from related parties: (Recognized as long-term borrowings - bank loans)

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Others	<u>\$ 400,000</u>	<u>\$ -</u>

The interests expense from loans from other related parties were NT\$15 thousand for the year ended December 31, 2016.

Note:

- a. In 1994, the Company sold the following shares to Yuan Ding Investment Corporation and recognized deferred incomes on these sales: Yu Yuan Investment Co., Ltd.'s shares for NT\$30,256 thousand; Nan Shan Life Insurance Co., Ltd.'s shares for NT\$216 thousand.
- b. The deferred income was made by selling the shares of New Century InfoComm Tech Corporation to Yuan Cing Infocomm Tech Co., Ltd. in 2010 (dissolved on its merger with Far EasTone Telecommunication Co., Ltd. on March 1, 2011). The amortization is according to the difference of New Century InfoComm Tech Corporation's net assets between fair value and book value and durable service life on the selling date.
- c. The deferred income was made by selling the shares of Oriental Petrochemical (Taiwan) Corporation to Yue Ding Industry Co., Ltd. in March 2008.
- d. In 2016, the Company bought machinery and equipment from YDT Technology International Co., New Century InfoComm Tech Corporation, Oriental Resources Development Ltd., Information Security Service Digital United and Far Eastern Technical Consultants Co., Ltd. for NT\$7,052 thousand, NT\$11,315 thousand, NT\$119 thousand, NT\$3,148 thousand and NT\$3,817 thousand, respectively. As of December 31, 2016, the payables on these purchases had been paid. In 2015, the Company bought machinery and equipment from YDT Technology International Co. and NCIC for NT\$5,591 thousand, and NT\$4,730 thousand, respectively. As of December 31, 2015, the payables on these purchases had been paid.

(Continued)

- e. In October 2016, the Company participated Far Eastern Polytex (Holding) Corporation's cash issuance of new shares amounting to \$705,900 thousand. The Company's interest in Far Eastern Polytex (Holding) Corporation was still 100%. In June 2015, the Company participated Oriental Petrochemical (Taiwan) Corporation's cash issuance of new shares amounting to \$1,511,163 thousand. The Company's interest in Oriental Petrochemical (Taiwan) Corporation was still 75.56%.
- f. The terms of sales to and purchases from the related parties were based on agreements.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEES

FINANCING PROVIDED
 FOR THE YEAR ENDED DECEMBER 31, 2016
 (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 Corporation	Yes	Receivables from related parties	\$ 2,047,090	\$ -	\$ -	1.5118-3.35	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 9,544,323	\$ 95,443,228	Amounts allowed for ending period (Note B); maximum amounts allowed for the period (Note G)
		PET Far Eastern (Holding) Corporation	Yes	Receivables from related parties	1,983,150	-	-	3.35	2	-	For revolving fund	-	Promissory note	-	9,544,323	95,443,228	Amounts allowed for ending period (Note B); maximum amounts allowed for the period (Note G)
1	Yuan Ding Investment Corporation	Far Eastern Apparel Corporation	Yes	Receivables from related parties	50,000	50,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,008,164	20,040,818	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		Oriental Resources Development Corporation	Yes	Receivables from related parties	300,000	300,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,008,164	20,040,818	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		Far Eastern Resources Development Corporation	Yes	Receivables from related parties	1,000,000	1,000,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,008,164	20,040,818	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		Oriental Petrochemical (Taiwan) Corporation	Yes	Receivables from related parties	1,500,000	1,500,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,008,164	20,040,818	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		Ding Yuan International Investment Corporation	Yes	Receivables from related parties	400,000	400,000	-	1.61-1.66	2	-	For revolving fund	-	Promissory note	-	4,008,164	20,040,818	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		Yuan Tong Investment Corporation	Yes	Receivables from related parties	750,000	750,000	107,000	1.52-1.68	2	-	For revolving fund	-	Promissory note	-	4,008,164	20,040,818	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		An Ho Garment Corporation	Yes	Receivables from related parties	600,000	600,000	414,000	1.34-1.68	2	-	For revolving fund	-	Promissory note	-	4,008,164	20,040,818	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		Kai Yuan International Investment Corporation	Yes	Receivables from related parties	800,000	800,000	625,000	1.52-1.68	2	-	For revolving fund	-	Promissory note	-	4,008,164	20,040,818	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		Yu Ding Industry Corporation	Yes	Receivables from related parties	680,000	680,000	680,000	1.34-1.68	2	-	For revolving fund	-	Promissory note	-	4,008,164	20,040,818	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
2	Yuan Tong Investment Corporation	Far Eastern Resources Development Corporation	Yes	Receivables from related parties	500,000	500,000	-	-	2	-	For revolving fund	-	Promissory note	-	805,214	4,026,068	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	Kai Yuan International Investment Corporation	Da Ju Fiber Corporation	Yes	Receivables from related parties	\$ 100,000	\$ -	\$ -	-	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 489,961	\$ 2,449,806	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
		Yu Ding Industry Corporation	Yes	Receivables from related parties	150,000	-	-	1.76-1.82	2	-	For revolving fund	-	Promissory note	-	489,961	2,449,806	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
4	An Ho Garment Corporation	Far Eastern Apparel Corporation	Yes	Receivables from related parties	50,000	-	-	-	2	-	For revolving fund	-	Promissory note	-	198,348	991,741	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
5	Far EasTone Telecommunications Corporation	Q-ware Communications Corporation	Yes	Receivables from related parties	250,000	-	-	1.45-1.53	2	-	For revolving fund	-	-	-	7,100,602	35,503,009	Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note G)
6	New Century InfoComm Corporation	Far EasTone Telecommunications Corporation	Yes	Receivables from related parties	4,000,000	4,000,000	-	0.83-1.00	1	4,287,402	-	-	-	-	4,287,402	12,022,763	Amounts allowed for ending period (Note O); maximum amounts allowed for the period (Note G)
		Far EasTone Telecommunications Corporation	Yes	Receivables from related parties	4,500,000	4,200,000	-	0.83-1.00	2	-	For revolving fund	-	-	-	4,809,105	12,022,763	Amounts allowed for ending period (Note E); maximum amounts allowed for the period (Note G)
		Q-ware Communications Corporation	Yes	Receivables from related parties	250,000	250,000	190,000	1.33-1.43	2	-	For revolving fund	-	-	-	4,809,105	12,022,763	Amounts allowed for ending period (Note E); maximum amounts allowed for the period (Note G)
7	Yuan Ding Corporation	Far Eastern Technical Consultants Corporation	Yes	Receivables from related parties	50,000	50,000	-	-	2	-	For revolving fund	-	Promissory note	-	1,431,124	3,577,809	Amounts allowed for ending period (Note E); maximum amounts allowed for the period (Note G)
		Ding Ding Integrated Marketing Service Corporation	Yes	Receivables from related parties	100,000	100,000	-	-	2	-	For revolving fund	-	Promissory note	-	1,431,124	3,577,809	Amounts allowed for ending period (Note E); maximum amounts allowed for the period (Note G)
		Yuan Ding Integrated Information Service (Shanghai) Corporation	Yes	Receivables from related parties	334,500	-	-	1.5	2	-	For revolving fund	-	Promissory note	-	1,431,124	3,577,809	Amounts allowed for ending period (Note E); maximum amounts allowed for the period (Note G)
		Far Eastern Electronic Commerce Corporation	Yes	Receivables from related parties	250,000	250,000	200,000	1.0312-1.2694	2	-	For revolving fund	-	Promissory note	-	1,431,124	3,577,809	Amounts allowed for ending period (Note E); maximum amounts allowed for the period (Note G)
		Ding Ding Hotel Corporation	Yes	Receivables from related parties	300,000	300,000	300,000	1.0312-1.1385	2	-	For revolving fund	-	Promissory note	-	1,431,124	3,577,809	Amounts allowed for ending period (Note E); maximum amounts allowed for the period (Note G)
8	YDT Technology International Corporation	Yuan Ding Corporation	Yes	Receivables from related parties	200,000	130,000	40,000	1.0312-1.2694	2	-	For revolving fund	-	Promissory note	-	125,979	157,474	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note G)
9	FET Consulting Engineers Corporation	Yuan Ding Corporation	Yes	Receivables from related parties	200,000	200,000	200,000	1.0312-1.2694	2	-	For revolving fund	-	Promissory note	-	185,713	232,141	Amounts allowed for ending period (Note F); 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			
10	Ding Ding Integrated Marketing Service Corporation	Yuan Ding Integrated Information Service (Shanghai) Corporation	Yes	Receivables from related parties	\$ 129,000	\$ 129,000	\$ 64,500	1.60-1.75	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 135,036	\$ 168,795	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note G)
11	Far Eastern Investment (Holding) Corporation	FEDP (Holding) Corporation	Yes	Receivables from affiliates	322,500	-	-	-	2	-	For revolving fund	-	Promissory note	-	4,721,580	14,164,741	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		PET Far Eastern (Holding) Corporation	Yes	Receivables from affiliates	2,580,000	2,580,000	-	1.84615-1.92415	2	-	For revolving fund	-	Promissory note	-	4,721,580	14,164,741	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Far Eastern Apparel (Holding) Corporation	Yes	Receivables from affiliates	1,290,000	1,290,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,721,580	14,164,741	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Far Eastern Polytex (Holding) Corporation	Yes	Receivables from affiliates	2,580,000	322,500	61,275	1.84615-1.92415	2	-	For revolving fund	-	Promissory note	-	4,721,580	14,164,741	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Worldwide Polychem (HK) Corporation	Yes	Receivables from affiliates	322,500	322,500	145,125	-	2	-	For revolving fund	-	Promissory note	-	4,721,580	14,164,741	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Sino Belgium (Holding) Corporation	Yes	Receivables from affiliates	483,750	483,750	158,025	1.84615-1.92415	2	-	For revolving fund	-	Promissory note	-	3,777,264	3,777,264	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
		PET Far Eastern (M) Sdn. Bhd.	Yes	Receivables from affiliates	322,500	322,500	202,738	1.84615-1.92415	2	-	For revolving fund	-	Promissory note	-	4,721,580	14,164,741	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Far Eastern Apparel (Vietnam) Corporation	Yes	Receivables from affiliates	967,500	645,000	322,500	-	2	-	For revolving fund	-	Promissory note	-	4,721,580	14,164,741	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Far Eastern New Apparel (Vietnam) Corporation	Yes	Receivables from affiliates	967,500	967,500	387,000	-	2	-	For revolving fund	-	Promissory note	-	4,721,580	14,164,741	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Oriental Textile (Holding) Corporation	Yes	Receivables from affiliates	3,225,000	2,580,000	448,275	1.84615-1.92415	2	-	For revolving fund	-	Promissory note	-	4,721,580	14,164,741	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Far Eastern Polychem Industries Corporation	Yes	Receivables from affiliates	2,257,500	2,257,500	1,293,225	1.84615-1.92415	2	-	For revolving fund	-	Promissory note	-	4,721,580	14,164,741	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
Far Eastern New Century (China) Investment Corporation	Yes	Receivables from affiliates	1,906,821	1,906,821	1,721,679	-	2	-	For revolving fund	-	Promissory note	-	4,721,580	14,164,741	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)		
12	Far Eastern Apparel (Holding) Corporation	Far Eastern Dyeing & Finishing (Suzhou) Corporation	Yes	Receivables from affiliates	645,000	-	-	-	1	2,607,474	-	-	Promissory note	-	2,055,265	2,055,265	Amounts allowed for ending period (Note H); maximum amounts allowed for the period (Note H)
		Far Eastern Investment (Holding) Corporation	Yes	Receivables from affiliates	967,500	967,500	-	1.84615-1.92415	2	-	For revolving fund	-	Promissory note	-	1,468,046	4,404,139	Amounts allowed for ending period (Note G); 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			
		Far Eastern Apparel (Suzhou) Corporation	Yes	Receivables from affiliates	\$ 967,500	\$ 645,000	\$ -	-	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 1,468,046	\$ 4,404,139	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Far Eastern Dyeing & Finishing (Suzhou) Corporation	Yes	Receivables from affiliates	1,290,000	645,000	161,250	-	2	-	For revolving fund	-	Promissory note	-	1,468,046	4,404,139	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
13	Oriental Textile (Holding) Corporation	Oriental Industries (Suzhou) Corporation	Yes	Receivables from affiliates	1,548,000	-	-	-	1	3,097,941	-	-	Promissory note	-	3,097,941	5,444,900	Amounts allowed for ending period (Note O); maximum amounts allowed for the period (Note H)
		Sino Belgium Beer (Suzhou) Corporation	Yes	Receivables from affiliates	193,500	193,500	-	-	2	-	For revolving fund	-	Promissory note	-	3,889,214	11,667,642	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Sino Belgium (Holding) Corporation	Yes	Receivables from affiliates	322,500	322,500	-	-	2	-	For revolving fund	-	Promissory note	-	3,111,371	3,111,371	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
		Far Eastern Industries (WuXi) Corporation	Yes	Receivables from affiliates	2,093,025	645,000	-	-	2	-	For revolving fund	-	Promissory note	-	3,889,214	11,667,642	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Oriental Industries (Suzhou) Corporation	Yes	Receivables from affiliates	3,870,000	1,935,000	-	-	2	-	For revolving fund	-	Promissory note	-	3,889,214	11,667,642	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Far Eastern New Century (China) Investment Corporation	Yes	Receivables from affiliates	2,031,480	2,031,480	784,890	1.265	2	-	For revolving fund	-	Promissory note	-	3,889,214	11,667,642	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
14	Far Eastern Polychem Industries Corporation	Far Eastern Industries (Shanghai) Corporation	Yes	Receivables from affiliates	2,128,500	-	-	-	1	7,350,345	-	-	Promissory note	-	6,704,617	6,704,617	Amounts allowed for ending period (Note H); maximum amounts allowed for the period (Note H)
		Sino Belgium Beer (Suzhou) Corporation	Yes	Receivables from affiliates	322,500	-	-	-	2	-	For revolving fund	-	Promissory note	-	4,789,012	14,367,036	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Far Eastern Industries (Suzhou) Corporation	Yes	Receivables from affiliates	1,515,750	1,515,750	-	-	2	-	For revolving fund	-	Promissory note	-	4,789,012	14,367,036	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Wuhan Far Eastern New Material Corporation	Yes	Receivables from affiliates	129,000	129,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,789,012	14,367,036	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Corporation	Yes	Receivables from affiliates	967,500	-	-	-	2	-	For revolving fund	-	Promissory note	-	4,789,012	14,367,036	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Far Eastern Ishizuka Green Pet Corporation	Yes	Receivables from affiliates	689,000	413,400	9,675	1.11929-1.92415	2	-	For revolving fund	-	Promissory note	-	3,831,210	3,831,210	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
		Far Eastern Industries (Shanghai) Corporation	Yes	Receivables from affiliates	3,805,500	2,031,750	96,750	-	2	-	For revolving fund	-	Promissory note	-	4,789,012	14,367,036	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Far Eastern New Century (China) Investment Corporation	Yes	Receivables from affiliates	2,724,030	2,724,030	1,431,270	1.265	2	-	For revolving fund	-	Promissory note	-	4,789,012	14,367,036	Amounts allowed for ending period (Note G); 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			
15	PET Far Eastern (Holding) Corporation	Far Eastern Union Petrochemical (Yangzhou) Corporation	Yes	Receivables from affiliates	\$ 1,128,750	\$ -	\$ -	-	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 1,964,988	\$ 1,964,988	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
		Oriental Petrochemical (Shanghai) Corporation	Yes	Receivables from affiliates	1,225,500	645,000	-	-	2	-	For revolving fund	-	Promissory note	-	1,964,988	1,964,988	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
		Far Eastern Investment (Holding) Corporation	Yes	Receivables from affiliates	1,290,000	-	-	-	2	-	For revolving fund	-	Promissory note	-	2,456,235	7,368,704	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Far Eastern New Century (China) Investment Corporation	Yes	Receivables from affiliates	2,169,990	2,169,990	138,510	1.265	2	-	For revolving fund	-	Promissory note	-	2,456,235	7,368,704	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
16	FEDP (Holding) Corporation	Far Eastern Industries (Suzhou) Corporation	Yes	Receivables from affiliates	290,250	-	-	-	2	-	For revolving fund	-	Promissory note	-	175,474	526,422	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Corporation	Yes	Receivables from affiliates	193,500	161,250	-	1.84615-1.92415	2	-	For revolving fund	-	Promissory note	-	175,474	526,422	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Far Eastern Polychem Industries Corporation	Yes	Receivables from affiliates	193,500	161,250	161,250	1.84615-1.92415	2	-	For revolving fund	-	Promissory note	-	175,474	526,422	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
17	Waldorf Services B.V.	Oriental Textile (Holding) Corporation	Yes	Receivables from affiliates	483,750	483,750	341,850	1.84615-1.92415	2	-	For revolving fund	-	Promissory note	-	827,909	2,483,726	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Corporation	Yes	Receivables from affiliates	483,750	483,750	351,525	1.84615-1.92415	2	-	For revolving fund	-	Promissory note	-	827,909	2,483,726	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Far Eastern Polychem Industries Corporation	Yes	Receivables from affiliates	483,750	483,750	483,750	1.84615-1.92415	2	-	For revolving fund	-	Promissory note	-	827,909	2,483,726	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
18	Far Eastern Polytex (Holding) Corporation	Wuhan Far Eastern New Material Corporation	Yes	Receivables from affiliates	129,000	129,000	-	-	2	-	For revolving fund	-	Promissory note	-	3,931,546	11,794,637	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
		Far Eastern New Century (China) Investment Corporation	Yes	Receivables from affiliates	2,128,500	106,425	80,090	-	2	-	For revolving fund	-	Promissory note	-	3,931,546	11,794,637	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note K)
19	Far Eastern Dyeing & Finishing (Suzhou) Corporation	Oriental Petrochemical (YangZhou) Corporation	Yes	Other receivables - loans to related parties	230,850	230,850	230,850	2	2	-	For revolving fund	-	Promissory note	-	1,005,748	1,005,748	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
		Oriental Industries (Suzhou) Corporation	Yes	Other receivables - loans to related parties	1,385,100	1,385,100	741,795	2.34327-2.75	2	-	For revolving fund	-	Promissory note	-	2,262,934	5,028,742	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note L)

(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			
20	Far Eastern Apparel (Suzhou) Corporation	Far Eastern Union Petrochemical (Yangzhou) Corporation	Yes	Other receivables - loans to related parties	\$ 369,360	\$ 369,360	\$ -	-	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 571,134	\$ 571,134	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
		Far Eastern Industries (Suzhou) Corporation	Yes	Other receivables - loans to related parties	923,400	923,400	300,105	2.61	2	-	For revolving fund	-	Promissory note	-	1,285,052	2,855,671	Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note L)
		Oriental Industries (Suzhou) Corporation	Yes	Other receivables - loans to related parties	1,108,080	1,108,080	765,914	1.72610-2.75	2	-	For revolving fund	-	Promissory note	-	1,285,052	2,855,671	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note L)
21	Far Eastern Industries (Suzhou) Corporation	Oriental Industries (Suzhou) Corporation	Yes	Other receivables - loans to related parties	138,510	46,170	-	1.70326-1.77359	2	-	For revolving fund	-	Promissory note	-	106,866	237,480	Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note L)
22	Oriental Industries (Suzhou) Corporation	Far Eastern New Century (China) Investment Corporation	Yes	Other receivables - loans to related parties	230,850	230,850	-	-	2	-	For revolving fund	-	Promissory note	-	4,983,088	11,073,529	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note L)
		Far Eastern Apparel (Suzhou) Corporation	Yes	Other receivables - loans to related parties	461,700	461,700	-	2.91159	2	-	For revolving fund	-	Promissory note	-	4,983,088	11,073,529	Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note L)
		Far Eastern Dyeing & Finishing (Suzhou) Corporation	Yes	Other receivables - loans to related parties	461,700	461,700	-	2.91159-2.97773	2	-	For revolving fund	-	Promissory note	-	4,983,088	11,073,529	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note L)
		Far Eastern Industries (WuXi) Corporation	Yes	Other receivables - loans to related parties	923,400	923,400	-	2.91159-2.96203	2	-	For revolving fund	-	Promissory note	-	4,983,088	11,073,529	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note L)
		Far Eastern Industries (Suzhou) Corporation	Yes	Other receivables - loans to related parties	1,385,100	1,385,100	550,254	2.91159-2.97773	2	-	For revolving fund	-	Promissory note	-	4,983,088	11,073,529	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note L)
		Far Eastern Union Petrochemical (Yangzhou) Corporation	Yes	Other receivables - loans to related parties	784,890	784,890	554,040	2.00-3.915	2	-	For revolving fund	-	Promissory note	-	2,214,706	2,214,706	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
		Sino Belgium Beer (Suzhou) Corporation	Yes	Other receivables - loans to related parties	1,546,695	923,400	736,818	2.61-2.97773	2	-	For revolving fund	-	Promissory note	-	4,983,088	11,073,529	Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note L)
23	Far Eastern Industries (WuXi) Corporation	Oriental Industries (Suzhou) Corporation	Yes	Other receivables - loans to related parties	923,400	923,400	553,172	1.70326-2.75	2	-	For revolving fund	-	Promissory note	-	2,717,900	6,039,777	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note L)
24	Oriental Petrochemical (Shanghai) Corporation	Shanghai Far Eastern Petrochemical Logistic Corporation	Yes	Other receivables - loans to related parties	69,255	-	-	5.9	2	-	For revolving fund	-	Promissory note	-	234,642	703,926	Amounts allowed for ending period (Note B); maximum amounts allowed for the period (Note D)
		Far Eastern New Century (China) Investment Corporation	Yes	Other receivables - loans to related parties	230,850	230,850	84,510	1.265	2	-	For revolving fund	-	Promissory note	-	234,642	703,926	Amounts allowed for ending period (Note B); maximum amounts allowed for the period (Note D)

(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				
25	Far Eastern Industries (Shanghai) Corporation	Far Eastern New Century (China) Investment Corporation	Yes	Other receivables - loans to related parties	\$ 692,550	\$ 692,550	\$ -	1.265	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 4,168,618	\$ 7,503,513	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note I)	
		Everest Textile (Shanghai) Corporation	Yes	Other receivables - loans to related parties	230,850	-	-	4.2	2	-	For revolving fund	-	Promissory note	-	3,334,895	3,334,895	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)	
		Oriental Petrochemical (Shanghai) Corporation	Yes	Other receivables - loans to related parties	461,700	461,700	461,700	2	2	-	For revolving fund	-	Promissory note	-	3,334,895	3,334,895	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)	
		Oriental Petrochemical (Shanghai) Corporation	Yes	Other receivables - loans to related parties	923,400	923,400	923,400	2	1	4,199,591	-	-	-	Promissory note	-	4,168,618	4,168,618	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note G)
		Far Eastern Union Petrochemical (Yangzhou) Corporation	Yes	Other receivables - loans to related parties	1,708,290	1,708,290	1,708,290	2.00-3.00	2	-	For revolving fund	-	-	Promissory note	-	3,334,895	3,334,895	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)
26	Wuhan Far Eastern New Material Corporation	Far Eastern New Century (China) Investment Corporation	Yes	Other receivables - loans to related parties	92,340	92,340	87,321	1.265	2	-	For revolving fund	-	Promissory note	-	480,039	864,071	Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note I)	
27	Far Eastern New Century (China) Investment Corporation	Shanghai Yuan Zi Information Technology Corporation	Yes	Other receivables - loans to related parties	46,170	46,170	-	-	2	-	For revolving fund	-	Promissory note	-	6,092,247	8,529,146	Amounts allowed for ending period (Note M); maximum amounts allowed for the period (Note N)	
		Oriental Textile (Holding) Corporation	Yes	Other receivables - loans to related parties	92,340	92,340	-	-	2	-	For revolving fund	-	Promissory note	-	6,092,247	8,529,146	Amounts allowed for ending period (Note M); maximum amounts allowed for the period (Note N)	
		Far Eastern Polychem Industries Corporation	Yes	Other receivables - loans to related parties	92,340	92,340	-	-	2	-	For revolving fund	-	Promissory note	-	6,092,247	8,529,146	Amounts allowed for ending period (Note M); maximum amounts allowed for the period (Note N)	
		PET Far Eastern (Holding) Corporation	Yes	Other receivables - loans to related parties	92,340	92,340	-	-	2	-	For revolving fund	-	Promissory note	-	6,092,247	8,529,146	Amounts allowed for ending period (Note M); maximum amounts allowed for the period (Note N)	
		Wuhan Far Eastern New Material Corporation	Yes	Other receivables - loans to related parties	92,340	92,340	-	1.265	2	-	For revolving fund	-	Promissory note	-	6,092,247	8,529,146	Amounts allowed for ending period (Note M); maximum amounts allowed for the period (Note N)	
		Shanghai Far Eastern Petrochemical Logistic Corporation	Yes	Other receivables - loans to related parties	55,404	55,404	18,787	1.265	2	-	For revolving fund	-	Promissory note	-	6,092,247	8,529,146	Amounts allowed for ending period (Note M); maximum amounts allowed for the period (Note N)	
		Oriental Petrochemical (Shanghai) Corporation	Yes	Other receivables - loans to related parties	831,060	752,571	290,871	1.265-3.00	2	-	For revolving fund	-	Promissory note	-	974,760	974,760	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)	
		Oriental Industries (Suzhou) Corporation	Yes	Other receivables - loans to related parties	1,154,250	1,154,250	325,785	1.265	2	-	For revolving fund	-	Promissory note	-	6,092,247	8,529,146	Amounts allowed for ending period (Note M); maximum amounts allowed for the period (Note N)	
		Far Eastern Industries (Shanghai) Corporation	Yes	Other receivables - loans to related parties	5,355,720	4,709,340	2,230,607	1.265	2	-	For revolving fund	-	Promissory note	-	6,092,247	8,529,146	Amounts allowed for ending period (Note M); maximum amounts allowed for the period (Note N)	

(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			
28	Shanghai Yuan Zi Information Technology Corporation	Far Eastern New Century (China) Investment Corporation	Yes	Other receivables - loans to related parties	\$ 46,170	\$ 46,170	\$ -	-	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 62,415	\$ 93,623	Amounts allowed for ending period (Note J); maximum amounts allowed for the period (Note K)
29	Far Eastern Industries (Yangzhou) Corporation	Far Eastern Industries (Shanghai) Corporation	Yes	Other receivables - loans to related parties	230,850	-	-	3	2	-	For revolving fund	-	Promissory note	-	1,296,415	2,880,921	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note L)
		Far Eastern Dyeing & Finishing (Suzhou) Corporation	Yes	Other receivables - loans to related parties	230,850	230,850	230,850	2	2	-	For revolving fund	-	Promissory note	-	1,296,415	2,880,921	Amounts allowed for ending period (Note I); maximum amounts allowed for the period (Note L)
		Far Eastern Union Petrochemical (Yangzhou) Corporation	Yes	Other receivables - loans to related parties	554,040	554,040	554,040	2.00-3.00	2	-	For revolving fund	-	Promissory note	-	576,184	576,184	Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F)

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, 2016.

C. The limit is equal to 10% of the net value of the financier (based on audited financial statements) as of December 31, 2016.

D. The limit is equal to 15% of the net value of the financier (based on audited financial statements) as of December 31, 2016.

E. The limit is equal to 20% of the net value of the financier (based on audited financial statements) as of December 31, 2016.

F. The limit is equal to 40% of the net value of the financier (based on audited financial statements) as of December 31, 2016.

G. The limit is equal to 50% of the net value of the financier (based on audited financial statements) as of December 31, 2016.

H. The limit is equal to 70% of the net value of the financier (based on audited financial statements) as of December 31, 2016.

I. The limit is equal to 90% of the net value of the financier (based on audited financial statements) as of December 31, 2016.

J. The limit is equal to 100% of the net value of the financier (based on audited financial statements) as of December 31, 2016.

K. The limit is equal to 150% of the net value of the financier (based on audited financial statements) as of December 31, 2016.

L. The limit is equal to 200% of the net value of the financier (based on audited financial statements) as of December 31, 2016.

M. The limit is equal to 250% of the net value of the financier (based on audited financial statements) as of December 31, 2016.

N. The limit is equal to 350% of the net value of the financier (based on audited financial statements) as of December 31, 2016.

O. The limit is equal to business transaction amount.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2016
(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 Corporation	(Note A)	\$ 95,443,228	\$ 2,301,750	\$ 1,200,000	\$ -	\$ -	0.63	\$ 190,886,455	Yes	-	-	Limits on each counter-party's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).
1	Far EasTone Telecommunicatio ns Corporation	KGEx.com Corporation	(Note A)	35,503,009	45,000	-	-	-	-	71,006,018	-	-	-	Limits on each counter-party's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).
2	Yuan Ding Investment Corporation	Oriental Resources Development Corporation	(Note A)	20,040,818	250,000	250,000	-	-	0.62	40,081,636	-	-	-	Limits on each counter-party's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).
		Da Ju Fiber Corporation	(Note B)	20,040,818	360,000	320,000	57,000	-	0.8	40,081,636	-	-	-	Limits on each counter-party's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).
		PET Far Eastern (Holding) Corporation	(Note C)	19,088,646	669,000	645,000	457,083	-	1.61	19,088,646	-	-	-	Limits on each counter-party's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H).
		Oriental Textile (Holding) Corporation	(Note A)	20,040,818	1,572,150	645,000	604,827	-	1.61	40,081,636	-	-	-	Limits on each counter-party's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).
		Far Eastern Polychem Industries Corporation	(Note C)	19,088,646	1,338,000	967,500	558,657	-	2.41	19,088,646	-	-	-	Limits on each counter-party's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H).
		Far Eastern Apparel Corporation	(Note A)	20,040,818	130,000	-	-	-	-	40,081,636	-	-	-	Limits on each counter-party's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).

(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 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											
		Far Eastern Apparel (Holding) Corporation	(Note A)	\$ 20,040,818	\$ 1,003,500	\$ -	\$ -	\$ -	-	\$ 40,081,636	-	-	-	Limits on each counter-party's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).
		Far Eastern New Century Corporation	(Note D)	20,040,818	300,000	-	-	-	-	40,081,636	-	Yes	-	Limits on each counter-party's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).
		Oriental Industries (Suzhou) Corporation	(Note A)	20,040,818	1,672,500	1,612,500	408,304	-	4.02	40,081,636	-	-	Yes	Limits on each counter-party's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).
3	Far Eastern Resources Development Corporation	Far Eastern New Century Corporation	(Note D)	13,495,011	5,696,448	5,696,448	3,246,448	5,696,448	2.98	26,990,022	-	Yes	-	Limits on each counter-party's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).
4	Yuan Ding Corporation	Ding Ding Hotel Corporation	(Note A)	3,577,810	1,603,000	1,603,000	1,150,000	200,000	0.84	7,155,619	-	-	-	Limits on each counter-party's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).
		Yuan Ding Integrated Information Service (Shanghai) Corporation	(Note A)	3,577,810	129,100	129,000	129,000	-	0.07	7,155,619	-	-	Yes	Limits on each counter-party's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F).
5	Far Eastern Construction Corporation	Far Eastern General Contractor Corporation	(Note A)	39,307,167	504,300	154,300	154,300	-	1.18	39,307,167	-	-	-	Limits on each counter-party's endorsement/guarantee amounts (Note I); maximum amounts allowed for the period (Note I).
6	PET Far Eastern (Holding) Corporation	Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note B)	95,443,228	2,484,450	1,012,155	687,137	-	0.53	190,886,455	-	-	Yes	Limits on each counter-party's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K).
7	Oriental Industries (Suzhou) Corporation	Far Eastern Industries (Suzhou) Corporation	(Note C)	95,443,228	1,326,250	829,680	376,906	-	2.07	190,886,455	-	-	Yes	Limits on each counter-party's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K).
8	Far Eastern Dyeing & Finishing (Suzhou) Corporation	Far Eastern Industries (Suzhou) Corporation	(Note C)	95,443,228	323,190	323,190	46,170	-	0.81	190,886,455	-	-	Yes	Limits on each counter-party's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K).

(Continued)

- 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. The amount of the collateral/guarantee is equal to 50% of the net value of the guarantor, based on latest audited financial statements.
 - F. The amount of the collateral/guarantee is equal to the net value of the guarantor, based on latest audited financial statements.
 - G. 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, 2016) and 50% of the net value of Yuan Ding Investment Co., Ltd. (based on audited financial statements as of December 31, 2016.)
 - 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, 2016) and the net value of Yuan Ding Investment Co., Ltd. (based on audited financial statements as of December 31, 2016.)
 - I. The amount of the collateral/guarantee is equal to 300% of the net value of the guarantor, based on latest audited financial statements.
 - J. 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.
 - K. The amount of the collateral/guarantee is equal to the net value of the ultimate parent company, based on latest audited financial statements.
 - L. 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.
 - M. 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.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEES

MARKETABLE SECURITIES AND INVESTMENTS IN SHARES OF STOCK HELD

DECEMBER 31, 2016

(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, 2016				Note
				Shares or Units (All Common Stocks Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note I)	
Far Eastern New Century Corporation	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	750,511	\$ 15,657,202	22.33	\$ 19,775,973	19,900 thousand shares pledged or mortgaged as collaterals for loans.
	Far Eastern Department Stores Corporation	(Note A)	Investments accounted for using the equity method	241,770	4,654,067	17.06	3,868,315	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	81,216	1,220,758	9.17	1,876,090	
	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	129	1,536	0.03	2,197	
	Oriental Securities Corporation	(Note A)	Investments accounted for using the equity method	140,278	1,916,962	19.65	-	
	Pacific Liu Tong Investment Corporation (Note G)	(Note A)	Investments accounted for using the equity method	135,000	1,858,019	16.83	-	
	Yuan Ding Investment Corporation	(Note A)	Investments accounted for using the equity method	1,822,822	39,511,839	99.40	-	
	Far Eastern Resources Development Corporation	(Note A)	Investments accounted for using the equity method	667,242	101,333,337	100.00	-	
	Far Eastern Polytex (Holding) Corporation	(Note A)	Investments accounted for using the equity method	135	7,899,457	100.00	-	
	Far Eastern Polychem Industries Corporation	(Note A)	Investments accounted for using the equity method	830,815	6,997,867	73.04	-	
	Yuan Tong Investment Corporation	(Note A)	Investments accounted for using the equity method	705,147	7,697,083	100.00	-	
	Kai Yuan International Investment Corporation	(Note A)	Investments accounted for using the equity method	302,843	4,899,472	100.00	-	
	Far Eastern Investment (Holding) Corporation	(Note A)	Investments accounted for using the equity method	1,700	9,209,526	100.00	-	
	PET Far Eastern (Holding) Corporation	(Note A)	Investments accounted for using the equity method	333	4,404,790	90.54	-	
	Oriental Petrochemical (Taiwan) Corporation	(Note A)	Investments accounted for using the equity method	1,183,311	7,161,947	75.56	-	
	Far Eastern Construction Corporation	(Note A)	Investments accounted for using the equity method	198,791	8,157,576	65.11	-	
	Yuan Ding Corporation	(Note A)	Investments accounted for using the equity method	186,929	3,034,356	37.13	-	
	An Ho Garment Corporation	(Note A)	Investments accounted for using the equity method	66,346	1,907,667	100.00	-	
	Ding Yuan International Investment Corporation	(Note A)	Investments accounted for using the equity method	205,000	2,579,193	100.00	-	
	FEDP (Holding) Corporation	(Note A)	Investments accounted for using the equity method	244	176,983	50.43	-	
Fu Kwok Garment Manufacturing Corporation	(Note A)	Investments accounted for using the equity method	3,999	288,566	99.96	-		
Far Eastern Textile Corporation	(Note A)	Investments accounted for using the equity method	100	1,448	100.00	-		
Ding Ding Hotel Corporation	(Note A)	Other liabilities - other	19,772	(23,760)	19.00	-		
Far Eastern International Bank	(Note C)	Available-for-sale financial assets - non-current	81,374	740,500	2.62	740,500		
Yuan Ding Investment Corporation	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	19,290	581,130	0.57	508,279	43,145 thousand shares pledged or mortgaged as collaterals for loans.
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	81,431	1,428,384	9.19	1,881,049	
	Far Eastern Department Stores Corporation	(Note A)	Investments accounted for using the equity method	20,978	433,440	1.48	335,648	
	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	118,869	1,135,295	25.23	2,020,777	
	Far EasTone Telecommunications Corporation	(Note A)	Investments accounted for using the equity method	1,066,658	23,178,444	32.73	77,332,677	
	Far Eastern Polychem Industries Corporation	(Note A)	Investments accounted for using the equity method	306,644	2,583,002	26.96	-	
	Far Eastern Apparel (Holding) Corporation	(Note A)	Investments accounted for using the equity method	111	3,023,188	100.00	-	
	Da Ju Fiber Corporation	(Note A)	Investments accounted for using the equity method	46,418	1,585,067	41.86	-	
	Far Eastern Apparel Corporation	(Note A)	Investments accounted for using the equity method	24,736	200,341	100.00	-	
	Yuan Faun Corporation	(Note A)	Investments accounted for using the equity method	5,000	119,172	100.00	-	
	Yue Ming Corporation	(Note A)	Investments accounted for using the equity method	3,830	61,516	45.50	-	
	Yuan Ding Leasing Corporation	(Note A)	Investments accounted for using the equity method	36,706	389,978	46.20	-	
	Far Eastern Fibertech Corporation	(Note A)	Investments accounted for using the equity method	91,000	1,211,110	100.00	-	
	Oriental Resources Development Corporation	(Note A)	Investments accounted for using the equity method	34,242	319,838	70.00	-	
	Liquid Air Far East Corporation	(Note A)	Investments accounted for using the equity method	86,615	1,778,418	35.00	-	
	Freudenberg Far Eastern Spunweb Corporation	(Note A)	Investments accounted for using the equity method	13,052	341,198	29.80	-	
Oriental Securities Corporation	(Note A)	Investments accounted for using the equity method	185,247	2,638,048	25.96	-		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares or Units (All Common Stocks Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note I)	
	Yuan Ding Corporation	(Note A)	Investments accounted for using the equity method	64,759	\$ 1,077,402	12.86	\$ -	16,500 thousand shares pledged or mortgaged as collaterals for loans.
	Far Eastern International Leasing Corporation	(Note A)	Investments accounted for using the equity method	75,268	932,820	16.87	-	
	Oriental Textile (Holding) Corporation	(Note A)	Investments accounted for using the equity method	110	7,890,217	100.00	-	
	Pacific Liu Tong Investment Corporation (Note G)	(Note A)	Investments accounted for using the equity method	119,653	1,560,518	14.92	-	
	Yu Yuan Investment Corporation	(Note A)	Investments accounted for using the equity method	98,198	237,207	18.96	-	
	Far Eastern General Contractor Corporation	(Note A)	Investments accounted for using the equity method	1,490	22,493	1.00	-	
	Oriental Petrochemical (Taiwan) Corporation	(Note A)	Investments accounted for using the equity method	81,374	501,705	5.20	-	
	U-Ming Marine Transport Corporation	(Note B)	Available-for-sale financial assets - non-current	8,859	222,361	1.05	222,361	
	Far Eastern International Bank	(Note C)	Available-for-sale financial assets - non-current	110,705	1,007,417	3.56	1,007,417	
	Chung Nan Textile Corporation	-	Financial assets carried at cost - non-current	2,985	81,405	5.27	-	
	Overseas Investment and Development Corporation	-	Financial assets carried at cost - non-current	1,000	10,000	1.11	-	
	Universal Venture Capital Investment Corporation	-	Financial assets carried at cost - non-current	1,400	14,000	1.16	-	
	China Investment and Development Corporation	-	Financial assets carried at cost - non-current	1,287	8,250	0.80	-	
	Taiwan Stock Exchange Corporation	-	Financial assets carried at cost - non-current	1,055	22,493	0.16	-	
	Oriental Securities Investment Consultant Corporation	-	Financial assets carried at cost - non-current	1	10	0.00	-	
	Dah Chung Bills Finance Corporation	-	Financial assets carried at cost - non-current	2,165	30,669	0.50	-	
	Financial assets under asset management contracts (Note F)							
	Uni-President Enterprises Corporation	-	Financial assets at fair value through profit or loss - current	175	9,345	-	9,345	
	Formosa Chemicals & Fiber Corporation	-	Financial assets at fair value through profit or loss - current	40	3,852	-	3,852	
	TSRC Corporation	-	Financial assets at fair value through profit or loss - current	450	14,895	-	14,895	
	Elite Advanced Laser Corporation	-	Financial assets at fair value through profit or loss - current	74	9,546	-	9,546	
	WPG Holdings Limited	-	Financial assets at fair value through profit or loss - current	300	11,400	-	11,400	
	Cheng Shin Rubber Ind. Corporation	-	Financial assets at fair value through profit or loss - current	100	6,080	-	6,080	
	LITE-ON Technology Corporation	-	Financial assets at fair value through profit or loss - current	195	9,477	-	9,477	
	Qisda Corporation	-	Financial assets at fair value through profit or loss - current	200	3,010	-	3,010	
	ADVANTECH Corporation	-	Financial assets at fair value through profit or loss - current	35	8,908	-	8,908	
	CTCI Corporation	-	Financial assets at fair value through profit or loss - current	180	8,766	-	8,766	
	Fubon SZSE 100 ETF	-	Financial assets at fair value through profit or loss - current	1,500	14,025	-	14,025	
	Fubon SSE180 ETF	-	Financial assets at fair value through profit or loss - current	1,580	42,660	-	42,660	
	Yuanta 00632R ETF	-	Financial assets at fair value through profit or loss - current	3,090	49,780	-	49,780	
Far Eastern Investment (Holding) Corporation	FETG Investment Antilles N.V.	(Note A)	Investments accounted for using the equity method	6	1,581,733	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	200,399	50.00	-	
				Preferred stock 3,000				
	Com2B	(Note A)	Investments accounted for using the equity method	9,000	13,333	20.00	-	
	Far Eastern Apparel (Vietnam) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	512,201	100.00	-	
	Worldwide Polychem (HK) Corporation	(Note A)	Investments accounted for using the equity method	2,700	111,867	100.00	-	
	Opas Fund Segregated Portfolio Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	1,700	34.00	-	
	Far Eastern Polytex (Vietnam) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	1,555,420	100.00	-	
	Far Eastern New Apparel (Vietnam) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	110,821	100.00	-	
	Magna View Sdn. Bhd.	(Note A)	Investments accounted for using the equity method	3,000	198,823	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	200,399	50.00	-	
				Preferred stock 3,000				
Ding Yuan International Investment Corporation	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	13,222	432,438	0.39	348,392	
	Far Eastern Department Stores Corporation	(Note A)	Investments accounted for using the equity method	5,028	107,548	0.35	80,448	
	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	2,509	22,910	0.53	42,655	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	27,710	655,793	3.13	640,112	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares or Units (All Common Stocks Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note I)	
	Far EasTone Telecommunications Corporation	(Note A)	Investments accounted for using the equity method	920	\$ 41,299	0.03	\$ 66,675	15,000 thousand shares pledged or mortgaged as collaterals for loans.
	Pacific Liu Tong Investment Corporation (Note G)	(Note A)	Investments accounted for using the equity method	18,000	229,400	2.24	-	
	Yu Ding Industry Corporation	(Note A)	Investments accounted for using the equity method	12,315	315,237	13.20	-	
	Fu Kwok Garment Manufacturing Corporation	(Note A)	Investments accounted for using the equity method	1	73	0.03	-	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - non-current	82,262	748,589	2.64	748,589	
Kai Yuan International Investment Corporation	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	20,207	650,165	0.60	532,467	23,800 thousand shares pledged or mortgaged as collaterals for loans.
	Far EasTone Telecommunications Corporation	(Note A)	Investments accounted for using the equity method	34,149	1,136,100	1.05	2,475,805	
Far Eastern Polychem Industries Corporation	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	34,984	697,472	3.95	808,134	
	Far Eastern Department Stores Corporation	(Note A)	Investments accounted for using the equity method	20,672	560,815	1.46	330,755	
	Kowloon Cement Corporation	(Note A)	Investments accounted for using the equity method	1,127	471,469	49.00	-	
	Far Eastern International Leasing Corporation	(Note A)	Investments accounted for using the equity method	74,970	933,841	16.80	-	
	Pacific Liu Tong Investment Corporation (Note G)	(Note A)	Investments accounted for using the equity method	18,000	229,601	2.24	-	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - non-current	99,870	908,818	3.21	908,818	
	U-Ming Marine Transport Corporation	(Note E)	Available-for-sale financial assets - non-current	422	10,592	0.05	10,592	
Far Eastern Construction Corporation	Far Eastern Industries (Shanghai) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	7,485,079	87.64	-	
	PET Far Eastern (Holding) Corporation	(Note A)	Investments accounted for using the equity method	35	464,720	9.46	-	
	FEDP (Holding) Corporation	(Note A)	Investments accounted for using the equity method	240	173,965	49.57	-	
	Far Eastern Industries (Yangzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	1,440,461	100.00	-	
	Far Eastern Ishizuka Green Pet Corporation	(Note A)	Investments accounted for using the equity method	3,578	660,221	90.00	-	
	Bank of Chongqing	-	Available-for-sale financial assets - non-current	3,884	106,090	0.12	106,090	
Far Eastern Apparel (Holding) Corporation	Nippon Parison Corporation	-	Financial assets carried at cost - non-current	4	70,441	10.00	-	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	17,726	521,020	0.53	467,083	
	Far Eastern General Contractor Corporation	(Note A)	Investments accounted for using the equity method	147,413	2,065,536	98.95	-	
Far Eastern Apparel Corporation	U-Ming Marine Transport Corporation	(Note E)	Available-for-sale financial assets - current	1,590	39,904	0.19	39,904	
	Far Eastern Apparel (Suzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	549,146	38.46	-	
Far Eastern Apparel Corporation	Far Eastern Dyeing & Finishing (Suzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	2,514,371	100.00	-	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	469	13,653	0.01	12,358	
Far Eastern General Contractor Corporation	Far EasTone Telecommunications Corporation	(Note A)	Investments accounted for using the equity method	90	6,113	0.00	6,525	
	Yu Ding Industry Corporation	(Note A)	Investments accounted for using the equity method	8	104	0.01	-	
	U-Ming Marine Transport Corporation	(Note E)	Available-for-sale financial assets - current	746	18,737	0.09	18,737	
Far Eastern General Contractor Corporation	Kaohsiung Rapid Transit Corporation	-	Financial assets carried at cost - non-current	7,572	42,808	2.72	-	
	Ya-Li Precast Prestressed Concrete Industries Corporation	-	Financial assets carried at cost - non-current	3,106	25,142	16.03	-	
	Far Eastern Technical Consultants Corporation	(Note A)	Investments accounted for using the equity method	450	5,084	9.00	-	
	CTBC Hwa-Win Money Market Fund	-	Financial assets at fair value through profit or loss - current	15,393	168,020	-	168,020	
	UPAMC JAMES BOND MONEY MARKET Fund	-	Financial assets at fair value through profit or loss - current	7,912	131,012	-	131,012	
	DFE DWS Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	2,246	26,019	-	26,019	
	Mirae Asset Solomon Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,202	40,008	-	40,008	
	Paradigm Pion Money Market	-	Financial assets at fair value through profit or loss - current	8,994	103,013	-	103,013	
FETG Investment Antilles N.V.	Waldorf Services B.V.	(Note A)	Investments accounted for using the equity method	2	1,655,817	100.00	-	
Waldorf Services B.V.	Malaysia Garment Manufactures Pte. Corporation	(Note A)	Investments accounted for using the equity method	30	478,337	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	-	-	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares or Units (All Common Stocks Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note I)	
Malaysia Garment Manufactures Pte. Corporation	PT Malaysia Garment Bintan	(Note A)	Other liabilities - other	(Note H)	\$ (45)	99.00	\$ -	
An Ho Garment Corporation	Far EasTone Telecommunications Corporation	(Note A)	Investments accounted for using the equity method	40,818	1,065,997	1.25	2,959,275	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	225,820	0.18	160,568	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	11,204	253,269	1.26	258,812	
	Far Eastern Department Stores Corporation	(Note A)	Investments accounted for using the equity method	370	11,063	0.03	5,917	
	Oriental Securities Corporation	(Note A)	Investments accounted for using the equity method	7,688	103,295	1.08	-	
	Yu Ding Industry Corporation	(Note A)	Investments accounted for using the equity method	14,618	275,875	15.66	-	
	Pacific Liu Tong Investment Corporation (Note G)	(Note A)	Investments accounted for using the equity method	9,681	128,647	1.21	-	
	Yuan Ding Investment Corporation	(Note A)	Investments accounted for using the equity method	5,502	162,909	0.30	-	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - non-current	20,485	186,410	0.66	186,410	
Yuan Faun Corporation	Yuan Cheng Human Resources Consultant Corporation	(Note A)	Investments accounted for using the equity method	745	12,146	55.19	-	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - non-current	4,341	39,501	0.14	39,501	
	Yi Tong Fiber Corporation	-	Financial assets carried at cost - non-current	3,504	28,519	3.56	-	
Fu Kwok Garment Manufacturing Corporation	Far EasTone Telecommunications Corporation	(Note A)	Investments accounted for using the equity method	520	19,599	0.02	37,700	
Yuan Tong Investment Corporation	Far EasTone Telecommunications Corporation	(Note A)	Investments accounted for using the equity method	100,237	2,785,157	3.08	7,267,185	34,100 thousand shares pledged or mortgaged as collaterals for loans.
	Far Eastern Department Stores Corporation	(Note A)	Investments accounted for using the equity method	39,619	1,219,198	2.80	633,896	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	49,705	1,647,633	5.61	1,148,195	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	28,579	1,021,459	0.85	753,067	
	Pacific Liu Tong Investment Corporation (Note G)	(Note A)	Investments accounted for using the equity method	18,000	228,402	2.24	-	
	Far Eastern Electronic Toll Collection Corporation	(Note A)	Investments accounted for using the equity method	35,934	336,630	11.98	-	
	Liquid Air Far East Corporation	(Note A)	Investments accounted for using the equity method	1	25	0.00	-	
	Freudenberg Far Eastern Spunweb Corporation	(Note A)	Investments accounted for using the equity method	1	35	0.00	-	
	Malaysia Garment Manufactures Pte. Corporation	(Note A)	Investments accounted for using the equity method	10	163,987	13.00	-	
	Sino Belgium (Holding) Corporation	(Note A)	Other liabilities - other	36	(295,720)	90.88	-	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - non-current	19,796	180,139	0.64	180,139	
	Ding Shen Investment Corporation	-	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)	-			-	-	-	
	Cheng Shin Rubber Ind. Corporation	-	Financial assets at fair value through profit or loss - current	100	6,080	-	6,080	
	Qisda Corporation	-	Financial assets at fair value through profit or loss - current	200	3,010	-	3,010	
	Fubon SSE180 ETF	-	Financial assets at fair value through profit or loss - current	1,100	29,700	-	29,700	
	Elite Advanced Laser Corporation	-	Financial assets at fair value through profit or loss - current	55	7,095	-	7,095	
	Formosa Chemicals & Fiber Corporation	-	Financial assets at fair value through profit or loss - current	30	2,889	-	2,889	
	Uni-President Enterprises Corporation	-	Financial assets at fair value through profit or loss - current	120	6,408	-	6,408	
	E.Sun FHC	-	Financial assets at fair value through profit or loss - current	500	9,175	-	9,175	
	Yuanta 00632R ETF	-	Financial assets at fair value through profit or loss - current	3,170	51,069	-	51,069	
	CTCI Corporation	-	Financial assets at fair value through profit or loss - current	220	10,714	-	10,714	
	TSRC Corporation	-	Financial assets at fair value through profit or loss - current	400	13,240	-	13,240	
	LITE-ON Technology Corporation	-	Financial assets at fair value through profit or loss - current	210	10,206	-	10,206	
	WPG Holdings Limited	-	Financial assets at fair value through profit or loss - current	80	3,040	-	3,040	
	Fubon SZSE 100 ETF	-	Financial assets at fair value through profit or loss - current	1,150	10,752	-	10,752	
Far Eastern Apparel (Suzhou) Corporation	An Ho Garment (Suzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	50,280	100.00	-	
PET Far Eastern (Holding) Corporation	Oriental Petrochemical (Shanghai) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	2,495,470	53.24	-	
	Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	1,515,620	50.00	-	
	Tong Da Air Industry (Yangzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	969,375	50.00	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares or Units (All Common Stocks Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note I)	
Oriental Textile (Holding) Corporation	Far Eastern Industries (WuXi) Corporation Oriental Industries (Suzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	\$ 3,019,888	100.00	\$ -	
		(Note A)	Investments accounted for using the equity method	(Note H)	5,536,765	100.00	-	
FEDP (Holding) Corporation	Far Eastern Industries (Suzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	118,740	100.00	-	
Far Eastern Polytex (Holding) Corporation	Wuhan Far Eastern New Material Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	960,079	100.00	-	
	Far Eastern Apparel (Suzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	878,690	61.54	-	
	Far Eastern New Century (China) Investment Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	1,965,387	100.00	-	
	Far Eastern Yihua Petrochemical (Yangzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	4,052,129	60.00	-	
Far Eastern New Century (China) Investment Corporation	Far Eastern Industries (Shanghai) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	1,055,632	12.36	-	
	Shanghai Yuan Zi Information Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	62,415	100.00	-	
	Oriental Petrochemical (Shanghai) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	380,589	8.11	-	
	Yuan Ding Enterprise (Shanghai) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	817,036	100.00	-	
Sino Belgium (Holding) Corporation	Martens Beers Trading (Shanghai) Corporation Sino Belgium Beer (Suzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	15,194	100.00	-	
		(Note A)	Other liabilities - other	(Note H)	(187,555)	100.00	-	
Oriental Petrochemical (Shanghai) Corporation	Shanghai Far Eastern Petrochemical Logistic Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	129,110	100.00	-	
Far Eastern Industries (Yangzhou) Corporation	Harvest Money Market A	-	Financial assets at fair value through profit or loss - current	15,029	69,389	-	69,389	
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	Harvest Money Market A	-	Financial assets at fair value through profit or loss - current	590,706	2,727,291	-	2,727,291	
Yuan Ding Corporation	YDT Technology International Corporation	(Note A)	Investments accounted for using the equity method	13,992	278,759	100.00	-	
	Ding Ding Integrated Marketing Service Corporation	(Note A)	Investments accounted for using the equity method	41,633	202,966	60.00	-	
	Far Eastern Technical Consultants Corporation	(Note A)	Investments accounted for using the equity method	4,550	50,196	91.00	-	
	YDC (Virgin Islands) Corporation	(Note A)	Investments accounted for using the equity method	-	8,497	17.70	-	
	FET Consulting Engineers Corporation	(Note A)	Investments accounted for using the equity method	85,000	475,339	100.00	-	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	5,329	186,046	0.16	140,410	
	Far Eastone Telecommunications Corporation	(Note A)	Investments accounted for using the equity method	4,164	111,418	0.13	301,854	
	Yu Yuan Investment Corporation	(Note A)	Investments accounted for using the equity method	129,637	1,100,679	25.02	-	
	Yue Ming Corporation	(Note A)	Investments accounted for using the equity method	84	546	1.00	-	
	Yu Ding Industry Corporation	(Note A)	Investments accounted for using the equity method	2,419	45,257	2.59	-	
	FEDS Asia Pacific Development Corporation	(Note A)	Investments accounted for using the equity method	10,650	129,763	5.00	-	
	Far Eastern Electronic Toll Collection Corporation	(Note A)	Investments accounted for using the equity method	44,796	414,228	14.93	-	
	Yuan Hsin Digital Payment Corporation	(Note A)	Investments accounted for using the equity method	21,772	157,878	20.00	-	
	Ding Ding Hotel Corporation	(Note A)	Other liabilities - other	64,502	(77,683)	61.99	-	
Far Eastern Electronic Commerce Corporation	(Note A)	Other liabilities - other	23,913	(239,266)	53.08	-		
Far Eastern International Bank	(Note D)	Available-for-sale financial assets - non-current	7,744	70,470	0.25	70,470		
Far Eastern New Century Corporation	(Note J)	Financial assets at fair value through profit or loss - current	779	18,861	-	18,861		
Ding Ding Integrated Marketing Service Corporation	Far Eastern Electronic Commerce Corporation	(Note A)	Other liabilities - other	79	(812)	0.18	-	
	Yuan Hsin Digital Payment Corporation	(Note A)	Investments accounted for using the equity method	16,340	118,484	15.01	-	
	DDIM (Virgin Islands) Corporation	(Note A)	Other liabilities - other	(Note H)	(20,173)	46.13	-	
	Pacific SOGO Department Stores	-	Financial assets carried at cost - non-current	1	10	0.00	-	
	DfE DWS Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	12,192	141,224	-	141,224	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares or Units (All Common Stocks Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note I)	
Far Eastern Technical Consultants Corporation	Cosmos Foreign Exchange Intl. Corporation	-	Financial assets carried at cost - non-current	480	\$ 4,800	4.00	\$ -	
FET Consulting Engineers Corporation	DDIM (Virgin Islands) Corporation	(Note A)	Other liabilities - other	(Note H)	(23,558)	53.87	-	
YDC (Virgin Islands) Corporation	Speedy (Shanghai) Digital Tech. Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	46,569	100.00	-	
	Yuan Ding Integrated Information Service (Shanghai) Corporation	(Note A)	Other liabilities - other	(Note H)	(204)	0.46	-	
DDIM (Virgin Islands) Corporation	Yuan Ding Integrated Information Service (Shanghai) Corporation	(Note A)	Other liabilities - other	(Note H)	(44,180)	99.54	-	
YDT Technology International Corporation	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	120	1,170	0.03	2,047	
	Far Eastern Department Stores Corporation	(Note A)	Investments accounted for using the equity method	2,764	93,717	0.19	44,222	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	61	2,107	0.00	1,595	
	YDC (Virgin Islands) Corporation	(Note A)	Investments accounted for using the equity method	1	39,511	82.30	-	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - non-current	2,723	24,781	0.09	24,781	
	Oriental Securities Investment Consultant Corporation	-	Financial assets carried at cost - non-current	1	10	0.00	-	
Far EasTone Telecommunications Corporation	New Century InfoComm Corporation	(Note A)	Investments accounted for using the equity method	2,100,000	26,829,827	100.00	-	
	ARCOA Communication Corporation	(Note A)	Investments accounted for using the equity method	82,762	1,299,781	61.63	-	
	KGEx.com Corporation	(Note A)	Investments accounted for using the equity method	78,896	870,542	99.99	-	
	Yuan Cing Corporation	(Note A)	Investments accounted for using the equity method	2,000	30,846	100.00	-	
	O-music Corporation	(Note A)	Investments accounted for using the equity method	2,500	8,146	50.00	-	
	Far Eastern Electronic Toll Collection Corporation	(Note A)	Investments accounted for using the equity method	118,251	685,125	39.42	-	
	Yuan Hsin Digital Payment Corporation	(Note A)	Investments accounted for using the equity method	32,658	237,364	30.00	-	
	Ding Ding Integrated Marketing Service Corporation	(Note A)	Investments accounted for using the equity method	10,408	51,542	15.00	-	
	Alliance Digital Technology Corporation	(Note A)	Investments accounted for using the equity method	6,000	33,869	14.40	-	
	Hiiir Digital Marketing Corporation	(Note A)	Other liabilities - other	53,726	(109,380)	89.54	-	
	Far Eastern Info Service (Holding) Corporation	(Note A)	Other liabilities - other	1	(49,568)	100.00	-	
	Q-ware Communications Corporation	(Note A)	Other liabilities - other	33,983	(76,817)	81.46	-	
	Far Eastern Electronic Commerce Corporation	(Note A)	Other liabilities - other	6,691	(66,483)	14.85	-	
	App Works Fund II Corporation	-	Financial assets carried at cost - non-current	15,000	150,000	11.11	-	
ARCOA Communication Corporation	DataExpress Infotech Corporation	(Note A)	Investments accounted for using the equity method	12,866	180,328	70.00	-	
	THI consultants	-	Financial assets carried at cost - non-current	1,214	12,190	18.32	-	
	Web Point Corporation	-	Financial assets carried at cost - non-current	161	1,618	0.63	-	
New Century InfoComm Corporation	New Diligent Corporation	(Note A)	Investments accounted for using the equity method	106,000	632,467	100.00	-	
	Information Security Service Digital United Inc.	(Note A)	Investments accounted for using the equity method	10,249	108,990	100.00	-	
	Digital United (Cayman) Corporation	(Note A)	Investments accounted for using the equity method	4,320	32,131	100.00	-	
	Ding Ding Integrated Marketing Service Corporation	(Note A)	Investments accounted for using the equity method	3,469	17,181	5.00	-	
	Far Eastern Electronic Commerce Corporation	(Note A)	Other liabilities - other	2,392	(23,767)	5.31	-	
	Opas Fund Segregated Portfolio Tranche A	-	Available-for-sale financial assets - current	15	447,991	-	447,991	
	Opas Fund Segregated Portfolio Tranche C	-	Available-for-sale financial assets - current	4	150,141	-	150,141	
	Kaohsiung Rapid Transit Corporation	-	Financial assets carried at cost - non-current	8,858	50,000	3.18	-	
	Bank Pro E-service Technology Corporation	-	Financial assets carried at cost - non-current	450	4,500	3.33	-	
New Diligent Corporation	Sino Lead Enterprise Corporation	(Note A)	Investments accounted for using the equity method	-	148	100.00	-	
	Far Eastern New Diligent Corporation	(Note A)	Investments accounted for using the equity method	-	52,008	100.00	-	
	New Diligent Hong Kong Corporation (Note K)	(Note A)	Investments accounted for using the equity method	-	-	0.00	-	
DataExpress Infotech Corporation	Linkwell Tech. Corporation	(Note A)	Investments accounted for using the equity method	-	39,601	100.00	-	
	Home Master Technology Corporation	(Note A)	Other liabilities - other	-	(8,416)	100.00	-	
Digital United (Cayman) Corporation	Digital United Information Technologies (Shanghai) Corporation	(Note A)	Investments accounted for using the equity method	-	11,296	100.00	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016				Note
				Shares or Units (All Common Stocks Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note I)	
Far Eastern Tech-info Corporation (Shanghai)	Far Eastern New Century Information Technology (Beijing) Corporation	(Note A)	Investments accounted for using the equity method	-	\$ 776	0.96	\$ -	(Note M)
Far Eastern New Diligent Corporation	Far Eastern New Century Information Technology (Beijing) Corporation	(Note A)	Investments accounted for using the equity method	-	72,348	89.56	-	(Note M)
	Far Eastern Tech-info Corporation (Shanghai)	(Note A)	Investments accounted for using the equity method	-	58,300	58.33	-	
Far Eastern Info Service (Holding) Corporation	Far Eastern Tech-info Corporation (Shanghai)	(Note A)	Investments accounted for using the equity method	-	41,649	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 can be sold in the open market by the investee, Oriental Securities Corporation.

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 Corporation.

H. A foreign owned 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.

K. New Diligent Hong Kong Corporation was established on December 4, 2014. The investment amount had not been remitted to the investee as of December 31, 2016.

L. Relevant information about investment of subsidiaries, affiliates and joint venture. Please refer Table 10 and Table 11.

M. The calculation was based on unaudited financial statements as of December 31, 2016.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEES

SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2016
(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	Far Eastern Polytex (Holding) Corporation	Investments accounted for using the equity method	Cash capital increase	(Note A)	124	\$ 8,149,514	11	\$ 705,900	-	\$ -	\$ -	\$ -	\$ (955,957)	135	\$ 7,899,457
Far Eastern Investment (Holding) Corporation	Far Eastern Polytex (Holding) Corporation	Investments accounted for using the equity method	Cash capital increase	(Note A)	(Note B)	US\$ 5,219	(Note B)	US\$ 44,700	-	-	-	-	US\$ (1,689)	(Note B)	US\$ 48,230
Far Eastern Polychem Industries Corporation	Far Eastern Ishizuka Green Pet Corporation	Investments accounted for using the equity method	Cash capital increase	(Note A)	172	HK\$ 8,754	3,406	HK\$ 189,088	-	-	-	-	HK\$ (39,059)	3,578	HK\$ 158,783
Far Eastern General Contractor Corporation	CTBC Hwa-Win Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	4,595	50,000	61,853	674,000	51,055	556,124	556,000	124	-	15,393	168,000 (Note D)
	Mirae Asset Solomon Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	26,908	336,000	23,706	296,026	295,995	31	-	3,202	40,005 (Note D)
Far Eastern Polytex (Holding) Corporation	Far Eastern New Century (China) Investment Corporation	Investments accounted for using the equity method	Cash capital increase	(Note A)	(Note B)	1,795,843	(Note B)	705,900	-	-	-	-	(536,356)	(Note B)	1,965,387
Far Eastern New Century (China) Investment Corporation	Yuan Ding Enterprise (Shanghai) Corporation	Investments accounted for using the equity method	Cash capital increase	(Note A)	(Note B)	RMB 51,584	(Note B)	RMB 150,000	-	-	-	-	RMB (24,622)	(Note B)	RMB 176,962
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	Harvest Money Market A (Note C)	Financial assets at fair value through profit or loss - current	-	-	561,532	RMB 561,532	1,267,206	RMB 1,267,206	1,254,406	RMB 1,254,406	RMB 1,254,406	-	-	590,706	RMB 590,706

Notes: A. Subsidiary.

B. A foreign owned company.

C. The transaction of Yoshizane Money Market Fund B were purchased and redeemed based on one unit for RMB1, the dividend were reinvested original unit when holding period, difference of unit were the dividend reinvested.

D. The ending value is the book value which have not adjusted from the market value.

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES AND INVESTEEES

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2016**

(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 Corporation	Lands located in Bangiao Ya-Tong section, New Taipei City	December 8, 2016	September 2, 2003	\$ 802,659	\$ 1,140,960	(Note)	\$ 338,301	Taiwan Power Company	-	Operation planning	Elite Appraisers Firm Colliers International Firm	-

Note: Lump-Sum cash collection in 15 days after counting and delivery.

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEES

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, 2016
(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 Petrochemical (Taiwan) Corporation	(Note A)	Purchase	\$ 8,334,259	21	Based on contract	-	-	\$ -	-	\$ (929,196)	(29)	
	Worldwide Polychem (HK) Corporation	(Note A)	Sale	(2,533,196)	(6)	Based on contract	-	-	-	-	684,994	10	
	Far Eastern Industries (Shanghai) Corporation	(Note A)	Sale	(1,347,778)	(3)	Based on contract	-	-	-	-	325,408	5	
	Far Eastern Apparel (Vietnam) Corporation	(Note A)	Sale	(253,252)	(1)	Based on contract	-	-	-	-	9,084	-	
	Far Eastern Apparel (Suzhou) Corporation	(Note A)	Sale	(158,286)	-	Based on contract	-	-	-	-	16,480	-	
	Far Eastern Industries (WuXi) Corporation	(Note A)	Sale	(184,788)	-	Based on contract	-	-	-	-	26,741	-	
	Far Eastern Polychem Industries Corporation	(Note A)	Sale	(142,487)	-	Based on contract	-	-	-	-	18,739	-	
	PET Far Eastern (M) Sdn. Bhd.	(Note A)	Sale	(134,248)	-	Based on contract	-	-	-	-	24,794	-	
	Far Eastern Ishizuka Green Pet Corporation	(Note A)	Purchase	274,959	1	Based on contract	-	-	-	-	(7,376)	-	
	Oriental Resources Development Corporation	(Note A)	Purchase	350,409	1	Based on contract	-	-	-	-	(43,270)	(1)	
	Everest Textile Corporation	(Note D)	Sale	(279,789)	(1)	Based on contract	-	-	-	-	53,995	1	
	Freudenberg Far Eastern Spunweb Corporation	(Note D)	Sale	(310,321)	(1)	Based on contract	-	-	-	-	56,743	1	
	Oriental Union Chemical Corporation	(Note D)	Purchase	1,280,922	3	Based on contract	-	-	-	-	(171,955)	(5)	
	Fu-Da Transport Corporation	(Note E)	Purchase	105,749	-	Based on contract	-	-	-	-	(12,284)	-	
Far Eastern Apparel (Holding) Corporation	Far Eastern Dyeing & Finishing (Suzhou) Corporation	(Note C)	Purchase	4,112,110	53	Based on contract	-	-	-	-	(467,323)	(41)	
	Far Eastern Apparel (Suzhou) Corporation	(Note C)	Purchase	1,612,041	21	Based on contract	-	-	-	-	(193,087)	(17)	
Far Eastern Dyeing & Finishing (Suzhou) Corporation	Far Eastern Industries (WuXi) Corporation	(Note C)	Purchase	447,028	8	Based on contract	-	-	-	-	(56,289)	(8)	
	Far Eastern Apparel (Holding) Corporation	(Note C)	Sale	(4,112,110)	(67)	Based on contract	-	-	-	-	467,323	44	
	Far Eastern Industries (Shanghai) Corporation	(Note C)	Purchase	182,992	3	Based on contract	-	-	-	-	(29,186)	(4)	
	Far Eastern Apparel (Suzhou) Corporation	(Note C)	Sale	(271,141)	(4)	Based on contract	-	-	-	-	74,643	7	
Far Eastern Industries (Shanghai) Corporation	Far Eastern New Century Corporation	(Note B)	Purchase	1,347,778	6	Based on contract	-	-	-	-	(325,408)	(11)	
	Oriental Petrochemical (Shanghai) Corporation	(Note C)	Purchase	5,273,634	25	Based on contract	-	-	(1,081,120)	(100)	(606,292)	(20)	
	Oriental Petrochemical (Taiwan) Corporation	(Note C)	Purchase	623,348	3	Based on contract	-	-	-	-	(168,264)	(6)	
	Far Eastern Polychem Industries Corporation	(Note C)	Sale	(7,464,232)	(34)	Based on contract	-	-	-	-	311,495	19	
	Wuhan Far Eastern New Material Corporation	(Note C)	Sale	(833,485)	(4)	Based on contract	-	-	84,905	10	280,171	17	
	Far Eastern Dyeing & Finishing (Suzhou) Corporation	(Note C)	Sale	(182,992)	(1)	Based on contract	-	-	-	-	29,186	2	
	Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note D)	Purchase	462,155	2	Based on contract	-	-	-	-	-	-	
Far Eastern Industries (Suzhou) Corporation	Oriental Petrochemical (Shanghai) Corporation	(Note C)	Purchase	1,424,056	57	Based on contract	-	-	(280,643)	(100)	(157,123)	(88)	
	Oriental Industries (Suzhou) Corporation	(Note C)	Sale	(2,267,526)	(90)	Based on contract	-	-	662,817	99	227,474	91	
Far Eastern Polychem Industries Corporation	Far Eastern Industries (Shanghai) Corporation	(Note C)	Purchase	7,464,232	93	Based on contract	-	-	-	-	(311,495)	(85)	
	PET Far Eastern (M) Sdn. Bhd.	(Note C)	Sale	(948,598)	(11)	Based on contract	-	-	-	-	180,897	20	
	Far Eastern New Century Corporation	(Note B)	Purchase	142,487	2	Based on contract	-	-	-	-	(18,739)	(5)	
	Wuhan Far Eastern New Material Corporation	(Note C)	Purchase	346,122	4	Based on contract	-	-	-	-	(26,938)	(7)	
	Wuhan Far Eastern New Material Corporation	(Note C)	Sale	(251,077)	(3)	Based on contract	-	-	-	-	48,557	5	
Oriental Petrochemical (Shanghai) Corporation	Far Eastern Industries (Shanghai) Corporation	(Note C)	Sale	(5,273,634)	(36)	Based on contract	-	-	1,081,120	44	606,292	79	
	Far Eastern Industries (Suzhou) Corporation	(Note C)	Sale	(1,424,056)	(10)	Based on contract	-	-	280,643	11	157,123	21	

(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 (Taiwan) Corporation	Far Eastern New Century Corporation	(Note B)	Sale	\$ (8,334,259)	(56)	Based on contract	-	-	\$ -	-	\$ 929,196	52	
	Far Eastern Industries (Shanghai) Corporation	(Note C)	Sale	(623,348)	(4)	Based on contract	-	-	-	-	168,264	9	
Oriental Industries (Suzhou) Corporation	Far Eastern Industries (Suzhou) Corporation	(Note C)	Purchase	2,267,526	37	Based on contract	-	-	(662,817)	(100)	(227,474)	(54)	
	Oriental Textile (Holding) Corporation	(Note C)	Sale	(3,073,069)	(44)	Based on contract	-	-	-	-	461,083	36	
Oriental Textile (Holding) Corporation	Oriental Industries (Suzhou) Corporation	(Note C)	Purchase	3,073,069	92	Based on contract	-	-	-	-	(461,083)	(86)	
	Far Eastern Industries (WuXi) Corporation	(Note C)	Purchase	229,959	7	Based on contract	-	-	-	-	(64,137)	(12)	
Far Eastern Apparel (Vietnam) Corporation	Far Eastern New Century Corporation	(Note B)	Purchase	253,252	9	Based on contract	-	-	-	-	(9,084)	(7)	
PET Far Eastern (M) Sdn. Bhd.	Far Eastern Polychem Industries Corporation	(Note C)	Purchase	948,598	70	Based on contract	-	-	-	-	(180,897)	(56)	
	Far Eastern New Century Corporation	(Note B)	Purchase	133,112	10	Based on contract	-	-	-	-	(24,794)	(8)	
Wuhan Far Eastern New Material Corporation	Far Eastern Industries (Shanghai) Corporation	(Note C)	Purchase	833,485	64	Based on contract	-	-	(84,905)	(100)	(280,171)	(61)	
	Far Eastern Polychem Industries Corporation	(Note C)	Purchase	251,077	19	Based on contract	-	-	-	-	(48,557)	(11)	
	Far Eastern Polychem Industries Corporation	(Note C)	Sale	(346,122)	(24)	Based on contract	-	-	-	-	26,938	18	
Worldwide Polychem (HK) Corporation	Far Eastern New Century Corporation	(Note B)	Purchase	2,533,196	99	Based on contract	-	-	-	-	(684,994)	(89)	
Far Eastern Industries (WuXi) Corporation	Far Eastern Dyeing & Finishing (Suzhou) Corporation	(Note C)	Sale	(447,028)	(14)	Based on contract	-	-	-	-	56,289	18	
	Oriental Textile (Holding) Corporation	(Note C)	Sale	(229,959)	(7)	Based on contract	-	-	-	-	64,137	20	
	Far Eastern New Century Corporation	(Note B)	Purchase	184,788	6	Based on contract	-	-	-	-	(26,741)	(64)	
Far Eastern Apparel (Suzhou) Corporation	Far Eastern Apparel (Holding) Corporation	(Note C)	Sale	(1,612,041)	(62)	Based on contract	-	-	-	-	193,087	50	
	Far Eastern Dyeing & Finishing (Suzhou) Corporation	(Note C)	Purchase	271,141	12	Based on contract	-	-	-	-	(74,643)	(17)	
	Far Eastern New Century Corporation	(Note B)	Purchase	157,820	7	Based on contract	-	-	-	-	(16,480)	(4)	
Oriental Resources Development Corporation	Far Eastern New Century Corporation	(Note B)	Sale	(350,409)	(61)	Based on contract	-	-	-	-	43,270	59	
	Freudenberg Far Eastern Spunweb Corporation	(Note D)	Sale	(100,028)	(18)	Based on contract	-	-	-	-	20,380	28	
Far Eastern Ishizuka Green Pet Corporation	Far Eastern New Century Corporation	(Note B)	Sale	(274,959)	(33)	Based on contract	-	-	-	-	7,376	13	
Far Eastern Fibertech Corporation	Everest Textile Corporation	(Note D)	Sale	(244,161)	(12)	Based on contract	-	-	-	-	24,557	19	
Far Eastern General Contractor Corporation	Ya Tung Ready-mixed Concrete Corporation	(Note E)	Purchase	216,280	4	Based on contract	-	-	(5,563)	(1)	(45,930)	(4)	
	Far Eastern Department Stores Corporation	(Note D)	Construction income	(151,590)	(3)	Based on contract	-	-	-	-	79,999	18	
	Far Eastern Memorial Hospital	(Note F)	Construction income	(111,752)	(2)	Based on contract	-	-	-	-	33,458	8	
Far EastTone Telecommunications Corporation	ARCOA Communication Corporation	(Note C)	Operating revenue	(196,692)	-	Based on contract	-	-	-	-	146,184	2	
			Cost of telecommunications services, marketing expenses and cost of sales	14,185,110	23	Based on contract	-	-	-	-	(1,061,313)	(10)	
	New Century InfoComm Corporation	(Note C)	Operating revenue	(586,034)	(1)	Based on contract	-	-	-	-	770	-	
			Cost of telecommunications services	3,701,368	8	Based on contract	-	-	-	-	(834,092)	(8)	(Note G)
	KGEx.com Corporation	(Note C)	Operating revenue	(131,035)	-	Based on contract	-	-	-	-	19,137	-	
O-music Corporation	(Note C)	Cost of telecommunications services	224,634	-	Based on contract	-	-	-	-	(37,431)	-		
DataExpress Infotech Corporation	(Note C)	Operating revenue	(219,776)	-	Based on contract	-	-	-	-	41,714	-		

(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	
New Century InfoComm Corporation	Far EasTone Telecommunications Corporation	(Note C)	Operating revenue	\$ (3,701,368)	(29)	Based on contract	-	-	\$ -	-	\$ 834,092	49	(Note H)
			Cost of telecommunications services	586,034	7	Based on contract	-	-	-	-	(770)	-	
	KGEx.com Corporation	(Note C)	Cost of telecommunications services	149,976	2	Based on contract	-	-	-	-	(25,425)	(2)	
	Sino Lead Enterprise Limited	(Note C)	Cost of telecommunications services	110,692	1	Based on contract	-	-	-	-	(21,709)	(3)	
ARCOA Communication Corporation	Far EasTone Telecommunications Corporation	(Note C)	Operating revenue	(14,185,110)	(78)	Based on contract	-	-	-	-	1,061,313	75	
			Cost of telecommunications services and cost of sales	196,692	1	Based on contract	-	-	-	-	(146,184)	(12)	
	Home Master Technology Corporation	(Note C)	Operating revenue	(107,529)	(1)	Based on contract	-	-	-	-	54	-	
KGEx.com Corporation	Far EasTone Telecommunications Corporation	(Note C)	Operating cost	131,035	27	Based on contract	-	-	-	-	(19,137)	(36)	
	New Century InfoComm Corporation	(Note C)	Operating revenue	(149,976)	(26)	Based on contract	-	-	-	-	25,425	30	
O-music Corporation	Far EasTone Telecommunications Corporation	(Note C)	Operating revenue	(224,634)	(98)	Based on contract	-	-	-	-	37,431	97	
Sino Lead Enterprise Limited	New Century InfoComm Corporation	(Note C)	Operating revenue	(110,692)	(100)	Based on contract	-	-	-	-	21,709	72	
DataExpress Infotech Corporation	Far EasTone Telecommunications Corporation	(Note C)	Purchase	219,776	7	Based on contract	-	-	-	-	(41,714)	(11)	
	Linkwell Tech. Corporation	(Note C)	Purchase	127,063	4	Based on contract	-	-	-	-	(5,733)	(1)	
	Home Master Technology Corporation	(Note C)	Operating revenue	(137,417)	(4)	Based on contract	-	-	-	-	98,056	27	
Linkwell Tech. Corporation	DataExpress Infotech Corporation	(Note C)	Sale	(127,063)	(13)	Based on contract	-	-	-	-	5,733	21	
Home Master Technology Corporation	ARCOA Communication Corporation	(Note C)	Operating cost	107,529	23	Based on contract	-	-	-	-	(54)	-	
	DataExpress Infotech Corporation	(Note C)	Operating cost	137,417	30	Based on contract	-	-	-	-	(98,056)	(87)	

Notes: A. From FENC to subsidiary.

B. From the subsidiary to FENC.

C. Between subsidiaries.

D. The consolidated company's investee which accounted for under the equity method.

E. The subsidiary of the consolidated company's investee which accounted for under the equity method.

F. The chairman of the Company is the chairman of FENC.

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

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK

FOR THE YEAR ENDED DECEMBER 31, 2016

(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) Corporation	(Note B)	\$ 684,994	3.80	\$ -	-	\$ 405,370	\$ -
	Far Eastern Industries (Shanghai) Corporation	(Note B)	325,408	4.81	-	-	314,007	-
Oriental Petrochemical (Taiwan) Corporation	Far Eastern New Century Corporation	(Note C)	929,196	11.84	-	-	929,196	-
	Far Eastern Industries (Shanghai) Corporation	(Note D)	168,264	1.08	-	-	135,200	-
Far Eastern Polychem Industries Corporation	PET Far Eastern (M) Sdn. Bhd.	(Note D)	180,897	4.34	-	-	136,887	-
Far Eastern Apparel (Vietnam) Corporation	Far Eastern Apparel (Holding) Corporation	(Note D)	470,673	5.59	-	-	438,173	-
Far Eastern Industries (Shanghai) Corporation	Far Eastern Polychem Industries Corporation	(Note D)	311,495	11.78	-	-	311,495	-
	Wuhan Far Eastern New Material Corporation	(Note D)	365,076	3.26	-	-	231,949	-
Far Eastern Dyeing & Finishing (Suzhou) Corporation	Far Eastern Apparel (Holding) Corporation	(Note D)	467,323	9.09	-	-	425,056	-
Oriental Petrochemical (Shanghai) Corporation	Far Eastern Industries (Shanghai) Corporation	(Note D)	1,687,412	3.95	-	-	1,687,412	-
	Far Eastern Industries (Suzhou) Corporation	(Note D)	437,766	3.42	-	-	437,766	-
Oriental Industries (Suzhou) Corporation	Oriental Textile (Holding) Corporation	(Note D)	461,083	6.80	-	-	460,999	-
Far Eastern Industries (Suzhou) Corporation	Oriental Industries (Suzhou) Corporation	(Note D)	890,291	4.06	-	-	665,756	-
Far Eastern Apparel (Suzhou) Corporation	Far Eastern Apparel (Holding) Corporation	(Note D)	193,087	6.95	-	-	193,087	-
Far Eastern Construction Corporation	Far Eastern Department Stores Corporation	(Note E)	132,878	(Note F)	-	-	20,152	-
Far EasTone Telecommunications Corporation	ARCOA Communication Corporation	(Note D)	150,827	12.10	-	-	105,670	-
New Century InfoComm Corporation	Far EasTone Telecommunications Corporation	(Note D)	918,936	(Note G)	-	-	707,189	-
ARCOA Communication Corporation	Far EasTone Telecommunications Corporation	(Note D)	1,061,313	12.65	-	-	1,061,313	-

(Continued)

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

B. From FENC to subsidiary.

C. From the subsidiary to FENC.

D. Between subsidiaries.

E. The consolidated company's investee which accounted for under the equity method.

F. The turnover rate was unavailable due to the main component of receivables from related parties was rent equalization.

G. The turnover rate was unavailable as the receivables from related parties were due to the collection of telecommunications bills by Far EasTone for NCIC.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Notes
				December 31, 2016	December 31, 2015	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern New Century Corporation	Asia Cement Corporation	Taiwan	Cement production	\$ 2,652,282	\$ 2,652,282	750,511	22.33	\$ 15,657,202	\$ 3,954,998	\$ 563,269	Gain or loss recognized under the treasury stock method (Note A)
	Far Eastern Department Stores Corporation	Taiwan	Department store operations	1,254,158	1,254,158	241,770	17.06	4,654,067	1,193,886	203,677	(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,176,211	1,176,211	81,216	9.17	1,220,758	(510,885)	(46,848)	(Note A)
	Everest Textile Corporation	Taiwan	Chemical fiber production	1,689	1,689	129	0.03	1,536	524,423	157	(Note A)
	Oriental Securities Corporation	Taiwan	Broker	159,823	159,823	140,278	19.65	1,916,962	(157,006)	(30,852)	(Note A)
	Pacific Liu Tong Investment Corporation (Note E)	Taiwan	Investment	810,000	810,000	135,000	16.83	1,858,019	378,980	63,782	(Note A)
	Yuan Ding Investment Corporation	Taiwan	Investment	100,052	100,041	1,822,822	99.40	39,511,839	5,315,072	5,284,805	Including the adjustments of the difference between individual and consolidated investment properties, and the transactions between subsidiaries \$1,623 (Notes B and H)
	Far Eastern Resources Development Corporation	Taiwan	Real estate construction and selling	14,931,733	14,931,733	667,242	100.00	101,333,337	3,103,193	3,153,821	Including the adjustments of the transactions between subsidiaries \$50,628 (Notes B)
	Far Eastern Polytex (Holding) Corporation	Bermuda	Investment	8,384,209	7,678,309	135	100.00	7,899,457	(354,362)	(354,362)	(Note B)
	Far Eastern Polychem Industries Corporation	Bermuda	Investment	7,318,312	7,318,312	830,815	73.04	6,997,867	(400,421)	(292,467)	(Note B)
	Yuan Tong Investment Corporation	Taiwan	Investment	5,850,000	5,850,000	705,147	100.00	7,697,083	57,502	67,408	Including the adjustments of the transactions between subsidiaries \$9,906 (Note B)
	Kai Yuan International Investment Corporation	Taiwan	Investment	999,993	999,993	302,843	100.00	4,899,472	188,497	188,497	(Note B)
	Far Eastern Investment (Holding) Corporation	Bermuda	Investment	5,833,333	5,833,333	1,700	100.00	9,209,526	66,296	66,296	(Notes B and K)
	PET Far Eastern (Holding) Corporation	Bermuda	Investment	5,811,250	5,811,250	333	90.54	4,404,790	(878,982)	(786,104)	Including discounted amortization \$9,726 (Note B)
	Oriental Petrochemical (Taiwan) Corporation	Taiwan	Petrochemical materials production	10,919,967	10,919,967	1,183,311	75.56	7,161,947	(500,603)	(398,317)	Including the adjustments of the difference between individual and consolidated investment properties, and the transactions between subsidiaries \$(20,061) (Notes B and H)
	Far Eastern Construction Corporation	Taiwan	Real estate construction and selling	143,450	143,450	198,791	65.11	8,157,576	593,492	386,422	(Notes B and K)
	Yuan Ding Corporation	Taiwan	Real estate leasing and hotel	857,511	857,511	186,929	37.13	3,034,356	17,569	14,016	Including the adjustments of the transactions between subsidiaries \$7,493 (Notes B, I and K)
	An Ho Garment Corporation	Taiwan	Garment production and Investment	1,023	1,023	66,346	100.00	1,907,667	179,062	179,164	Including the adjustments of the transactions between subsidiaries \$102 (Note B)
	Ding Yuan International Investment Corporation	Taiwan	Investment	2,000,062	2,000,062	205,000	100.00	2,579,193	70,785	70,864	Including the adjustments of the transactions between subsidiaries \$79 (Note B)
	FEDP (Holding) Corporation	Bermuda	Investment	676,315	676,315	244	50.43	176,983	(110,102)	(55,525)	(Note B)
Fu Kwok Garment Manufacturing Corporation	Taiwan	Garment production	9,088	9,076	3,999	99.96	288,566	109,714	109,681	(Notes B and K)	
Ding Ding Hotel Corporation	Taiwan	Hotel	393,651	393,651	19,772	19.00	(23,760)	(361,165)	(68,621)	(Note B)	
Far Eastern Textile Corporation	Taiwan	Textile production	1,000	1,000	100	100.00	1,448	77	77	(Note B)	
Yuan Ding Investment Corporation	Asia Cement Corporation	Taiwan	Cement production	542,452	453,350	19,290	0.57	581,130	3,954,998	-	(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,306,557	1,335,807	81,431	9.19	1,428,384	(510,885)	-	(Note A)
	Far Eastern Department Stores Corporation	Taiwan	Department store operations	430,454	408,054	20,978	1.48	433,440	1,193,886	-	(Note A)
	Everest Textile Corporation	Taiwan	Chemical fiber production	470,103	470,103	118,869	25.23	1,135,295	524,423	-	(Note A)
	Far Eastone Telecommunications Corporation	Taiwan	Telecommunications	2,723,598	2,723,598	1,066,658	32.73	23,178,444	11,391,303	-	(Note B)
	Far Eastern Polychem Industries Corporation	Bermuda	Investment	1,392,692	1,392,692	306,644	26.96	2,583,002	(400,421)	-	(Note B)
	Far Eastern Apparel (Holding) Corporation	Bermuda	Investment	2,179,442	2,179,442	111	100.00	3,023,188	543,345	-	(Note B)
	Da Ju Fiber Corporation	Taiwan	Sale of polychemical products	263,790	263,790	46,418	41.86	1,585,067	262,229	-	(Note A)
	Far Eastern Apparel Corporation	Taiwan	Sale of textile, garments, and clothing	287,984	287,984	24,736	100.00	200,341	(81,863)	-	(Note B)
	Yuan Faun Corporation	Taiwan	PET bottle production and selling	51,671	51,671	5,000	100.00	119,172	2,530	-	(Note B)
	Yue Ming Corporation	Taiwan	Trading	97,852	97,852	3,830	45.50	61,516	20,939	-	(Note A)
	Yuan Ding Leasing Corporation	Taiwan	Real estate construction and selling	319,380	319,380	36,706	46.20	389,978	19,595	-	(Note A)
	Far Eastern Fibertech Corporation	Taiwan	Nylon production	585,000	585,000	91,000	100.00	1,211,110	197,608	-	(Note B)

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Notes
				December 31, 2016	December 31, 2015	Shares (Thousands)	Percentage of Ownership	Carrying Value			
	Oriental Resources Development Corporation	Taiwan	Medical materials manufacturing and wholesale and waste recycling and processing	\$ 338,188	\$ 338,188	34,242	70.00	\$ 319,838	\$ (3,914)	\$ -	(Note B)
	Liquid Air Far East Corporation	Taiwan	Industrial gas production and selling	504,806	504,806	86,615	35.00	1,778,418	1,282,150	-	(Note A)
	Freudenberg Far Eastern Spunweb Corporation	Taiwan	Production of nonwoven industrial fabrics	144,786	144,786	13,052	29.80	341,198	555,549	-	(Note A)
	Oriental Securities Corporation	Taiwan	Broker	255,424	255,424	185,247	25.96	2,638,048	(157,006)	-	(Note A)
	Yuan Ding Corporation	Taiwan	Real estate leasing and hotel	188,846	188,846	64,759	12.86	1,077,402	17,569	-	(Notes B and K)
	Far Eastern International Leasing Corporation	Taiwan	Leasing	1,012,057	1,012,057	75,268	16.87	932,820	108,441	-	(Note A)
	Oriental Textile (Holding) Corporation	Bermuda	Investment	7,142,602	7,142,602	110	100.00	7,890,217	373,591	-	(Note B)
	Pacific Liu Tong Investment Corporation (Note E)	Taiwan	Investment	796,491	796,491	119,653	14.92	1,560,518	378,980	-	(Note A)
	Yu Yuan Investment Corporation	Taiwan	Investment	673,704	673,704	98,198	18.96	237,207	380,783	-	(Note A)
	Far Eastern General Contractor Corporation	Taiwan	Real estate construction	14,682	14,682	1,490	1.00	22,493	100,581	-	(Note B)
	Oriental Petrochemical (Taiwan) Corporation	Taiwan	Petrochemical materials production	415,679	415,679	81,374	5.20	501,705	(500,603)	-	(Note B)
Far Eastern Investment (Holding) Corporation	FETG Investment Antilles N.V.	Antillem	Investment	US\$ 6	US\$ 6	6	100.00	1,581,733	28,307	-	(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	-	50.00	200,399	60,721	-	(Notes B and C)
	Com2B	Cayman Islands	E-business	US\$ 3,375	US\$ 3,375	9,000	20.00	13,333	(1,950)	-	(Note A)
	Far Eastern Apparel (Vietnam) Corporation	Vietnam	Clothing production	US\$ 9,000	US\$ 9,000	-	100.00	512,201	112,996	-	(Notes B and D)
	Worldwide Polychem (HK) Corporation	Hong Kong	Foreign trade	US\$ 3,500	US\$ 3,500	2,700	100.00	111,867	13,755	-	(Note B)
	Opas Fund Segregated Portfolio Corporation	Cayman Islands	Investment	US\$ 51	US\$ 51	-	34.00	1,700	-	-	(Notes A and D)
	Far Eastern Polytex (Vietnam) Corporation	Vietnam	Chemical fiber and textile production	US\$ 50,000	US\$ 5,300	-	100.00	1,555,420	(54,503)	-	(Notes B and D)
	Far Eastern New Apparel (Vietnam) Corporation	Vietnam	Garment production	US\$ 9,000	US\$ 4,300	-	100.00	110,821	(171,466)	-	(Notes B and D)
	Magna View Sdn. Bhd.	Malaysia	Garment production	US\$ 3,465	US\$ 3,465	3,000	100.00	198,823	30,020	-	(Note B)
Magna View Sdn. Bhd.	PET Far Eastern (M) Sdn. Bhd.	Malaysia	Bottle production	MYR 8,000	MYR 8,000	-	50.00	200,399	60,721	-	(Notes B and C)
Ding Yuan International Investment Corporation	Asia Cement Corporation	Taiwan	Cement production	375,512	375,512	13,222	0.39	432,438	3,954,998	-	(Note A)
	Far Eastern Department Stores Corporation	Taiwan	Department store operations	96,904	70,995	5,028	0.35	107,548	1,193,886	-	(Note A)
	Everest Textile Corporation	Taiwan	Chemical fiber production	40,372	74,932	2,509	0.53	22,910	524,423	-	(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	684,551	684,551	27,710	3.13	655,793	(510,885)	-	(Note A)
	Far EasTone Telecommunications Corporation	Taiwan	Telecommunications	38,457	38,457	920	0.03	41,299	11,391,303	-	(Note B)
	Pacific Liu Tong Investment Corporation (Note E)	Taiwan	Investment	90,000	90,000	18,000	2.24	229,400	378,980	-	(Note A)
	Yu Ding Industry Corporation	Taiwan	Department store operations	95,624	95,624	12,315	13.20	315,237	122,574	-	(Note A)
	Fu Kwok Garment Manufacturing Corporation	Taiwan	Garment production	50	50	1	0.03	73	109,714	-	(Note B)
Kai Yuan International Investment Corporation	Asia Cement Corporation	Taiwan	Cement production	483,448	483,448	20,207	0.60	650,165	3,954,998	-	(Note A)
	Far EasTone Telecommunications Corporation	Taiwan	Telecommunications	793,702	793,702	34,149	1.05	1,136,100	11,391,303	-	(Note B)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	801,854	834,820	34,984	3.95	697,472	(510,885)	-	(Note A)
	Far Eastern Department Stores Corporation	Taiwan	Department store operations	519,473	519,473	20,672	1.46	560,815	1,193,886	-	(Note A)
	Kowloon Cement Corporation	Hong Kong	Cement production	226,896	226,896	1,127	49.00	471,469	5,953	-	(Note A)
	Far Eastern International Leasing Corporation	Taiwan	Leasing	1,026,489	1,026,489	74,970	16.80	933,841	108,441	-	(Note A)
	Pacific Liu Tong Investment Corporation (Note E)	Taiwan	Investment	90,000	90,000	18,000	2.24	229,601	378,980	-	(Note A)
Far Eastern Polychem Industries Corporation	PET Far Eastern (Holding) Corporation	Bermuda	Investment	US\$ 17,622	US\$ 17,622	35	9.46	464,720	(878,982)	-	(Note B)
	FEDP (Holding) Corporation	Bermuda	Investment	US\$ 29,240	US\$ 29,240	240	49.57	173,965	(110,102)	-	(Note B)
	Far Eastern Ishizuka Green Pet Corporation	Japan	Production and sale of recycled plastic resins and their waste and general industrial waste handling	JPY 2,991,678	JPY 1,214,683	3,578	90.00	660,221	(148,273)	-	(Note B)
Far Eastern Construction Corporation	Asia Cement Corporation	Taiwan	Cement production	216,959	216,959	17,726	0.53	521,020	3,954,998	-	(Note A)
	Far Eastern General Contractor Corporation	Taiwan	Real estate construction	271,587	271,587	147,413	98.95	2,065,536	100,581	-	(Note B)
Far Eastern Apparel Corporation	Asia Cement Corporation	Taiwan	Cement production	16,246	16,246	469	0.01	13,653	3,954,998	-	(Note A)
	Far EasTone Telecommunications Corporation	Taiwan	Telecommunications	6,353	6,353	90	-	6,113	11,391,303	-	(Note B)
	Yu Ding Industry Corporation	Taiwan	Department store operations	29	29	8	0.01	104	122,574	-	(Note A)
Far Eastern General Contractor Corporation	Far Eastern Technical Consultants Corporation	Taiwan	Real estate development business consulting and management	3,864	3,864	450	9.00	5,084	1,173	-	(Note B)
FETG Investment Antilles N.V.	Waldorf Services B.V.	The Netherlands	Investment	US\$ 19	US\$ 19	2	100.00	1,655,817	104,320	-	(Note B)
Waldorf Services B.V.	Malaysia Garment Manufactures Pte. Corporation	Singapore	Garment production and Investment	SGD 3,000	SGD 3,000	30	37.92	478,337	2,801	-	(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)

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Notes
				December 31, 2016	December 31, 2015	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Malaysia Garment Manufactures Pte. Corporation	PT Malaysia Garment Bintan	Malaysia	Garment production	SGD -	SGD -	-	99.00	\$ (45)	\$ -	\$ -	(Notes B and D)
An Ho Garment Corporation	Far EasTone Telecommunications Corporation	Taiwan	Telecommunications	748,158	748,158	40,818	1.25	1,065,997	11,391,303	-	(Note B)
	Asia Cement Corporation	Taiwan	Cement production	206,551	206,551	6,094	0.18	225,820	3,954,998	-	(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	287,121	287,121	11,204	1.26	253,269	(510,885)	-	(Note A)
	Far Eastern Department Stores Corporation	Taiwan	Department store operations	10,483	10,483	370	0.03	11,063	1,193,886	-	(Note A)
	Oriental Securities Corporation	Taiwan	Broker	113,076	95,103	7,688	1.08	103,295	(157,006)	-	(Note A)
	Yu Ding Industry Corporation	Taiwan	Department store operations	111,997	111,997	14,618	15.66	275,875	122,574	-	(Note A)
	Pacific Liu Tong Investment Corporation (Note E)	Taiwan	Investment	67,285	67,285	9,681	1.21	128,647	378,980	-	(Note A)
	Yuan Ding Investment Corporation	Taiwan	Investment	148,994	148,994	5,502	0.30	162,909	5,315,073	-	(Note B)
Yuan Faun Corporation	Yuan Cheng Human Resources Consultant Corporation	Taiwan	Personnel recruitment	7,214	7,214	745	55.19	12,146	2,921	-	(Note B)
Fu Kwok Garment Manufacturing Corporation	Far EasTone Telecommunications Corporation	Taiwan	Telecommunications	19,663	19,663	520	0.02	19,599	11,391,303	-	(Note B)
Yuan Tong Investment Corporation	Far EasTone Telecommunications Corporation	Taiwan	Telecommunications	2,246,035	2,246,035	100,237	3.08	2,785,157	11,391,303	-	(Note B)
	Far Eastern Department Stores Corporation	Taiwan	Department store operations	1,159,521	1,159,521	39,619	2.80	1,219,198	1,193,886	-	(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,755,017	1,755,017	49,705	5.61	1,647,633	(510,885)	-	(Note A)
	Asia Cement Corporation	Taiwan	Cement production	888,648	888,648	28,579	0.85	1,021,459	3,954,998	-	(Note A)
	Pacific Liu Tong Investment Corporation (Note E)	Taiwan	Investment	90,000	90,000	18,000	2.24	228,402	378,980	-	(Note A)
	Far Eastern Electronic Toll Collection Corporation	Taiwan	Electronic toll collection service	787,104	787,104	35,934	11.98	336,630	(30,408)	-	(Note B)
	Liquid Air Far East Corporation	Taiwan	Industrial gas production and selling	20	20	1	-	25	1,282,150	-	(Note A)
	Sino Belgium (Holding) Corporation	Bermuda	Investment	2,255,510	2,255,510	36	90.88	(295,720)	(356,107)	-	(Note B)
	Freudenberg Far Eastern Spunweb Corporation	Taiwan	Production of nonwoven industrial fabrics	34	34	1	-	35	555,549	-	(Note A)
	Malaysia Garment Manufactures Pte. Corporation	Singapore	Garment production and Investment	SGD 7,354	SGD 7,354	10	13.00	163,987	2,801	-	(Note B)
Yuan Ding Corporation	YDT Technology International Corporation	Taiwan	Electronic material and relevant by-product sale	100,000	100,000	13,992	100.00	278,759	15,132	-	(Note B)
	Ding Ding Integrated Marketing Service Corporation	Taiwan	Marketing	558,000	558,000	41,633	60.00	202,966	(44,206)	-	(Note B)
	Far Eastern Technical Consultants Corporation	Taiwan	Real estate development business consulting and management	45,182	45,182	4,550	91.00	50,196	1,173	-	(Note B)
	YDC (Virgin Islands) Corporation	British Virgin Islands	Investment	US\$ 200	US\$ 200	-	17.70	8,497	2,130	-	(Note B)
	Ding Ding Hotel Corporation	Taiwan	Hotel	645,021	645,021	64,502	61.99	(77,683)	(361,165)	-	(Note B)
	Far Eastern Electronic Commerce Corporation	Taiwan	Information software, department stores, convenience stores and nonstore retailing	239,130	239,130	23,913	53.08	(239,266)	(225,078)	-	(Note B)
	FET Consulting Engineers Corporation	Taiwan	Business management consultants, piping engineering, cable installation, automatic equipment installation and investment business	822,701	822,701	85,000	100.00	475,339	(58,098)	-	(Note B)
	Asia Cement Corporation	Taiwan	Cement production	136,037	136,037	5,329	0.16	186,046	3,954,998	-	(Note A)
	Far EasTone Telecommunications Corporation	Taiwan	Telecommunications	100,412	100,412	4,164	0.13	111,418	11,391,303	-	(Note B)
	Yu Yuan Investment Corporation	Taiwan	Investment	411,187	411,187	129,637	25.02	1,100,679	380,783	-	(Note A)
	Yue Ming Corporation	Taiwan	Trading	787	787	84	1.00	546	20,939	-	(Note A)
	Yu Ding Industry Corporation	Taiwan	Department store operations	22,676	22,676	2,419	2.59	45,257	122,574	-	(Note A)
	FEDS Asia Pacific Development Corporation	Taiwan		100,000	100,000	10,650	5.00	129,763	144,842	-	(Note A)
	Far Eastern Electronic Toll Collection Corporation	Taiwan	Electronic toll collection service	977,650	977,650	44,796	14.93	414,228	(30,408)	-	(Note B)
	Yuan Hsin Digital Payment Corporation	Taiwan	Electronic stored value card	300,000	300,000	21,772	20.00	157,878	(299,242)	-	(Note B)
Ding Ding Integrated Marketing Service Corporation	Far Eastern Electronic Commerce Corporation	Taiwan	Information software, department stores, convenience stores and nonstore retailing	745	745	79	0.18	(812)	(225,078)	-	(Note B)
	Yuan Hsin Digital Payment Corporation	Taiwan	Electronic stored value card	225,150	225,150	16,340	15.01	118,484	(299,242)	-	(Note B)
	DDIM (Virgin Islands) Corporation	British Virgin Islands	Investment	US\$ 11,000	US\$ 11,000	-	46.13	(20,173)	(113,598)	-	(Notes B and D)
FET Consulting Engineers Corporation	DDIM (Virgin Islands) Corporation	British Virgin Islands	Investment	384,970	384,970	-	53.87	(23,558)	(113,598)	-	(Notes B and D)
YDT Technology International Corporation	Everest Textile Corporation	Taiwan	Chemical fiber production	10,161	10,161	120	0.03	1,170	524,423	-	(Note A)
	Far Eastern Department Stores Corporation	Taiwan	Department store operations	51,673	51,673	2,764	0.19	93,717	1,193,886	-	(Note A)
	Asia Cement Corporation	Taiwan	Cement production	862	862	61	-	2,107	3,954,998	-	(Note A)
	YDC (Virgin Islands) Corporation	British Virgin Islands	Investment	US\$ 930	US\$ 930	1	82.30	39,511	2,130	-	(Note B)
Far EasTone Telecommunications Corporation	New Century InfoComm Corporation	Taiwan	Type I, II telecommunications services	22,249,283	22,249,283	2,100,000	100.00	26,829,827	2,201,146	-	(Note B)
	ARCOA Communication Corporation	Taiwan	Telecommunications services, sales of communications products and office equipment	1,305,802	1,305,802	82,762	61.63	1,299,781	163,563	-	(Note B)
	KGEx.com Corporation	Taiwan	Type II telecommunications services	2,440,457	2,540,442	78,896	99.99	870,542	73,240	-	(Note B)

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Notes
				December 31, 2016	December 31, 2015	Shares (Thousands)	Percentage of Ownership	Carrying Value			
	Hiiir Digital Marketing Corporation	Taiwan	Electronic information providing services	\$ 537,260	\$ 537,260	53,726	89.54	\$ (109,380)	\$ (258,936)	\$ -	(Note B)
	Yuan Cing Corporation	Taiwan	Call center services	-	101,371	2,000	100.00	30,846	10,846	-	(Notes B and L)
	Far Eastern Info Service (Holding) Corporation	Bermuda	Investment	92,616	92,616	1	100.00	(49,568)	(1,236)	-	(Note B)
	O-music Corporation	Taiwan	Electronic information providing services	25,000	25,000	2,500	50.00	8,146	8,442	-	(Note B)
	Q-ware Communications Corporation	Taiwan	Type II telecommunications services	832,038	832,038	33,983	81.46	(76,817)	(17,064)	-	(Note B)
	Far Eastern Electronic Toll Collection Corporation	Taiwan	Electronic toll collection service	2,542,396	2,542,396	118,251	39.42	685,125	(30,408)	-	(Note B)
	Yuan Hsin Digital Payment Corporation	Taiwan	Electronic stored value card	450,000	450,000	32,658	30.00	237,364	(299,242)	-	(Note B)
	Ding Ding Integrated Marketing Service Corporation	Taiwan	Marketing	139,500	139,500	10,408	15.00	51,542	(44,206)	-	(Note B)
	Alliance Digital Technology Corporation	Taiwan	Electronic information providing services	60,000	30,000	6,000	14.40	33,869	(75,570)	-	(Note A)
	Far Eastern Electronic Commerce Corporation	Taiwan	Information software, department stores, convenience stores and nonstore retailing	80,893	80,893	6,691	14.85	(66,483)	(225,078)	-	(Note B)
ARCOA Communication Corporation	DataExpress Infotech Corporation	Taiwan	Sale of communications products	141,750	141,750	12,866	70.00	180,328	24,929	-	(Note B)
New Century InfoComm Corporation	New Diligent Corporation	Taiwan	Investment	1,060,000	800,000	106,000	100.00	632,467	(169,673)	-	(Note B)
	Information Security Service Digital United Inc.	Taiwan	Security and monitoring service via internet	148,777	148,777	10,249	100.00	108,990	6,829	-	(Note B)
	Digital United (Cayman) Corporation	Cayman Islands	Investment	132,406	132,406	4,320	100.00	32,131	1,554	-	(Note B)
	Far Eastern Electronic Commerce Corporation	Taiwan	Information software, department stores, convenience stores and nonstore retailing	28,922	28,922	2,392	5.31	(23,767)	(225,078)	-	(Note B)
	Ding Ding Integrated Marketing Service Corporation	Taiwan	Marketing	46,500	46,500	3,469	5.00	17,181	(44,206)	-	(Note B)
New Diligent Corporation	Sino Lead Enterprise Limited	Hong Kong	Telecommunications services	125	125	-	100.00	148	49	-	(Note B)
	Far Eastern New Diligent Corporation	British Virgin Islands	Investment	330,598	133,048	-	100.00	52,008	(174,364)	-	(Note B)
	New Diligent Hong Kong Corporation	Hong Kong	Investment	-	-	-	-	-	-	-	(Notes B and J)
DataExpress Infotech Corporation	Linkwell Tech. Corporation	Taiwan	Sale of communications products	10,000	10,000	-	100.00	39,601	(3,813)	-	(Note B)
	Home Master Technology Corporation	Taiwan	Sale of communications products	10,000	10,000	-	100.00	(8,416)	761	-	(Note B)

Notes: A. Equity-method investee.

B. Subsidiary.

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

D. A foreign owned company.

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

F. Shares in thousands.

G. Investment in Mainland China, please refer to Table 13.

H. Under the "IFRSs Questions and Answers" issued by Taiwan Stock Exchange Corporation (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 effect from the adjustment of FENC shares which held by Yuan Ding Company Corporation.

J. New Diligent Hong Kong Corporation was established on December 4, 2014. The investment amount had not been remitted to the investee as of December 31, 2016.

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

L. The ending balance of the investment is zero in 2016 because the amount of reduction in capital were over the original investing value.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND INVESTEEES

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2016
(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, 2016	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Amount as of December 31, 2016 (Note C)	Accumulated Repatriation of Investment Income as of December 31, 2016	Note
					Outflow	Inflow							
Far Eastern Industries (Shanghai) Corporation	Manufacture and sales of PET staple, PET filament, polyester top, PET performs, draw textured yarn, spinning yarn, knit fabrics, woven fabrics, knit garments and woven garments.	\$ 8,681,804	2	\$ 3,700,967	\$ -	\$ -	\$ 3,700,967	\$ 9,982	100.00	\$ 9,982	\$ 8,540,711	\$ 853,493	Notes D and E
Far Eastern Apparel (Suzhou) Corporation	Production and marketing of knit garments, woven garments, non-knit garments, and nonwoven garments and accessories.	944,533	2	1,010,901	-	-	1,010,901	124,853	100.00	124,853	1,427,836	233,172	Notes F and G
Far Eastern Industries (WuXi) Corporation	Production and marketing of combed cotton yarn, 60/40 poly/cotton blended yarn, 65/35 poly/cotton blended yarn, spun yarn, woven fabrics, grievie woven fabrics, print woven fabrics, piece dyed woven fabrics and bleached woven fabrics.	2,222,950	2	2,018,430	-	-	2,018,430	70,725	100.00	70,725	3,019,888	246,378	Notes H and I
Oriental Petrochemical (Shanghai) Corporation	Manufacture and distribution of PTA and its by-products.	6,934,132	2	2,976,148	-	-	2,976,148	(1,301,618)	61.35	(798,543)	2,876,059	1,064,005	Note J
Far Eastern Dyeing & Finishing (Suzhou) Corporation	Manufacture and sales of weaving, dyeing and finishing of novelty fabrics, high-value engineered textiles industrial woven fabrics and scraps.	1,704,934	2	1,342,854	-	-	1,342,854	340,203	100.00	340,203	2,514,371	92,719	Notes H and S
Far Eastern Industries (Suzhou) Corporation	Production and sales of fiber and non-fiber polyester products	1,820,805	2	1,765,319	-	-	1,765,319	(102,000)	100.00	(102,000)	118,740	-	Note K
Wuhan Far Eastern New Material Corporation	Production and sales of PET sheet, chip, filament, staple fibers, and apparel	789,727	2	724,110	-	-	724,110	4,427	100.00	4,427	960,079	-	
Oriental Industries (Suzhou) Corporation	Production and marketing of polyester chips, partially oriented yarn, fully oriented yarn, and polyester yarn.	5,054,907	2	4,957,248	-	-	4,957,248	357,082	100.00	357,082	5,536,765	-	Note H
Far Eastern New Century (China) Investment Corporation	Investment	2,865,687	2	2,089,425	705,900	-	2,795,325	(408,302)	100.00	(408,302)	1,965,387	-	
Sino Belgium Beer (Suzhou) Corporation	Brewery	1,759,807	2	1,763,952	-	-	1,763,952	(152,812)	100.00	(152,812)	(187,555)	-	Note L
Martens Beers Trading (Shanghai) Corporation	Brewery	362,001	2	231,475	-	-	231,475	(11,076)	100.00	(11,076)	15,194	-	Note L
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	PA and its by-product production and sale	6,710,122	2	4,181,323	-	-	4,181,323	655	60.00	393	4,052,129	-	

(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, 2016	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2016	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Amount as of December 31, 2016 (Note C)	Accumulated Repatriation of Investment Income as of December 31, 2016	Note
					Outflow	Inflow							
Far Eastern Industries (Yangzhou) Corporation	PA and its by-product production	\$ 1,426,202	2	\$ 1,436,190	\$ -	\$ -	\$ 1,436,190	\$ 1,146	100.00	\$ 1,146	\$ 1,440,461	\$ -	
Far Eastern Union Petrochemical (Yangzhou) Corporation	PA and its by-product production	3,767,982	2	1,962,908	-	-	1,962,908	(174,980)	50.00	(87,490)	1,515,620	-	
Shanghai Yuan Zi Information Technology Corporation	Software development, equipment maintenance and consulting	58,682	3	-	-	-	-	250	100.00	250	62,415	-	
Shanghai Far Eastern Petrochemical Logistic Corporation	Transportation	87,723	3	-	-	-	-	5,959	100.00	5,959	129,110	-	
An Ho Garment (Suzhou) Corporation	Garment production	4,617	3	-	-	-	-	454	100.00	454	50,280	-	
Yuan Ding Enterprise (Shanghai) Corporation	Chemical products, machinery and equipment lubricants wholesale, commission agents and foreign trade	1,181,952	3	-	-	-	-	(119,389)	100.00	(119,389)	817,036	-	
Tong Da Air Industry (Yangzhou) Corporation	Liquid oxygen, oxygen, nitrogen and hydrogen warehousing	1,899,776	2	1,020,489	-	-	1,020,489	8,314	50.00	4,157	969,375	-	
Yuan Ding Integrated Information Service (Shanghai) Corporation	Computer software and internet software design and development	695,543	2	598,270	-	-	598,270	(114,090)	100.00	(114,090)	(44,384)	-	Note M
Speedy (Shanghai) Digital Tech. Corporation	Intelligent control equipment and security monitoring products and services	30,192	2	24,220	-	-	24,220	2,690	100.00	2,690	46,569	-	Note N
Digital United Information Technologies (Shanghai) Corporation	Research and design of computer system	99,975	2	99,975	-	-	99,975	859	100.00	859	11,296	-	Note P
Far Eastern New Century Information Technology (Beijing) Corporation	Electronic information providing services	370,875	2	129,000	203,175	-	332,175	(200,764)	90.52	(176,364)	73,124	-	Note Q
Far Eastern Tech-info Corporation (Shanghai)	Computer software, data processing and provision of network information service	193,500	2	205,491	-	-	205,491	(2,528)	100.00	(2,528)	99,949	-	Note O
New Diligence Corporation (Shanghai)	Consulting services, supporting services, and wholesale of machinery and equipment	-	1	36,346	-	-	36,346	-	-	-	-	-	Notes Q and R

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Far Eastern New Century Corporation (Notes T and U)	\$ 19,840,318	\$ 25,145,760	\$ -

Notes: A. Investment types are classified as follow:

- The investment was made directly in China.
- The investment was made through a company registered in a third region. Companies which registered in a third region are: Far Eastern Polychem Industries Corporation, PET Far Eastern (Holding) Corporation, Far Eastern Apparel (Holding) Corporation, Oriental Textile (Holding) Corporation, FEDP (Holding) Corporation, Far Eastern Polytex (Holding) Corporation, Sino Belgium (Holding) Corporation, YDC (Virgin Islands) Corporation, DDIM (Virgin Islands) Corporation, Far Eastern Info Service (Holding) Corporation, Digital United (Cayman) Corporation and Far Eastern New Diligent Corporation.
- Other.

(Continued)

- B. Recognition of gains/losses was based on the following four 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) Corporation, Far Eastern Apparel (Suzhou) Corporation, Far Eastern Industries (WuXi) Corporation, Oriental Petrochemical (Shanghai) Corporation, Far Eastern Spinning Weaving and Dyeing (Suzhou) Corporation, Far Eastern Industries (Suzhou) Corporation, Wuhan Far Eastern New Material Corporation, Oriental Industries (Suzhou) Corporation, Far Eastern Industries (Yangzhou) Corporation, Far Eastern Union Petrochemical (Yangzhou) Corporation and Tong Da Air Industry (Yangzhou) Corporation.
 2. Financial statements of these companies, which were audited by the parent company's accounting firm: Digital United Information Technology (Shanghai) Corporation, Far Eastern Tech-info Corporation (Shanghai) and New Diligence Tech-info (Shanghai) Corporation.
 3. Others: Far Eastern New Century (China) Investment Corporation, Sino Belgium (Suzhou) Corporation, Martens Beers Trading (Shanghai) Corporation, Far Eastern Yihua Petrochemical (Yangzhou) Corporation, Shanghai Yuan Zi Information Technology Corporation, Shanghai Far Eastern Petrochemical Logistic Corporation, An Ho Garment (Suzhou) Corporation, Yuan Ding Enterprise (Shanghai) Corporation, Yuan Ding Integrated Information Service (Shanghai) Corporation and Speedy (Shanghai) Digital Tech. Corporation.
 4. Financial statements of these companies, which were not audited by the accounting firm: Far Eastern New Century Information Technology (Beijing) Corporation.
- C. The ending balance of long term investment.
- D. As of December 31, 2016, 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 Corporation.
- E. As of December 31, 2016, the remitted amount of profit of investment was the total cash dividend of Far Eastern Polychem Industries Corporation received by FENC and Yuan Ding Investment Corporation.
- F. As of December 31, 2016, 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 Corporation.
- G. As of December 31, 2016, the profit of investment was cash dividend paid by Far Eastern Apparel (Suzhou) Corporation remitted through an FENC subsidiaries, Far Eastern Polytex (Holding) Corporation and Far Eastern Apparel (Holding) Corporation.
- H. As of December 31, 2016, the accumulated outflow of investment from Taiwan was remitted by Yuan Ding Investment Corporation.
- I. As of December 31, 2016, the profit of investment was cash dividend paid by Far Eastern Industries (WuXi) Corporation remitted through an FENC subsidiaries, Oriental Textile (Holding) Corporation.
- J. As of December 31, 2016, the profit of investment was cash dividend paid by Oriental Petrochemical (Shanghai) Corporation remitted through an FENC subsidiaries, PET Far Eastern (Holding) Corporation and Far Eastern Polytex (Holding) Corporation.
- K. As of December 31, 2016, 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 Corporation and Yuan Tong Investment Corporation.
- L. As of December 31, 2016, the accumulated outflow of investment from Taiwan was remitted by an FENC subsidiary, Yuan Tong Investment Corporation.
- M. As of December 31, 2016, the accumulated outflow of investment from Taiwan was remitted by an FENC subsidiary, YDT Technology International Corporation, Ding Ding Integrated Marketing Services Corporation and FET Consulting Engineers Corporation.
- N. As of December 31, 2016, the accumulated outflow of investment from Taiwan was remitted by an FENC subsidiary, YDT Technology International Corporation.
- O. As of December 31, 2016, the accumulated outflow of investment from Taiwan was remitted by an FENC subsidiary, Far EasTone Telecommunications Corporation.
- P. As of December 31, 2016, the accumulated outflow of investment from Taiwan was remitted by an FENC subsidiary, New Century InfoComm Tech Corporation.
- 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, 2016, the accumulated outflow of investment from Taiwan was remitted by an FENC subsidiary, New Diligent Corporation.
- S. As of December 31, 2016, the profit of investment was cash dividend paid by Far Eastern Dyeing & Finishing (Suzhou) Corporation remitted through an FENC subsidiaries, Far Eastern Apparel (Holding) Corporation.
- 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) Corporation 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 INVESTEEES

INVESTMENT IN MAINLAND CHINA - INVESTMENT TYPE
FOR THE YEAR ENDED DECEMBER 31, 2016
(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) Corporation	Far Eastern New Century Corporation	1996.07.09	No. 84015136	Far Eastern Polychem Industries Corporation	\$ 6,000	\$ 6,000			
	Yuan Ding Investment Corporation			Far Eastern Polychem Industries Corporation	24,000	24,000			
	Far Eastern New Century Corporation	2004.12.29	No. 093032400	Far Eastern Polychem Industries Corporation	1,712		\$ 1,712		
	Far Eastern New Century Corporation	2004.12.30	No. 093032090	Far Eastern Polychem Industries Corporation	1,540			\$ 1,540	
	Far Eastern New Century Corporation	2004.11.03	No. 093032240	Far Eastern Polychem Industries Corporation	3,879		3,879		
	Yuan Ding Investment Corporation	2004.12.29	No. 093032402	Far Eastern Polychem Industries Corporation	7,014		7,014		
	Yuan Ding Investment Corporation	2004.11.02	No. 093032239	Far Eastern Polychem Industries Corporation	15,898		15,898		
	Yuan Ding Investment Corporation	2004.12.29	No. 093032089	Far Eastern Polychem Industries Corporation	6,313			6,313	
	Far Eastern New Century Corporation	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Corporation	31,779	31,779			
	Far Eastern New Century Corporation	2008.06.27	No. 09700163440	Far Eastern Polychem Industries Corporation	56,000	56,000			
	Far Eastern New Century Corporation	2008.04.18	No. 09700045490	Far Eastern Polychem Industries Corporation	4,800	4,800			
	Far Eastern New Century Corporation	2010.04.19	No. 09900142680 (Note D)	Far Eastern Polychem Industries Corporation	8,198 11,500 (Note E)	11,500			
	Far Eastern Apparel (Suzhou) Corporation	Yuan Ding Investment Corporation	1996.10.16	No. 85016219	Far Eastern Apparel (Holding) Corporation	10,000	10,000		
Yuan Ding Investment Corporation		2003.10.30	No. 092033299	Far Eastern Apparel (Holding) Corporation	5,000	5,000			
Far Eastern New Century Corporation		2006.05.23	No. 09500112650	Far Eastern Polytex (Holding) Corporation	11,000	11,000			
Far Eastern New Century Corporation		2008.03.31	No. 09700038490	Far Eastern Polytex (Holding) Corporation	5,000	5,000			
Far Eastern Industries (WuXi) Corporation	Yuan Ding Investment Corporation	2002.06.21	No. 091011903	Oriental Textile (Holding) Corporation	19,960	19,960			
	Yuan Ding Investment Corporation	2005.11.03	No. 094024169	Oriental Textile (Holding) Corporation	40,000	40,000			
Oriental Petrochemical (Shanghai) Corporation	Far Eastern New Century Corporation	2009.11.17	No. 09800408170 (Note B)	Far Eastern Polychem Industries Corporation	1,228				\$ 1,228
	Yuan Ding Investment Corporation	2009.11.17	No. 09800408160 (Note C)	PET Far Eastern (Holding) Corporation Far Eastern Polychem Industries Corporation	6,592				6,592
	Far Eastern New Century Corporation	2008.06.27	No. 09700163430	PET Far Eastern (Holding) Corporation PET Far Eastern (Holding) Corporation	49,500	49,500			

(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 Dyeing & Finishing (Suzhou) Corporation	Far Eastern New Century Corporation	2008.04.18	No. 09700045500	Far Eastern Polychem Industries Corporation PET Far Eastern (Holding) Corporation	\$ 4,800 2,936 (Note F)	\$ 4,800			
	Far Eastern New Century Corporation	2009.12.25	No. 09800456740	PET Far Eastern (Holding) Corporation	41,171	41,171			
	Yuan Ding Investment Corporation	2003.10.31	No. 092033525	Far Eastern Apparel (Holding) Corporation	20,000	20,000			
	Yuan Ding Investment Corporation	2008.10.13	No. 09700348610	Far Eastern Apparel (Holding) Corporation	30,000	30,000			
Far Eastern Industries (Suzhou) Corporation	Yuan Ding Investment Corporation	2002.11.26	No. 091035216	Far Eastern Polychem Industries Corporation FEDP (Holding) Corporation	9,352				\$ 9,352
	Far Eastern New Century Corporation	2004.10.11	No. 093025506	Far Eastern Polychem Industries Corporation FEDP (Holding) Corporation	1,569			\$ 1,569	
Oriental Industries (Suzhou) Corporation	Far Eastern New Century Corporation	2004.10.14	No. 093030298	Far Eastern Polychem Industries Corporation FEDP (Holding) Corporation	713				713
	Far Eastern New Century Corporation	2010.10.12	No. 09900403430 (Note H)	FEDP (Holding) Corporation	5,288	5,288			
	Far Eastern New Century Corporation	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Corporation FEDP (Holding) Corporation	4,524	4,524			
	Far Eastern New Century Corporation	2008.04.18	No. 09700045510	Far Eastern Polychem Industries Corporation FEDP (Holding) Corporation	4,800	4,800			
	Far Eastern New Century Corporation	2010.12.29	No. 09900470520 (Note I)	FEDP (Holding) Corporation	754 (Note G) 18,224				
	Yuan Ding Investment Corporation	2005.08.01	No. 094015006	Oriental Textile (Holding) Corporation	19,800	19,800			
	Yuan Ding Investment Corporation	2006.02.09	No. 094037416	Oriental Textile (Holding) Corporation	30,200	30,200			
	Yuan Ding Investment Corporation	2007.10.02	No. 09600280400	Oriental Textile (Holding) Corporation	23,000	23,000			
	Yuan Ding Investment Corporation	2008.09.01	No. 09700172130	Oriental Textile (Holding) Corporation	32,500	32,500			
	Yuan Ding Investment Corporation	2013.04.29	No. 10200127470	Oriental Textile (Holding) Corporation	8,000	8,000			
Wuhan Far Eastern New Material Corporation	Yuan Ding Investment Corporation	2014.09.11	No. 10300223190 (Note K)	Oriental Textile (Holding) Corporation	43,000	43,000			
	Far Eastern New Century Corporation	2006.05.19	No. 09500090070	Far Eastern Polytex (Holding) Corporation	12,000	12,000			
	Far Eastern New Century Corporation	2009.06.29	No. 09800135640	Far Eastern Polytex (Holding) Corporation	10,000	10,000			
Far Eastern New Century (China) Investment Corporation (Note A)	Far Eastern New Century Corporation	2010.12.21	No. 09900470530	Far Eastern Polytex (Holding) Corporation	RMB 6,695				RMB 6,695
	Far Eastern New Century Corporation	2006.08.01	No. 09500124430	Far Eastern Polytex (Holding) Corporation	48,000	48,000			
Sino Belgium Beer (Suzhou) Corporation	Yuan Tong Investment Corporation	2007.08.02	No. 09600248620	Sino Belgium (Holding) Corporation	18,000	18,000			
	Yuan Tong Investment Corporation	2008.02.21	No. 09600451060	Sino Belgium (Holding) Corporation	12,000	12,000			
	Yuan Tong Investment Corporation	2014.04.24	No. 10300091010 (Note L)	Sino Belgium (Holding) Corporation	16,000	16,000			
	Yuan Tong Investment Corporation	2014.12.19	No. 10300249370 (Note O)	Sino Belgium (Holding) Corporation	10,000	10,000			

(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\$)
Martens Beers Trading (Shanghai) Corporation	Yuan Tong Investment Corporation Yuan Tong Investment Corporation	2008.12.10	No. 09700456110	Sino Belgium (Holding) Corporation	\$ 3,800	\$ 3,800			\$ 4,304
		2010.07.29	No. 09900284200	Bockhold N.V	4,304				
	Yuan Tong Investment Corporation Yuan Tong Investment Corporation	2014.04.24	No. 10300091010 (Note L)	Sino Belgium (Holding) Corporation Sino Belgium (Holding) Corporation	1,500	1,500			
		2013.11.28	No. 10200451570 (Note N)	Sino Belgium (Holding) Corporation	1,100	1,100			
		2014.12.19	No. 10300249370 (Note O)	Sino Belgium (Holding) Corporation	1,000	1,000			
Far Eastern Tech-Info Corporation (Shanghai)	Far EasTone Telecommunications Corporation	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) Corporation	166,000	166,000			
Far Eastern Industries (Yangzhou) Corporation	Far Eastern New Century Corporation	2012.03.30	No. 10100043080	Far Eastern Polychem Industries Corporation	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) Corporation	100,000	100,000			
Yuan Ding Enterprise (Shanghai) Corporation	Far Eastern New Century Corporation	2013.11.08	No. 10200399280	Far Eastern Polytex (Holding) Corporation	1,000	1,000			
		2014.01.28	No. 10200399290 (Note R)	Far Eastern New Century (China) Investment Corporation Far Eastern Polytex (Holding) Corporation Far Eastern New Century (China) Investment Corporation	82,340	82,340			
Tong Da Air Industry (Yangzhou) Corporation	Far Eastern New Century Corporation	2014.09.05	No. 10300203670 (Note Q)	PET Far Eastern (Holding) Corporation	33,500	33,500			
Yuan Ding Integrated Information Service (Shanghai) Inc.	YDT Technology International Corporation	2011.10.19	No. 10000429550	YDC (Virgin Islands) Corporation	110	110			
	FET Consulting Engineers Corporation	2011.11.03	No. 10000439470	DDIM (Virgin Islands) Corporation	8,100	8,100			
	Ding Ding Integrated Marketing Service Corporation	2015.08.11	No. 10400179060	DDIM (Virgin Islands) Corporation	1,100	1,100			
Speedy (Shanghai) Digital Tech. Corporation	YDT Technology International Corporation	2004.02.11	No. 093003471	YDC (Virgin Islands) Corporation	300	300			
		2005.02.05	No. 094003122	YDC (Virgin Islands) Corporation	500	500			
Far Eastern Tech-Info Corporation (Shanghai)	Far EasTone Telecommunications Corporation	2004.08.26	No. 093018811	Far Eastern Info Service (Holding) Corporation	2,500	2,500			
	New Diligent Corporation	2014.01.29	No. 10300022990	Far Eastern New Diligent Company Corporation	3,500	3,500			
Digital United Information Technologies (Shanghai) Corporation	New Century InfoComm Tech Corporation	2002.10.07	No. 091041498	Digital United (Cayman) Corporation	3,100			3,100	
	New Century InfoComm Tech Corporation	2013.08.09	No. 10200302730	Digital United (Cayman) Corporation	1,000	1,000			
New Diligence Corporation (Shanghai)	New Diligent Corporation	2007.08.08	No. 09600261870	New Diligent Corporation (Note P)	1,127	1,127			
Far Eastern New Century Information Technology (Beijing) Corporation	New Diligent Corporation	2012.11.19	No. 10100496420	Far Eastern New Diligent Company Corporation	4,000	4,000			

(Continued)

- Notes: A. Far Eastern New Century (China) Investment Corporation invested US\$30,000 thousand in Far Eastern Industries (Shanghai) Corporation and US\$16,000 thousand in Oriental Petrochemical (Shanghai) Corporation.
- B. Document No. 092035971 had been canceled and replaced with document No. 09800408170.
- C. Document No. 092035970 had been canceled and replaced with document No. 09800408160.
- D. The approved amount of US\$12,000 thousand on September 18, 2009 as stated in document No. 09800283970, had been changed to US\$11,500 thousand and updated to document No. 09900142680 on April 19, 2010 while completed the-review process.
- E. The shares offered for the privatization of FEPI had antidilutive effects; thus, FEPI's ownership and amount invested in Far Eastern Industry (Shanghai) Corporation increased.
- F. The shares offered for the privatization of FEPI had antidilutive effects; thus, FEPI's ownership and amount invested in Oriental Petrochemical (Shanghai) Corporation increased.
- G. The shares offered for the privatization of FEPI had antidilutive effects; thus, FEPI's ownership and amount invested in Far Eastern Industries (Suzhou) Corporation increased.
- H. Under the original investment scheme, the investment in Far Eastern Industry (Suzhou) Corporation was made indirectly through Far Eastern Polytex (Holding) Corporation and FEDP (Holding) Corporation, 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) Corporation under the MOEA's approval (Letter No. 09900403430).
- I. After obtaining MOEA approval (No. 09900470520), FENC received FEDP (Holding) Corporation from Yuan Tong Investment Corporation, for US\$18,224 thousand (MOEA approval No. 09600243260).
- J. After obtaining MOEA approval (No. 10000021360), FENC's subsidiary, Far Eastern Polytex (Holding) Corporation, indirectly invest US\$166,000 thousand in Far Eastern Yihua Petrochemical (Yangzhou) Corporation. As of December 31, 2016, 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 Corporation amended to invest US\$43,000 thousand indirectly or equivalent RMB through its subsidiary, Oriental Textile (Holding) Corporation in Oriental Industries (Suzhou) Corporation. As of December 31, 2016, Yuan Ding Investment Corporation remitted RMB258,000 thousand to this indirect investment.
- L. After modifying MOEA approval from No. 10000446910 to No. 10300091010, FENC's subsidiary, Yuan Tong Investment Corporation amended to invest US\$16,000 and US\$17,500 indirectly through its subsidiary, Sino Belgium (Holding) Corporation, in Sino Belgium Beer (Suzhou) Corporation and Martens Beers Trading (Shanghai) Corporation.
- M. After obtaining MOEA approval (No. 10100115020), FENC's subsidiary, PET Far Eastern (Holding) Corporation, indirectly invest US\$100,000 thousand in Far Eastern Union Petrochemical (Yangzhou) Corporation. As of December 31, 2016, FENC remitted US\$66,000 thousand to this indirect investment.
- N. After obtaining MOEA approval (No. 10200451570), FENC's subsidiary, Yuan Tong Investment Corporation, indirectly invest US\$1,100 thousand through its subsidiary, Sino Belgium (Holding) Corporation, in Martens Beers Trading (Shanghai) Corporation. As of December 31, 2016, Yuan Tong Investment Corporation remitted US\$1,065 thousand to this indirect investment.
- O. After obtaining MOEA approval (No. 10300249370), FENC's subsidiary Yuan Tong Investment Corporation indirectly invest US\$10,000 thousand and US\$1,000 thousand through its subsidiary, Sino Belgium (Holding) Corporation, in Sino Belgium Beer (Suzhou) Corporation and Martens Beers Trading (Shanghai) Corporation. As of December 31, 2016, FENC remitted US\$10,950 thousand to this indirect investment.
- P. Company dissolution had been approved by the local government on April 13, 2010. New Diligence Corporation (Shanghai) had remitted US\$73 thousand back to Taiwan on June 27, 2012, and wrote off the amount as the investment registered with the Investment Commission of the MOEA.
- Q. After modifying MOEA approval from No. 10200478110 to No. 10300203670, FENC amended its indirect investment to US\$33,500 thousand, and invested through its subsidiary, PET Far Eastern (Holding) Corporation, indirectly in Tong Da Air Industry (Yangzhou) Corporation.
- R. After obtaining MOEA approval (No. 10200399290), FENC's subsidiaries, Far Eastern Polytex (Holding) Corporation and Far Eastern New Century (China) Investment Corporation, indirectly invest US\$82,340 thousand in Yuan Ding Enterprise (Shanghai) Corporation. As of December 31, 2016, FENC remitted US\$16,625 thousand as its indirect investment.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

<u>Item</u>	<u>Statement Index</u>
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
Statement of financial assets at fair value through profit or loss - current	Note 7
Statement of notes and accounts receivable	2
Statement of inventories	3
Statement of changes in available-for-sale financial assets - non-current	4 and 5
Statement of changes in investments accounted for using equity method	5
Statement of changes in property, plant and equipment	Note 12
Statement of changes in accumulated depreciation of property, plant and equipment	Note 12
Statement of changes in accumulated impairment of property, plant and equipment	Note 12
Statement of changes in investment properties	Note 13
Statement of changes in intangible asset	Note 14
Statement of deferred tax assets	Note 21
Statement of short-term loans	6
Statement of financial liabilities at fair value through profit or loss - current	Note 7
Statement of notes and accounts payable	7
Statement of other payables	8
Statement of long-term borrowings	9
Statement of bonds payable	10
Statement of deferred tax liabilities	Note 21
Major Accounting Items in Profit or Loss	
Statement of operating revenue	11
Statement of cost of operating revenue	12
Statement of operating expenses	13
Statement of labor, depreciation and amortization by function	Note 20

FAR EASTERN NEW CENTURY CORPORATION**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2016****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Maturity	Annual Rate (%)	Amount
Cash			
Cash on hand			\$ 2,000
Petty cash			3,299
Cash in banks			
Checking accounts			6,965,556
Demand deposits (Note A)			<u>1,037,532</u>
Subtotal			8,003,088
Cash equivalents			
Repurchase commercial paper	2016.12.30-2017.01.03	0.55%	5,748,562
Time deposit (Note B)	2016.12.29-2017.01.06	0.75%-8.30%	<u>175,701</u>
Total			<u>\$ 13,932,650</u>

Note A: Including US\$17,005 thousand, GBP2 thousand, JPY495,402 thousand, RMB38 thousand, EUR9,686 thousand, and HK\$57 thousand.

Note B: Including US\$3,000 thousand and RMB17,000 thousand.

Note C: Based on the exchange rate of US\$1:NT\$32.25, GBP1:NT\$39.61, JPY1:NT\$0.2756, RMB1:NT\$4.617, EUR1:NT\$33.90, and HK\$1:NT\$4.158, respectively.

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE

DECEMBER 31, 2016

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Worldwide Polychem (HK) Corporation	\$ 684,994
Far Eastern Industries (Shanghai) Corporation	325,408
Others (Note)	<u>6,232,945</u>
	7,243,347
Less: Allowance for doubtful accounts	<u>282,585</u>
Total	<u>\$ 6,960,762</u>

Note: The amount from each client which included in others does not exceed 5% of the account balance.

FAR EASTERN NEW CENTURY CORPORATION**STATEMENT OF INVENTORIES****DECEMBER 31, 2016****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Market Value (Note)
Finished goods	\$ 2,087,804	\$ 1,917,149
Work in progress	1,902,185	1,929,096
Raw materials	2,221,915	2,056,785
Supplies	200,902	178,399
Materials in transit	<u>314,445</u>	<u>314,445</u>
	6,727,251	6,395,874
Less: Allowance for valuation loss	<u>495,594</u>	<u>0</u>
Total	<u>\$ 6,231,657</u>	<u>\$ 6,395,874</u>

Note: Market value is net realizable value.

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

DECEMBER 31, 2016

(In Thousands of New Taiwan Dollars)

Name of the Financial Instrument	Shares (In Thousands)	Face Value	Total Amount	Acquiring Cost	Fair Value		Notes
					Price Per Share (Note)	Total Amount	
Publicly traded company stock							
Far Eastern International Bank	<u>81,374</u>	<u>\$ 10</u>	<u>\$ 740,500</u>	<u>\$ 503,127</u>	<u>9.10</u>	<u>\$ 740,500</u>	

Note: The market value of publicly traded company stock is calculated based on the closing market value on December 31, 2016.

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS AND FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investees	Face Value	Balance, January 1, 2016		Annual Changes				Increase (Decrease) in Using the Equity Method Amount (Note A)	Balance, December 31, 2016			Market Value or Net Assets Value		Pledged Shares (In Thousands) (Note B)	Notes	
		Shares (In Thousands)	Amount	Additions		Decrease			Shares (In Thousands)	%	Amount	Unit Price (NT\$)	Total Amount			
				Shares (In Thousands)	Amount	Shares (In Thousands)	Amount									
Stocks																
Investments accounted for under the equity method																
Publicly traded Companies																
Asia Cement Corporation	\$ 10	750,511	\$ 18,571,971	-	\$ -	-	\$ -	\$ (2,914,769)	750,511	22.33	\$ 15,657,202	\$ 26.35	\$ 19,775,973	19,900	(Notes C and D)	
Far Eastern Department Stores Corporation	10	241,770	4,749,095	-	-	-	-	(95,028)	241,770	17.06	4,654,067	16.00	3,868,315	-	(Notes C and D)	
Oriental Union Chemical Corporation	10	81,216	1,359,418	-	-	-	-	(138,660)	81,216	9.17	1,220,758	23.10	1,876,090	-	(Notes C and D)	
Everest Textile Corporation	10	129	1,519	-	-	-	-	17	129	0.03	1,536	17.00	2,197	-	(Notes C and D)	
Subtotal			24,682,003					(3,148,440)	-		21,533,563		25,522,575			
Private Companies																
Yuan Ding Investment Corporation	10	1,822,822	40,135,283	-	11	-	-	(623,455)	1,822,822	99.40	39,511,839		39,841,146	-	(Notes D and E)	
Far Eastern Resources Development Corporation	10	557,354	99,278,697	109,888	-	-	-	2,054,640	667,242	100.00	101,333,337		101,513,156	-	(Notes D and F)	
Far Eastern Polytex (Holding) Corporation	US\$ 0.01	124	8,149,514	11	705,900	-	-	(955,957)	135	100.00	7,899,457		7,903,156	-	(Notes D and E)	
Far Eastern Polychem Industries Corporation	HK\$ 0.0001	830,815	7,875,339	-	-	-	-	(877,472)	830,815	73.04	6,997,867		6,997,867	-	(Note D)	
Yuan Tong Investment Corporation	10	705,147	7,887,200	-	-	-	-	(190,117)	705,147	100.00	7,697,083		8,052,137	-	(Note D)	
Kai Yuan International Investment Corporation	10	302,843	5,274,785	-	-	-	-	(375,313)	302,843	100.00	4,899,472		4,899,612	-	(Note D)	
Far Eastern Investment (Holding) Corporation	US\$ 0.01	1,700	9,309,702	-	-	-	-	(100,176)	1,700	100.00	9,209,526		9,209,526	-	(Note D)	
PET Far Eastern (Holding) Corporation	US\$ 0.01	333	5,573,361	-	-	-	-	(1,168,571)	333	90.54	4,404,790		4,447,750	-	(Note D)	
Oriental Petrochemical (Taiwan) Corporation	10	1,183,311	7,562,475	-	-	-	-	(400,528)	1,183,311	75.56	7,161,947		7,307,317	-	(Note D)	
Far Eastern Construction Corporation	10	198,791	7,931,482	-	-	-	-	226,094	198,791	65.11	8,157,576		8,213,736	-	(Note D)	
Yuan Ding Company Corporation	10	186,929	3,176,146	-	-	-	-	(141,790)	186,929	37.13	3,034,356		3,196,769	-	(Note D)	
An Ho Garment Corporation	10	66,346	1,932,594	-	-	-	-	(24,927)	66,346	100.00	1,907,667		1,983,482	-	(Note D)	
Ding Yuan International Investment Corporation	10	205,000	2,670,534	-	-	-	-	(91,341)	205,000	100.00	2,579,193		2,600,007	-	(Note D)	
FEDP (Holding) Corporation	US\$ 0.01	244	238,841	-	-	-	-	(61,858)	244	50.43	176,983		176,983	-	(Note D)	
Fu Kwok Garment Manufacturing Corporation	10	3,998	282,479	1	12	-	-	6,075	3,999	99.96	288,566		287,676	-	(Notes D and E)	
Ding Ding Hotel Corporation	10	19,772	45,587	-	-	-	-	(69,347)	19,772	19.00	(23,760)		(24,315)	-	(Note D)	
Far Eastern Textile Corporation	10	100	1,371	-	-	-	-	77	100	100.00	1,448		1,448	-	(Note D)	
Oriental Securities Corporation	10	140,278	1,948,952	-	-	-	-	(31,990)	140,278	19.65	1,916,962		1,908,758	-	(Note D)	
Pacific Liu Tong Investment Corporation	10	135,000	1,777,417	-	-	-	-	80,602	135,000	16.83	1,858,019		1,765,975	-	(Note D)	
Subtotal			211,051,759		705,923			(2,745,354)			209,012,328		210,282,186			
Plus: Transfer from the credit of the investments accounted for using equity method to other liabilities-non current											23,760					
Subtotal			235,733,762		705,923			(5,893,794)			230,569,651		235,804,761			
Available-for-sale financial assets - noncurrent																
Public traded company																
Far Eastern International Bank	10	79,778	781,027	1,596	-	-	(40,527)	-	81,374	2.62	740,500	9.10	740,500	-	(Notes C, F and G)	
Total			\$ 236,514,789		\$ 705,923		\$ (40,527)	\$ (5,893,794)			\$ 231,310,151		\$ 236,545,261			

Note A: Including:

- Current net profit of investee recognized based on the percentage of shares
- Current cash dividends distributed by investee
- Changes in capital surplus of investee
- Changes in special earning surplus of investee
- Changes in undistributed earnings of investee
- Changes in exchange differences arising on translation of foreign operations
- Unrealized loss on available-for-sale financial assets
- Cash flow hedges of investee
- Increase in value of reevaluation on investee's property
- Changes in actuarial profit and loss on benefit plans of investee
- Cash dividends distributed to subsidiaries

\$ 8,318,840
(7,329,142)
51,126
(5,152)
(9,153)
(3,852,495)
(3,027,057)
48,430
748
(90,718)
779
\$ (5,893,794)

Note B: Shares was provided to financial organization as collateral for issuing long-term loans.

Note C: The market value is calculated based on stock closing market price in December 31, 2016 from Taiwan Stock Exchange.

Note D: The amount is calculated by the percentage of holding shares based on the audited financial statement in December 31, 2016.

Note E: There was an increase in shares or value because of purchasing the investee's stock or participating cash issuance of new stock from investee.

Note F: There was an increase in shares because of the capital increase from investee's retain earnings.

Note G: There was a decrease in value because the calculation was based on the market value.

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF SHORT-TERM LOANS DECEMBER 31, 2016

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

Type	Contract Period	Interest Rates (%)	Original Currency	In New Taiwan Dollars	Collateral
Bank loans					
Mizuho Bank	2016.07.18-2017.06.02	0.90-1.15	US\$ 53,513	\$ 1,725,824	
The Bank of Tokyo-Mitsubishi UFJ	2016.12.19-2017.06.26	1.20-1.26	US\$ 9,318	<u>300,521</u>	
				<u>2,026,345</u>	
Letters of credit discount					
Mizuho Bank	2016.12.22-2017.01.10	1.36	US\$ 143	4,621	Note
CTBC Bank	2016.12.02-2017.12.31	1.25-1.95	US\$ 81	<u>2,612</u>	Note
				<u>7,233</u>	
				<u>\$ 2,033,578</u>	

Note: The amount is the export bills discount with recourse.

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31, 2016

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
SABIC	\$ 540,332
Formosa Chemicals and Fibre Corporation	223,280
CMFC	114,278
CAPCO	108,594
Others (Note)	<u>1,021,783</u>
Total	<u>\$ 2,008,267</u>

Note: The amount from each vendor in others does not exceed 5% of the account balance.

FAR EASTERN NEW CENTURY CORPORATION**STATEMENT OF OTHER PAYABLES****DECEMBER 31, 2016****(In Thousands of New Taiwan Dollars)**

Item	Amount
Director remuneration payable	\$ 993,431
Payroll and bonus payable	960,913
Interest payable	278,262
Process expense payable	212,625
Employee remuneration payable	184,185
Others (Note)	<u>1,106,513</u>
Total	<u>\$ 3,735,929</u>

Note: The amount from each item does not exceed 5% of the account balance.

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF LONG-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Type/Creditor Bank	Repayment (Note)	Interest Rate (%)	Original Currency	Unamortized Balance	Balance		Total Amount	Collateral
					Expired in A Year	Expired after A Year		
Bank loans								
Secured loans								
First Commercial Bank	2016.12.02-2018.06.02, lump sum repayment on maturity, interest payment monthly	1.0000	\$	\$ -	\$ -	\$ 2,640,000	\$ 2,640,000	Construction and land in Bangiao Ren-Ai section
Far Eastern International Bank	2016.12.30-2018.06.27, lump sum repayment on maturity	1.4000			-	400,000	400,000	Construction and land in Hualien, and machinery equipment.
Mega International Commercial Bank	2016.12.23-2018.08.26, lump sum repayment on maturity	1.3200			-	500,000	500,000	Construction and land in Guanyin industries
Credit loans								
First Commercial Bank	2016.12.02-2018.06.02, lump sum repayment on maturity, interest payment monthly	1.0000		-	-	1,360,000	1,360,000	19,900 thousand of Asia Cement Corporation shares
Bank of Taiwan	2016.06.27-2019.12.27, lump sum repayment on maturity, interest payment monthly	1.0148		-	-	2,000,000	2,000,000	Construction and Land in Xinpu Far Eastern section and Shuichetou section
The Bank of Tokyo-Mitsubishi UFJ	2016.01.25-2019.01.25, lump sum repayment on maturity, interest payment monthly	1.1000		-	-	1,500,000	1,500,000	
The Bank of Tokyo-Mitsubishi UFJ	2016.09.29-2019.09.27, lump sum repayment on maturity, interest payment monthly	0.8500		-	-	500,000	500,000	
Mizuho Bank	2016.12.28-2018.06.22, lump sum repayment on maturity	0.9000		-	-	366,000	366,000	
Mizuho Bank	2016.12.29-2018.06.22, lump sum repayment on maturity	0.9000		-	-	80,000	80,000	
Mizuho Bank	2016.12.30-2018.06.22, lump sum repayment on maturity	0.9000		-	-	854,000	854,000	
Hua Nan Bank	2016.12.30-2018.05.13, lump sum repayment on maturity	1.0500		-	-	1,800,000	1,800,000	
Chang Hwa Bank	2016.12.30-2018.12.30, lump sum repayment on maturity	1.3000		-	-	1,300,000	1,300,000	
Land Bank of Taiwan	2016.12.30-2018.12.22, lump sum repayment on maturity	1.3400		-	-	1,180,000	1,180,000	
First Commercial Bank	2016.12.30-2018.06.30, lump sum repayment on maturity	1.3900		-	-	1,500,000	1,500,000	
BNP Paribas Taiwan	2016.12.30-2018.12.13, lump sum repayment on maturity	0.9500		-	-	390,000	390,000	
ANZ Bank (Taiwan) Limited.	2016.12.30-2018.05.31, lump sum repayment on maturity	1.3500		-	-	300,000	300,000	
Bank SinoPac	2016.12.27-2018.05.31, lump sum repayment on maturity	1.3500		-	-	60,000	60,000	
Bank SinoPac	2016.12.30-2018.05.31, lump sum repayment on maturity	1.3500		-	-	1,940,000	1,940,000	
Mega International Commercial Bank	2016.12.23-2018.08.26, lump sum repayment on maturity	1.3200		-	-	390,000	390,000	
Mega International Commercial Bank	2016.12.30-2018.08.26, lump sum repayment on maturity	1.3800		-	-	1,960,000	1,960,000	
Taipei Fubon Commercial Bank	2016.12.28-2018.09.02, lump sum repayment on maturity	0.8474		-	-	1,650,000	1,650,000	
The Bank of East Asia Limited.	2016.12.30-2018.12.30, lump sum repayment on maturity	1.1557		-	-	1,000,000	1,000,000	
Bangkok Bank	2016.12.30-2018.02.28, lump sum repayment on maturity	1.3000		-	-	600,000	600,000	
Standard Chartered Bank	2016.12.28-2018.11.18, lump sum repayment on maturity	0.7500		-	-	1,900,000	1,900,000	
KGI Bank	2016.12.30-2019.12.30, lump sum repayment on maturity	1.1458		-	-	1,250,000	1,250,000	
Sumitomo Mitsui Banking Corporation	2016.12.28-2019.06.14, lump sum repayment on maturity	0.7000		-	-	954,000	954,000	
Bank of China	2016.12.23-2019.06.30, lump sum repayment on maturity	0.6500		-	-	1,000,000	1,000,000	
Bank of Taiwan	2016.12.01-2019.06.27, lump sum repayment on maturity	0.63425	EUR 124	-	-	4,204	4,204	
Bank of Taiwan	2016.12.01-2019.06.27, lump sum repayment on maturity	0.63425	EUR 2,382	-	-	80,742	80,742	
Bank of Taiwan	2016.12.01-2019.06.27, lump sum repayment on maturity	0.63425	EUR 63	-	-	2,136	2,136	
Bank of Taiwan	2016.12.01-2019.06.27, lump sum repayment on maturity	0.63425	EUR 262	-	-	8,889	8,889	
Bank of Taiwan	2016.12.07-2019.06.27, lump sum repayment on maturity	0.63425	EUR 181	-	-	6,123	6,123	
Bank of Taiwan	2016.12.07-2019.06.27, lump sum repayment on maturity	0.64482	JPY 114,625	-	-	31,590	31,590	
Bank of Taiwan	2016.12.07-2019.06.27, lump sum repayment on maturity	0.64482	JPY 8,240	-	-	2,270	2,270	
Mega International Commercial Bank	2016.11.19-2018.08.26, lump sum repayment on maturity	0.68710	EUR 2,537	-	-	79,890	79,890	
Subtotal						26,049,844	26,049,844	
Total bank loan subtotal						29,589,844	29,589,844	
Commercial paper payable								
China Bills Finance Corporation	2015.05.08-2018.05.07, lump sum repayment on maturity, prepaid interest	1.3630		3,860	-	996,140	996,140	
China Bills Finance Corporation	2015.05.08-2018.05.07, lump sum repayment on maturity, prepaid interest	1.3630		1,930	-	498,070	498,070	
Mega Bills Corporation	2015.05.08-2018.05.07, lump sum repayment on maturity, prepaid interest	1.3630		-	-	996,140	996,140	
Mega Bills Corporation	2015.05.08-2018.05.07, lump sum repayment on maturity, prepaid interest	1.3630		-	-	498,070	498,070	
Total commercial paper payable						2,988,420	2,988,420	
						\$ -	\$ 32,578,264	\$ 32,578,264

Note: Expiration date is the date for loans or cycle contracts.

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

Period	Trustee	Maturity	Repayment	Annual Rate (%)	Original Currency	Issued Amount	Repayment Paid	Unamortized Bonds Discounts	Outstanding Balance		Collateral	
									Expired Within A Year	Expired After A Year		Total Amount
Ordinary Bonds No. 100-3	Unsecured	2012.02.15-2017.02.15	The bond is 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.	1.36	\$	\$ 6,000,000	\$ 3,000,000	\$ 378	\$ 2,999,622	\$ -	\$ 2,999,622	-
No. 101-1	Unsecured	2012.06.07-2017.06.07	The bond is 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.	1.35		3,200,000	1,600,000	692	1,599,308	-	1,599,308	-
No. 101-2	Unsecured	2012.11.26-2017.11.26	The bond is 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.	1.30		4,200,000	2,100,000	1,898	2,098,102	-	2,098,102	-
No. 102-2	Unsecured	2013.08.28-2017.02.28	The bond is 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.	1.39		3,000,000	-	291	2,999,709	-	2,999,709	-
No. 102-3	Unsecured	2013.12.23-2018.12.23	The bond is 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.	1.45		2,800,000	-	2,768	-	2,797,232	2,797,232	-
No. 103-1	Unsecured	2014.08.21-2019.08.21	The bond is 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.	1.47		3,200,000	-	2,531	-	3,197,469	3,197,469	-
No. 103-2	Unsecured	2014.12.04-2019.12.04	The bond is 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.	1.47		2,200,000	-	1,930	-	2,198,070	2,198,070	-
No. 103-3	Unsecured	2015.02.06-2020.02.06	The bond is 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.	1.38		2,600,000	-	3,224	-	2,596,776	2,596,776	-
No. 104-1	Unsecured	2015.05.25-2020.05.25	The bond is 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.	1.39		8,000,000	-	10,868	-	7,989,132	7,989,132	-

(Continued)

Period	Trustee	Maturity	Repayment	Annual Rate (%)	Original Currency	Issued Amount	Repayment Paid	Unamortized Bonds Discounts	Outstanding Balance			Collateral
									Expired Within A Year	Expired After A Year	Total Amount	
No. 104-2	Unsecured	2015.10.02-2020.10.02	The bond is 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.	1.28	\$	\$ 5,200,000	\$ -	\$ 7,804	\$ -	\$ 5,192,196	\$ 5,192,196	-
No. 104-3	Unsecured	2015.11.16-2020.11.16	The bond is 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.	1.25		2,800,000	-	4,340	-	2,795,660	2,795,660	-
No. 105-1-A	Unsecured	2016.04.29-2021.04.29	The bond is 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.	0.88		6,000,000	-	8,409	-	5,991,591	5,991,591	-
No. 105-1-B	Unsecured	2016.04.29-2021.04.29	The bond is repayable in lump sum at the 104.8411% of total amount on maturity.	-		2,000,000	-	5,444	-	1,994,556	1,994,556	-
No. 105-2	Unsecured	2016.09.20-2021.09.20	The bond is 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.	0.72		3,800,000	-	7,176	-	3,792,824	3,792,824	-
Total						<u>\$ 55,000,000</u>	<u>\$ 6,700,000</u>	<u>\$ 57,753</u>	<u>\$ 9,696,741</u>	<u>\$ 38,545,506</u>	<u>\$ 48,242,247</u>	

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION**STATEMENT OF OPERATING REVENUE****FOR THE YEAR ENDED DECEMBER 31, 2016****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Quality	Amount
Sales of goods		
Solid-state polymer	517,372 tones	\$ 16,635,473
Polyester staple fiber	238,510 tones	9,864,347
Greige yarn	294,035 pieces	4,094,732
Knitted fabrics	12,810 tones	3,698,032
Polyester filament	59,340 tones	2,443,955
Others (Note)		<u>7,999,256</u>
Subtotal		44,735,795
Processing revenue		<u>13,642</u>
Total		<u>\$ 44,749,437</u>

Note: The amount of each item does not exceed 5% of total revenue.

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF COST OF OPERATING REVENUE FOR THE YEAR ENDED DECEMBER 31, 2016 (In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials used	
Balance, beginning of year	\$ 2,470,630
Raw material purchased	29,127,194
Less: Raw materials, end of year	<u>(2,536,360)</u>
Raw materials consumption	<u>29,061,464</u>
Materials consumption	<u>1,220,163</u>
Direct labor	<u>1,755,828</u>
Manufacturing expenses	
Process expense	1,571,224
Depreciation	1,759,109
Electricity	1,657,008
Payroll	1,611,299
Fuel expense	593,940
Others	<u>1,076,780</u>
	<u>8,269,360</u>
Manufacturing cost	40,306,815
Work in process, beginning of year	2,149,800
Work in process, end of year	<u>(1,902,185)</u>
Cost of finished goods	40,554,430
Finished goods, beginning of year	1,947,977
Finished goods, end of year	<u>(2,087,804)</u>
Subtotal	40,414,603
Transferred cost to related parties	(36,111)
Reversal of write-down of inventories	(60,861)
Idle capacity	304,381
Reversal loss of onerous contracts	<u>(1,461)</u>
Subtotal	40,620,551
Conversion cost	<u>15,284</u>
Total	<u>\$ 40,635,835</u>

FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF OPERATING EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2016 (In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total Amount
Transportation expense	\$ 1,639,014	\$ -	\$ -	\$ 1,639,014
Payroll and bonus expense	337,904	635,879	359,260	1,333,043
Commission expense	420,588	-	-	420,588
Bad debt expense	237,515	-	-	237,515
Contract fee	-	178,673	-	178,673
Rental expense	-	142,871	-	142,871
Depreciation expense	-	-	140,793	140,793
Remuneration to directors	-	116,156	-	116,156
Others (Note)	<u>372,599</u>	<u>49,670</u>	<u>349,043</u>	<u>771,312</u>
	<u>\$ 3,007,620</u>	<u>\$ 1,123,249</u>	<u>\$ 849,096</u>	<u>\$ 4,979,965</u>

Note: The amount of each item does not exceed 5% of the account balance.