

**Far Eastern New Century Corporation and  
Subsidiaries**

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

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2016 are the same as the companies required to be included in the consolidated financial statements of parent and subsidiaries companies as of and for the years ended December 31, 2016 and 2015, as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiaries companies as of and for the years ended December 31, 2016 and 2015. Hence, we have not prepared a separate set of consolidated financial statements of affiliates for the year ended December 31, 2016.

Very truly yours,

FAR EASTERN NEW CENTURY CORPORATION

By:

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DOUGLAS TONG HSU  
Chairman

March 23, 2017

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders  
Far Eastern New Century Corporation

### **Opinion**

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the consolidated 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 consolidated financial statements for the year ended in December 31, 2016 are as follows:

#### Fair Value Evaluation of Investment Property

As of December 31, 2016, the Group's total investment property was NT\$124,758,539 thousand, which represented 24% of the consolidated total asset. In 2016, the gain from adjusting the fair value of investment property was NT\$3,269,052 thousand, which represented 20% of the consolidated income before income tax. The items mentioned above are considered to be significant for consolidated financial statements as a whole. The Group's investment properties were subsequently measured using the fair value model. The fair value evaluation involved significant accounting estimation and judgment. As a result, the fair value evaluation of investment property is considered to be a key audit matter.

For the accounting policies, significant accounting judgment, evaluation, and assumptions on the main source of uncertainty related to investment property, refer to Notes 4 (10) and 5 (3) of the consolidated financial statements. For more information about the Group's investment property, refer to Note 18 of the consolidated financial statements.

For the fair value evaluation of investment property, we performed the corresponding audit procedures 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 evaluated 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 in Telecommunication Department

The Group's telecommunications department faces a highly competitive market condition and 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 assets belong, which in turn is used for the evaluation of the assets' impairment. Thus, the evaluation of impairment loss of the related assets in the telecommunications department is considered to be a key audit matter.

For the accounting policies, significant accounting judgment, evaluation, and assumptions on the main source of uncertainty related to the impairment of assets, refer to Notes 4 (11 and 13) and 5 (1 and 2) of the consolidated financial statements. For other related disclosures, refer to Notes 17 and 19 of the consolidated financial statements.

For the evaluation of impairment loss of the related assets in the telecommunications department, we performed the corresponding audit procedures as follows:

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

3. We evaluated the reasonableness of the Group'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 discount rates used.

#### Recognition of Telecommunications Service Revenue

The telecommunications service revenue is the main source of revenue of the Group's telecommunications department. The calculation of 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 Group 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. Therefore, the recognition of telecommunications service revenue is considered to be a key audit matter.

For the accounting policies related to telecommunications service revenue, refer to Note 4 (17) of the consolidated financial statements.

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

1. We obtained an understanding of the Group'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 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.

#### **Other Matter**

We have also audited the parent company only financial statements of Far Eastern New Century Corporation for the years ended December 31, 2016 and 2015 on which we have issued unmodified and modified unqualified opinions, respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group 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 Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group 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 consolidated 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 consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

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

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

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

ASSETS	2016		2015	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 6 and 35)	\$ 35,675,422	7	\$ 40,878,814	8
Financial assets at fair value through profit or loss - current (Notes 4, 7, 35 and 36)	3,835,959	1	3,997,895	1
Available-for-sale financial assets - current (Notes 4, 8 and 36)	656,773	-	727,557	-
Derivative financial assets for hedging - current (Notes 4, 9 and 35)	2,073	-	6,015	-
Debt investments with no active market - current (Notes 4, 11 and 35)	1,797,697	-	3,350,990	1
Notes and accounts receivable, net (Notes 4, 12 and 35)	24,830,649	5	23,370,506	4
Amounts due from customers for construction contracts (Notes 4 and 13)	1,202,624	-	973,888	-
Other receivables (Note 35)	7,811,376	2	5,789,282	1
Current tax assets (Note 4)	60,895	-	23,615	-
Inventories (Notes 4, 14 and 36)	22,103,308	4	24,558,575	5
Prepayments	3,399,270	1	3,257,852	1
Other financial assets - current (Notes 36 and 37)	4,402,953	1	4,573,109	1
Refundable deposits - current	37,643	-	50,742	-
Other current assets	1,722,674	-	2,094,404	-
Total current assets	<u>107,539,316</u>	<u>21</u>	<u>113,653,244</u>	<u>22</u>
<b>NON-CURRENT ASSETS</b>				
Available-for-sale financial assets - non-current (Notes 4, 8 and 36)	4,245,668	1	4,486,739	1
Financial assets measured at cost - non-current (Notes 4 and 10)	1,135,148	-	1,138,626	-
Investments accounted for using the equity method (Notes 4, 16 and 36)	53,421,270	11	58,658,951	11
Property, plant and equipment (Notes 4, 5, 17 and 36)	148,316,398	29	148,141,804	29
Investment properties, net (Notes 4, 5, 17, 18 and 36)	124,758,539	24	124,190,706	24
Concession (Notes 20 and 36)	41,422,996	8	35,151,640	7
Goodwill (Notes 4, 5 and 19)	11,865,515	2	11,865,515	2
Other intangible assets (Notes 4, 5 and 20)	3,676,776	1	3,465,545	1
Deferred tax assets (Notes 4 and 28)	2,361,276	1	2,317,146	1
Prepayments for equipment (Note 17)	1,612,960	-	2,280,180	-
Refundable deposits	806,289	-	822,052	-
Long-term other receivables from related parties (Note 35)	1,440,000	-	1,620,000	-
Other financial assets - non-current (Notes 35 and 36)	3,783,584	1	2,714,837	1
Long-term prepayments for lease	6,716,440	1	7,000,124	1
Other non-current assets (Note 24)	357,983	-	1,258,013	-
Total non-current assets	<u>405,920,842</u>	<u>79</u>	<u>405,111,878</u>	<u>78</u>
<b>TOTAL</b>	<u>\$ 513,460,158</u>	<u>100</u>	<u>\$ 518,765,122</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 21 and 35)	\$ 35,131,547	7	\$ 24,687,627	5
Short-term bills payable (Note 21)	9,278,381	2	6,597,763	1
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 35)	3,421	-	-	-
Derivative financial liabilities for hedging - current (Notes 4, 9 and 35)	47,767	-	11,016	-
Notes and accounts payable (Note 4)	15,910,920	3	15,622,902	3
Notes and accounts payable to related parties (Notes 4 and 35)	418,751	-	381,383	-
Amounts due to customers for construction contracts (Notes 4 and 13)	1,428	-	120,696	-
Payables to suppliers of machinery and equipment	2,615,378	1	2,986,273	1
Other payable (Note 35)	14,451,394	3	14,430,397	3
Current tax liabilities (Note 4)	2,393,096	-	1,830,859	-
Provisions - current (Notes 4 and 23)	270,831	-	258,638	-
Guarantee deposits received - current (Note 35)	298,281	-	287,280	-
Receipts in advance	1,174,563	-	1,047,226	-
Unearned revenue	2,585,723	1	2,581,177	1
Current portion of long-term liabilities (Notes 21 and 22)	20,057,220	4	22,012,363	4
Other current liabilities	2,544,731	-	1,992,912	-
Total current liabilities	<u>107,183,432</u>	<u>21</u>	<u>94,848,512</u>	<u>18</u>
<b>NON-CURRENT LIABILITIES</b>				
Derivative financial liabilities for hedging - non-current (Notes 4 and 9)	171,366	-	338,020	-
Bonds payable (Note 22)	62,518,046	12	63,363,036	12
Long-term borrowings (Note 21)	68,837,916	14	77,004,892	15
Provisions - non-current (Notes 4 and 23)	859,586	-	811,094	-
Deferred tax liabilities (Notes 4 and 28)	17,014,677	3	16,822,397	4
Net defined benefit liabilities - non-current (Note 24)	3,610,061	1	3,941,868	1
Guarantee deposits received (Note 35)	607,007	-	695,895	-
Deferred credit - gains on related - party transactions (Note 35)	124,192	-	149,074	-
Other non-current liabilities	341,223	-	393,331	-
Total non-current liabilities	<u>154,084,074</u>	<u>30</u>	<u>163,519,607</u>	<u>32</u>
Total liabilities	<u>261,267,506</u>	<u>51</u>	<u>258,368,119</u>	<u>50</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)</b>				
Capital stock				
Common stock	53,528,751	10	53,528,751	10
Capital surplus	2,859,588	1	2,807,683	1
Retained earnings				
Legal reserve	15,315,028	3	14,511,559	3
Special reserve	110,292,892	22	108,721,550	21
Unappropriated earnings	11,785,464	2	13,706,389	2
Total retained earnings	<u>137,393,384</u>	<u>27</u>	<u>136,939,498</u>	<u>26</u>
Other equity	(2,870,205)	(1)	4,000,696	1
Treasury shares	(25,063)	-	(25,063)	-
Total equity attributable to owners of the Company	<u>190,886,455</u>	<u>37</u>	<u>197,251,565</u>	<u>38</u>
<b>NON-CONTROLLING INTERESTS (Note 26)</b>	<u>61,306,197</u>	<u>12</u>	<u>63,145,438</u>	<u>12</u>
Total equity	<u>252,192,652</u>	<u>49</u>	<u>260,397,003</u>	<u>50</u>
<b>TOTAL</b>	<u>\$ 513,460,158</u>	<u>100</u>	<u>\$ 518,765,122</u>	<u>100</u>

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



# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED 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	%
<b>OPERATING REVENUE (Notes 4, 9 and 35)</b>				
Net sales	\$ 132,422,673	61	\$ 132,962,253	61
Telecommunications service income	67,315,200	31	69,655,393	32
Gain on disposal of investments, net	33,462	-	653,893	-
Construction income	5,178,983	3	5,094,212	2
Other operating revenue	<u>10,905,603</u>	<u>5</u>	<u>9,582,451</u>	<u>5</u>
Total operating revenue	<u>215,855,921</u>	<u>100</u>	<u>217,948,202</u>	<u>100</u>
<b>OPERATING COSTS (Notes 4, 14, 27 and 35)</b>				
Cost of sales	127,872,750	59	132,139,162	61
Cost of telecommunications services	26,134,094	12	25,857,076	12
Construction cost	4,975,804	2	4,883,668	2
Other operating cost	<u>5,702,151</u>	<u>3</u>	<u>4,585,014</u>	<u>2</u>
Total operating costs	<u>164,684,799</u>	<u>76</u>	<u>167,464,920</u>	<u>77</u>
<b>GROSS PROFIT</b>	<u>51,171,122</u>	<u>24</u>	<u>50,483,282</u>	<u>23</u>
<b>REALIZED CONSTRUCTION INCOME</b>	<u>555</u>	<u>-</u>	<u>555</u>	<u>-</u>
<b>OPERATING EXPENSES (Notes 4, 27 and 35)</b>				
Selling and marketing	24,244,348	11	23,838,721	11
General and administrative	11,521,573	5	11,346,476	5
Research and development	<u>868,947</u>	<u>1</u>	<u>785,112</u>	<u>-</u>
Total operating expenses	<u>36,634,868</u>	<u>17</u>	<u>35,970,309</u>	<u>16</u>
<b>OPERATING INCOME</b>	<u>14,536,809</u>	<u>7</u>	<u>14,513,528</u>	<u>7</u>
<b>NONOPERATING INCOME AND EXPENSES</b>				
Share of the profit or loss of associates (Note 16)	1,873,936	1	2,721,771	1
Interest income	440,904	-	483,727	-
Other income	1,304,074	-	1,049,313	-
Gain on disposal of investment properties (Notes 18 and 35)	313,100	-	941,564	-
Exchange loss, net	(792,420)	-	(916,502)	-
(Loss) gain on financial (liabilities) assets at fair value through profit or loss, net (Note 7)	(62,755)	-	433,436	-
Gain on change in fair value of investment properties (Note 18)	3,269,052	1	4,658,509	2
Interest expense (Note 27)	(2,486,885)	(1)	(2,450,149)	(1)

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED 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	%
Other expenses	\$ (1,021,408)	(1)	\$ (593,076)	-
Loss on disposal of property, plant and equipment (Note 17)	(746,006)	-	(960,258)	-
Loss on disposal of concession (Note 20)	(108)	-	(876)	-
(Loss) gain on disposal of intangible assets (Note 20)	(10,085)	-	260	-
Impairment loss	(658,098)	-	(180,574)	-
Total nonoperating income and expenses	<u>1,423,301</u>	<u>-</u>	<u>5,187,145</u>	<u>2</u>
INCOME BEFORE INCOME TAX	15,960,110	7	19,700,673	9
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(3,257,420)</u>	<u>(1)</u>	<u>(5,014,304)</u>	<u>(2)</u>
NET INCOME	<u>12,702,690</u>	<u>6</u>	<u>14,686,369</u>	<u>7</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS), NET</b>				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(443,067)	-	(1,522,352)	(1)
Gains on property revaluation	-	-	197,960	-
Share of the other comprehensive income (loss) of associates	(82,222)	-	(268,785)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>17,732</u>	<u>-</u>	<u>256,999</u>	<u>-</u>
	<u>(507,557)</u>	<u>-</u>	<u>(1,336,178)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(3,287,569)	(2)	(545,872)	-
Unrealized loss on available-for-sale financial assets	(289,788)	-	(369,099)	-
Cash flow hedges	149,385	-	91,448	-
Share of the other comprehensive income (loss) of associates	<u>(4,006,347)</u>	<u>(2)</u>	<u>(2,470,528)</u>	<u>(1)</u>
	<u>(7,434,319)</u>	<u>(4)</u>	<u>(3,294,051)</u>	<u>(1)</u>
Total other comprehensive income (loss), net	<u>(7,941,876)</u>	<u>(4)</u>	<u>(4,630,229)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 4,760,814</u>	<u>2</u>	<u>\$ 10,056,140</u>	<u>5</u>

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED 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	%
NET INCOME ATTRIBUTABLE TO:				
Owner of the Company	\$ 6,307,786	3	\$ 8,034,691	4
Non-controlling interests	6,394,904	3	6,651,678	3
	\$ 12,702,690	6	\$ 14,686,369	7
TOTAL COMPREHENSIVE INCOME (LOSS)				
ATTRIBUTABLE TO:				
Owners of the Company	\$ (1,049,835)	(1)	\$ 3,712,786	2
Non-controlling interests	5,810,649	3	6,343,354	3
	\$ 4,760,814	2	\$ 10,056,140	5
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 29)				
Basic	\$ 1.26		\$ 1.61	
Diluted	\$ 1.26		\$ 1.60	

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

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

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

	Equity Attributable to Owners of the Company					Other Equity					Total	Non-controlling Interests (Note 26)	Total Equity
	Common Stock (Note 26)	Capital Surplus (Notes 4 and 26)	Retained Earnings			Exchange Differences on Translating Foreign Operations (Notes 4 and 26)	Unrealized Gain (Loss) on Available-for-sale Financial Assets (Notes 4 and 26)	Cash Flow Hedges (Notes 4 and 26)	Gains on Property Revaluation (Note 26)	Treasury Shares (Note 26)			
			Legal Reserve (Note 26)	Special Reserve (Note 26)	Unappropriated Earnings (Note 26)								
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	\$ 63,818,325	\$ 263,484,311
Appropriation of the 2014 earnings													
Legal reserve	-	-	1,103,342	-	(1,103,342)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	4,348,583	(4,348,583)	-	-	-	-	-	-	-	-
Cash dividends - NT\$1.2 per share	-	-	-	-	(6,297,500)	-	-	-	-	-	(6,297,500)	-	(6,297,500)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(7,933,930)	(7,933,930)
Stock dividends distributed from capital surplus - NT\$0.2 per share	1,049,583	(1,049,583)	-	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2015	-	-	-	-	8,034,691	-	-	-	-	-	8,034,691	6,651,678	14,686,369
Other comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	(1,481,533)	(597,177)	(2,509,725)	77,107	189,423	-	(4,321,905)	(308,324)	(4,630,229)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	6,553,158	(597,177)	(2,509,725)	77,107	189,423	-	3,712,786	6,343,354	10,056,140
Change in equity in associates	-	3,855	-	(10)	(12,214)	-	-	-	-	-	(8,369)	(43)	(8,412)
Effect on changes in percentage of ownership in associates	-	14,958	-	-	-	-	-	-	-	-	14,958	2	14,960
Disposal of investment in associates	-	-	-	-	(39)	-	-	-	-	-	(39)	(39)	(78)
Partial acquisition (disposal) of interests in subsidiaries	-	67,691	-	-	-	-	-	-	-	-	67,691	(183,230)	(115,539)
Effect on changes in percentage of ownership in subsidiaries	-	102,898	-	-	(7,762)	-	-	-	-	-	95,136	(19,716)	75,420
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,120,715	1,120,715
Change in capital surplus from dividends distributed to subsidiaries	-	916	-	-	-	-	-	-	-	-	916	-	916
Reversal of special reserve	-	-	-	(1,538,965)	1,538,965	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2015	53,528,751	2,807,683	14,511,559	108,721,550	13,706,389	2,274,683	1,119,927	(95,944)	702,030	(25,063)	197,251,565	63,145,438	260,397,003
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)	-	(5,352,875)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(7,710,107)	(7,710,107)
Net income for the year ended December 31, 2016	-	-	-	-	6,307,786	-	-	-	-	-	6,307,786	6,394,904	12,702,690
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)	(584,255)	(7,941,876)
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)	5,810,649	4,760,814
Change in equity in associates	-	9,432	-	(2)	(1,116)	-	-	-	-	-	8,314	(1,109)	7,205
Disposal of investment in associates	-	-	-	(1,194)	(795)	-	-	-	-	-	(1,989)	-	(1,989)
Partial acquisition (disposal) of interests in subsidiaries	-	41,694	-	-	(11,198)	-	-	-	-	-	30,496	61,341	91,837
Subsidiaries' reduction of capital by cash	-	-	-	-	-	-	-	-	-	-	-	(15)	(15)
Change in capital surplus from dividends distributed to subsidiaries	-	779	-	-	-	-	-	-	-	-	779	-	779
Reversal of special reserve	-	-	-	(592,975)	592,975	-	-	-	-	-	-	-	-
BALANCE AT 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	\$ 61,306,197	\$ 252,192,652

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

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 15,960,110	\$ 19,700,673
Adjustments for:		
Depreciation	15,301,556	14,310,140
Amortization	4,036,836	3,954,803
Allowance for doubtful accounts	700,454	268,113
Interest expenses	2,486,885	2,450,149
Interest income	(440,904)	(483,727)
Dividend income	(202,531)	(230,007)
Share of the profit of associates	(1,873,936)	(2,721,771)
Loss on disposal of property, plant and equipment	746,006	960,258
Gain on disposal of investment properties	(313,100)	(941,564)
Loss (gain) on disposal of intangible assets	10,085	(260)
Loss on disposal of concession	108	876
Gain on disposal of investments	(39,781)	(665,900)
Impairment loss	658,098	180,574
(Reversal of) write-down of inventory	25,958	(165,433)
Realized gain on the transactions with associates	(555)	(555)
Gain on change in fair value of investment properties	(3,269,052)	(4,658,509)
Deferred loss (gain) on derivative assets for hedging	23,424	(116,318)
Net changes in operating assets and liabilities		
Financial assets held for trading - current	161,936	(2,873,779)
Notes and accounts receivable	(2,156,165)	4,081,891
Amounts due from customers for construction contracts	(228,736)	1,313,023
Other receivables	(351,646)	1,207,888
Inventories	4,204,741	(2,443,256)
Prepayments	(43,606)	1,165,863
Other current assets	371,730	133,261
Financial liabilities held for trading - current	3,421	(807)
Notes and accounts payable	288,018	2,107,495
Notes and accounts payable to related parties	37,368	(132,242)
Amounts due to customers for construction contracts	(119,268)	10,102
Other payables	72,386	143,431
Provisions	60,685	66,312
Receipts in advance	127,337	(167,413)
Other current liabilities	551,819	(301,075)
Net defined benefit liabilities - non-current	(776,415)	27,555
Unearned revenue	4,546	(36,723)
Cash generated from operations	36,017,812	36,143,068
Interest received	439,835	505,819
Dividends received	3,137,207	4,186,716
Interest paid	(2,456,047)	(2,423,380)
Income tax paid	(2,566,581)	(4,374,190)
Net cash generated from operating activities	<u>34,572,226</u>	<u>34,038,033</u>

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

	2016	2015
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of available-for-sale financial assets	\$ (12,285)	\$ (753,486)
Proceeds of the disposal of available-for-sale financial assets	202,059	818,285
Decrease in debt investments with no active market	1,553,293	946,244
Acquisition of financial assets measured at cost	-	(66,802)
Acquisition of investments accounted for using the equity-method	(183,357)	(776,192)
Proceeds of on disposed of investments accounted for using the equity-method	111,959	33,025
Net cash outflow on acquisition of subsidiaries	-	(159,449)
Acquisition of property, plant, equipment and prepayments for equipment	(19,516,098)	(24,117,793)
Proceeds from disposal of property, plant, equipment and prepayments for equipment	99,148	2,366,380
Decrease (increase) in refundable deposits	28,862	(129,866)
Increase in other receivable from related parties	(250,270)	(3,246,100)
Acquisition of intangible assets	(1,099,920)	(993,621)
Proceeds from disposal of intangible assets	-	479
Acquisition of investment properties	(1,723)	(244,552)
Proceeds from disposal of investment properties	-	66,347
Increase in long-term prepayments for lease	(489,429)	(180,336)
Acquisition of concessions	(8,526,330)	(239,820)
Proceeds from disposal of concessions	450,384	154
Increase in other financial assets	(898,591)	(582,440)
Increase in other non-current assets	<u>(102,628)</u>	<u>(820,629)</u>
Net cash used in investing activities	<u>(28,634,926)</u>	<u>(28,080,172)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term borrowings	10,443,920	(3,055,744)
Increase in short-term bills payable	2,678,000	1,938,000
Proceeds from issue of bonds	15,600,000	23,600,000
Repayments of bond payables	(21,029,500)	(13,350,000)
Proceeds from long-term borrowings	160,375,278	209,820,146
Repayment of long-term borrowings	(166,031,854)	(196,534,129)
Decrease in guarantee deposits received	(77,887)	(53,870)
Decrease in other non-current liabilities	(52,108)	(14,989)
Cash dividends paid	(5,352,875)	(6,297,468)
Subsidiaries' issuance of new capital for cash	91,837	435,874
Subsidiaries' reduction of capital by cash	(15)	-
Dividends paid to non-controlling interests	<u>(7,710,107)</u>	<u>(7,933,927)</u>
Net cash (used in) generated from financing activities	<u>(11,065,311)</u>	<u>8,553,893</u> (Continued)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

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	2016	2015
EFFECTS OF EXCHANGE RATE CHANGES	\$ <u>(75,381)</u>	\$ <u>381,641</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,203,392)	14,893,395
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>40,878,814</u>	<u>25,985,419</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 35,675,422</u>	<u>\$ 40,878,814</u>

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

(Concluded)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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 bed sheets, 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 Ltd. to Far Eastern New Century Corporation; thus, the original stock symbol of FETL was changed to FENC.

The consolidated financial statements of the Company and its subsidiaries, hereto forth collectively referred to as the “Group”, are presented in the Company’s functional currency, the New Taiwan dollar (NTD).

### 2. APPROVAL OF FINANCIAL STATEMENTS

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

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS 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 Group 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.

<b>New, Amended or Revised Standards and Interpretations (the “New IFRSs”)</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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)



<b>New, Amended or Revised Standards and Interpretations (the “New IFRSs”)</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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 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 Group’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 Group 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) IFRIC 21 “Levies”

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

### 3) 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.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss. The amendment will be applied prospectively to business combination with acquisition date on or after January 1, 2017.

The amended IFRS 8 requires the Group 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.

When the amended IFRS 13 becomes effective in 2017, the short-term receivables and payables with no stated interest rate will be measured at their invoice amounts without discounting, if the effect of not discounting is immaterial.

### 4) Annual Improvements to IFRSs: 2011-2013 Cycle

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

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself. The amendment will be applied prospectively starting from January 1, 2017.

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

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

### 5) 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 Group 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 Group has significant transaction. If the transaction or balance with a specific related party is 10% or more of the Group'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 impact on the Group'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 Group 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 Group'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 Group 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.

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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 Group’s debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

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

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

Impairment of financial assets

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

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

## Hedge accounting

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

## 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. The requirements for general hedge accounting shall be applied prospectively and the accounting for hedging options shall be applied retrospectively.

### 2) IFRS 15 "Revenue from Contracts with Customers" and related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations from January 1, 2018.

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

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

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

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

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

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

IFRS 15 and related amendment require that when another party is involved in providing goods or services to a customer, the Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. Since a specified good or service is a distinct good or service, the Group determines whether it is a principal or an agent for each specified good or service.

The Group is a principal if it obtains control of any one of the following:

- a) The good or another asset that it then transfers to the customer.
- b) The right to a service to be performed by other party, which gives the Group the ability to direct that party to provide the service to the customer on its behalf.
- c) The good or service from the other party that it then combines with the other goods or services in providing the specified good or service to the customer.

Indicators to support the Group's assessment of whether it controls a specified good or service include, but are not limited to, the following:

- a) The Group is primarily responsible for fulfilling the promise to provide the specified good or service.
- b) The Group has inventory risk before or after the specified good or service is transferred to the customer.
- c) The Group has discretion in establishing the price of the specified good or service.

Under current standard, the Group determines whether it is a principal or an agent based on its exposure to the significant risks and rewards of the transaction.

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

### 3) IFRS 16 "Leases"

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

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

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

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

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

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

In addition, in determining whether to recognize a deferred tax asset, the Group should assess a deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses 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 Group’s assets for more than their carrying amount if there is sufficient evidence that it is probable that the Group 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.

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

The amendments clarify that the Group 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 Group 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 Group 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 Group 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 Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

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

d. Basis of consolidation

Principles for preparing consolidated financial statements

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

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

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

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



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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

See Note 15 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Business combinations

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of the measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

f. Foreign currencies

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

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

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

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

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

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

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

g. Inventories

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

h. Investments in associates

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

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

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

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

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Group's share of equity of associates. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified

to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

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

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

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

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

i. Property, plant and equipment

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

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

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

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

j. Investment properties

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

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

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

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

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

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

k. Goodwill

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

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

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

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

l. Intangible assets

1) Intangible assets acquired separately

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

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

m. Impairment of tangible and intangible assets other than goodwill

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

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

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.

n. Financial instruments

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

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

## 1) Financial assets

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

### a) Measurement category

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

#### i. Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 34.

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

#### ii. Available-for-sale financial assets

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

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

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

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

### iii. Loans and receivables

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

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

### b) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

- Financial liabilities at fair value through profit or loss

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

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 34.



b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

o. Hedge accounting

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

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

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss.

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

p. Provisions

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

1) Decommissioning, restoration and similar liabilities

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

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

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

2) Onerous contracts

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

3) Warranties

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

q. Revenue recognition

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

1) Sale of goods

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

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

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

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

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

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

## 2) Rendering of services

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

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

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

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

## 3) Handling service revenue

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

## 4) Dividend and interest income

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

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

r. Construction contracts

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

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

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

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

s. Leasing

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

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

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

### 3) Leasehold land for own use

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

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

#### t. Borrowing costs

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

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

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

#### u. Government grants

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

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

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

#### v. Employee benefits

##### 1) Short-term employee benefits

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

##### 2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

4) Termination benefits

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

w. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred tax for the year

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

## **5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

a. Impairment of property, plant and equipment, and intangible assets other than goodwill

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

b. Impairment of goodwill

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

c. Fair value measurements and valuation processes of investment properties

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

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Note 18.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<b>2016</b>	<b>2015</b>
Cash		
Cash on hand and petty cash	\$ 79,920	\$ 41,248
Demand and checking accounts	<u>18,810,198</u>	<u>19,736,587</u>
	<u>18,890,118</u>	<u>19,777,835</u>
Cash equivalents (investments with original maturities less than three months)		
Time deposits	1,841,027	8,708,385
Commercial paper and corporate bonds purchased under resell agreements	<u>14,831,983</u>	<u>12,332,654</u>
	<u>16,673,010</u>	<u>21,041,039</u>
Management discretionary accounts		
Demand accounts	<u>112,294</u>	<u>59,940</u>
	<u>\$ 35,675,422</u>	<u>\$ 40,878,814</u>

The Group's members individually contracted and fully authorized Oriental Securities Investment Advisory Co., Ltd. (OSIAC, trustee) to manage discretionary funds. Deposits that were entrusted to OSIAC's full management amounted to NT\$112,294 thousand and NT\$59,940 thousand as of December 31, 2016 and 2015, respectively.

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

	<u>December 31</u>	
	<b>2016</b>	<b>2015</b>
Time deposits	0.05%-8.30%	0.04%-4.45%
Commercial paper and corporate bonds purchased under resell agreements	0.28%-0.75%	0.37%-0.54%



## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
<u>Financial assets held for trading - current</u>		
Mutual funds - beneficial certificates	\$ 3,405,976	\$ 3,333,494
Marketable equity securities	355,122	543,829
Guarantee deposits cotton futures contracts	42,328	43,073
Forward exchange contracts	17,760	68,283
Guarantee deposits - PTA futures contracts	12,396	6,012
Combined foreign exchange options	2,377	1,009
Cross-currency swap contracts	<u>-</u>	<u>2,195</u>
	<u>\$ 3,835,959</u>	<u>\$ 3,997,895</u>
<u>Financial liabilities held for trading - current</u>		
Option contracts	\$ 3,166	\$ -
Forward exchange contracts	<u>255</u>	<u>-</u>
	<u>\$ 3,421</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 Group had no outstanding cotton future contracts as of December 31, 2016 and 2015.

### b. PTA futures contracts

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

The Group had no outstanding PTA futures contracts as of December 31, 2016 and 2015.

### c. Forward exchange contracts

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

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

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<u>December 31, 2016</u>			
Buy	USD/NTD	2017.01.03-2017.02.03	USD27,900/NTD887,939
Sell	EUR/USD	2017.02.24-2017.03.29	EUR7,000/USD7,406
Buy	USD/JPY	2017.03.29	USD7,000/JPY820,190
Buy	USD/RMB	2017.02.24-2017.03.29	USD12,000/RMB84,161
<u>December 31, 2015</u>			
Buy	USD/NTD	2016.01.04-2016.07.05	USD300,435/NTD9,849,453
Sell	EUR/USD	2016.02.25	EUR8,000/USD8,535
Buy	USD/JPY	2016.02.25	USD1,000/JPY122,970
Buy	USD/RMB	2016.02.25	USD6,000/RMB39,765

d. Option contracts

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

The Group had no outstanding option contracts as of December 31, 2015.

As of December 31, 2016, the Group had outstanding forward exchange contracts, as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<u>December 31, 2016</u>			
Sell USD call options	USD/NTD	2017.01.05-2017.01.24	USD22,000/NTD719,580
Sell EUR call options	EUR/USD	2017.01.10-2017.01.19	EUR4,000/USD4,240

e. Combined foreign exchange options

The Group entered into combined foreign exchange options to hedge against the exchange risks on foreign currency assets or liabilities. Since these transactions did not meet the criteria for hedge accounting, they were classified as held for trading.

As of December 31, 2016 and 2015, the Group had outstanding combined foreign exchange options, as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<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

(Continued)

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<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
			(Concluded)

f. Cross-currency swap contracts

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

The Group had no outstanding cross-currency swap contracts as of December 31, 2016.

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

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

## 8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
<u>Equity investments</u>		
Marketable equity securities	\$ 4,198,219	\$ 4,433,684
Overseas mutual funds - beneficial certificates	598,132	665,295
Overseas shares	<u>106,090</u>	<u>115,317</u>
Available-for-sale financial assets	<u>\$ 4,902,441</u>	<u>\$ 5,214,296</u>
Current	\$ 656,773	\$ 727,557
Non-current	<u>4,245,668</u>	<u>4,486,739</u>
	<u>\$ 4,902,441</u>	<u>\$ 5,214,296</u>

## 9. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
<u>Derivative financial assets under hedge accounting - current</u>		
Cash flow hedges - forward exchange contracts	\$ 2,073	\$ 3,790
Cash flow hedges - forward exchange swap contracts	<u>-</u>	<u>2,225</u>
	<u>\$ 2,073</u>	<u>\$ 6,015</u>
<u>Derivative financial liabilities under hedge accounting - current</u>		
Cash flow hedges - forward exchange contracts	\$ 40,229	\$ 3,916
Cash flow hedges - cross currency swaps	-	1,775
Cash flow hedges - foreign exchange swap contracts	<u>7,538</u>	<u>5,325</u>
	<u>\$ 47,767</u>	<u>\$ 11,016</u>
<u>Derivative financial liabilities under hedge accounting - noncurrent</u>		
Cash flow hedges - interest rate swaps	<u>\$ 171,366</u>	<u>\$ 338,020</u>

### Cash Flow Hedges

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

The contracts mentioned above were in accordance with the contracts on the hedged items. The outstanding contracts mentioned above at the end of the reporting period were as follows:

#### December 31, 2016

	<b>Currency</b>	<b>Maturity Date</b>	<b>Contract Amount (Thousands)</b>
Forward exchange contracts	NTD/EUR	2017.01.25-2017.10.25	EUR29,500
Foreign exchange swap contracts	USD/NTD	2017.01.11-2017.02.15	USD20,000

#### December 31, 2015

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

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

Gains and losses of hedging instruments reclassified from equity to profit or loss were included in the following line items in the consolidated statements of comprehensive income:

	<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
Net loss on sales of securities	<u>\$ 41,589</u>	<u>\$ 40,608</u>

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

	<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Range of Interest Rates Paid</b>	<b>Range of Interest Rates Received</b>
	NTD 1,626,467	2021.02.10	0%-4.8%	90d CP+1.10% (Note)
	NTD 3,294,000	2025.11.10	0%-4.8%	0.60%-4.90%

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

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

Gains and losses of hedging instruments reclassified from equity to profit or loss were included in the following line item in the consolidated statements of comprehensive income:

	<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
Interest expense debits	<u>\$ 29,872</u>	<u>\$ 151,840</u>

## 10. FINANCIAL ASSETS MEASURED AT COST

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
<u>Noncurrent</u>		
Domestic unlisted common shares	\$ 882,424	\$ 884,478
Overseas unlisted common shares	<u>252,724</u>	<u>254,148</u>
	<u>\$ 1,135,148</u>	<u>\$ 1,138,626</u>

(Continued)

	<u>December 31</u>	
	<b>2016</b>	<b>2015</b>
<u>Distinguish from the type of measure</u>		
Available-for-sale	<u>\$ 1,135,148</u>	<u>\$ 1,138,626</u> (Concluded)

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

#### 11. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	<u>December 31</u>	
	<b>2016</b>	<b>2015</b>
<u>Current</u>		
Time deposits with original maturities more than 3 months	<u>\$ 1,797,697</u>	<u>\$ 3,350,990</u>

The market interest rates of the time deposits with original maturity more than 3 months were 0.12%-1.30% and 0.34%-1.425%, respectively, as of December 31, 2016 and 2015.

#### 12. NOTES AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<b>2016</b>	<b>2015</b>
Notes and accounts receivable	\$ 26,173,376	\$ 24,623,020
Less: Allowance for doubtful accounts	<u>(1,342,727)</u>	<u>(1,252,514)</u>
	<u>\$ 24,830,649</u>	<u>\$ 23,370,506</u>

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

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

The aging of receivables was as follows:

	<u>December 31</u>	
	<b>2016</b>	<b>2015</b>
1-90 days	\$ 22,399,146	\$ 20,836,205
91-180 days	1,996,949	2,175,993
181-365 days	138,193	233,885
More than 365 days	<u>296,361</u>	<u>124,423</u>
	<u>\$ 24,830,649</u>	<u>\$ 23,370,506</u>

The above aging schedule was based on the invoice date.

Movements of allowance for doubtful accounts were as follows:

	<b>Individually Assessed for Impairment</b>	<b>Collectively Assessed for Impairment</b>	<b>Total</b>
Balance at January 1, 2016	\$ 11,546	\$ 1,240,968	\$ 1,252,514
Add: Accounts recovered during the period	-	211,333	211,333
Add: Impairment losses/bad debts	239,786	460,668	700,454
Deduct: Amounts written off during the period as uncollectible	(5,906)	(811,236)	(817,142)
Effect of exchange rate differences	<u>-</u>	<u>(4,432)</u>	<u>(4,432)</u>
Balance at December 31, 2016	<u>\$ 245,426</u>	<u>\$ 1,097,301</u>	<u>\$ 1,342,727</u>
Balance at January 1, 2015	\$ 7,957	\$ 1,238,391	\$ 1,246,348
Add: Accounts recovered during the period	-	316,361	316,361
Add: Impairment losses/bad debts	6,902	261,211	268,113
Deduct: Amounts written off during the period as uncollectible	(3,313)	(574,810)	(578,123)
Effect of exchange rate differences	<u>-</u>	<u>(185)</u>	<u>(185)</u>
Balance at December 31, 2015	<u>\$ 11,546</u>	<u>\$ 1,240,968</u>	<u>\$ 1,252,514</u>

Sale of overdue accounts receivable

Under agreements on sales of accounts receivable signed during the years ended December 31, 2016 and 2015, the Group sold to asset management companies the overdue accounts receivable that had been written off. Thus, as of December 31, 2016 and 2015, the Group was not under the risk of irrecoverable receivables.

Related information as of December 31, 2016 and 2015 as follows:

	<b>Amounts of Accounts Receivable Sold</b>	<b>Proceeds of the Sale of Accounts Receivable</b>
<u>2016</u>		
E-Hao Management Consultant Co., Ltd.	<u>\$ 1,226,233</u>	<u>\$ 67,735</u>
<u>2015</u>		
Long Sun Asset Management Co., Ltd.	<u>\$ 1,405,347</u>	<u>\$ 74,077</u>

### 13. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONSTRUCTION CONTRACTS

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
<u>Amount due from customers for construction contracts</u>		
Construction costs incurred plus recognized profits less recognized losses to date	\$ 18,074,224	\$ 9,249,482
Less: Progress billings	<u>16,871,600</u>	<u>8,275,594</u>
Amount due from customers for construction contracts	<u>\$ 1,202,624</u>	<u>\$ 973,888</u>
<u>Amount due to customers for construction contracts</u>		
Progress billings	\$ 894,236	\$ 4,713,550
Less: Construction costs incurred plus recognized profits less recognized losses to date	<u>892,808</u>	<u>4,592,854</u>
Amount due to customers for construction contracts	<u>\$ 1,428</u>	<u>\$ 120,696</u>
Retentions receivable	<u>\$ 281,193</u>	<u>\$ 135,724</u>
Retentions payable	<u>\$ 633,699</u>	<u>\$ 417,017</u>

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

### 14. INVENTORIES

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Merchandise inventories	\$ 3,528,667	\$ 5,546,239
Finished goods	4,645,827	5,072,879
Work in progress	2,673,769	2,864,209
Raw materials	5,237,872	5,504,795
Supplies	728,798	850,393
Available-for-sale - buildings and land	2,764,531	4,019,173
Available-for-construction - land	<u>2,523,844</u>	<u>700,887</u>
	<u>\$ 22,103,308</u>	<u>\$ 24,558,575</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2016 and 2015 was \$127,872,750 thousand and \$132,139,162 thousand, respectively.

The cost of goods sold included inventory write-downs of \$25,958 thousand for the year ended December 31, 2016. For the year ended December 31, 2015 included reversal of inventory write-downs of \$165,433 thousand. Previous write-downs were reversed as a result of increased selling prices in certain markets.



## 15. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership	
			2016	2015
Far Eastern New Century Corporation	Far EasTone Telecommunications Corporation (Note 1)	Telecommunications	38.29	38.29
	Yuan Ding Investment Corporation	Investment	99.70	99.70
	Far Eastern Resources Development Corporation	Real estate leasing and development service	100.00	100.00
	Yuan Tong Investment Corporation	Investment	100.00	100.00
	Far Eastern Polychem Industries Corporation (FEPI)	Investment	100.00	100.00
	Oriental Petrochemical (Taiwan) Corporation	Petrochemical materials production	80.76	80.76
	Far Eastern Investment (Holding) Corporation	Investment	100.00	100.00
	PET Far Eastern (Holding) Corporation (PETH)	Investment	100.00	100.00
	Kai Yuan International Investment Corporation	Investment	100.00	100.00
	Far Eastern Polytex (Holding) Corporation	Investment	100.00	100.00
	Yuan Ding Corporation (Note 10)	Real estate leasing and hotel	49.99	49.99
	Far Eastern Construction Corporation	Real estate construction and selling	65.11	65.11
	Ding Yuan International Investment Corporation	Investment	100.00	100.00
	An Ho Garment Corporation	Garment production and investment	100.00	100.00
	FEDP (Holding) Corporation (FEDP)	Investment	100.00	100.00
	Fu Kwok Garment Manufacturing Corporation	Garment production	99.99	99.99
	Far Eastern Textile Corporation	Textile production	100.00	100.00
	Far Eastern Electronic Toll Collection Corporation	Electronic toll collection service	66.33	66.33
	Yuan Hsin Digital Payment Corporation	Digital payment	65.01	65.01
	Malaysia Garment Manufactures Pte. Corporation (Note 5)	Clothing production and investment	50.92	50.92
Yuan Ding Investment Corporation	Oriental Textile (Holding) Corporation (OTTI)	Investment	100.00	100.00
	Far Eastern Apparel (Holding) Corporation (FEAH)	Investment	100.00	100.00
	Far Eastern Fibertech Corporation	Nylon production	100.00	100.00
	Far Eastern Apparel Corporation	Sale of textile, garments, and clothing	100.00	100.00
	Oriental Resources Development Corporation	Production and wholesale of medical supplies; Waste recycling and re-processing	70.00	70.00
Far Eastern Investment (Holding) Corporation (FEIH)	Yuan Faun Corporation	Consulting	100.00	100.00
	FETG Investment Antilles N.V.	Investment	100.00	100.00
	PET Far Eastern (M) Sdn. Bhd. (Note 9)	Bottle production	100.00	100.00
	Far Eastern Apparel (Vietnam) Corporation	Clothing production	100.00	100.00
	Worldwide Polychem (HK) Corporation (WWPI)	Foreign trade	100.00	100.00
	Far Eastern Polytex (Vietnam) Corporation (Note 3)	Chemical fiber and textile production	100.00	100.00
	Far Eastern New Apparel (Vietnam) Corporation (Note 4)	Clothing production	100.00	100.00
	Magna View Sdn. Bhd. (Note 9)	Investment	100.00	100.00
Far Eastern Polychem Industries Corporation (FEPI)	Far Eastern Industries (Shanghai) Corporation	Chemical fiber production	100.00	100.00
	Far Eastern Industries (Yangzhou) Corporation	Production and sales of polyester products	100.00	100.00
	Far Eastern Ishizuka Green Pet Corporation (FIGP)	Recycled PET production and sales	90.00	85.15
Far Eastern Construction Corporation	Far Eastern General Contractor Corporation	Construction	99.95	99.95
Far Eastern Apparel (Holding) Corporation (FEAH)	Far Eastern Dyeing & Finishing (Suzhou) Corporation	Dyeing and finishing	100.00	100.00
FETG Investment Antilles N.V.	Waldorf Services B.V.	Investment	100.00	100.00

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership	
			2016	2015
Yuan Faun Corporation	Yuan Cheng Human Resources Consultant Corporation	Personnel recruitment	55.19	55.19
Yuan Tong Investment Corporation	Sino Belgium (Holding) Corporation	Investment	90.88	90.88
Far Eastern Apparel (Suzhou) Corporation	An Ho Garment (Suzhou) Corporation	Garment production	100.00	100.00
PET Far Eastern (Holding) Corporation (PETH)	Oriental Petrochemical (Shanghai) Corporation	PTA production and sale	61.35	61.35
Oriental Textile (Holding) Corporation (OTTI)	Far Eastern Industries (Wuxi) Corporation	Fiber and textile production	100.00	100.00
	Oriental Industries (Suzhou) Corporation	Production and sales of polyester resins and industrial fabrics	100.00	100.00
FEDP (Holding) Corporation (FEDP)	Far Eastern Industries (Suzhou) Corporation	Production and sales of polyester products	100.00	100.00
Far Eastern Polytex (Holding) Corporation	Wuhan Far Eastern New Material Corporation	Production and sales of PET sheet, chip, filament, staple fibers, and apparel	100.00	100.00
	Far Eastern Apparel (Suzhou) Corporation	Garment production	100.00	100.00
	Far Eastern Yihua Petrochemical (Yangzhou) Corporation	PTA and by-product production and sale	60.00	60.00
	Far Eastern New Century (China) Investment Corporation	Investment	100.00	100.00
Far Eastern New Century (China) Investment Corporation	Shanghai Yuan Zi Information Technology Corporation	Software development, equipment maintenance and consulting	100.00	100.00
	Yuan Ding Enterprise (Shanghai) Corporation	Chemical products; wholesale of machineries and lubricants; agency commission; importing, exporting of goods and other complimentary businesses	100.00	100.00
Sino Belgium (Holding) Corporation	Sino Belgium Beer (Suzhou) Corporation	Brewer	100.00	100.00
	Martens Beers Trading (Shanghai) Corporation	Beer sale	100.00	100.00
Oriental Petrochemical (Shanghai) Corporation	Shanghai Far Eastern Petrochemical Logistic Ltd.	Transportation	100.00	100.00
Yuan Ding Corporation	Ding Hotel Corporation	Hotel	80.99	80.99
	YDT Technology International Corporation	Electronic materials and by-product sale	100.00	100.00
	Far Eastern Technical Consultants Corporation	Real estate development business consulting and management	100.00	100.00
	FET Consulting Engineers Corporation	Corporate management consulting, pipe & cable installment and replacement	100.00	100.00
	Ding Integrated Marketing Services Corporation	Market research and general advertisement	80.00	80.00
	Far Eastern Electronic Commerce Corporation	Online retail service	73.42	73.42
FET Consulting Engineers Corporation	DDIM (Virgin Islands) Corporation	Investment	100.00	100.00
YDT Technology International Corporation	YDC (Virgin Islands) Corporation	Investment	100.00	100.00
YDC (Virgin Islands) Corporation	Speedy (Shanghai) Digital Tech. Corporation	Intelligent control equipment and security monitoring products	100.00	100.00
DDIM (Virgin Islands) Corporation	Yuan Ding Integrated Information Service (Shanghai) Corporation	Internet software development services	100.00	100.00
Malaysia Garment Manufactures Pte. Corporation	PT Malaysia Garment Bintan (Note 5)	Clothing Production	99.00	99.00
Far EasTone Telecommunications Corporation	New Century InfoComm Tech Corporation	Types I and II telecommunications services	100.00	100.00
	ARCOA Communication Corporation	Sales of communications products and office equipment	61.63	61.63
	KGEx.com Corporation	Type II telecommunications services	99.99	99.99
	Yuan Cing Corporation	Call center services	99.99	99.99
	E. World (Holdings) Corporation (Note 6)	Investment	-	-
	Far EasTron Holding Corporation (Note 7)	Investment	-	-

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership	
			2016	2015
	Far Eastern Info Service Holding Corporation (FEIS)	Investment	100.00	100.00
	O-music Corporation	Electronic information providing services	50.00	50.00
	Q-Ware Communication Corporation	Type II telecommunications services	81.46	81.46
	Hiiir Corporation	Electronic information providing services	89.54	89.54
ARCOA Communication Corporation	DataExpress Infotech Corporation	Sale of communications products	70.00	70.00
New Century InfoComm Tech Corporation	New Diligent Corporation	Investment	100.00	100.00
	Information Security Service Digital United Corporation	Security and monitoring service via Internet	100.00	100.00
	Digital United (Cayman) Corporation	Investment	100.00	100.00
	Simple InfoComm Corporation (Note 8)	Electronic information providing services	-	-
Digital United (Cayman) Corporation	Digital United Information Technology (Shanghai) Corporation	Design and research of computer system	100.00	100.00
New Diligent Corporation	Sino Lead Enterprise Corporation	Telecommunications services	100.00	100.00
	Far Eastern New Diligent Corporation	Investment	100.00	100.00
	New Diligent (Hong Kong) Corporation (Note 2)	Investment	-	-
Far Eastern New Diligent Corporation	Far Eastern Tech-info Corporation (Shanghai)	Computer software, data processing and network information providing services	100.00	100.00
	Far Eastern New Century Information Technology (Beijing) Corporation	Electronic information providing services	90.52	79.04
DataExpress Infotech Corporation	Linkwell Tech. Corporation	Sale of communications products	100.00	100.00
	Home Master Technology Corporation	Sale of communications products	100.00	100.00

(Concluded)

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

Note 2: A subsidiary was established completed on December 4, 2014, but the investment amount had not been remitted to the investee as of December 31, 2016.

Note 3: As of December 31, 2016, the Group remitted US\$50,000 thousand as its direct investment.

Note 4: As of December 31, 2016, the Group remitted US\$9,000 thousand as its direct investment.

Note 5: On September 30, 2015, the Group acquired a 13% equity interest in Malaysia Garment Manufactures Pte. Corporation (MG) for NT\$171,115 thousand for organizational realignment, after that the Group totally held 50.92% interest in Malaysia Garment Manufactures Pte. Corporation (MG). And the Group included Malaysia Garment Manufactures Pte. Corporation (MG) in its consolidated financial statements since the day.

Note 6: A subsidiary was liquidated and dissolved on November 4, 2015.

Note 7: A subsidiary was liquidated and dissolved on November 6, 2015.

Note 8: A subsidiary was dissolved on December 19, 2015 and liquidated on April 6, 2016.

Note 9: On December 30, 2015, the Group acquired 100% equity interest in Magna View Sdn. Bhd. for NT\$115,539 thousand for organizational realignment, and indirectly acquired 50% equity interest in PET Far Eastern (M) Sdn. Bhd.

Note 10: Even though the consolidated ownership of the Company and its subsidiaries to Yuan Ding Company Ltd. was not over 50%, the president of Yuan Ding Company Ltd. was appointed by the Group. Thus, Yuan Ding Company Ltd. was included in the consolidated financial statement.

Immaterial subsidiaries including Far Eastern New Century Information Technology (Beijing) Corporation for the year ended December 31, 2016, E. World, Far EasTron Holding and Simple InfoComm for the year ended December 31, 2015 were not audited. The Group believes that had the financial statements of those subsidiaries been audited, any adjustments would have had no material effect on the Group's consolidated financial statements.

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

Name of Subsidiary	Profit Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended December 31		December 31	
	2016	2015	2016	2015
Far EasTone	<u>\$ 7,048,945</u>	<u>\$ 7,136,378</u>	<u>\$ 44,534,397</u>	<u>\$ 45,125,949</u>
			<b>December 31</b>	
			<b>2016</b>	<b>2015</b>
Current assets			\$ 26,557,388	\$ 34,299,373
Non-current assets			106,249,934	102,581,798
Current liabilities			(30,980,704)	(21,683,305)
Non-current liabilities			<u>(30,104,017)</u>	<u>(42,538,970)</u>
Equity			<u>\$ 71,722,601</u>	<u>\$ 72,658,896</u>
Equity attributable to:				
Owners of the Group			\$ 27,188,204	\$ 27,532,947
Non-controlling interests of Far EasTone			43,817,814	44,373,418
Non-controlling interests of Far EasTone's subsidiaries			<u>716,583</u>	<u>752,531</u>
			<u>\$ 71,722,601</u>	<u>\$ 72,658,896</u>
			<b>For the Year Ended December 31</b>	
			<b>2016</b>	<b>2015</b>
Revenue			<u>\$ 94,344,266</u>	<u>\$ 97,293,218</u>
Net income for the period			\$ 11,410,675	\$ 11,534,251
Other comprehensive income for the period			<u>(42,178)</u>	<u>(45,367)</u>
Total comprehensive income for the period			<u>\$ 11,368,497</u>	<u>\$ 11,488,884</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
Net income attributable to:		
Owners of the Group	\$ 4,361,730	\$ 4,397,873
Non-controlling interests of Far EasTone	7,029,573	7,087,822
Non-controlling interests of Far EasTone's subsidiaries	<u>19,372</u>	<u>48,556</u>
	<u>\$ 11,410,675</u>	<u>\$ 11,534,251</u>
Total comprehensive income attributable to:		
Owners of the Group	\$ 4,345,096	\$ 4,380,503
Non-controlling interests of Far EasTone	7,002,764	7,059,829
Non-controlling interests of Far EasTone's subsidiaries	<u>20,637</u>	<u>48,552</u>
	<u>\$ 11,368,497</u>	<u>\$ 11,488,884</u>
Net cash flow from:		
Operating activities	\$ 27,074,691	\$ 21,051,754
Investing activities	(17,546,575)	(12,862,573)
Financing activities	(15,270,889)	3,953,006
Effect of exchange rate changes	<u>6,749</u>	<u>(458)</u>
Net cash (outflow) inflow	<u>\$ (5,736,024)</u>	<u>\$ 12,141,729</u>
Dividends paid to non-controlling interest		
Far EasTone	<u>\$ 7,543,336</u>	<u>\$ 7,543,336</u>
Far EasTone's subsidiaries	<u>\$ 83,507</u>	<u>\$ 85,107</u>
		(Concluded)

## 16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### Investments in Associates

	<b>December 31</b>			
	<b>2016</b>		<b>2015</b>	
	<b>Carrying Value</b>	<b>% of Ownership</b>	<b>Carrying Value</b>	<b>% of Ownership</b>
Associate that are individually material				
Listed companies				
Asia Cement Corporation	<u>\$ 19,291,041</u>	26	<u>\$ 22,549,382</u>	26
Associates that are not individually material				
Listed companies				
Far Eastern Department Stores Corporation	7,079,848	23	7,162,285	23
Oriental Union Chemical Corporation	5,903,309	32	6,449,105	33
Everest Textile Corporation	<u>1,160,911</u>	26	<u>1,173,346</u>	26
	<u>14,144,068</u>		<u>14,784,736</u>	

(Continued)

	<b>December 31</b>			
	<b>2016</b>		<b>2015</b>	
	<b>Carrying Value</b>	<b>% of Ownership</b>	<b>Carrying Value</b>	<b>% of Ownership</b>
Unlisted companies				
Oriental Securities Corporation	\$ 4,658,305	47	\$ 4,715,965	46
Pacific Liu Tong Investment Corporation	4,234,587	40	4,044,553	40
Far Eastern International Leasing Corporation	1,866,661	34	2,293,687	34
Liquid Air Far East Corporation	1,778,443	35	1,874,991	35
Da Ju Fiber Corporation	1,585,067	42	1,490,394	42
Far Eastern Union Petrochemical (Yangzhou) Corporation	1,515,620	50	1,728,099	50
Yu Yuan Investment Corporation	1,298,224	44	2,049,057	44
Tong Da Air Industry (Yangzhou) Corporation	969,375	50	1,043,410	50
Yu Ding Industry Corporation	636,473	31	604,941	31
Kowloon Cement Corporation	471,469	49	482,746	49
Yuan Ding Leasing Corporation	389,978	46	416,261	46
Freudenberg Far Eastern Spunweb Corporation	341,233	30	355,253	30
FEDS Asia Pacific Development Corporation	129,763	5	130,303	5
Yue Ming Trading Corporation	62,062	47	63,480	47
Alliance Digital Technology Corporation	33,869	14	16,008	13
Com 2B Corporation	13,333	20	13,975	20
Opas Fund Segregated Portfolio Company	1,699	34	1,710	34
	<u>19,986,161</u>		<u>21,324,833</u>	
	<u>\$ 53,421,270</u>		<u>\$ 58,658,951</u>	

(Concluded)

a. Material associates

<b>Name of Associate</b>	<b>Nature of Activities</b>	<b>Principal Place of Business</b>	<b>Proportion of Ownership and Voting Rights</b>	
			<b>December 31</b>	
			<b>2016</b>	<b>2015</b>
Asia Cement Corporation	Cement production	Taiwan	25.62%	25.52%

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

<b>Name of Associate</b>	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Asia Cement Corporation	<u>\$ 22,700,192</u>	<u>\$ 23,510,215</u>

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

Asia Cement Corporation

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Current assets	\$ 42,148,568	\$ 52,844,285
Non-current assets	196,322,217	217,232,924
Current liabilities	(40,857,530)	(65,223,927)
Non-current 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 Group's ownership	25.62%	25.52%
Equity attributable to the Group	31,426,280	34,681,392
Cross shareholdings	<u>(12,135,239)</u>	<u>(12,132,010)</u>
Carrying amount	<u>\$ 19,291,041</u>	<u>\$ 22,549,382</u>
	<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
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 income	<u>(14,688,396)</u>	<u>(3,860,529)</u>
Total comprehensive income for the year	<u>\$ (10,005,099)</u>	<u>\$ 1,073,954</u>
Dividends received from Asia Cement Corporation	<u>\$ 946,080</u>	<u>\$ 1,876,913</u>

b. Aggregate information of associates that are not individually material

	<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
The Group's share of:		
Net income for the year	\$ 1,228,198	\$ 1,964,825
Other comprehensive income	<u>(1,040,184)</u>	<u>(2,020,803)</u>
Total comprehensive income for the year	<u>\$ 188,014</u>	<u>\$ (55,978)</u>

For the years ended December 31, 2016 and 2015, investments in FEDS Asia Pacific Development Corporation and Alliance Digital Technology Corporation were accounted for the equity-method since the Group exercised significant influence on them even though the Group owned less than 20% of each investee's voting stock.

The calculation of the investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of the investments were based on the associates' audited financial statements, except for those of Alliance Digital Technology Corporation in 2016 and 2015. Management believes there would have been no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income had the financial statements of Alliance Digital Technology Corporation been audited.

## 17. PROPERTY, PLANT, EQUIPMENT AND PREPAYMENTS FOR EQUIPMENT

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Carrying amounts		
Property, plant and equipment	\$ 148,316,398	\$ 148,141,804
Prepayment for equipment	<u>1,612,960</u>	<u>2,280,180</u>
	<u>\$ 149,929,358</u>	<u>\$ 150,421,984</u>

	Land	Buildings	Machinery and Equipment	Telecommu- nications Equipment	Computer Equipment	Leasehold Improvements	Operating and Miscellaneous Equipment	Construction-in- progress and Prepayment for Equipment	Total
<u>Cost</u>									
Balance at January 1, 2016	\$ 18,464,710	\$ 31,111,961	\$ 120,064,405	\$ 130,687,381	\$ 14,974,029	\$ 4,760,258	\$ 19,901,501	\$ 29,934,984	\$ 369,899,229
Additions	26,432	125,155	310,315	83,612	48,823	28,504	362,312	18,160,050	19,145,203
Disposals	-	(96,277)	(1,315,189)	(10,072,475)	(430,470)	(312,871)	(337,406)	(77,595)	(12,642,283)
Reclassification	2,205	1,025,745	3,377,419	7,106,539	703,336	186,454	1,213,456	(13,694,672)	(79,518)
Effect of exchange rate difference	(47,529)	(634,679)	(3,245,977)	(4)	(680)	(53)	(222,043)	(595,050)	(4,746,015)
Balance at December 31, 2016	<u>\$ 18,445,818</u>	<u>\$ 31,531,905</u>	<u>\$ 119,190,973</u>	<u>\$ 127,805,053</u>	<u>\$ 15,295,038</u>	<u>\$ 4,662,292</u>	<u>\$ 20,917,820</u>	<u>\$ 33,727,717</u>	<u>\$ 371,576,616</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2016	\$ (96,557)	\$ (13,669,523)	\$ (81,147,180)	\$ (94,832,452)	\$ (12,028,807)	\$ (3,469,410)	\$ (14,233,316)	\$ -	\$ (219,477,245)
Disposals	-	93,209	1,238,475	9,412,351	427,879	299,432	325,783	-	11,797,129
Impairment loss	-	-	(271,425)	(313,563)	-	-	-	(66,856)	(651,844)
Depreciation expense	-	(830,968)	(3,981,778)	(7,478,222)	(1,216,417)	(405,838)	(1,388,333)	-	(15,301,556)
Reclassification	-	(2,305)	(13,582)	-	(8,520)	-	1,055	-	(23,352)
Effect of exchange rate differences	-	228,431	1,644,222	2	483	47	136,425	-	2,009,610
Balance at December 31, 2016	<u>\$ (96,557)</u>	<u>\$ (14,181,156)</u>	<u>\$ (82,531,268)</u>	<u>\$ (93,211,884)</u>	<u>\$ (12,825,382)</u>	<u>\$ (3,575,769)</u>	<u>\$ (15,158,386)</u>	<u>\$ (66,856)</u>	<u>\$ (221,647,258)</u>
<u>Cost</u>									
Balance at January 1, 2015	\$ 17,327,539	\$ 29,327,112	\$ 116,998,189	\$ 141,788,190	\$ 14,008,541	\$ 4,957,919	\$ 18,898,657	\$ 30,945,222	\$ 374,251,369
Acquisitions through business combinations	1,112,035	465,055	-	-	-	-	1,109	-	1,578,199
Additions	15,079	649,397	900,932	91,587	35,175	42,687	1,390,549	20,776,656	23,902,062
Disposals	-	(292,548)	(2,159,423)	(21,966,435)	(408,137)	(490,606)	(1,493,818)	(1,274,729)	(28,085,696)
Reclassification	11,354	1,103,725	5,334,302	10,774,038	1,338,594	250,273	1,154,855	(20,383,340)	(416,199)
Effect of exchange rate difference	(1,297)	(140,780)	(1,009,595)	1	(144)	(15)	(49,851)	(128,825)	(1,330,506)
Balance at December 31, 2015	<u>\$ 18,464,710</u>	<u>\$ 31,111,961</u>	<u>\$ 120,064,405</u>	<u>\$ 130,687,381</u>	<u>\$ 14,974,029</u>	<u>\$ 4,760,258</u>	<u>\$ 19,901,501</u>	<u>\$ 29,934,984</u>	<u>\$ 369,899,229</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2015	\$ (96,557)	\$ (13,088,831)	\$ (79,700,476)	\$ (109,278,453)	\$ (11,286,648)	\$ (3,446,256)	\$ (13,383,320)	\$ -	\$ (230,280,541)
Acquisitions through business combinations	-	(207,434)	-	-	-	-	(496)	-	(207,930)
Disposals	-	288,190	2,152,244	21,079,499	406,901	391,263	440,961	-	24,759,058
Impairment loss	-	-	(102,000)	-	-	-	-	-	(102,000)
Depreciation expense	-	(752,992)	(4,058,173)	(6,634,255)	(1,149,610)	(414,426)	(1,300,684)	-	(14,310,140)
Reclassification	-	30,232	16,204	757	452	-	(19,201)	-	28,444
Effect of exchange rate differences	-	61,312	545,021	-	98	9	29,424	-	635,864
Balance at December 31, 2015	<u>\$ (96,557)</u>	<u>\$ (13,669,523)</u>	<u>\$ (81,147,180)</u>	<u>\$ (94,832,452)</u>	<u>\$ (12,028,807)</u>	<u>\$ (3,469,410)</u>	<u>\$ (14,233,316)</u>	<u>\$ -</u>	<u>\$ (219,477,245)</u>

The 2G license will expire in June 2017, and related service will be terminated. Accordingly, the future cash inflows of 2G operating equipment are expected to decline, which results in the recoverable amount being less than the carrying amount. Therefore, the Group recognized an impairment loss of \$313,563 thousand for the year ended December 31, 2016.

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

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



As of December 31, 2016 and 2015, farmland was reclassified to property, plant and equipment both amounting to NT\$238,430 thousand and to 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 that the farmlands belong to the Group or have pledged the land to the Group.

## 18. INVESTMENT PROPERTIES

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

	<b>Completed Investment Properties</b>
Balance at January 1, 2016	\$ 124,190,706
Additions	1,723
Disposals	(827,860)
Reclassification	(1,813,249)
Recognized in profit (gain arising from the change in fair value of investment property)	3,239,649
Recognized in other comprehensive income (exchange differences on translating foreign operations)	<u>(32,430)</u>
Balance at December 31, 2016	<u>\$ 124,758,539</u>
Balance at January 1, 2015	\$ 119,663,209
Additions	441,540
Disposals	(2,040,303)
Reclassification	2,168,407
Recognized in profit (gain arising from the change in fair value of investment property)	3,959,748
Recognized in other comprehensive income (exchange differences on translating foreign operations)	<u>(1,895)</u>
Balance at December 31, 2015	<u>\$ 124,190,706</u>

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

The construction of a building (Banqiao Zhong Ben) located in the Bangiao Xin Ban section was completed in 2011, and the building was leased to Far Eastern Department Stores Corporation (FEDS) as its department store space. A portion of the rental income generated from the operating lease was recognized over the lease term on a straight-line basis and the rest of the income was recognized as a percentage of FEDS's gross operating income. The lease of FEDS will expire in December 2026. The construction of Banqiao Zhong Ben commercial building (Mega Tower) was completed in the three months ended March 31, 2015 and recognized as inventories (available-for-sale - land and buildings). For the year ended December 31, 2016, a portion of floors has been rented out to others were reclassified from inventories to investment properties at their fair value of NT\$53,166 thousand and recognized gain on transferring from inventories to investment properties amounting to NT\$29,403 thousand (recognized as gain on change in fair value of investment properties), a portion of floors has been rented out to the Group were reclassified from inventories to property, plant and equipment at their carrying amount of NT\$23,763 thousand. or the

year ended December 31, 2015, a portion of floors has been rented out to others were reclassified from inventories to investment properties at their fair value of NT\$1,292,828 thousand and recognized gain on transferring from inventories to investment properties amounting to NT\$698,761 thousand (recognized as gain on change in fair value of investment properties), a portion of floors has been rented out to the Group were reclassified from inventories to property, plant and equipment at their carrying amount of NT\$381,831 thousand.

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

The fair value of investment properties were as follows:

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Independent valuation	<u>\$ 124,758,539</u>	<u>\$ 124,190,706</u>

The fair value of the investment properties as of December 31, 2016 and 2015, was based on the valuations carried out at February 6, 2017 and February 5, 2016 by independent qualified professional valuers, Mr. Tsai, Chia-ho, Ms. Hu, Chun-Chun and Mr. Li, Ken-Yuan, from Debenham Tie Leung Real Estate Appraiser Office, a member of certified ROC real estate appraisers.

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

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Expected future cash inflows	\$ 59,070,894	\$ 59,373,009
Expected future cash outflows	<u>(2,208,126)</u>	<u>(2,035,051)</u>
Expected future cash inflows, net	<u>\$ 56,862,768</u>	<u>\$ 57,337,958</u>
Discount rate	1.845%-2.22%	1.985%-2.31%

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

Part of the investment properties had been leased out under operating leases. The rental income generated for the years ended December 31, 2016 and 2015 were NT\$1,020,481 thousand and NT\$1,069,057 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. However, when the investment properties had specific rental period, the rental income was extrapolated on that rental period with no more than 10 years. Loss on vacancy rate of space was extrapolated using the vacancy rates of the neighboring stores and factories and the disposal value was determined using the direct capitalization method under the income approach. The expected future cash outflows on investment property included expenditures such as land value taxes, house taxes, insurance premium, maintenance costs, replacement allowance and depreciation. These expenditures were extrapolated on the basis of the current level of expenditures, taking into account the future adjustment to the government-announced land value and the tax rate promulgated under the House Tax Act.

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

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

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Estimated total sale price	<u>\$ 26,831,445</u>	<u>\$ 27,309,915</u>
Rate of return	15%	15%
Overall capital interest rate	1.04%-2.20%	1.21%-1.52%

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

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

## 19. GOODWILL

	<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
<u>Cost</u>		
Beginning balance	\$ 11,865,515	\$ 11,930,443
Impairment loss	-	(60,809)
Effect of foreign currency exchange differences	-	<u>(4,119)</u>
Ending balance	<u>\$ 11,865,515</u>	<u>\$ 11,865,515</u>

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

Far EasTone was divided into four identifiable cash-generating units that enhance its operating effectiveness and integrate its telecommunications resources: The mobile telecommunications service business, telecommunications equipment business, WiFly business and integrated network business.

As of December 31, 2016 and 2015, the carrying values of the tangible and intangible assets used by the Group were \$102,308,029 thousand and \$97,723,651 thousand, respectively. The Group's management estimated the recoverable amounts of core assets at their expected useful lives and thus based the cash flow forecast with the following discount rates as of December 31, 2016 and 2015: Mobile telecommunications service business - 5.83% and 6.82%, respectively; telecommunications equipment business - 6.75% and 5.78%, respectively; integrated network business - 5.99% and 7.14%, WiFly business - 5.83% and 4.05%, respectively. The operating revenue forecast was based on the expected future growth rate of the telecom industry along with the projected advancement of the Group's own business. The principal assumptions and the relevant measurement of the recoverable amounts of the Group are summarized as follows:

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

## 20. CONCESSION AND OTHER INTANGIBLE ASSETS

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
<u>Carrying amounts</u>		
Concession	\$ 41,422,996	\$ 35,151,640
Other intangible assets		
Computer software	3,177,633	2,811,278
Others	<u>499,143</u>	<u>654,267</u>
	<u>3,676,776</u>	<u>3,465,545</u>
	<u>\$ 45,099,772</u>	<u>\$ 38,617,185</u>

	<b>Concession</b>	<b>Computer Software</b>	<b>Others</b>	<b>Total</b>
Balance at January 1, 2016	\$ 35,151,640	\$ 2,811,278	\$ 654,267	\$ 38,617,185
Additions	9,526,330	1,058,163	41,757	10,626,250
Amortization	(2,850,194)	(803,692)	(187,079)	(3,840,965)
Disposals	(450,492)	(3,793)	(6,292)	(460,577)
Reclassification	45,712	121,200	2,449	169,361
Effect of exchange rate differences	<u>-</u>	<u>(5,523)</u>	<u>(5,959)</u>	<u>(11,482)</u>
Balance at December 31, 2016	<u>\$ 41,422,996</u>	<u>\$ 3,177,633</u>	<u>\$ 499,143</u>	<u>\$ 45,099,772</u>
Balance at January 1, 2015	\$ 37,314,277	\$ 2,602,855	\$ 1,169,584	\$ 41,086,716
Additions	239,820	921,579	72,042	1,233,441
Amortization	(2,400,863)	(804,403)	(542,780)	(3,748,046)
Disposals	(770)	-	(479)	(1,249)
Recognized impairment loss	-	-	(42,613)	(42,613)
Reclassification	(824)	92,036	755	91,967
Effect of exchange rate differences	<u>-</u>	<u>(789)</u>	<u>(2,242)</u>	<u>(3,031)</u>
Balance at December 31, 2015	<u>\$ 35,151,640</u>	<u>\$ 2,811,278</u>	<u>\$ 654,267</u>	<u>\$ 38,617,185</u>

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

Concession	17.75 years
Computer software	10 years
Others	16 years

## 21. BORROWINGS

### a. Short-term borrowings

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Bank credit loans	\$ 31,214,468	\$ 20,648,775
Bank secured and pledged borrowings	430,056	446,000
Loans from related parties	<u>3,487,023</u>	<u>3,592,852</u>
	<u>\$ 35,131,547</u>	<u>\$ 24,687,627</u>

- 1) The interest rates for bank loans were 0.53% to 8.90% and 0.67% to 5.75% as of December 31, 2016 and 2015, respectively.
- 2) Loans from related parties were the Group's repayments to related parties. Interest rates were all 0% as of December 31, 2016 and 2015.

### b. Short-term bills payable

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Commercial paper	\$ 9,282,000	\$ 6,604,000
Less: Unamortized discount on commercial paper	<u>3,619</u>	<u>6,237</u>
	<u>\$ 9,278,381</u>	<u>\$ 6,597,763</u>

The short-term bills payable outstanding were issued at interest rates of 0.50% to 1.838% and 0.59% to 1.44% as of December 31, 2016 and 2015, respectively.

### c. Long-term borrowings

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Bank loans	<u>\$ 67,564,299</u>	<u>\$ 58,652,344</u>
Long-term commercial paper	4,900,000	19,500,000
Less: Unamortized discount on commercial paper	<u>13,237</u>	<u>56,573</u>
	<u>4,886,763</u>	<u>19,443,427</u>
	72,451,062	78,095,771
Less: Current portion	<u>3,613,146</u>	<u>1,090,879</u>
Long-term borrowings	<u>\$ 68,837,916</u>	<u>\$ 77,004,892</u>

The foregoing loans are repayable through a lump sum payment on maturity and pay interest monthly; a lump sum of capital and interest on maturity; a lump sum of capital on maturity and prepaid interest which are in New Taiwan dollars, Japanese yen, Euro and U.S. dollars. Some revolving loans allow the Group to make loans within the credit line limit until maturity. The maturity dates which is disclosed as revolving credit line's maturity and bank interest rates of the Group's revolving loans were as follows:

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Maturity	February 2018- April 2031	April 2017- April 2031
Bank interest rates	0.63%-8.1%	0.58%-2.09%

On March 22, 2011, a company subsidiary, FECC entered into a credit agreement with Hua Nan Bank and update the credit agreement into NT\$7,400,000 thousand on March 20, 2015 and February 2, 2016. FECC pledged its land and construction pertaining to the Zhong Ben and Zhong Ben 2 (Mega Tower) project (Banqiao - New Section No. 8) and amounting to NT\$8,880,000 thousand as first mortgage to the creditor banks. Other agreement terms were as follows:

	<b>Credit Line</b>	<b>Maturity Period</b>	<b>Interest Rate</b>	<b>Repayment</b>
A	NT\$ 2,000,000 thousand	20 years after use of the credit	Hua Nan Bank's periodic savings interest rate plus 0.4% then divided by 0.946%	No revolving credit but batch employed available within 5 years; No repayment in the first 5 years; quarterly repayments of NT\$30,000 thousand quarterly from the sixth year and redemption of rest on maturity
B	NT\$ 1,400,000 thousand	5 years after approve of the credit (Note 2)	Reference interest rate plus 0.69544% (negotiated by each loan)	Revolving credit within the period; no longer than 6 months; lump sum repayment on maturity
C	NT\$ 1,000,000 thousand	5 years after approve of the credit (Note 3)	Reference interest rate plus 0.6295% (negotiated by each loan)	Revolving credit within the period; no longer than 6 months; lump sum repayment on maturity
D	NT\$ 3,000,000 thousand	7 years after draw down of the credit (Note 3)	Reference interest rate plus 0.804% (negotiated by each loan, but no less than 1.5%)	No revolving credit but batch employed available within 3 years; credit will be paid every 6 months from 3 years after each drawdown date. The first 8 installments should repay 5% of the loan, and the last installment should repay 60% of loan.
	<hr style="width: 100%; border: 0.5px solid black; margin-bottom: 5px;"/> NT\$ 7,400,000 <hr style="width: 100%; border: 0.5px solid black; margin-top: 5px;"/> thousand			

Note 1: The reference interest rate is based on The Taipei Inter-bank 90 days' Offered Rate (TAIBOR).

Note 2: On February 2, 2016, FECC updated the content of contract to extend credit line B's maturity date.

Note 3: On March 20, 2015, FECC updated the content of contract to enter into credit line C and D.

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

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

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

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

Another requirement in the syndicated loan agreement was for FETC to open special bank accounts and to place appropriate payments to these bank accounts through deposits and time deposits. The bank accounts pertaining to the loan reserve and time deposits that had been pledged to Cathy United Bank were accounted for under other financial assets - noncurrent (Note 36). The terms of loan A and B further included a requirement for FETC to keep its loan capital and interest coverage ratio at more than 1.10 during the interest accrual period after November 10, 2014. In addition, FETC should get prior written consent from Cathy United Bank based on the schedule and amount of the ETC project shown in FETC's annual budget before FETC disposes of the pledged deposits and should replace these deposits with other operating assets as collateral. The value of the operating assets should be the lower of the value of newly built operating assets for ETC's operations or the value of other assets that had not been provided to Cathay United Bank as collateral.

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



## 22. BONDS PAYABLE

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Nonconvertible bonds	\$ 79,050,000	\$ 84,381,500
Discount of nonconvertible bonds	<u>(87,880)</u>	<u>(96,980)</u>
	78,962,120	84,284,520
Less: Current portion	<u>16,444,074</u>	<u>20,921,484</u>
	<u>\$ 62,518,046</u>	<u>\$ 63,363,036</u>

### Bonds

	Period	Maturity	Annual Rate (%)	Issued Amount	<u>December 31</u>		Repayment
					<u>2016</u>	<u>2015</u>	
					<u>Outstanding</u>	<u>Outstanding</u>	
					<u>Balance</u>	<u>Balance</u>	
<u>Company</u>							
Unsecured bonds							
	100-1	2011.05.27-2016.05.27	1.50	3,800,000	\$ -	\$ 1,900,000	(Note 1)
	100-2	2011.09.29-2016.09.29	1.55	2,200,000	-	1,100,000	(Note 1)
	100-3	2012.02.15-2017.02.15	1.36	6,000,000	3,000,000	6,000,000	(Note 1)
	101-1	2012.06.07-2017.06.07	1.35	3,200,000	1,600,000	3,200,000	(Note 1)
	101-2	2012.11.26-2017.11.26	1.30	4,200,000	2,100,000	4,200,000	(Note 1)
	102-1-A	2013.05.16-2016.05.16	2.95	RMB 500,000	-	2,507,000	(Note 2)
	102-1-B	2013.05.16-2016.05.16	Benchmark rate (Libor)+1.10%	JPY 5,000,000	-	1,374,500	(Note 2)
	102-2	2013.08.28-2017.02.28	1.39	3,000,000	3,000,000	3,000,000	(Note 2)
	102-3	2013.12.23-2018.12.23	1.45	2,800,000	2,800,000	2,800,000	(Note 2)
	103-1	2014.08.21-2019.08.21	1.47	3,200,000	3,200,000	3,200,000	(Note 1)
	103-2	2014.12.04-2019.12.04	1.47	2,200,000	2,200,000	2,200,000	(Note 1)
	103-3	2015.02.06-2020.02.06	1.38	2,600,000	2,600,000	2,600,000	(Note 1)
	104-1	2015.05.25-2020.05.25	1.39	8,000,000	8,000,000	8,000,000	(Note 1)
	104-2	2015.10.02-2020.10.02	1.28	5,200,000	5,200,000	5,200,000	(Note 1)
	104-3	2015.11.16-2020.11.16	1.25	2,800,000	2,800,000	2,800,000	(Note 2)
	105-1-A	2016.04.29-2021.04.29	0.88	6,000,000	6,000,000	-	(Note 1)
	105-1-B	2016.04.29-2021.04.29	-	2,000,000	2,000,000	-	(Note 5)
	105-2	2016.09.20-2021.09.20	0.72	3,800,000	3,800,000	-	(Note 2)
<u>Subsidiary Yuan Ding Investment Co., Ltd.</u>							
Unsecured bonds							
	100-1	2011.07.20-2016.07.20	1.50	3,000,000	-	1,200,000	(Note 3)
	100-2	2011.12.15-2016.12.15	1.45	2,000,000	-	1,000,000	(Note 1)
	101-1-B	2012.08.06-2017.08.06	1.40	1,100,000	550,000	1,100,000	(Note 1)
	102-1	2013.11.25-2016.11.25	1.35	3,000,000	-	3,000,000	(Note 2)
	103-1	2014.05.26-2019.05.26	1.35	3,000,000	3,000,000	3,000,000	(Note 1)
	104-1	2015.07.10-2020.07.10	1.43	3,000,000	3,000,000	3,000,000	(Note 1)
	104-2	2015.11.09-2020.11.09	1.28	2,000,000	2,000,000	2,000,000	(Note 1)
	105-1	2016.05.30-2021.05.30	0.90	3,800,000	3,800,000	-	(Note 1)
<u>Subsidiary Far EasTone</u>							
Unsecured bonds							
	102-4	2013.06.27-2020.06.27	1.33	5,000,000	5,000,000	5,000,000	(Note 4)
	102-5-A	2013.10.15-2017.10.15	1.46	1,000,000	1,000,000	1,000,000	(Note 2)
	102-5-B	2013.10.15-2018.10.15	1.58	4,000,000	4,000,000	4,000,000	(Note 2)
	102-6-A	2013.12.24-2016.12.24	1.17	1,600,000	-	1,600,000	(Note 2)
	102-6-B	2013.12.24-2017.12.24	1.27	5,200,000	5,200,000	5,200,000	(Note 2)
	102-6-C	2013.12.24-2019.12.24	1.58	3,200,000	<u>3,200,000</u>	<u>3,200,000</u>	(Note 2)
	Total outstanding balance				<u>\$ 79,050,000</u>	<u>\$ 84,381,500</u>	

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

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

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

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

Note 5: This bond is repayable in lump sum at the 104.8411% of total amount on maturity.

## 23. PROVISIONS

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Dismantling obligation	\$ 975,571	\$ 926,125
Warranties	154,846	142,146
Onerous contracts	<u>-</u>	<u>1,461</u>
	<u>\$ 1,130,417</u>	<u>\$ 1,069,732</u>
Current	\$ 270,831	\$ 258,638
Non-current	<u>859,586</u>	<u>811,094</u>
	<u>\$ 1,130,417</u>	<u>\$ 1,069,732</u>

	<b>Dismantling Obligation</b>	<b>Warranties</b>	<b>Onerous Contracts</b>	<b>Total</b>
Balance at January 1, 2016	\$ 926,125	\$ 142,146	\$ 1,461	\$ 1,069,732
Additional provisions recognized	74,665	60,847	-	135,512
Reductions arising from payments	<u>(25,219)</u>	<u>(48,147)</u>	<u>(1,461)</u>	<u>(74,827)</u>
Balance at December 31, 2016	<u>\$ 975,571</u>	<u>\$ 154,846</u>	<u>\$ -</u>	<u>\$ 1,130,417</u>
Balance at January 1, 2015	\$ 870,515	\$ 124,565	\$ 8,340	\$ 1,003,420
Additional provisions recognized	80,301	69,218	1,461	150,980
Reductions arising from payments	(24,691)	(48,637)	(8,340)	(81,668)
Reversing un-usage balances	<u>-</u>	<u>(3,000)</u>	<u>-</u>	<u>(3,000)</u>
Balance at December 31, 2015	<u>\$ 926,125</u>	<u>\$ 142,146</u>	<u>\$ 1,461</u>	<u>\$ 1,069,732</u>

## 24. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

The pension costs recognized in total comprehensive income under the defined contribution plan amounted to NT\$816,994 thousand and NT\$856,585 thousand for the years ended December 31, 2016 and 2015, respectively.

### b. Defined benefit plans

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

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

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Present value of defined benefit obligation	\$ 9,094,104	\$ 8,839,678
Fair value of plan assets	<u>(5,524,458)</u>	<u>(4,936,684)</u>
Deficit	3,569,646	3,902,994
Recognized in net defined benefit asset (recognized as other non-current assets)	<u>50,944</u>	<u>49,403</u>
Net defined benefit liability (Note)	<u>\$ 3,620,590</u>	<u>\$ 3,952,397</u>

Note: Yuan Cing Infocomm Tech Co. (YCIC) which had been dissolved due to the merger with Far EasTone who conducted a tender offer to acquire the common shares of New Century InfoComm Tech Co., Ltd. (NCIC) in a premium price; therefore, the net defined benefit liability of NT\$10,529 thousand both as of December 31, 2016 and 2015 have been written off in the consolidated financial statements.

Movements in net defined benefit liability were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2016	<u>\$ 8,839,678</u>	<u>\$ (4,936,684)</u>	<u>\$ 3,902,994</u>
Service cost			
Current service cost	115,767	-	115,767
Past service cost and loss on settlements	77,749	-	77,749
Interest expense (income)	<u>151,906</u>	<u>(85,385)</u>	<u>66,521</u>
Recognized in profit or loss (Note)	<u>345,422</u>	<u>(85,385)</u>	<u>260,037</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	92,347	92,347
Actuarial (gain) loss - changes in demographic assumptions	3,678	-	3,678
Actuarial (gain) loss - changes in financial assumptions	133,187	-	133,187
Actuarial (gain) loss - experience adjustments	<u>213,855</u>	<u>-</u>	<u>213,855</u>
Recognized in other comprehensive income	<u>350,720</u>	<u>92,347</u>	<u>443,067</u>
Contributions from the employer	-	(1,018,312)	(1,018,312)
Benefits paid	<u>(441,716)</u>	<u>423,576</u>	<u>(18,140)</u>
Balance at December 31, 2016	<u>\$ 9,094,104</u>	<u>\$ (5,524,458)</u>	<u>\$ 3,569,646</u>
Balance at January 1, 2015	<u>\$ 8,422,270</u>	<u>\$ (5,815,659)</u>	<u>\$ 2,606,611</u>
Service cost			
Current service cost	89,396	-	89,396
Interest expense (income)	<u>165,446</u>	<u>(118,489)</u>	<u>46,957</u>
Recognized in profit or loss (Note)	<u>254,842</u>	<u>(118,489)</u>	<u>136,353</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	985,248	985,248
Actuarial (gain) loss - changes in demographic assumptions	6,922	-	6,922
Actuarial (gain) loss - changes in financial assumptions	235,873	-	235,873
Actuarial (gain) loss - experience adjustments	<u>294,387</u>	<u>-</u>	<u>294,387</u>
Recognized in other comprehensive income	<u>537,182</u>	<u>985,248</u>	<u>1,522,430</u>
Contributions from the employer	-	(314,215)	(314,215)
Benefits paid	<u>(374,616)</u>	<u>326,431</u>	<u>(48,185)</u>
Balance at December 31, 2015	<u>\$ 8,839,678</u>	<u>\$ (4,936,684)</u>	<u>\$ 3,902,994</u>

Note: The Group transferred defined benefit costs NT\$836 thousand and NT\$135 thousand to related parties in 2016 and 2015, respectively. Defined benefit costs capitalized to property, plant and equipment were NT\$4,099 thousand in 2016 and NT\$4,850 thousand in 2015.

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

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

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Discount rate(s)	1.00%-1.50%	1.25%-2.00%
Expected rate(s) of salary increase	1.50%-4.00%	1.50%-4.00%

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

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Discount rate(s)		
0.50% increase	<u>\$ (421,029)</u>	<u>\$ (421,260)</u>
0.50% decrease	<u>\$ 446,259</u>	<u>\$ 446,851</u>
Expected rate(s) of salary increase		
0.50% increase	<u>\$ 442,239</u>	<u>\$ 443,560</u>
0.50% decrease	<u>\$ (420,742)</u>	<u>\$ (421,594)</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.

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
The expected contributions to the plan for the next year	<u>\$ 359,829</u>	<u>\$ 370,107</u>
The average duration of the defined benefit obligation	7-16.7 years	7.9-17.4 years

## 25. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

	<b>December 31, 2016</b>		
	<b>Within One Year</b>	<b>Over One Year</b>	<b>Total</b>
<u>Assets</u>			
Notes and accounts receivable	\$ 465,662	\$ 393,525	\$ 859,187
Inventories - construction and real estate	2,764,531	2,523,844	5,288,375
Amounts due from customers for construction contracts	1,050,825	151,799	1,202,624
Other financial assets - current	245,102	893,771	1,138,873
Refundable deposits - current	26	9,725	9,751
<u>Liabilities</u>			
Notes and accounts payable	1,500,463	633,699	2,134,162
Notes and accounts payable to related parties	131,766	-	131,766
Amounts due to customers for construction contracts	1,428	-	1,428
Provisions - current	1,250	49,659	50,909
Advance real estate receipts	63,219	-	63,219
<b>December 31, 2015</b>			
	<b>Within One Year</b>	<b>Over One Year</b>	<b>Total</b>
<u>Assets</u>			
Notes and accounts receivable	\$ 431,941	\$ 285,370	\$ 717,311
Inventories - construction and real estate	4,019,173	700,887	4,720,060
Amounts due from customers for construction contracts	90,542	883,346	973,888
Other financial assets - current	80,249	1,546,727	1,626,976
Refundable deposits - current	25,003	9,180	34,183
<u>Liabilities</u>			
Notes and accounts payable	1,919,971	407,525	2,327,496
Notes and accounts payable to related parties	97,249	-	97,249
Amounts due to customers for construction contracts	2,133	118,563	120,696
Provisions - current	-	53,620	53,620
Advance real estate receipts	4,308	-	4,308

## 26. EQUITY

### a. Share capital

#### 1) Common shares

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

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

#### 2) Global depositary receipt

The Company issued global depositary receipts (GDRs) since 1999, one GDRs unit represents 10 common shares 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 shares 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>		
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>		
Arising from 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 share capital.

2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using equity method.

c. Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 23, 2016 and, in that meeting, had 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' 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 then make the distribution of dividends evenly by all of the shares. When capital increase, the amount of dividend for new shares of that year would be according to resolution of the shareholders' meeting. For the policies on distribution of employees' compensation and remuneration to directors before and after amendment, refer to Note 27,c. on employee benefits expense.

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

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.

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", the Company should appropriate or reverse to a special reserve.

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:

	<b>Appropriation and Earnings</b>		<b>Dividend Per Share</b>	
	<b>For the Years Ended</b>		<b>(NT\$)</b>	
	<b>December 31</b>		<b>For the Years Ended</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
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' meetings on June 26, 2015.



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

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

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

d. Special reserves

The Group'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:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2016</b>	<b>2015</b>
Beginning balance	\$ 21,860,117	\$ 22,275,153
Reversed on elimination of the original need to appropriate a special reserve		
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.

	<b><u>For the Year Ended December 31</u></b>	
	<b>2016</b>	<b>2015</b>
Beginning balance	\$ 83,686,899	\$ 80,462,245
Reversed on elimination of the original need to appropriate a special reserve		
Disposal of investment properties	(296,564)	(1,123,929)
Disposal of associates	(1,465)	-
Appropriation in respect of		
Application of the fair value method to 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 were as follows:

	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for- sale Financial Assets	Cash Flow Hedges	Gains on Property Revaluation	Total
Balance at January 1, 2016	\$ 2,274,683	\$ 1,119,927	\$ (95,944)	\$ 702,030	\$ 4,000,696
Exchange differences on translating foreign operations	(2,908,394)	-	-	-	(2,908,394)
Unrealized gain (loss) on available-for-sale financial assets	-	(248,260)	-	-	(248,260)
Gains on hedging instruments in cash flow hedges arising from fair value changes	-	-	50,849	-	50,849
Share of the other comprehensive income (loss) of associates	(944,101)	(2,819,324)	(2,419)	748	(3,765,096)
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>
Balance at January 1, 2015	\$ 2,871,860	\$ 3,629,652	\$ (173,051)	\$ 512,607	\$ 6,841,068
Exchange differences on translating foreign operations	(528,586)	-	-	-	(528,586)
Unrealized gain (loss) on available-for-sale financial assets	-	(296,466)	-	-	(296,466)
Gains on hedging instruments in cash flow hedges arising from fair value changes	-	-	76,436	-	76,436
Gains on property revaluation	-	-	-	188,026	188,026
Share of the other comprehensive income (loss) of associates	(68,591)	(2,213,259)	671	1,397	(2,279,782)
Balance at December 31, 2015	<u>\$ 2,274,683</u>	<u>\$ 1,119,927</u>	<u>\$ (95,944)</u>	<u>\$ 702,030</u>	<u>\$ 4,000,696</u>

f. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
Beginning balance	\$ 63,145,438	\$ 63,818,325
Attributable to non-controlling interests:		
Net income for the current year	6,394,904	6,651,678
Cash dividends distributed by subsidiaries	(7,710,107)	(7,933,930)
Remeasurement on defined benefit plans	(21,469)	(52,098)
Exchange differences arising on translation of foreign operations	(379,175)	(17,249)
Unrealized (loss) on available-for-sale financial assets	(41,528)	(72,600)
Gain on hedging instruments in cash flow hedges arising from fair value changes	98,536	15,012
Gains on property revaluation	-	9,934
Share of other comprehensive (loss) income of associates accounted for using the equity method	(240,619)	(191,323)
Changes in capital surplus of associates by using the equity method	63	40
Changes in special reserve of associates by using the equity method	(12)	(1)
Changes in unappropriated earnings of associates by using the equity method	(1,160)	(121)
		(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
Effect on changes in percentage of ownership of associates	\$ -	\$ 2
Acquisition (disposal) of partial interests of subsidiaries	61,341	(183,230)
Effect on changes in percentage of ownership in subsidiaries	-	(19,716)
Non-controlling interests arising from subsidiaries' issuance of new capital stock for cash	-	490,917
Acquisition of subsidiaries (Note 30)	-	646,063
Remittance of cash due to the liquidation of subsidiary	<u>(15)</u>	<u>(16,265)</u>
Ending balance	<u>\$ 61,306,197</u>	<u>\$ 63,145,438</u> (Concluded)

g. 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:

<b>Name of Subsidiary</b>	<b>Number of Shares Held (In Thousands)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<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 Group consolidated its subsidiary, Yuan Ding since December 28, 2011. As of December 31, 2011, the Group's shares held by Yuan Ding had a carrying value of NT\$25,063 thousand.

The Group'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.

## 27. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest expense

	<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
Capitalized interests on properties	\$ 314,132	\$ 241,904
Capitalization rates	0.71%-4.51%	1.07%-1.72%

b. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
Property, plant and equipment	\$ 15,301,556	\$ 14,310,140
Intangible assets	3,840,965	3,748,046
Long-term prepayments for lease	<u>195,871</u>	<u>206,757</u>
	<u>\$ 19,338,392</u>	<u>\$ 18,264,943</u>
 An analysis of deprecation by function		
Operating costs	\$ 13,486,134	\$ 12,610,981
Operating expenses	1,727,730	1,581,585
Other expense	<u>87,692</u>	<u>117,574</u>
	<u>\$ 15,301,556</u>	<u>\$ 14,310,140</u>
 An analysis of amortization by function		
Operating costs	\$ 3,294,855	\$ 3,233,758
Operating expenses	<u>741,981</u>	<u>721,045</u>
	<u>\$ 4,036,836</u>	<u>\$ 3,954,803</u>

c. Employee benefit expense

	<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
Post-employment benefits		
Defined contribution plans	\$ 816,994	\$ 856,585
Defined benefit plans	255,102	131,368
Other employee benefits	<u>19,362,011</u>	<u>18,607,386</u>
Total employee benefit expense	<u>\$ 20,434,107</u>	<u>\$ 19,595,339</u>
 Analysis of employee benefit expense by function		
Operating costs	\$ 9,878,466	\$ 9,367,054
Operating expenses	<u>10,555,641</u>	<u>10,228,285</u>
	<u>\$ 20,434,107</u>	<u>\$ 19,595,339</u>

1) Employees' compensation and remuneration of directors for 2016 and 2015

In compliance with the Company Act as amended in May 2015 and the amended Articles resolved by the shareholders' meetings in June 2016, the amendments stipulate distribution of employees' compensation and remuneration of 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 from the 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

	<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
Employees' compensation	2.93%	2.67%
Remuneration of directors and supervisors	1.85%	1.77%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
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 appropriated amounts of employees' compensation and remuneration of directors and the amounts recognized in the consolidated financial statements for the year ended December 31, 2015. The Company offered to settle employee's compensation in cash.

Information on the employees' compensation and remuneration of directors and supervisors 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 shareholders' meeting on June 26, 2015 were as follows:

	<b>For the Year Ended December 31, 2014</b>	
	<b>Cash</b>	<b>Share</b>
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 shareholders' meeting on June 26, 2015 and the amounts recognized in the consolidated financial statements for the year ended December 31, 2014.

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

## 28. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

	<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
Current tax		
In respect of the current year	\$ 2,914,193	\$ 2,282,698
Adjustments for prior years	<u>(4,713)</u>	<u>101,744</u>
	2,909,478	2,384,442
Deferred tax	<u>347,942</u>	<u>2,629,862</u>
Income tax expense recognized in profit or loss	<u>\$ 3,257,420</u>	<u>\$ 5,014,304</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
Profit before tax from continuing operations	<u>\$ 15,960,110</u>	<u>\$ 19,700,673</u>
Income tax expense calculated at the statutory rate (17%)	\$ 2,713,219	\$ 3,349,114
Adjustment items effect of income tax	6,654	(1,162,213)
Income tax on unappropriated earnings	49,580	4,544
Adjustments for prior years' tax	(4,715)	101,744
Effect of different tax rate of group entities operating in other jurisdictions	<u>144,740</u>	<u>91,253</u>
Current tax	2,909,478	2,384,442
Deferred tax	<u>347,942</u>	<u>2,629,862</u>
Income tax expense recognized in profit or loss	<u>\$ 3,257,420</u>	<u>\$ 5,014,304</u>

- b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
<u>Deferred tax</u>		
Current year		
Remeasurement on defined benefit plan	<u>\$ 17,732</u>	<u>\$ 256,999</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	Decrease Due to Disposal	Closing Balance
<u>Deferred tax assets</u>					
Investment credits	\$ 3,372	\$ (3,372)	\$ -	\$ -	\$ -
Allowance for doubtful accounts	300,442	46,584	-	-	347,026
Inventory write-off	79,827	7,254	-	-	87,081
Loss carryforwards	968,830	(55,679)	-	-	913,151
Defined benefit obligation	315,190	(49,757)	17,732	-	283,165
Impairment loss	144,797	3,545	-	-	148,342
Others	<u>504,688</u>	<u>77,823</u>	<u>-</u>	<u>-</u>	<u>582,511</u>
	<u>\$ 2,317,146</u>	<u>\$ 26,398</u>	<u>\$ 17,732</u>	<u>\$ -</u>	<u>\$ 2,361,276</u>
<u>Deferred tax liabilities</u>					
Share of profit of associates	\$ 548,200	\$ (17,006)	\$ -	\$ -	\$ 531,194
Amortization of goodwill	1,344,702	134,473	-	-	1,479,175
Provision of land value incremental tax	14,034,414	445,894	-	(182,060)	14,298,248
Investment properties	629,934	22,302	-	-	652,236
Others	<u>265,147</u>	<u>(211,323)</u>	<u>-</u>	<u>-</u>	<u>53,824</u>
	<u>\$ 16,822,397</u>	<u>\$ 374,340</u>	<u>\$ -</u>	<u>\$ (182,060)</u>	<u>\$ 17,014,677</u>

For the year ended December 31, 2015

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

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

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Loss carryforwards	<u>\$ 21,180,541</u>	<u>\$ 19,394,249</u>
Expiry year	2017-2026	2016-2025
Investment credits		
Acquisition of initial share offering	<u>\$ 127,236</u>	<u>\$ 4,447</u>
Deductible temporary differences	<u>\$ 8,951,145</u>	<u>\$ 10,013,188</u>

e. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2016 comprised:

<b>Unused Amount</b>	<b>Expiry Year</b>
<u>\$ 26,278,964</u>	2017-2026

f. Information about unused investment credits

As of December 31, 2016, investment tax credits comprised of:

Yuan Tong Investment Corporation

<b>Laws and Statutes</b>	<b>Tax Credit Source</b>	<b>Remaining Creditable Amount</b>	<b>Expiry Year</b>
Enforcement rule of act for promotion of private participation in infrastructure project	Acquisition of initial share offering	<u>\$ 42,876</u>	2020

Yuan Ding Corporation

<b>Laws and Statutes</b>	<b>Tax Credit Source</b>	<b>Remaining Creditable Amount</b>	<b>Expiry Year</b>
Enforcement rule of act for promotion of private participation in infrastructure project	Acquisition of initial share offering	<u>\$ 84,360</u>	2020

g. Integrated income tax

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Unappropriated earnings		
Generated before January 1, 1998	<u>\$ 66,464</u>	<u>\$ 78,778</u>
Balance of imputation credits accounts (ICA)	<u>\$ 775,584</u>	<u>\$ 785,893</u>



**For the Year Ended December 31**

	<b>2016</b> <b>(Expected)</b>	<b>2015</b> <b>(Actual)</b>
Creditable ratio for distribution of earning	6.62%	11.84%

## h. Income tax assessments

	<b>Latest Year of Income Tax Return That Tax Authorities Had Examined and Cleared</b>
Far Eastern New Century Corporation	2012
Far Eastern Resources Development Corporation	2012
Oriental Petrochemical (Taiwan) Corporation	2014
Fu Kwok Garment Manufacturing Corporation	2014
Yuan Tong Investment Corporation	2014
Kai Yuan International Investment Corporation	2014
Ding Yuan International Investment Corporation	2014
An Ho Garment Corporation	2014
Far Eastern Textile Corporation	2015
Far Eastern Construction Corporation	2014
Far Eastern General Contractor Corporation	2014
Yuan Ding Investment Corporation	2013
Far Eastern Fibertech Corporation	2014
Oriental Resources Development Corporation	2014
Far Eastern Apparel Corporation	2014
Yuan Faun Corporation	2015
Yuan Cheng Human Resources Consultant Corporation	2014
Yuan Ding Corporation	2014
FET Consulting Engineers Corporation	2014
YDT Technology International Corporation	2014
Far Eastern Technical Consultants Corporation	2014
Ding Ding Integrated Marketing Service Corporation	2014
Far Eastern Electronic Commerce Corporation	2014
Ding Ding Hotel Corporation	2014
Far Eastern Electronic Toll Collection Corporation	2013
Yuan Hsin Digital Payment Corporation	2014
Far EasTone Telecommunications Corporation	2014
New Century InfoComm Tech Corporation	2014
Arcoa Communication Corporation	2014
Simple InfoComm Corporation	2014
Q-Ware Communication Corporation	2013
Information Security Service Digital United Corporation	2015
Linkwell Tech. Corporation	2014
Data Express Infotech Corporation	2014
Yuan Cing Corporation	2014
O-music Corporation	2014
New Diligent Corporation	2014
KGEx.com Corporation	2014
Homet Master Technology Corporation	2014
Hiiir Corporation	2014

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

Income tax returns through 2010 of KG Telecom (dissolved due to the merger with Far EasTone on January 1, 2010) had been assessed by the tax authorities. However, Far EasTone disagreed with the tax authorities' assessment of its 2000 and 2004 returns and thus filed appeals for the reexamination of these returns. Nevertheless, Far EasTone accrued the related tax.

New Century InfoComm Tech Corporation

New Century InfoComm Tech Corporation disagreed with the tax authorities' assessment of its 2014 return and thus applied for reexamination. Nevertheless, New Century InfoComm Tech Corporation accrued the related tax expense.

**29. EARNINGS PER SHARE**

**Unit: NT\$ Per Share**

	<b><u>For the Year Ended December 31</u></b>	
	<b>2016</b>	<b>2015</b>
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 shares outstanding that were used in the computation of earnings per share were as follows:

**Net Income for the Year**

	<b><u>For the Year Ended December 31</u></b>	
	<b>2016</b>	<b>2015</b>
Net income for the period attributable to owners of the Company	<u>\$ 6,307,786</u>	<u>\$ 8,034,691</u>

**Weighted Average Number of Common Shares Outstanding**

**Unit: In Thousand Shares**

	<b><u>For the Year Ended December 31</u></b>	
	<b>2016</b>	<b>2015</b>
Weighted average number of common shares used in the computation of basic earnings per share	4,999,727	5,002,506
Effect of dilutive potential common shares:		
Employees' compensation or bonus issue to employees	<u>9,808</u>	<u>13,333</u>
Weighted average number of common shares used in the computation 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 consolidated EPS, the Group recognized the number of the shares held by associates as treasury shares and deducted the number of treasury shares from the weighted average number of outstanding shares in the current period.

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

The 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 were NT\$1.18 and NT\$1.50, respectively.

### 30. BUSINESS COMBINATIONS

#### a. Subsidiaries acquired

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

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

#### b. Considerations transferred

	<b>Malaysia Garment Manufactures Pte. Corporation</b>
Cash	<u>\$ 171,115</u>

c. Assets acquired and liabilities assumed at the date of acquisition

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

d. Noncontrolling interests

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

e. Net cash outflow on the acquisition of a subsidiary

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

f. Impact of acquisition on the results of the Group

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

	<b>For the Year Ended December 31, 2015</b>
Revenue	
Malaysia Garment Manufactures Pte. Corporation	\$ <u>          -</u>
Net income	
Malaysia Garment Manufactures Pte. Corporation	\$ <u>(2,237)</u>

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

### 31. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For the year ended December 31, 2016

On March 31, 2016, the Group subscribed for additional new shares of Far Eastern Ishizuka Green Pet Corporation at a percentage different from its existing ownership percentage, increasing its continuing interest from 85.15% to 97.95%.

	<b>Far Eastern Ishizuka Green Pet Corporation</b>
Cash consideration paid	\$ (287,044)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>280,628</u>
Differences arising from equity transactions	<u>\$ (6,416)</u>
<u>Line items adjusted for equity transactions</u>	
Unappropriated earning	<u>\$ (6,416)</u>

On June 30, 2016, the Group subscribed for additional new shares of Far Eastern Ishizuka Green Pet Corporation at a percentage different from its existing ownership percentage, reducing its continuing interest from 97.95% to 90.00%.

	<b>Far Eastern Ishizuka Green Pet Corporation</b>
Cash consideration paid	\$ (498,611)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>545,788</u>
Differences arising from equity transactions	<u>\$ 47,177</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - arising from changes in percentage of ownership interest in subsidiaries	<u>\$ 47,177</u>

In October 2016, the Group subscribed for additional new shares of Far Eastern New Century Information Technology (Beijing) Corporation at a percentage different from its existing ownership percentage, increasing its continuing interest from 79.04% to 90.52%.

	<b>Far Eastern New Century Information Technology (Beijing) Corporation</b>
Cash consideration paid	\$ 197,550
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>(207,815)</u>
Difference arising from equity transaction	<u>\$ (10,265)</u>
<u>Line items adjusted for equity transaction</u>	
Capital surplus - arising from changes in percentage of ownership interest in subsidiaries	<u>\$ (5,483)</u>
Unappropriated earnings	<u>\$ (4,782)</u>

For the year ended December 31, 2015

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

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

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

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

### 32. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

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

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

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Up to 1 year	\$ 3,431,884	\$ 3,684,769
More than 1 year up to 5 years	5,737,926	6,968,830
Later than 5 years	<u>995,328</u>	<u>1,149,250</u>
	<u>\$ 10,165,138</u>	<u>\$ 11,802,849</u>

b. The Group as lessor

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

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Up to 1 year	\$ 715,608	\$ 913,081
More than 1 year up to 5 years	2,321,036	2,827,551
Later than 5 years	<u>1,071,616</u>	<u>1,348,977</u>
	<u>\$ 4,108,260</u>	<u>\$ 5,089,609</u>

### 33. CAPITAL MANAGEMENT

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



### 34. FINANCIAL INSTRUMENTS

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

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

	<b>December 31</b>			
	<b>2016</b>		<b>2015</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Bonds payable	\$ 78,962,120	\$ 79,554,962	\$ 84,284,520	\$ 84,706,177

Fair value hierarchy as at December 31, 2016

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial liabilities</u>				
Bonds payable	<u>\$ 79,554,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,554,962</u>

Fair value hierarchy as at December 31, 2015

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial liabilities</u>				
Bonds payable	<u>\$ 84,706,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,706,177</u>

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

1) Fair value hierarchy

December 31, 2016

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss (FVTPL)				
Open-end mutual funds - beneficial certificates	\$ 3,405,976	\$ -	\$ -	\$ 3,405,976
Marketable equity securities	355,122	-	-	355,122
Guarantee deposits - cotton futures contracts	-	-	42,328	42,328
Forward exchange contracts	-	-	17,760	17,760
Guarantee deposits - PTA futures contracts	-	-	12,396	12,396
Combined exchange options	-	-	<u>2,377</u>	<u>2,377</u>
	<u>\$ 3,761,098</u>	<u>\$ -</u>	<u>\$ 74,861</u>	<u>\$ 3,835,959</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Marketable equity securities	\$ 4,198,219	\$ -	\$ -	\$ 4,198,219
Mutual funds - beneficial certificates	-	598,132	-	598,132
Oversea equity securities	<u>106,090</u>	<u>-</u>	<u>-</u>	<u>106,090</u>
	<u>\$ 4,304,309</u>	<u>\$ 598,132</u>	<u>\$ -</u>	<u>\$ 4,902,441</u>
Hedging derivative financial assets				
Forward exchange contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,073</u>	<u>\$ 2,073</u>
Financial assets at fair value through profit or loss (FVTPL)				
Option contracts	\$ -	\$ -	\$ 3,166	\$ 3,166
Forward exchange contracts	<u>-</u>	<u>-</u>	<u>255</u>	<u>255</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,421</u>	<u>\$ 3,421</u>
Hedging derivative financial liabilities				
Forward exchange contracts	\$ -	\$ -	\$ 40,229	\$ 40,229
Foreign exchange swap contracts	-	-	7,538	7,538
Interest rate swaps	<u>-</u>	<u>-</u>	<u>171,366</u>	<u>171,366</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,133</u>	<u>\$ 219,133</u>

(Concluded)

December 31, 2015

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

(Continued)

	Level 1	Level 2	Level 3	Total
Hedging derivative financial assets				
Forward exchange contracts	\$ -	\$ -	\$ 3,790	\$ 3,790
Forward exchange swap contracts	<u>-</u>	<u>-</u>	<u>2,225</u>	<u>2,225</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,015</u>	<u>\$ 6,015</u>
Hedging derivative financial liabilities				
Forward exchange contracts	\$ -	\$ -	\$ 3,916	\$ 3,916
Cross-currency swaps	-	-	1,775	1,775
Foreign exchange swap contracts	-	-	5,325	5,325
Interest rate swaps	<u>-</u>	<u>-</u>	<u>338,020</u>	<u>338,020</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 349,036</u>	<u>\$ 349,036</u>

(Concluded)

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 December 31, 2016

	Financial Instruments at Fair Value Through Profit or Loss - Held for Trading	Hedging Derivative Financial Instruments	Total
Balance at January 1, 2016	\$ 120,572	\$ (343,021)	\$ (222,449)
Recognized in profit or loss			
Realized	(211,815)	(71,461)	(283,276)
Unrealized	71,440	-	71,440
Recognized in other comprehensive income	-	149,385	149,385
Settlements	<u>91,243</u>	<u>48,037</u>	<u>139,280</u>
Balance at December 31, 2016	<u>\$ 71,440</u>	<u>\$ (217,060)</u>	<u>\$ (145,620)</u>

For the year ended December 31, 2015

	<b>Financial Instruments at Fair Value Through Profit or Loss - Held for Trading</b>	<b>Hedging Derivative Financial Instruments</b>	<b>Total</b>
Balance at January 1, 2015	\$ 118,175	\$ (550,787)	\$ (432,612)
Recognized in profit or loss			
Realized	278,874	(192,448)	82,426
Unrealized	120,572	-	120,572
Recognized in other comprehensive income	-	91,488	91,488
Settlements	<u>(397,049)</u>	<u>308,766</u>	<u>(88,283)</u>
Balance at December 31, 2015	<u>\$ 120,572</u>	<u>\$ (343,021)</u>	<u>\$ (222,449)</u>

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

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

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

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

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
<u>Financial assets</u>		
FVTPL		
Held for trading	\$ 3,835,959	\$ 3,997,895
Derivative instruments in designated hedge accounting relationships	2,073	6,015
Loans and receivables (Note 1)	80,585,613	83,170,332
Available-for-sale financial assets (Note 2)	6,037,589	6,352,922
<u>Financial liabilities</u>		
FVTPL		
Held for trading	3,421	-
Derivative instruments in designated hedge accounting relationships	219,133	349,036
Amortized cost (Note 3)	231,255,258	229,139,543

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

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

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

d. Financial risk management objectives and policies

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

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

The Corporate Treasury function is reviewed by the Group's board of directors in accordance with related rules and internal control system. The Group should implement the overall financial management objective as well as observe the levels of delegated authority and ensure that those with delegated authority carry out their duties.

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the Group's significant foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as Note 39.

Sensitivity analysis

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

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

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
5% change in profit or loss		
USD	<u>\$ (219,644)</u>	<u>\$ (589,910)</u>

b) Interest rate risk

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

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

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Fair value interest rate risk		
Financial assets	\$ 29,757,336	\$ 33,333,704
Financial liabilities	148,600,090	150,927,513
Cash flow interest rate risk		
Financial assets	11,389,344	12,913,827
Financial liabilities	43,907,363	43,087,204

### Sensitivity analysis

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

For the years ended December 31, 2016 and 2015, had interest rates been 0.25% higher/lower and all other variables had been held constant, the fair value of the Group's financial assets with fixed interest rate would have decreased/increased by NT\$74,208 thousand and NT\$83,126 thousand, respectively, and the cash flows on the Group's financial assets with floating interest rate would have increased by NT\$28,473 thousand and NT\$32,285 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 Group's financial liabilities with fixed interest rate would have decreased by NT\$370,574 thousand and NT\$376,378 thousand, respectively, and the cash flows on the Group's financial liabilities with floating interest rate would have increased by NT\$109,768 thousand and NT\$107,718 thousand, respectively.

#### c) Other price risks

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

### Sensitivity analysis

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

If equity prices had been 5% lower, the fair value of held-for-trading and available-for-sale financial assets as of December 31, 2016 and 2015 would have decreased by NT\$433,177 thousand and NT\$454,581 thousand, respectively.

#### 2) Credit risk

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

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

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

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

### 3) Liquidity risk

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

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

	<b>1-2 Years</b>	<b>2-3 Years</b>	<b>Over 3 Years</b>	<b>Total</b>
<u>December 31, 2016</u>				
Long-term borrowings	\$ 44,247,884	\$ 16,929,793	\$ 7,660,239	\$ 68,837,916
Bonds payable	<u>13,500,000</u>	<u>17,800,000</u>	<u>31,300,000</u>	<u>62,600,000</u>
	<u>\$ 57,747,884</u>	<u>\$ 34,729,793</u>	<u>\$ 38,960,239</u>	<u>\$ 131,437,916</u>
<u>December 31, 2015</u>				
Long-term borrowings	\$ 48,596,038	\$ 12,013,572	\$ 16,395,282	\$ 77,004,892
Bonds payable	<u>16,450,000</u>	<u>13,500,000</u>	<u>33,500,000</u>	<u>63,450,000</u>
	<u>\$ 65,046,038</u>	<u>\$ 25,513,572</u>	<u>\$ 49,895,282</u>	<u>\$ 140,454,892</u>

## 35. TRANSACTIONS WITH RELATED PARTIES

The Group had significant transactions with related parties. Besides the transactions mentioned in the other notes, the transactions for the years ended December 31, 2016 and 2015 and the related balances as of the balance sheet dates are summarized in the accompanying Tables 2 and 3.

## 36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<u>December 31</u>	
	<b>2016</b>	<b>2015</b>
Financial assets at fair value through profit or loss (FVTPL) - current	\$ 26,019	\$ -
Other financial assets - current	3,083,562	3,106,606
Inventories - available-for-sale - buildings and land	1,354,474	1,401,999
Inventories - available-for-construction - land	693,157	693,157

(Continued)



	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Property, plant and equipment, net	\$ 13,268,016	\$ 13,599,735
Investment properties	37,192,332	36,689,061
Available-for-sale financial assets - current and noncurrent	136,500	146,850
Investment accounted for using the equity method	2,662,804	2,975,552
Concession - historical cost	3,756,000	2,857,000
Other financial assets - noncurrent	<u>3,766,697</u>	<u>2,697,969</u>
	<u>\$ 65,939,561</u>	<u>\$ 64,167,929</u> (Concluded)

As of December 31, 2016 and 2015, the Group had provided both 122,094 thousand shares of the common shares of Far EasTone Telecommunications Co., Ltd. and both 16,500 thousand common shares of Yuan Ding, as collaterals for short-term borrowings, short-term bills payable and long-term borrowings.

### 37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2016 and 2015 were as follows:

- a. The Group issued but unused letters of credit aggregated approximately NT\$681,049 thousand and NT\$1,022,874 thousand as of December 31, 2016 and 2015, respectively.
- b. The Group (except for Far EasTone and its subsidiaries) unpaid building construction and equipment installation contracts amounting to approximately NT\$6,354,694 thousand and NT\$7,764,224 thousand, as of December 31, 2016 and 2015, respectively.

In addition, Far EasTone and its subsidiaries unpaid properties and cellular phone equipment were as follows:

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Acquisition of property, plant and equipment under contracts	\$ 5,762,054	\$ 6,668,933
Less: Payments for acquisition of property, plant and equipment	<u>1,666,888</u>	<u>1,716,273</u>
	<u>\$ 4,095,166</u>	<u>\$ 4,952,660</u>
Acquisition of cellular phone equipment under contract	\$ 14,299,303	\$ 13,372,760
Less: Payments for acquisition of cellular phone equipment	<u>7,803,864</u>	<u>8,264,134</u>
	<u>\$ 6,495,439</u>	<u>\$ 5,108,626</u>

- c. There were undelivered cotton contracts which were unable to cancel amounting to NT\$380,559 thousand and NT\$222,091 thousand as of December 31, 2016 and 2015, respectively.
- d. Project contracts cost already signed by Far Eastern General Contractor Corporation (FEGC) amounted to NT\$27,813,089 thousand and NT\$26,466,265 thousand as of December 31, 2016 and 2015, respectively.

- e. Far Eastern Electronic Toll Collection Corporation (FETC) was entrusted by the Taiwan Area National Freeway Bureau (TANFB) to collect electronic tolls on freeways and had signed a third-party benefit trust contract with Far Eastern International Bank Corporation (FEIB) to manage the tolls collected. The trust property for this agreement had amounted to NT\$4,010,732 thousand and NT\$3,598,241 thousand as of December 31, 2016 and 2015, respectively.
- f. Endorsements and guarantees provided to the related parties are shown in Table 5 (attached).
- g. Ming-Chiung Chang filed an incidental civil suit, in connection with the criminal case of forgery, against Ming-chung Kuo (an FENC employee) and Hua-de Lin, Hung-Long Li and Yung-gi Lai (the fiduciaries of Pacific Liu Tung Investment Corporation 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.
- h. A subsidiary of FENC, Far Eastern General Contractor Corporation (FEGC), contracted the Southern Taiwan Science Park (STSP) to do underground cable construction. During the construction period, material costs rose because of adverse economic factors and the rising prices of stainless steel and cable materials. Although the contract amount had been adjusted for price inflation, FEGC still incurred a great loss and got no indemnification. Thus, FEGC filed a lawsuit for indemnification with the Supreme Court. As of March 23, 2017, the result of the lawsuit was still being awaited.

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

- i. A company subsidiary, FECC, and Far Eastern Department Store Corporation (FEDS) had jointly developed Banqiao Zhong Ben (Construction License Number: Year 2010 Letter Chang No. 00135) in line with the Directions for the Urban Land Development Application (the "Directions"). Under the Directions, for the joint developers to be entitled to larger floor area and have a building occupancy permit, they should complete the construction within four years after passing an urban design review. If this deadline is unmet the joint developers should either donate the building or remit a certain amount to the New Taipei City Government (NTCG). Later, the NTCG claimed the construction was not completed on time, but the joint developers disagreed with the NTCG's claim. Thus, a dispute on this issue arose. Steps have been taken to settle this dispute, and while the settlement is being negotiated, FECC had placed in the Far Eastern International Bank a negotiable certificate of deposit amounting to NT\$109,995 thousand as a pledge based on the NTCG's requirement. Latter, due to NTCG had confiscated certificate of deposit, FECC had filed an appeal against NTCG, and FECC has accrued related construction cost. The Ministry of the Interior had dismissed the administrative appeal. FECC disagree the administrative appeal decision, and thus filed an administrative litigation with Taipei High Administrative Court. As of March 23, 2017, the lawsuit was pending before the Taipei High Administrative Court.

- j. A Company subsidiary, Far Eastern Electronic Toll Collection Corporation (FETC), has cooperated with government authorities to establish an electronic toll collection system based on the “Establishment and Operating Contract” with Taiwan Area National Freeway Bureau (TANFB). However, on the basis of the system usage rate and the manner of system implementation, TANFB claimed it had the right to penalize FETC for the latter’s failing to achieve the requirements for the electronic toll collection (ETC) system stated in the contract. However, FETC disagreed with the bureau’s interpretation of the contract terms and filed for arbitration with the Negotiation Committee. Nevertheless, both the FETC and TANFB did not agree with the Negotiation Committee’s arbitration. FETC filed a lawsuit against TANFB.

The contract terms were as follow:

1) Usage rate

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

TANFB commented that FETC failed to reach the 70% designated usage rate of ETC in the sixth year of the contract and thus violated the contract, for which FETC was liable for a penalty amounting to NT\$427,500 thousand. Nevertheless, TANFB and ETC have reached a consensus to consider the implementation of the above improvement plan as making up for FETC’s not meeting the 70% usage rate requirement; there was no reason for TANFB to penalize FETC. In addition, FETC exceeded the 65% usage rate stated in the “Establishment and Operating Contract” for the taximeter phase, and the operation of the taximeter system infrastructure (TSI) was also on track. Thus, there was actually no physical evidence of FETC’s violating the contract. For these reasons, FETC said TANFB should not accuse FETC of breach of contract. To settle this matter, FETC applied for a conciliation with TANFB through the Negotiation Committee. The Negotiation Committee suggested TANFB decrease its penalty on FETC because (a) FETC could enter into the taximeter phase since the 65% ETC usage rate had been reached even though this rate was lower than the 70% usage rate stated in the contract; (b) the impact of usage rate to the interest of highway users was markedly diminished (c) the amounts FETC invested in the improvement plan were more than the penalty TANFB claimed.

FETC, however, could not accept the negotiation result. In September 2013, FETC filed a lawsuit against TANFB, claiming it was not liable for the penalty imposed by TANFB. This case was pending before the Taipei District Court. FETC has accrued proper provision.

2) Taximeter system infrastructure

TANFB stated FETC breached the contract when FETC was unable to complete the ETC driveway infrastructure by September 21, 2012 as required in the contract. But after FETC negotiated with TANFB through the Negotiation Committee, both the FETC and TANFB agreed to extend the construction period by four months until January 21, 2013. Thus, TANFB should reset the contract expiry date according to the agreement. However, TANFB has not reset the expiry date and set the date FETC had been informed of violation of contract on February 3, 2013 and obligated FETC to complete the ETC driveway infrastructure and taximeter system infrastructure by April 21, 2013. After FETC’s conciliation with TANFB through the Negotiation Committee in July 2013, the Negotiation Committee suggested that TANFB recheck the construction results and determine if FETC violated the contract after four months after the original contract expiry date. Nevertheless,

TANFB did not agree with the Negotiation Committee's decision and filed a lawsuit against FETC and imposed a penalty of NT\$142,500 thousand on FETC in September 2013. On May 20, 2016, the Taiwan Taipei District Court made a judgement that FETC should compensate TANFB a penalty. FETC appealed against this judgement to The Taipei High Court on May 31, 2016. As of March 23, 2017, the lawsuit was still on going. FETC has accrued proper provision.

- k. In May 2015, FENC subsidiary, Far EasTone applied to the Taipei District Court for a temporary injunction order against Taiwan Mobile Co., Ltd. (TWM) for TWM's violation of the agreement between Far EasTone and TWM and prohibited TWM from using the C1 spectrum till TWM escheats the C4 spectrum to NCC. On July 1, 2015, the Taipei District Court approved the issuance of a preliminary injunction.

On April 28, 2016, the Taipei District Court ruled on the other application for a temporary injunction order that TWM has to return the C4 spectrum to NCC and is prohibited from any use of the spectrum.

As of February 15, 2017, Far EasTone has lodged \$1,200,000 thousand in negotiable certificates of deposit as security for the execution of the provisional injunction order ruling while TWM provided a counter-security of \$1,474,119 thousand to waive the provisional injunction order ruling.

On July 28, 2015, Far EasTone filed a civil litigation against TWM, asking TWM to escheat the C4 spectrum immediately and declared that TWM should refrain from using the C1 spectrum even before escheating the C4 spectrum. At the same time, Far EasTone demanded a compensation of \$1,005,800 thousand from TWM.

The Taipei District Court pronounced the judgement on May 23, 2016 that TWM has to return the C4 spectrum immediately and is prohibited from any use of the spectrum. Far EasTone lodged \$321,000 thousand in negotiable certificates of deposit as security for the provisional execution of the judgment (recognized as other financial assets - current). However, the provisional execution was waived after TWM provided a counter-security of \$961,913 thousand. Both Far EasTone and TWM appealed against the judgment in terms of their unfavorable parts.

### **38. SUBSEQUENT EVENTS**

- a. On March 23, 2017, the board of directors of the Company decided to issue unsecured bonds. The bonds, with a term of less than 10 years, will have an aggregate face value not more than NT\$8,000,000 thousand and a par value of NT\$1,000 thousand.
- b. From the resolution of the board of directors on March 23, 2017, Far Eastern Resources Development Corporation (FERD), a subsidiary of FENC, canceled a contract with Far Eastern Medical Foundation for a sale of 5 plots of land of No. 1011 located in Ya-Tong section, which was acquired by exchanging 6 plots of land of No. 998-15 located in Ya-Tong section, Banqiao, New Taipei City with the Oriental Institute of Technology (OIT) in 2009. FERD returned the advance received in the amount of NT\$90,000 thousand from Far Eastern Medical Foundation plus interest using the average annual rate of 1%.

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

If Far EasTone cannot acquire the permission from the government authorities, then the original shareholders of CNS Group or its related parties could become Far EasTone’s strategic cooperative partners under certain conditions. For this cooperative partnership, the board of directors of Far EasTone resolved to sign a contract with the above subsidiaries, and Evergreen Jade Sdn. Bhd. and Goodwill Tower Sdn. Bhd., both of whom are shareholders of CNS Group, to regulate the rights and obligations of each party. However, Far EasTone received a notice of termination of all relevant contracts as the original shareholders of CNS Group and MSPE Asia are in the process of withdrawing the application for the CNS transaction with relevant competent authorities. Thus, the subsidiaries owned by NHPEA will not issue the aforementioned corporate bonds, and Far EasTone suspends the plan from subscribing the bonds. All related contracts signed by Far EasTone are ineffective accordingly.

### 39. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount (NT\$)
<u>Financial assets</u>			
Monetary items			
USD	\$ 287,963	32.250 (USD:NTD)	\$ 9,286,807
USD	96,093	6.985 (USD:RMB)	3,098,999
USD	37,020	7.800 (USD:HKD)	1,193,895
USD	1,700	4.671 (USD:MYR)	<u>54,825</u>
			<u>\$ 13,634,526</u>
<u>Financial liabilities</u>			
Monetary items			
USD	157,349	32.250 (USD:NTD)	\$ 5,074,505
USD	56,901	6.985 (USD:RMB)	1,835,057
USD	70,705	7.800 (USD:HKD)	2,280,236
USD	1,608	4.671 (USD:MYR)	<u>51,858</u>
			<u>\$ 9,241,656</u>

December 31, 2015

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

For the years ended December 31, 2016 and 2015, (realized and unrealized) net foreign exchange losses were NT\$(792,420) thousand and NT\$(916,502) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of functional currencies of the group entities.

#### **40. SEPARATELY DISCLOSED ITEMS**

a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 4 (attached)
- 2) Endorsement/guarantee provided: Table 5 (attached)
- 3) Marketable securities held: Table 6 (attached)
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: Table 7 (attached)
- 5) Acquisition of individual real estate 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: Table 8 (attached)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 9 (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 10 (attached)

- 9) Trading in derivative instruments: Notes 7 and 9
  - 10) Intercompany relationships and significant intercompany transactions: Table 11
  - 11) Information on investees: Table 12
- 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.: Tables 13 and 13-1 (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: Tables 2, 3, 4, 5, 7, 9, 10 and 11 (attached)
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

#### **41. SEGMENT INFORMATION**

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

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

a. Segments revenues and results

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

	Segment Revenue		Segment Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2016	2015	2016	2015
Petrochemical business			\$ (1,274,521)	\$ (1,647,019)
Revenues generated from external customers	\$ 15,724,474	\$ 17,113,429		
Intersegment revenues	<u>15,676,633</u>	<u>12,862,128</u>		
	<u>31,401,107</u>	<u>29,975,557</u>		
Chemical fiber business			692,771	896,875
Revenues generated from external customers	58,729,458	59,735,118		
Intersegment revenues	<u>733,103</u>	<u>741,307</u>		
	<u>59,462,561</u>	<u>60,476,425</u>		
Textile business			1,177,681	672,603
Revenues generated from external customers	33,838,264	32,150,979		
Intersegment revenues	<u>108,058</u>	<u>109,355</u>		
	<u>33,946,322</u>	<u>32,260,334</u>		
Telecommunication services business			15,024,350	15,393,037
Revenues generated from external customers	94,103,211	97,067,215		
Intersegment revenues	<u>241,055</u>	<u>226,003</u>		
	<u>94,344,266</u>	<u>97,293,218</u>		
Real estate development			1,009,097	692,255
Revenues generated from external customers	8,176,564	5,935,040		
Intersegment revenues	<u>719,859</u>	<u>708,574</u>		
	<u>8,896,423</u>	<u>6,643,614</u>		
Investment and other			158,105	1,100,017
Revenues generated from external customers	\$ 6,634,203	\$ 8,623,515		
Intersegment revenues	<u>301,004</u>	<u>159,733</u>		
	<u>6,935,207</u>	<u>8,783,248</u>		
Adjustment and elimination	<u>(17,053,498)</u>	<u>(14,532,416)</u>	<u>(174,207)</u>	<u>357,538</u>
	<u>\$ 217,932,388</u>	<u>\$ 220,899,980</u>	<u>16,613,276</u>	<u>17,465,306</u>
Interest revenue			440,904	483,727
Exchange gain (loss)			(792,420)	(916,502)
Interest expense			(2,486,885)	(2,450,149)
Other revenue and income (other expenses and losses)			<u>2,185,235</u>	<u>5,118,291</u>
Profit before tax			<u>\$ 15,960,110</u>	<u>\$ 19,700,673</u>

Note: For the years ended December 31, 2016 and 2015, the main differences between the total reportable segment revenue and consolidated operating revenue and those between the total reportable segment profit and consolidated operating income were due to the share of the associates' profits of NT\$1,873,936 thousand and NT\$2,721,771 thousand, respectively, and dividend income from associates, which amounted to NT\$202,531 thousand and NT\$230,007 thousand, respectively.

b. Segment total assets and liabilities

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

c. Geographical information

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



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

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Taiwan	\$ 157,981,927	\$ 162,206,048	\$ 293,132,939	\$ 286,768,157
China	32,038,740	33,240,514	39,513,805	41,668,721
Oversea	<u>25,835,254</u>	<u>22,501,640</u>	<u>6,029,919</u>	<u>4,867,246</u>
	<u>\$ 215,855,921</u>	<u>\$ 217,948,202</u>	<u>\$ 338,676,663</u>	<u>\$ 333,304,124</u>

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

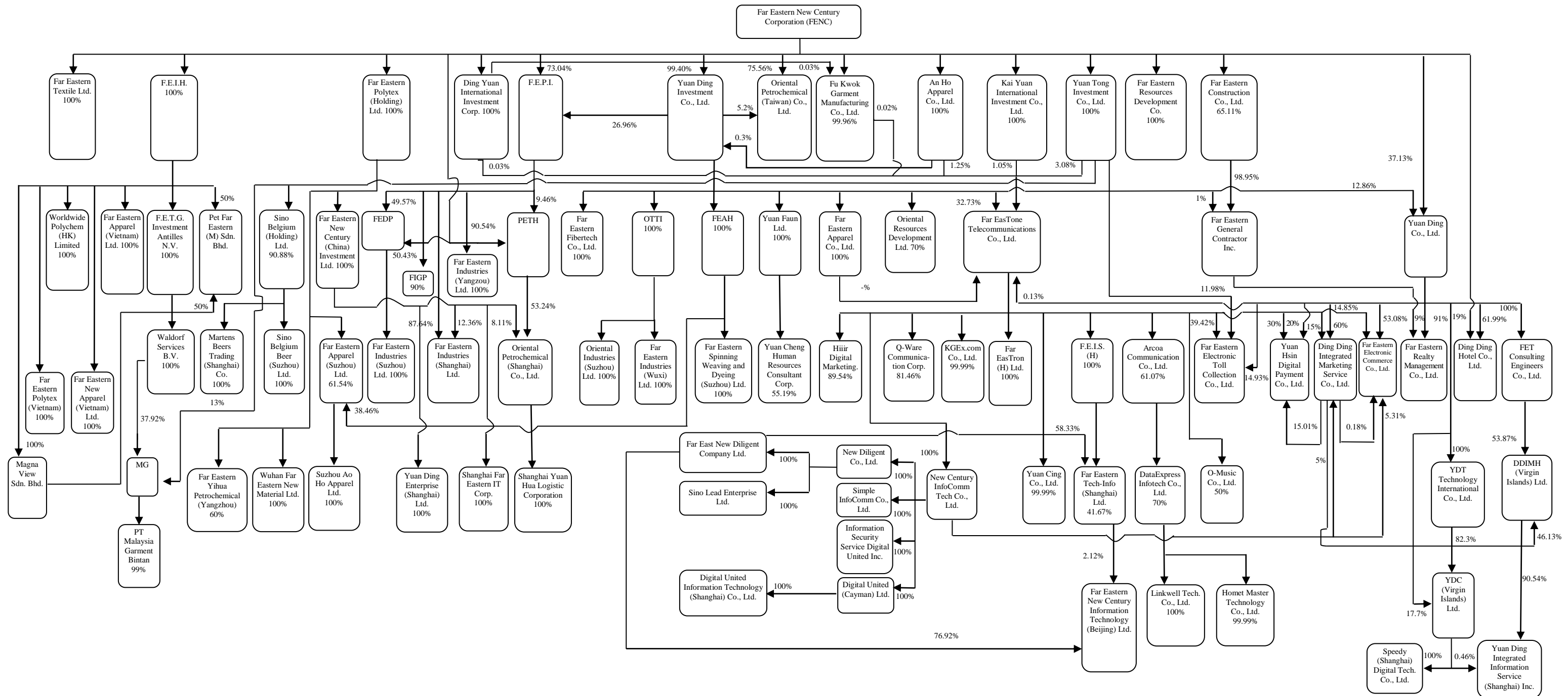
d. Information about major customers

No single customers contributed 10% or more to the Group's revenue for both 2016 and 2015.

**TABLE 1**

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND PERCENTAGES OF OWNERSHIP  
DECEMBER 31, 2016**



**TABLE 2****FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES****CONSOLIDATED RELATED-PARTY TRANSACTIONS****(In Thousands of New Taiwan Dollars)**

	<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
Sales		
Associates	\$ 1,335,203	\$ 1,461,674
Others	<u>1,108,786</u>	<u>1,076,849</u>
	<u>\$ 2,443,989</u>	<u>\$ 2,538,523</u>
Operating cost and purchase of inventory	\$ 1,812,198	\$ 1,378,989
Associates	<u>586,284</u>	<u>876,565</u>
Others		
	<u>\$ 2,398,482</u>	<u>\$ 2,255,554</u>
Operating expense		
Associates	\$ 47,942	\$ 56,509
Others	<u>362,948</u>	<u>364,865</u>
	<u>\$ 410,890</u>	<u>\$ 421,374</u>
Rental revenue (recognized as operating revenue)		
Associates	\$ 254,704	\$ 263,075
Others	<u>330,834</u>	<u>352,729</u>
	<u>\$ 585,538</u>	<u>\$ 615,804</u>
Rental expense (recognized as operating cost and expense)		
Associates	\$ 78,773	\$ 102,311
Others	<u>253,632</u>	<u>180,299</u>
	<u>\$ 332,405</u>	<u>\$ 282,610</u>

## Note:

- The terms of sales to and purchases from related parties were based on agreements.
- The Group had donated NT\$4,000 thousand and NT\$14,487 thousand to other related parties for the years ended December 31, 2016 and 2015, respectively.
- The Group had purchased the software equipment, contract project, machinery and equipment, securities, and contract construction from other related parties amounted to NT\$79,799 thousand for the year ended December 31, 2016. The Group had purchased the office equipment, software equipment, machinery and equipment, and contract project from other related parties amounted to NT\$59,609 thousand for the year ended December 31, 2015.

(Continued)

- d. The Group had sold office equipment and other assets amounting to NT\$199,640 thousand to the associates and recognized the gain on disposal amounting to NT\$34,275 thousand for the year ended December 31, 2015.
- e. The Group had sold investment properties - land to its related parties for NT\$1,878,322 thousand and recognized a gain of NT\$815,643 thousand on this disposal for the year ended December 31, 2015. The disposal proceeds of NT\$78,322 thousand had been received in cash, and the rest of the proceeds amounting to NT\$1,800,000 thousand and to be received in the next several years. As of December 31, 2016 and 2015, the Group recognized NT\$360,000 thousand and NT\$180,000 thousand as other receivables from related parties, and NT\$1,440,000 thousand and NT\$1,620,000 thousand as long-term other receivables from related parties.
- f. The Group had exchanged its investment properties - land with a fair value of NT\$1,115,520 thousand and paid an extra NT\$776,850 thousand for land with a fair value of NT\$1,892,370 thousand with other related parties - Oriental Institute of Technology (OIT), and recognized a gain on disposal of NT\$167,986 thousand. In addition, based on the exchange contract, the Group paid NT\$158,255 thousand for related transaction costs for this exchange. The Group recognized the exchanged land as inventories - available-for-sale - land and buildings in the amount of NT\$1,665,015 thousand, and investment properties - land in the amount of NT\$385,610 thousand. The exchanged land was expected to be resold to Far Eastern Medical Foundation, and received NT\$90,000 thousand in advance. From the resolution of the board of directors on March 23, 2017, Far Eastern Resources Development Corporation (FERD), a subsidiary of FENC, canceled a contract with Far Eastern Medical Foundation for a sale of 5 plots of land of No. 1011 located in Ya-Tong section, which was acquired by exchanging 6 plots of land of No. 998-15 located in Ya-Tong section, Banqiao, New Taipei City with the Oriental Institute of Technology (OIT) in 2009. FERD returned the advance received in the amount of NT\$90,000 thousands from Far Eastern Medical Foundation plus interest using the average annual rate of 1%. (Note 38)
- g. The fund transaction between the Group and Opas Fund Segregated Portfolio Company (“Opas Company”) was carrying out investment to acquisition and disposal the overseas fund including Opas Fund Segregated Portfolio Tranche “A”, “B”, “C”, “D”, through the trading platform of Opas Company. The decisions on overseas mutual funds with different tranches were made by the investment committee which is formed with the Group and other investors. During the year ended December 31, 2015, the Group acquired funds with carrying amounts of \$653,400 thousand, and the Group disposed of funds with carrying amounts of \$603,900 thousand. The disposal proceed was \$687,033 thousand, and the gains on fund disposal was \$83,133 thousand.
- h. The rental expense incurred for rental agreements on factories in Hukou and Hsinchu, office and equipment rooms in Tainan, base stations and departments around Taiwan. The term of the rental agreements was from January 2009 to January 2029. The revenue generated from renting out some of the floors of the Taipei Metro Tower building and buildings in Chen-Chung Section in Taipei City, Hsin-ban Section in New Taipei City and Xinhua development zone in Shanghai City; the related lease term was from November 2006 to January 2035. Rent is received or paid quarterly or monthly, and the amount of rent was based on market conditions in nearby locations.
- i. Compensation of key management personnel:

	<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
Short-term employee benefits	\$ 351,425	\$ 378,035
Post-employment benefits	<u>2,656</u>	<u>3,147</u>
	<u>\$ 354,081</u>	<u>\$ 381,182</u>

(Concluded)

**TABLE 3****FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES****CONSOLIDATED RELATED-PARTY TRANSACTIONS****(In Thousands of New Taiwan Dollars)**

	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Notes and accounts receivable from related parties		
Associates	\$ 508,319	\$ 562,937
Others	<u>546,310</u>	<u>582,024</u>
	<u>\$ 1,054,629</u>	<u>\$ 1,144,961</u>
Notes and accounts payable to related parties		
Associates	\$ 182,925	\$ 71,596
Others	<u>235,826</u>	<u>309,787</u>
	<u>\$ 418,751</u>	<u>\$ 381,383</u>
Progress billings		
Associates	\$ 98,844	\$ -
Others	<u>776,844</u>	<u>707,564</u>
	<u>\$ 875,688</u>	<u>\$ 707,564</u>
Guarantee deposits received		
Associates	\$ 10,899	\$ 10,899
Others	<u>168,222</u>	<u>177,306</u>
	<u>\$ 179,121</u>	<u>\$ 188,205</u>
Deferred credit - gains on related-party transactions		
Associates	\$ 114,854	\$ 139,736
Others	<u>9,338</u>	<u>9,338</u>
	<u>\$ 124,192</u>	<u>\$ 149,074</u>
<u>Financing to related parties</u>		
Loans to related parties (recognized as other receivables from related parties):		
	<b>December 31</b>	
	<b>2016</b>	<b>2015</b>
Associates	\$ 4,436,370	\$ 4,186,100
Others	<u>230,850</u>	<u>-</u>
	<u>\$ 4,667,220</u>	<u>\$ 4,186,100</u>

(Continued)

The interests income from loans to related parties were NT\$83,321 thousand and NT\$20,351 thousand for the years ended December 31, 2016 and 2015, respectively.

Loans from related parties:

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Others (recognized as short-term borrowings - loans from related parties)	\$ 3,487,023	\$ 3,592,852
Others (recognized as long-term borrowings - bank loans)	<u>600,000</u>	<u>-</u>
	<u>\$ 4,087,023</u>	<u>\$ 3,592,852</u>

The interests expense from loans from related parties were NT\$330 thousand and NT\$2,182 thousand for the years ended December 31, 2016 and 2015.

Deposits, debt investments with no active market and other financial assets

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Others	<u>\$ 9,371,078</u>	<u>\$ 18,869,669</u>

The Group had bank deposits and time deposits (recognized as cash, cash equivalents and debt investments with no active market) in other related parties. In addition, the deposits included the proceeds of Far EastOne's sale of prepaid cards, sale of international calling cards and highway toll fees, which were consigned to other related parties as trust fund, which were recognized as other financial assets. The interests income were NT\$74,614 thousand and NT\$111,851 thousand for the years ended December 31, 2016 and 2015, respectively.

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 Group signed forward exchange contracts, option contracts, combined exchange options and cross-currency swap contracts with other related parties. The gain or (loss) of financial assets (liabilities) at fair value through profit or loss were NT\$34,931 thousand and NT\$23,020 thousand for the years ended December 31, 2016 and 2015, respectively.

Derivative financial assets (liabilities) for hedging - current

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Others	<u>\$ (7,538)</u>	<u>\$ (3,100)</u>
		(Continued)

The Group signed foreign exchange swap contracts with other related parties and recognized as derivative financial assets (liabilities) for hedging. Notional amount were both US\$20,000 thousand as of December 31, 2016 and 2015.

Note:

- a. The terms of sales to and purchases from related parties were based on the agreements.
- b. The rent receivables (recognized as other receivables) from renting out the factories to other related parties were NT\$355,322 thousand and NT\$258,524 thousand as of December 31, 2016 and 2015, respectively.

(Concluded)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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	Da Ju Fiber Corporation	Yes	Receivables from related parties	940,000	940,000	940,000	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).
		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).
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 D); 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 SUBSIDIARIES

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 SUBSIDIARIES

## 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 Preferred stock 3,000	200,399	50.00	-	
	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 Preferred stock 3,000	200,399	50.00	-	
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 Yuan Ding Enterprise (Shanghai) Corporation	(Note A) (Note A)	Investments accounted for using the equity method Investments accounted for using the equity method	(Note H) (Note H)	380,589 817,036	8.11 100.00	- -	
Sino Belgium (Holding) Corporation	Martens Beers Trading (Shanghai) Corporation	(Note A)	Investments accounted for using the equity method	(Note H)	15,194	100.00	-	
	Sino Belgium Beer (Suzhou) Corporation	(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	-	119,000 thousand shares pledged or mortgaged as collaterals for loans.
	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 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 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 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 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 SUBSIDIARIES

SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK  
FOR THE YEAR ENDED DECEMBER 31, 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**

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

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

<b>Seller</b>	<b>Property</b>	<b>Event Date</b>	<b>Original Acquisition Date</b>	<b>Carrying Amount</b>	<b>Transaction Amount</b>	<b>Collection</b>	<b>Gain (Loss) on Disposal</b>	<b>Counterparty</b>	<b>Relationship</b>	<b>Purpose of Disposal</b>	<b>Price Reference</b>	<b>Other Terms</b>
Far Eastern Resources Development Corporation	Lands located in Banqiao 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 SUBSIDIARIES

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

**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 SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS BETWEEN FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

**(In Thousands of New Taiwan Dollars)**

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
0	Far Eastern New Century Corporation	Worldwide Polychem (HK) Corporation	1	Accounts receivable	\$ 684,994	Based on agreement	-
		Worldwide Polychem (HK) Corporation	1	Sales	2,533,196	Based on agreement	1
		Far Eastern Industries (Shanghai) Corporation	1	Sales	1,347,778	Based on agreement	1
		Far Eastern Industries (Shanghai) Corporation	1	Accounts receivable	325,408	Based on agreement	-
		Far Eastern Apparel (Vietnam) Corporation	1	Sales	253,252	Based on agreement	-
		Far Eastern Apparel (Suzhou) Corporation	1	Sales	158,286	Based on agreement	-
		Far Eastern Industries (WuXi) Corporation	1	Sales	184,788	Based on agreement	-
		Far Eastern Polychem Industries Corporation	1	Sales	142,487	Based on agreement	-
		PET Far Eastern (M) Sdn. Bhd.	1	Sales	134,248	Based on agreement	-
1	Yuan Ding Investment Corporation	Yuan Tong Investment Corporation	3	Other receivables	107,000	Based on agreement	-
		Yuan Tong Investment Corporation	3	Interest revenue	3,961	Based on agreement	-
		Kai Yuan International Investment Corporation	3	Other receivables	625,000	Based on agreement	-
		Kai Yuan International Investment Corporation	3	Interest revenue	8,758	Based on agreement	-
		An Ho Garment Corporation	3	Other receivables	414,000	Based on agreement	-
		An Ho Garment Corporation	3	Interest revenue	6,155	Based on agreement	-
		Ding Yuan International Investment Corporation	3	Interest revenue	10	Based on agreement	-
2	Far Eastern Polychem Industries Corporation	PET Far Eastern (M) Sdn. Bhd.	3	Sales	948,598	Based on agreement	-
		Far Eastern Industries (Shanghai) Corporation	3	Other receivables	96,750	Based on agreement	-
		Far Eastern Ishizuka Green Pet Corporation	3	Other receivables	9,675	Based on agreement	-
		Far Eastern Ishizuka Green Pet Corporation	3	Interest revenue	3,216	Based on agreement	-
		Far Eastern New Century (China) Investment Corporation	3	Other receivables	1,431,270	Based on agreement	-
		PET Far Eastern (M) Sdn. Bhd.	3	Accounts receivable	180,897	Based on agreement	-
		Wuhan Far Eastern New Material Corporation	3	Sales	251,077	Based on agreement	-
		Far Eastern New Century (China) Investment Corporation	3	Interest receivables	6,008	Based on agreement	-
		Far Eastern Ishizuka Green Pet Corporation	3	Interest receivables	308	Based on agreement	-
		Far Eastern New Century (China) Investment Corporation	3	Interest revenue	11,393	Based on agreement	-
3	Oriental Petrochemical (Taiwan) Corporation	Far Eastern New Century Corporation	2	Accounts receivable	929,196	Based on agreement	-
		Far Eastern New Century Corporation	2	Sales	8,334,259	Based on agreement	4
		Far Eastern Industries (Shanghai) Corporation	3	Accounts receivable	168,264	Based on agreement	-
		Far Eastern Industries (Shanghai) Corporation	3	Sales	623,348	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
4	Far Eastern Investment (Holding) Corporation	Far Eastern Polytex (Holding) Corporation	3	Other receivables	\$ 61,275	Based on agreement	-
		Far Eastern Polytex (Holding) Corporation	3	Interest receivables	121	Based on agreement	-
		Far Eastern Polytex (Holding) Corporation	3	Interest revenue	17,295	Based on agreement	-
		Oriental Textile (Holding) Corporation	3	Other receivables	448,275	Based on agreement	-
		Oriental Textile (Holding) Corporation	3	Interest receivables	48	Based on agreement	-
		Oriental Textile (Holding) Corporation	3	Interest revenue	31,444	Based on agreement	-
		PET Far Eastern (M) Sdn. Bhd.	3	Other receivables	202,738	Based on agreement	-
		PET Far Eastern (M) Sdn. Bhd.	3	Interest receivables	55,407	Based on agreement	-
		PET Far Eastern (M) Sdn. Bhd.	3	Interest revenue	3,870	Based on agreement	-
		Far Eastern Apparel (Vietnam) Corporation	3	Other receivables	322,500	Based on agreement	-
		Sino Belgium (Holding) Corporation	3	Other receivables	158,025	Based on agreement	-
		Sino Belgium (Holding) Corporation	3	Interest receivables	664	Based on agreement	-
		Sino Belgium (Holding) Corporation	3	Interest revenue	2,918	Based on agreement	-
		PET Far Eastern (Holding) Corporation	3	Interest revenue	9,669	Based on agreement	-
		Far Eastern New Century (China) Investment Corporation	3	Other receivables	1,721,679	Based on agreement	-
		Far Eastern Polychem Industries Corporation	3	Other receivables	1,293,225	Based on agreement	-
		Far Eastern Polychem Industries Corporation	3	Interest receivables	138	Based on agreement	-
		Far Eastern Polychem Industries Corporation	3	Interest revenue	13,746	Based on agreement	-
		Far Eastern Polychem Industries Corporation	3	Other receivables	261,452	Based on agreement	-
		Worldwide Polychem (HK) Corporation	3	Other receivables	145,125	Based on agreement	-
Far Eastern New Apparel (Vietnam) Corporation	3	Other receivables	387,000	Based on agreement	-		
5	PET Far Eastern (Holding) Corporation	Oriental Petrochemical (Shanghai) Corporation	3	Other receivables	302,632	Based on agreement	-
		Far Eastern New Century (China) Investment Corporation	3	Other receivables	138,510	Based on agreement	-
		Far Eastern New Century (China) Investment Corporation	3	Interest receivables	45	Based on agreement	-
		Far Eastern New Century (China) Investment Corporation	3	Interest revenue	17,685	Based on agreement	-
6	Far Eastern Polytex (Holding) Corporation	Far Eastern New Century (China) Investment Corporation	3	Other receivables	80,090	Based on agreement	-
7	Yuan Ding Corporation	Far Eastern Electronic Commerce Corporation	3	Other receivables	200,000	Based on agreement	-
		Far Eastern Electronic Commerce Corporation	3	Interest receivables	179	Based on agreement	-
		Far Eastern Electronic Commerce Corporation	3	Interest revenue	1,356	Based on agreement	-
		Ding Ding Hotel Corporation	3	Other receivables	300,000	Based on agreement	-
		Ding Ding Hotel Corporation	3	Interest receivables	290	Based on agreement	-
		Ding Ding Hotel Corporation	3	Interest revenue	697	Based on agreement	-
		Far Eastern New Century Corporation	2	Rent revenue	118,635	Based on agreement	-
		Ding Ding Hotel Corporation	3	Rent revenue	388,812	Based on agreement	-
8	Oriental Textile (Holding) Corporation	Far Eastern New Century (China) Investment Corporation	3	Other receivables	784,890	Based on agreement	-
		Far Eastern New Century (China) Investment Corporation	3	Interest receivables	4,659	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
		Far Eastern New Century (China) Investment Corporation	3	Interest revenue	\$ 15,454	Based on agreement	-
9	Far Eastern Apparel (Holding) Corporation	Far Eastern Dyeing & Finishing (Suzhou) Corporation	3	Other receivables	161,250	Based on agreement	-
		Far Eastern Investment (Holding) Corporation	3	Interest revenue	7,166	Based on agreement	-
10	Far Eastern Apparel (Vietnam) Corporation	Far Eastern Apparel (Holding) Corporation	3	Accounts receivable	470,673	Based on agreement	-
		Far Eastern Apparel (Holding) Corporation	3	Process revenue	1,675,686	Based on agreement	1
11	Far Eastern Industries (Shanghai) Corporation	Far Eastern Polychem Industries Corporation	3	Accounts receivable	311,495	Based on agreement	-
		Far Eastern Polychem Industries Corporation	3	Sales	7,464,232	Based on agreement	3
		Wuhan Far Eastern New Material Corporation	3	Accounts receivable	280,171	Based on agreement	-
		Wuhan Far Eastern New Material Corporation	3	Sales	833,485	Based on agreement	-
		Far Eastern Dyeing & Finishing (Suzhou) Corporation	3	Sales	182,992	Based on agreement	-
		Oriental Petrochemical (Shanghai) Corporation	3	Other receivables	1,385,100	Based on agreement	-
		Oriental Petrochemical (Shanghai) Corporation	3	Interest revenue	14,814	Based on agreement	-
		Oriental Petrochemical (Shanghai) Corporation	3	Interest receivables	14,105	Based on agreement	-
12	Far Eastern Dyeing & Finishing (Suzhou) Corporation	Far Eastern Apparel (Holding) Corporation	3	Accounts receivable	467,323	Based on agreement	-
		Far Eastern Apparel (Holding) Corporation	3	Sales	4,112,110	Based on agreement	2
		Far Eastern Apparel (Suzhou) Corporation	3	Sales	271,141	Based on agreement	-
		Oriental Industries (Suzhou) Corporation	3	Other receivables	741,795	Based on agreement	-
		Oriental Industries (Suzhou) Corporation	3	Interest revenue	1,387	Based on agreement	-
13	Waldorf Services B.V.	Far Eastern Investment (Holding) Corporation	3	Other receivables	351,525	Based on agreement	-
		Far Eastern Investment (Holding) Corporation	3	Interest receivables	1,503	Based on agreement	-
		Far Eastern Investment (Holding) Corporation	3	Interest revenue	8,423	Based on agreement	-
		Oriental Textile (Holding) Corporation	3	Other receivables	341,850	Based on agreement	-
		Oriental Textile (Holding) Corporation	3	Interest receivables	1,443	Based on agreement	-
		Oriental Textile (Holding) Corporation	3	Interest revenue	6,537	Based on agreement	-
		Far Eastern Polychem Industries Corporation	3	Other receivables	483,750	Based on agreement	-
		Far Eastern Polychem Industries Corporation	3	Interest receivables	5,968	Based on agreement	-
		Far Eastern Polychem Industries Corporation	3	Interest revenue	5,970	Based on agreement	-
14	Oriental Petrochemical (Shanghai) Corporation	Far Eastern Industries (Shanghai) Corporation	3	Accounts receivable	606,292	Based on agreement	-
		Far Eastern Industries (Shanghai) Corporation	3	Notes receivable	1,081,120	Based on agreement	-
		Far Eastern Industries (Shanghai) Corporation	3	Sales	5,273,634	Based on agreement	2
		Far Eastern Industries (Suzhou) Corporation	3	Accounts receivable	157,123	Based on agreement	-
		Far Eastern Industries (Suzhou) Corporation	3	Notes receivable	280,643	Based on agreement	-
		Far Eastern Industries (Suzhou) Corporation	3	Sales	1,424,056	Based on agreement	1
		Far Eastern New Century (China) Investment Corporation	3	Other receivables	84,510	Based on agreement	-
		Far Eastern New Century (China) Investment Corporation	3	Interest receivables	94	Based on agreement	-
		Far Eastern New Century (China) Investment Corporation	3	Interest revenue	397	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
15	Far Eastern Industries (WuXi) Corporation	Oriental Industries (Suzhou) Corporation	3	Other receivables	\$ 553,172	Based on agreement	-
		Oriental Industries (Suzhou) Corporation	3	Interest receivables	1,208	Based on agreement	-
		Oriental Industries (Suzhou) Corporation	3	Interest revenue	3,993	Based on agreement	-
		Far Eastern Dyeing & Finishing (Suzhou) Corporation	3	Sales	447,028	Based on agreement	-
		Oriental Textile (Holding) Corporation	3	Sales	229,959	Based on agreement	-
16	Oriental Industries (Suzhou) Corporation	Oriental Textile (Holding) Corporation	3	Accounts receivable	461,083	Based on agreement	-
		Oriental Textile (Holding) Corporation	3	Sales	3,073,069	Based on agreement	1
		Far Eastern Industries (Suzhou) Corporation	3	Other receivables	550,254	Based on agreement	-
		Far Eastern Industries (Suzhou) Corporation	3	Interest receivables	1,160	Based on agreement	-
		Far Eastern Industries (Suzhou) Corporation	3	Interest revenue	18,107	Based on agreement	-
		Sino Belgium Beer (Suzhou) Corporation	3	Other receivables	736,818	Based on agreement	-
		Sino Belgium Beer (Suzhou) Corporation	3	Interest receivables	1,752	Based on agreement	-
		Sino Belgium Beer (Suzhou) Corporation	3	Interest revenue	5,047	Based on agreement	-
		17	Far Eastern Industries (Suzhou) Corporation	Oriental Industries (Suzhou) Corporation	3	Accounts receivable	227,474
Oriental Industries (Suzhou) Corporation	3			Notes receivable	662,817	Based on agreement	-
Oriental Industries (Suzhou) Corporation	3			Sales	2,267,526	Based on agreement	1
18	Far Eastern Apparel (Suzhou) Corporation	Oriental Industries (Suzhou) Corporation	3	Other receivables	765,914	Based on agreement	-
		Oriental Industries (Suzhou) Corporation	3	Interest receivables	17,327	Based on agreement	-
		Oriental Industries (Suzhou) Corporation	3	Interest revenue	18,198	Based on agreement	-
		Far Eastern Industries (Suzhou) Corporation	3	Other receivables	300,105	Based on agreement	-
		Far Eastern Industries (Suzhou) Corporation	3	Interest revenue	620	Based on agreement	-
		Far Eastern Apparel (Holding) Corporation	3	Accounts receivable	193,087	Based on agreement	-
		Far Eastern Apparel (Holding) Corporation	3	Sales	1,612,041	Based on agreement	1
		19	Far Eastern New Century (China) Investment Corporation	Oriental Petrochemical (Shanghai) Corporation	3	Other receivables	290,871
Oriental Petrochemical (Shanghai) Corporation	3			Interest revenue	1,699	Based on agreement	-
Far Eastern Industries (Shanghai) Corporation	3			Other receivables	2,230,607	Based on agreement	-
Far Eastern Industries (Shanghai) Corporation	3			Interest revenue	35,775	Based on agreement	-
Oriental Industries (Suzhou) Corporation	3			Other receivables	325,785	Based on agreement	-
Oriental Industries (Suzhou) Corporation	3			Interest revenue	6,550	Based on agreement	-
Wuhan Far Eastern New Material Corporation	3			Interest revenue	735	Based on agreement	-
Shanghai Far Eastern Petrochemical Logistic Corporation	3			Other receivables	18,787	Based on agreement	-
Shanghai Far Eastern Petrochemical Logistic Corporation	3			Interest revenue	315	Based on agreement	-
Yuan Ding Enterprise (Shanghai) Corporation	3			Other receivables	3,845,776	Based on agreement	1
20	YDT Technology International Corporation			Yuan Ding Corporation	3	Other receivables	40,000
		Yuan Ding Corporation	3	Interest revenue	967	Based on agreement	-
		Yuan Ding Corporation	3	Interest receivables	39	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
21	FET Consulting Engineers Corporation	Yuan Ding Corporation	3	Other receivables	\$ 200,000	Based on agreement	-
		Yuan Ding Corporation	3	Interest receivables	193	Based on agreement	-
		Yuan Ding Corporation	3	Interest revenue	1,557	Based on agreement	-
22	Oriental Resources Development Corporation	Far Eastern New Century Corporation	2	Sales	350,409	Based on agreement	-
23	Far Eastern Ishizuka Green Pet Corporation	Far Eastern New Century Corporation	2	Sales	274,959	Based on agreement	-
24	Wuhan Far Eastern New Material Corporation	Far Eastern Polychem Industries Corporation	3	Sales	346,122	Based on agreement	-
		Far Eastern New Century (China) Investment Corporation	3	Other receivables	87,321	Based on agreement	-
		Far Eastern New Century (China) Investment Corporation	3	Interest revenue	272	Based on agreement	-
		Far Eastern New Century (China) Investment Corporation	3	Interest receivables	94	Based on agreement	-
25	FEDP (Holding) Corporation	Far Eastern Investment (Holding) Corporation	3	Interest revenue	433	Based on agreement	-
		Far Eastern Polychem Industries Corporation	3	Other receivables	161,250	Based on agreement	-
		Far Eastern Polychem Industries Corporation	3	Interest receivables	276	Based on agreement	-
		Far Eastern Polychem Industries Corporation	3	Interest revenue	2,350	Based on agreement	-
26	Ding Ding Integrated Marketing Service Corporation	Yuan Ding Integrated Information Service (Shanghai) Corporation	3	Other receivables	64,500	Based on agreement	-
		Yuan Ding Integrated Information Service (Shanghai) Corporation	3	Interest receivables	542	Based on agreement	-
		Yuan Ding Integrated Information Service (Shanghai) Corporation	3	Interest revenue	542	Based on agreement	-
27	Yuan Cheng Human Resources Consultant Corporation	Far EasTone Telecommunications Corporation	3	Other operating revenue	106,585	Based on agreement	-
28	Shanghai Far Eastern Petrochemical Logistic Corporation	Oriental Petrochemical (Shanghai) Corporation	3	Other operating revenue	108,673	Based on agreement	-
29	Far Eastern Industries (Yangzhou) Corporation	Far Eastern Dyeing & Finishing (Suzhou) Corporation	3	Other receivables	230,850	Based on agreement	-
30	Far EasTone Telecommunications Corporation	ARCOA Communication Corporation	3	Accounts receivable	146,184	Based on agreement	-
		ARCOA Communication Corporation	3	Sales	193,075	Based on agreement	-
		New Century InfoComm Corporation	3	Telecommunications service revenue	586,011	Based on agreement	-
		KGEx.com Corporation	3	Telecommunications service revenue	131,035	Based on agreement	-
		DataExpress Infotech Corporation	3	Sales	219,079	Based on agreement	-
31	New Century InfoComm Corporation	Far EasTone Telecommunications Corporation	3	Telecommunications service revenue	3,701,368	Based on agreement	2
		Far EasTone Telecommunications Corporation	3	Other receivables	859,678	Based on agreement	-
		Q-ware Communications Corporation	3	Other receivables	190,714	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
32	ARCOA Communication Corporation	Far EasTone Telecommunications Corporation	3	Sales	\$ 13,541,219	Based on agreement	6
		Far EasTone Telecommunications Corporation	3	Telecommunications service revenue	102,917	Based on agreement	-
		Far EasTone Telecommunications Corporation	3	Operating revenue	551,672	Based on agreement	-
		Far EasTone Telecommunications Corporation	3	Accounts receivable	1,015,627	Based on agreement	-
		Home Master Technology Corporation	3	Sales	107,456	Based on agreement	-
33	KGEx.com Corporation	New Century InfoComm Corporation	3	Telecommunications service revenue	149,976	Based on agreement	-
34	O-music Corporation	Far EasTone Telecommunications Corporation	3	Telecommunications service revenue	224,634	Based on agreement	-
35	Linkwell Tech. Corporation	DataExpress Infotech Corporation	3	Sales	127,063	Based on agreement	-
36	Sino Lead Enterprise Limited	New Century InfoComm Corporation	3	Telecommunications service revenue	110,692	Based on agreement	-
37	DataExpress Infotech Corporation	Home Master Technology Corporation	3	Sales	137,417	Based on agreement	-

Note A: How the Company and subsidiaries are identified:

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

Note B: Flow of transaction:

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

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

(Concluded)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
FOR THE YEAR ENDED DECEMBER 31, 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 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 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	Investment	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 shares and 3,000 thousand preferred shares.

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 SUBSIDIARIES

INVESTMENTS 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, grieve 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 Tand 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 SUBSIDIARIES

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 18,224 (Note G)				
	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)