



2016 ANNUAL REPORT
FAR EASTERN NEW CENTURY

2016

Stock Code 1402 MAY 15, 2017



Spokesperson

Name: Humphrey Cheng
Title: Corporate Management President
Tel: 886-2-27338000 #8969
Fax: 886-2-27367184
E-mail: csostaff@metro.feg.com.tw

Deputy Spokesperson

Name: David Wang
Title: Chief Financial Officer
Tel: 886-2-27338000 #8735
Fax: 886-2-27358175
E-mail: ccwang@metro.feg.com.tw

Headquarters, Branches & Plants

Headquarters

Address: 36F, Taipei Metro Tower, 207,
Tun Hwa South Rd., Sec.2, Taipei City,
Taiwan, R.O.C.
Tel: 886-2-27338000

Plants

Hsinpu Chemical Fiber Plant

Address: 369, Yadong Sec., Wen Shan Rd.,
Hsinpu, Hsinchu County, Taiwan R.O.C.
Tel: 886-3-5882511

Kuanyin Chemical Fiber Plant

Address: 3, Jingjian 6th Rd., Kuanyin
Industrial Park, Kuanyin, Taoyuan City,
Taiwan R.O.C.
Tel: 886-3-4832720

Kuanyin Dyeing and Finishing Plant

Address: 1, Kuojiang 2nd Rd., Kuanyin,
Taoyuan City, Taiwan R.O.C.
Tel: 886-3-2729055

Neili Texturizing Plant

Address: 2 Yuan Dong Rd., Chungli,
Taoyuan City, Taiwan, R.O.C.
Tel: 886-3-4555136

Hukou Mill

Address: 30, Hexing Rd., Hukou, Hsinchu
County, Taiwan, R.O.C.
Tel: 886-3-5997135

Common Share Transfer Agent and Registrar

Oriental Securities Corporation
Address: 3F, 86, Chung Ching South Rd.,
Sec. 1, Taipei City, Taiwan, R.O.C.
Tel: 886-2-23618608
Website: <http://www.osc.com.tw>

Auditors

Deloitte & Touche
Auditors: Jing-Bin Shih, CPA,
Cheng-Hung Kuo, CPA
Address: 12F, 156, Min Sheng East Rd.,
Sec.3, Taipei City, Taiwan, R.O.C.
Tel.: 886-2-25459988
Website: <http://www.deloitte.com.tw>

Overseas Securities Exchange

Luxembourg Stock Exchange
Disclosed information can be found at
<http://www.bourse.lu>

Corporate Website

<http://www.fenc.com>

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I. Letter to Shareholders

Dear Shareholders,

The year 2016 was characterized by a multitude of political and economic changes worldwide as major political events like the Brexit vote and Trump victory took the world by surprise and thorny issues such as political turmoil in the European Union and disputes in the South China Sea remain unresolved. The global economy was also in a state of flux last year, when, despite the United States' economic recovery, Europe's stagnant economy, China's slowing growth and Japan's prolonged slump were clearly evident. In 2017 the world is beset with new issues and challenges with the global business climate hugely affected by political, economic and environmental factors as well as fluctuations in raw material prices. In the United States, the Trump administration has introduced new, sometimes controversial, policies and on the other side of the pond, the process for the United Kingdom to leave the European Union has kicked off. At the same time, China has been actively seeking to transform its economy. All this is happening against the backdrop of a growing populist sentiment against globalization.

On the political front, a series of elections are scheduled to take place in major European countries such as France, Germany, the Netherlands and Italy. The outcomes will potentially have a massive impact on the solidarity of the European Union. In China, the 19th National Congress of the Communist Party, which is held every five years, will take place in the autumn. The change in the makeup of the party's leadership core is certain to gain lots of global attention. The U.S. President Donald Trump's "America First" agenda and protectionist approach are elusive, adding new variables to regional cooperation and competition. The tensions on the Korean Peninsula have remained unabated. While North Korea continues to conduct missile tests, an unprecedented political storm rages on in South Korea. Economically, the United States and China have a direct bearing on the future of the global economy and any signs of escalating tensions between these two superpowers draw enormous media scrutiny. As fluctuations in exchange rates are under the microscope everywhere, central banks' policies, particularly the Federal Reserve's decision to adjust interest rates, remain a focus. The U.S. and Chinese governments' increased public expenditure has increased inflationary pressure on their economies. Also noteworthy is a wave of protectionism rising globally, adding uncertainty to key trade negotiations. With regard to energy prices, the OPEC countries agreed to reduce oil output to hike up prices and the rapid development of shale gas technology and renewable energy such wind and solar power will place further stress on the demand for oil. Although commodity and crude oil prices have increased compared to two years ago, the global economy remains vulnerable to continued volatility in raw material prices. As for the environment, since the Paris Agreement was finalized at COP21, governments around the world have set targets and formulated policies to reduce carbon emissions and mitigate the impact of climate change, while businesses have begun to focus more on environmental protection to pursue sustainability.

As China cements its role in the world's trade and economic activities, the country's growth momentum requires close observation. In response to the slowdown in consumption, government spending, investment and exports, the Chinese government is now shifting toward encouraging production of consumer-oriented and high-quality products to boost the domestic economy. Across the strait, Taiwan is confronted with various issues, pertaining to change of government, political tensions between Taipei and Beijing, shifts in financial, economic and labor policies as well as potential power shortages. In addition, costs associated with labor and the environment are climbing in Taiwan and as a

Letter to Shareholders

result of the slow progress of regional economic collaboration worldwide, corporations in Taiwan are now facing greater challenges concerning tariffs and the overall business environment. However, opportunities still abound in the fast-changing world, which has entered an age where technology, energy, industrial structures and modes of competition are evolving faster than ever. Cloud services, big data analysis, Internet of Things, virtual reality, augmented reality, artificial intelligence and the merging of the virtual and physical worlds are altering our way of living at an unprecedented rate. And, in the face of this new era, companies are expected to speed up transforming and upgrading their businesses to take advantage of these emerging opportunities.

In order to keep abreast of the times, FENC has adopted risk management strategies, accelerated the transformation of our products, innovated business models and achieved remarkable success in various areas. The Company has garnered numerous accolades at home and from abroad for our achievements. For example, we received the 2016 Taiwan Corporate Sustainability Awards, held by Taiwan Institute for Sustainable Energy, including the CSR Report of the Year, Corporate Sustainability Award as well as Growth through Innovation Award. We were also given the Corporate Social Responsibility Award in the manufacturing industry category from Global View Magazine. In addition, we won Enterprise Asia's 2016 Asia Responsible Entrepreneurship Award in the category of green leadership for our success in developing the world's first Bio-PET bottle. FENC is an economically sound company that has consistently proved its ability to strengthen its agility and become a more adaptable organization.

Operating Results

FENC has remained resilient and adaptable to the highly volatile business environment. The Company has methodically built on our core competency and proactively refined our business strategies and overall, the prospects for our production business are promising. In order to maximize our value and enlarge our presence, we have invested heavily in diversifying our businesses and continue to launch development projects to monetize our land holdings. In 2016, the Company's consolidated revenue and net income reached NT\$215.9 billion and NT\$12.7 billion, respectively. The net income attributable to shareholders of the Company is NT\$6.31 billion, translating into a basic EPS of NT\$1.26. In the 8th meeting, the 22nd Term Board of Directors proposed a cash dividend of NT\$0.8 per share. Operating results by business segment are outlined below:

Production Business: Winning Worldwide Acclaim for Premium Value-added Products

As a leading world class polyester supplier, FENC's production business is composed of petrochemical, polyester and textiles businesses. From securing feedstock to manufacturing and selling products, we are able to take advantage of our networks in Taiwan, China, Vietnam, Japan and elsewhere in SE Asia to achieve global reach. Our upstream, midstream and downstream businesses have been vertically integrated, making us the most competitive in terms of manufacturing process and technological capabilities. We also lead the field in introducing smart manufacturing (Industry 4.0) and eco-friendly products.

- ***Petrochemical Business***

Our petrochemical business is a stable supplier of PTA and MEG, the base materials for producing polyester. As we can mobilize the resources from our vertically integrated businesses, the Company is able to flexibly adjust our capacity utilization rate to meet volatile market demand in Taiwan and China. Specifically for PTA, we are increasing our capacity by 1.5 million tons in Taiwan, while in Shanghai, we have relied on planned production to lower cost and optimize production and sales. We have invested in Far Eastern Union Petrochemical (Yangzhou) to produce highly competitive MEG and boost our self-sufficiency rate in China. Despite the global PTA industry entering a period of structural adjustment, we have striven to minimize the drop in profitability. Moving forward, the Company will continue to upgrade production lines, leverage our economies of scale, apply latest Industry 4.0 technologies in plants, utilize the resources from the Far Eastern Group and employ the optimal production strategy to maintain our competitive edge in the market.

- ***Polyester Business***

Our polyester business is a key player in the industry with operations spanning Taiwan, China, SE Asia and Japan with a total production capacity of around 2 million tons. As the industry leader in manufacturing bio-based and recycled-based polyester, the Company has striven to promote competitive niche products such as food-grade recycled PET resins and recycled polyester fibers. Our recycled PET output ranks first in Asia and we added production lines in Taiwan and Japan. Our products have been certified as food-grade materials, the quality of which have been recognized by major beverage brands, and can be adopted in high-end product applications. In addition, we have been diversifying our product applications in areas like the health care related market, thereby increasing the percentage of revenue from differentiated products. Our partnerships with global brands have been successful. Just to name a few, we won Adidas's Sustainability Award for our Ocean Plastic Recycled Project and have become an important member of the supply chain for the Adidas/Parley joint initiative "For the Oceans" program to recycle ocean plastic waste bottles into fashion items. We have also collaborated with Virent in the US to develop the world's first Bio-PET bottle, which made its first public appearance at Expo Milan 2015 and in the following year, unveiled the world's first 100% bio-PET polyester shirt. Our pioneering work speaks volumes about our expertise in bio-material technologies. In order to enlarge our global presence, the Company will continue to ramp up production in Japan, Vietnam and other ASEAN countries. In 2018, a new plant that produces PET resins for bottles is scheduled to begin operations in Vietnam, with an estimated capacity of 400,000 tons.

- ***Textiles Business***

Our textiles business has been proactively developing innovative technologies and upgrading products. By building a "smart, sustainable and functional" brand image, the Company has injected new life into our textile products, which are currently famous worldwide for their innovation. In order to excel, we have continued to enhance our production facilities in Taiwan and China and expand the scale in Vietnam, introduce industry 4.0 technologies, take steps to build smart factories and adopt the local to local approach to leverage our vertically integrated businesses and shorten lead times as well as promote waterless and solvent-free processing to conserve energy. Over the years, we have partnered with major global sports brands that have great confidence in our innovation capabilities, so as to sponsor international sports events and develop associated products, thus securing a leading position in the sports and outdoor activities market. In the future, we will continue to build strategic partnerships with global brands to score further success.

Letter to Shareholders

Diversified Investment: Branching Out to Create Advantages

Having transformed itself into an industrial holding company spanning telecommunications, cement, retail, financial services and transportation, FENC has adopted flexible and proactive growth strategies so that the Company is not overly impacted by the business cycle of any single industry. With telecommunications as our major investment, Far EastTone Telecommunications (FET) has continued to increase its share in the 4G market and provide services utilizing tri-band carrier aggregation (700/1800/2600MHz) on its way toward the 4.5G future. The penetration rate of FET's 4G monthly service subscribers ranks top of the three largest telecom operators in Taiwan. Now FET is aiming to build 5G networks and IoT products, enhance the vertical integration of ICT systems as well as develop a wider array of products and smart applications to pursue higher revenues and profits. Asia Cement (ACC) is a top tier cement company that provides high-quality products and maintains high profitability. The change in the landscape of China's cement market provides the industry with great momentum for growth and ACC has made it into the top ten cement companies in China. Our retail business has generated more profits because of its increasing economies of scale. Established 50 years ago, Far Eastern Department Stores today is not only the oldest listed chain department store in Taiwan, but also a large-scale retail group in China, which has merged online and offline retail channels and moved into the new territory of high-tech retail to tap into business opportunities online. Our retail businesses are always poised to respond to and act upon shifting trends in the market. The overall performance of our diversified investments has outperformed the market, demonstrating that FENC is capable of creating higher value for our shareholders.

Land Assets: Developing Properties to Generate Greater Value

Far Eastern Resources Development was established to manage FENC's land holdings by developing, leasing and managing our existing land and properties. Our investment properties that grew fastest in value encompass Tpark in Banqiao, Taipei Metro Towers in Taipei City, Mega Tower (the tallest skyscraper in New Taipei City), and a planned spa resort in Yilan. Taipei Metro Towers and Mega Tower consist of office buildings, shopping malls, hotel and high floor restaurants, which can boost land values. Today, our priority is on the development of Tpark, which is designed specifically for ICT, digital information technology software, cloud computing, green energy and smart technology, surrounded by New Taipei City Main Library, hospitals, schools, shopping malls and residential areas. Currently, the North Green Park was completed in February 2017 and the IDC building and the second R&D building are in the pipeline. Far Eastern Construction plans to launch a premium residential project, for which we obtained the construction permit last year and intend to break ground this year and we also plan to turn the old site of Far Eastern A-Mart on Sichuan Road in Banqiao into a residential and business area. All our construction projects emphasize eco-friendliness, maximizing green areas, conserving energy and integrating smart technologies. For the spa resort project in Jiaoxi, Yilan, we have completed clearing & grading the site and land rezoning. Construction is soon to commence. In the future, the management team will focus more on the development of land resources, including the second phase of the 24 hectares in Tpark, 5.6 hectares in Wugu and 4.7 hectares in Kuanyin, to boost the value of our assets.

Business Goals and Prospects

Going forward, FENC will continue to use innovative thinking to seize new opportunities, draw up blueprints with sustainability in mind and set goals to make the Company more adaptable to change.

A. *Green Industry: Creating Boundless Business Opportunities*

FENC has taken the lead to go green in the industry and received multiple green certifications for many of our products. At FENC, the concepts of recycle/replace/reduce are integral to our green policies. Promoting recycling to build a closed loop economy is among our long-term goals. We will strive to increase the recycled PET capacity to achieve bottle-to-bottle recycling, while continuing to manufacture products that give us an edge in the market, such as the world-leading Topgreen® recycled polyester fibers and the Taiwan only Pro-green® food-grade rPET resins. Replacing fossil fuels to achieve feedstock diversification is another chief goal for us to pursue. In an effort to reduce our reliance on crude oil, we have developed the world's first 100% Bio-PET bottle and also 100% Bio-PET shirt, which has great significance for sustainability. Reducing the consumption of resources is also the key to minimizing environmental impact. For years, the Company has been focusing our resources on research and development in order to improve and innovate green technologies. For instance, we partnered with Nike to pioneer the revolutionary waterless dyeing technology and also built the first waterless dyeing plant in Taiwan. Our other factories recycle over 30% of the waste water in the production process. In the future, we aspire to build upon our core competency and endeavor to become a green business role model.

B. *Smart Manufacturing: Pursuing Industrial Upgrading*

In order to pursue industrial upgrading and promote industry 4.0, FENC has introduced smart manufacturing production facilities. This step can enable us to economize on resources and energy required for production, improve production efficiency and quality as well as realize our vision for smart plants. For example, Far Eastern Apparel (Suzhou) has implemented a five-year plan for building smart plants, which include the automated production facilities and production lines. Far Eastern Polytex (Vietnam) has adopted smart manufacturing process, including the auto warehouse system, manufacturing execution system (MES) as well as automatic and rail guided vehicles (AGV and RGV) with the aim of building an industry 4.0 supply chain.

C. *Innovative Research and Development: Showcasing Technological Prowess*

Founded 15 years ago, Far Eastern Group R&D center consists of four research divisions, namely Polyester Material, Fibers & Textile, New Materials as well as Biotech & Energy, and houses a group of nearly 200 experts. The research resources of the Far Eastern Group and the core strength of our experts enable the Company to introduce cutting-edge products that meet the demands of the market. In addition to working with the on-site teams from the production business units to accelerate the development of high value-added products using our core technologies, the R&D center continues to have exchanges on advanced technologies with top global research institutes, etc. Moreover, we have prioritized our research focus for the short, mid and long term in line with the industrial development plan. In order to expand into different application areas, we have identified shoe materials as our new focus and established new divisions, namely, Shoe Materials and Functional Materials in 2017. New strategic technologies will be developed to expand the scope of application of the new future materials. Last year, the R&D center achieved remarkable success in various areas. For example, DynaFeed was awarded the ISPO Asian

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Gold Winner at Textrends Exhibition in Munich and our success in developing the 100% bio-PET polyester shirt earned us the 13th National Innovation Award in Taiwan. We will continue to strengthen our research and development capabilities to create new value.

D. Risk Management: Achieving Synergetic Growth

At FENC, Corporate Management has established a management system and implemented uniform and consistent standards in order to respond to changes in our diverse businesses, oversee our operations in Taiwan, China, Vietnam and Japan and provide solid support to investment, production and sales. In today's dynamic and uncertain business climate, it is vital to formulate strategies to strengthen risk management. Therefore, in order to control risks effectively, the Company launched a risk alert management program in 2016 that covers finance, accounting, legal compliance, human resources and shipping, set leading indicators, established a risk alert system, and incorporated legal compliance programs. In order to develop our businesses sustainably, we have taken various measures to strengthen corporate governance, organize elite teams, improve financial and accounting management, ensure industrial and public safety, achieve effective cost control and gain more advantage in information technology. We will continue to mobilize resources to ensure comprehensive and effective management.

E. Social Responsibilities: Giving Back to the Community

FENC has been promoting social well-being for more than half a century. We have established two medical institutions, three schools and four foundations, covering medical, technological, cultural and educational areas, in a bid to fulfill our social responsibilities. As the one and only medical center in New Taipei City, Far Eastern Memorial Hospital has not only passed evaluations with flying colors but also received multiple awards for its exceptional medical services. In an effort to enhance Taiwan's competitiveness, Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation has held Y. Z. Hsu Scientific Award for years and granted over NT\$120 million to 238 brilliant scholars at home, while Far Eastern Memorial Foundation has spared no effort in rewarding achievements in architecture, organize conferences on national policies and raise awareness about water resources. For example, the foundation held the water-themed exhibition, "Water of Taiwan, Fountain of Life," which attracted more than 300,000 visitors, to educate people on the importance of water conservation. We also worked with the education center of Beitou Refuse Incinerator Plant to promote recycling and raise environmental awareness. To encourage people to live a healthy life and care for others, we held a marathon race with more than 7,700 runners signing up for the event. In order to inspire the world to strive for low-carbon transportation, we have shared our success stories of building and implementing the electronic toll collection system (ETC), which has brought over US\$2 billion worth of socio-economic benefits. Our ETC project won the Global Road Achievement Award in the category of traffic management and ITS. Countries such as the Philippines, Malaysia and Russia are all eager to collaborate with us and learn from our experience. For over six decades, the Company has been committed to meeting our social responsibilities, contributing to our country and bringing hope and happiness to society at large.

As there are plenty of investment opportunities in the global market, FENC will take a prudent and steady approach to seeking merger and acquisition chances at home and abroad to pursue growth and upgrade our business as a whole. Over the past 67 years, the Company has remained resilient in the face of adversity and grasped every opportunity to bring about changes despite political and economic vicissitudes. At the Company, we value sincerity, diligence, thrift, prudence and innovation, which are the

overarching principles that guide our business operations. In response to an increasingly globalized and urbanized world where populations continue to age and technology has become integral to every part of our life, we will strive to adopt innovative business models, optimize human resources, adapt to climate change and mitigate its impact, strengthen public and industrial safety, maximize the benefits of resource allocation and achieve synergetic growth. In this way, we will be well-positioned to overcome the challenges ahead and generate greater value for the Company.

Chairman
Douglas Tong Hsu

徐旭東



Company Profile

II. Company Profile

1. Date of Incorporation

13 January 1954

2. Company History

- 1942** • Yu-Ziang Hsu founded Far Eastern Knitting Factory Co., Ltd. in Shanghai to produce "Skyscraper"-brand underwear for sale throughout China.
- 1949** • The company was relocated to Taiwan, and installed its knitting factory in Banqiao, the outskirts of the Taipei City, where it continued producing and marketing knitted fabrics.
- 1953** • The name of the Company was changed to Far Eastern Knitting Co., Ltd.; meanwhile, the Taiwan Far Eastern Textile Co., Ltd. was founded in Banqiao for the purpose of establishing a weaving mill.
- 1954** • Far Eastern Knitting and Taiwan Far Eastern Textile were merged to form Far Eastern Textile Ltd. (FETL), which was located on Yungshui Rd. in Taipei.
- 1955** • Shirt production equipment was added, and the Company was the first one in the Republic of China to receive an order for the cotton yarn export.
- 1960** • An advanced apparel plant was established.
- 1963** • Cotton and chemical fiber facilities were installed for the rising demand of the Taiwan society and the synthetic fiber industry.
- 1965** • The third synthetic fiber textile plant was established, completing the vertical integration of FETL's processes from spinning to weaving, dyeing and finishing, and apparel production.
- 1966** • The head office was moved to Paoching Rd. in Taipei in July.
- 1967** • Permission for FETL shares listed on the Taiwan Stock Exchange was received in April.
- 1969** • A new garment factory was constructed at Hsinpu.
- 1970** • A new spinning plant was built at Hsinpu to produce yarns from polyester and acrylic fibers.
- 1972** • The Banqiao textile factory of Taiwan Textile and the Neili textile plant of Yungshing Industries were procured and converted to FETL's Banqiao and Neili textile plants.
- 1974** • The Yilan apparel plant was built.
- 1978** • The Chungchou Textile Plant at Kuanyin in Taoyuan County was purchased and renamed as Kuanyin Textile Factory.
- Permission was received to acquire and merge Orient Chemical Fiber and establish a chemical fiber plant.
- 1982** • Permission was received to merge Eastern Manmade Fiber into FETL and established the Eastman Division, which in July of the next year was merged into the Textile Division.
- 1987** • The Hukou production site was established, and later yarn and fabric plants were constructed there.
- Ground-breaking took place in August for the Taipei Metro Tower; a multiple-purpose twin towers with 41 stories above ground and five below, containing offices, a shopping center, and a tourist hotel.
- 1988** • To create new applications for polyester filament, a joint investment was made together with Hong Ho Precision Textile Co. in the establishment of Everest Textile Co. to produce fine woven fabrics as a means of adding value to FETL products.
- 1993** • The Hsinpu Synthetic Fiber Plant of the Fiber Division received ISO-9001 certification from the D.N.V. company, being the first chemical fiber plant in Taiwan to be accredited with such certification.
- Construction of the Taipei Metro Tower completed in October and the head offices of FETL as well as of Asia Cement and other affiliated companies moved into the complex on Oct. 16 and 17, making this the headquarters of the Far Eastern Group.
- 1994** • The Yilan and Banqiao plants of the Apparel Division, and the Neili and Hukou plants of the Textile Division, were accredited with ISO-9002 certification.
- 1995** • DuPont-Far Eastern Co., Ltd. (renamed as Far Eastern Fibertech Co., Ltd.) was established in cooperation with DuPont of the United States for the production of high-tech nylon 66.
- A contract was signed with ICI for the establishment of ICI Far Eastern Ltd. (renamed as Oriental Petrochemical Corporation now) to construct a PTA plant at Kuanyin in Taoyuan County.
- 1996** • Permission was received in July from the Investment Commission, Ministry of Economic Affairs for a joint investment by FETL and its wholly-owned subsidiary Yuan Ding Investment Corp. in the establishment of Far Eastern Industries (Shanghai) Ltd. for the production and sale of polyester staple, polyester filament, and other products.
- 1997** • In January, Far EasTone Telecommunications Ltd (Far EasTone), which is 62.4% owned by FETL's subsidiary Yuan Ding Investment Corp., obtained island-wide DCS and northern-region GSM mobile phone licenses from the Directorate General of Telecommunications.
- 1998** • The FETL-invested Far Eastern Textile Industrial (Shanghai) Co., Ltd. began trial production in September.

- 2000** • Mr. Y. Z. Hsu, Far Eastern Group founder, passed away at the age of 90 in December and left behind the most valuable and cherished founding spirit of "Sincerity, Diligence, Thrift, and Diligence" as the Company's motto.
- 2001** • In March, FETL-invested NCIC launched its voice and data services with "Sparq" as the brand name.
- 2002** • In May, FETL started the installation of the ERP system with PricewaterhouseCoopers. This project helped promoting internal processing re-engineering, cost reduction and management of financial information.
 - In October, a joint investment by FETL's subsidiaries and Far Eastern Department Stores ("FEDS") was formed to acquire the controlling interests of the SOGO Department Stores.
- 2003** • In September, FETL spun off its holdings of land and transferred such holdings as paid-in capital of the 100%-owned Far Eastern Resources Development Co., Ltd. ("FERD"), which became a vehicle specializing in developing and monetizing the existing land resources.
- 2004** • In April, FETL-invested company "Far Eastern Electronic Toll Collection Co., Ltd." has signed BOT contract with National Freeway Bureau.
- 2005** • In April, Far EasTone was approved by Taiwan Stock Exchange Corporation to become as a publicly listed company.
- 2006** • In February, the public highway electronic toll collection system was officially activated. This system was built by FETL-invested company "Far Eastern Electronic Toll Collection Co., Ltd.".
 - In March, Oriental Petrochemical (Shanghai) Corporation invested by FETL commenced production, with a PTA production capacity of 650,000 tons/year to support the synthetic fiber business under Far Eastern group and other producers.
- 2007** • In January, FERD, fully owned by FETL, proposed to the government a change on the urban development plan, converting its Banqiao factory from production factory into a telecommunication-related specialized zone. The government had approved such proposal after a three-year evaluation and this land re-zoning plan was officially announced on 23 January 2007.
- 2008** • In March, Sino-Belgium Beer (Suzhou) Ltd. was established and invested by FETL. The factory was completed in April. In October, a beer "Martens 1758", manufactured for Belgium Martens beer company, was launched in the Shanghai market.
 - In October, FETL obtained all shares of "Invista Far Eastern Petrochemicals Ltd." & "Far Eastern Invista Ltd." and renamed them " Oriental Petrochemical (Taiwan) Co. Ltd." & "Far Eastern Fibertech Co., Ltd.", respectively.
- 2009** • In October, in the Company's Extraordinary Shareholders' Meeting, shareholders presented had resolved and approved the renaming of the Company, from Far Eastern Textile Limited (FETL) to Far Eastern New Century Corporation (FENC), effective on the same date.
- 2010** • In January, new shares of FENC were listed on the Taiwan Stock Exchange.
- 2011** • In March, FENC constructed, operated and sponsored "FE EcoARK", a pavilion made of 100% recycled PET bottles, at the Taipei International Flora Expo. This architecture was the first of its kind in the world.
 - In December, a wholly owned subsidiary of FENC has entered a joint venture with Sinopec Yizheng Chemical Fibre Company Limited to establish Far Eastern Yihua Petrochemical (Yanzhou) Corporation to conduct purified terephthalic acid (PTA) production.
- 2012** • In May, FENC founded Far Eastern Industries (Yangzhou) Ltd. and Far Eastern Union Petrochemical (Yangzhou) Ltd., via indirect investments and plans to build a new production site for polyester and ethylene glycol.
- 2013** • In April, FENC, through its subsidiary "Far Eastern Polychem Industries Ltd.", has entered into a joint venture with Ishizuka Glass Co., Ltd. ("IGC"), to establish Far Eastern Ishizuka Green PET Corporation in Japan to conduct R-PET production and distribution business.
 - In May, 1st Global Sustainable Procurement (GSP) supplier awards was launched by Coca-Cola and FENC was awarded "2013 Supplier of the Year" out of 900 suppliers.
 - In May, FENC issued Formosa and Yen bonds in the Taipei Exchange, successfully being the first manufacturing company in Taiwan to issue bonds denominated in both RMB and Yen.
 - In May, Far Eastern New Century (China) Investment Co., Ltd., the subsidiary of Far Eastern New Century, obtained the right to the use of land through public auction for RMB 978 million (equivalent to NT\$ 4.67 billion). The land is located at plot A09B – 02, World Expo Zone, Pudong New Area, Shanghai.
- 2014** • In April, FENC was awarded the "10th Annual Corporate Social Responsibility Awards - Global Views Excellent Service Awards" for the project "The Greenest Bottle, starts with a Genuine Heart"
- 2015** • In April, FENC was awarded the highest "A++" ranking in the 12th Annual Information Disclosure and Transparency Rankings Evaluation among Listed Companies.
 - In June, FENC, through its subsidiary "Far Eastern Investment (H) Ltd.", has established Far Eastern Polytex (Vietnam) Ltd. for a new vertically integrated polyester and textiles production base.
 - In November, FENC won a Gold Award from Taiwan Institute for Sustainable Energy (TAISE) in "Taiwan Top 50 Corporate Sustainability Report Awards," ranking first in the Traditional Manufacturing category and also received the "Growth Through Innovation Award" in "Corporate Sustainable Performances" category for developing the world's first 100% bio-based PET bottle.
- 2016** • In February, DynaFeed, a FENC revolutionary smart garment system with bio-sensing technology and IoT platform, was awarded the ISPO Asian Gold Award at the globally prestigious ISPO Textrends Exhibition.

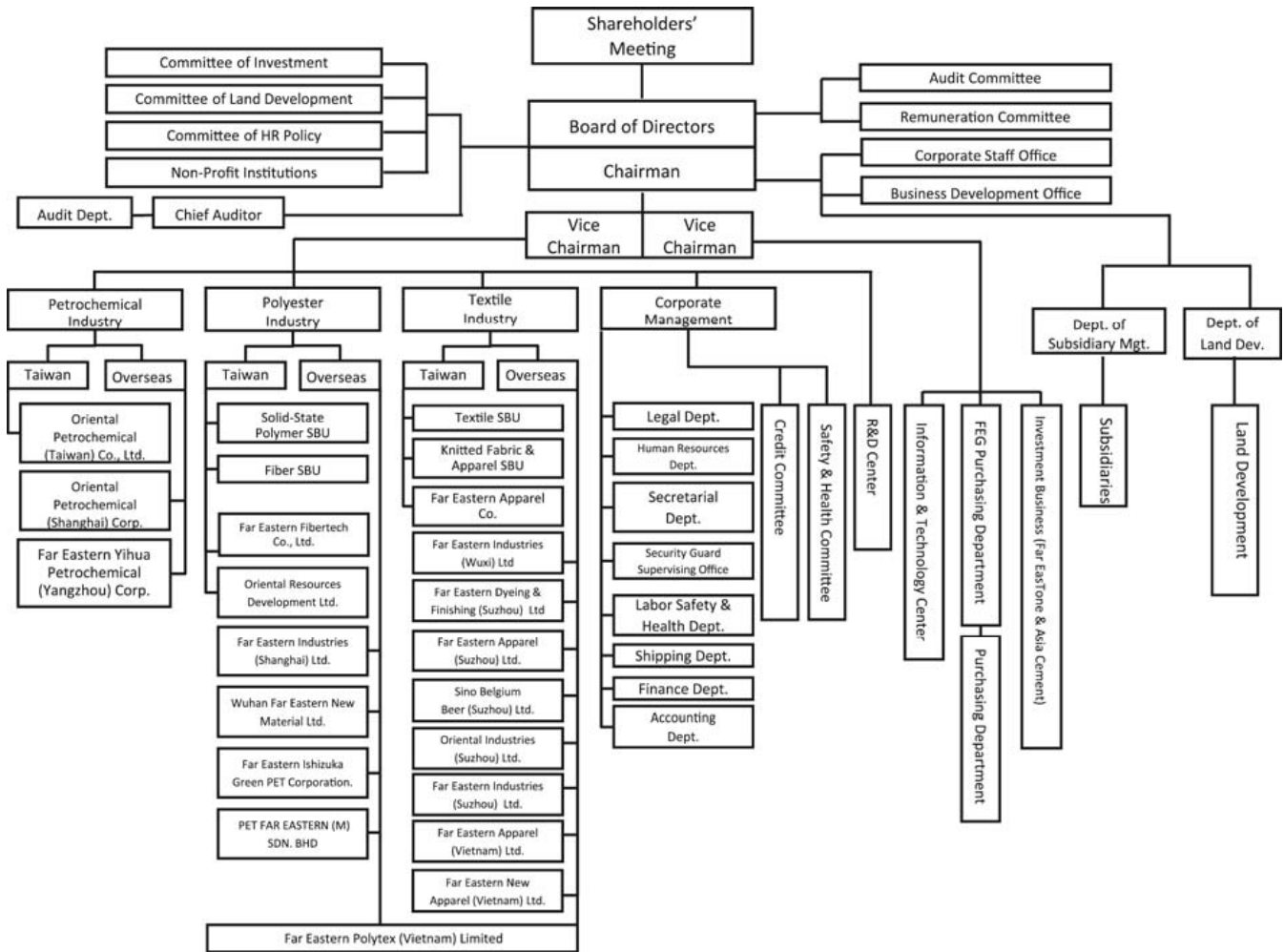
Company Profile

- In May, FENC won the “Corporate Social Responsibility Award”, ranking first in the manufacturing industry category from Global View Magazine due to conserving energy and protecting the environment.
 - In June, FENC won Enterprise Asia’s “2016 Asia Responsible Entrepreneurship Award” in the category of green leadership for developing the world’s first Bio-PET bottle.
 - In November, FENC received three “2016 Taiwan Corporate Sustainability Awards”, held by Taiwan Institute for Sustainable Energy, including the “CSR Report of the Year”, “Corporate Sustainability Award” as well as “Growth through Innovation Award”(for the smart clothing in remote health care project)
 - In December, FENC earned the 13th “National Innovation Award” in Taiwan in developing the 100% bio-PET polyester shirt. The 100% bio-PET polyester shirt made entirely from plant-based material, which reduces the carbon footprints by 30% compared to the petrochemical based one, was developed by FE Group R&D Center.
- 2017**
- In April, FENC was in the top 5% of the listed companies in the third “Corporate Governance Evaluation” conducted by Taiwan Stock Exchange
 - In May, FENC won the “Corporate Social Responsibility Award” as the Role Model in the manufacturing industry category from Global View Magazine.

III. Corporate Governance Report

1. Organization

1.1 Organization Chart



Corporate Governance Report

1.2 Affairs in Charge for Each Major Department

Department	Affairs in charge
Audit Department	Internal auditing
Petrochemical Industry	Production and sales of PTA
Polyester Industry	Production and sales of polyester chips, polyester staple fibers, polyester filaments, PET films, PET sheets, PET bottle preforms and Nylon filaments
Textile Industry	Printing, dyeing and finishing of yarns, fabrics and cloths; production and sales of miscellaneous natural, man-made, synthetic fiber yarns and fabrics, blended yarns and fabrics, and woven finished clothing and knitted finished clothing; production and sales of industrial yarns and industrial fabrics
Corporate Management	Arrange the planning and enforcement of the company's legal, human resources, general administration, shipping, security, labor safety and health, finance and accounting related matters
R&D Center	Research and development

2. Directors and Management Team

2.1 Directors

Book closure date: 29 April 2017

Title	Nationality or Record of Birth	Name	Gender	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse & minor children		Curriculum vitae ▲ Other positions in FENC and/or other companies	Executives or Directors who are spouses or within two degrees of kinship		
							Share	%	Share	%	Share	%		Title	Name	Relation
Chairman	R.O.C	Douglas Tong Hsu	Male	26 Jun 2015	3	23 Dec 1967	60,537,940	1.15	91,748,698	1.71	-	-	National Chiao Tung University, Taiwan, Honor Ph.D in Management University of Notre Dame, USA, MS, Columbia University, USA, Post graduate study in Economics ▲ Chairman of Asia Cement Corp.(ACC), Oriental Union Chemical Corp.(OUCC), U-Ming Marine Transport Corp.(U-Ming), Far Eastern Department Stores Ltd. (FEDS), Far EastTone(FET), and Vice Chairman of Far Eastern International Bank (FEIB)	Vice Chairman	Johnny Shih	Brother-in-law
Vice Chairman	R.O.C	Johnny Shih Representative of Asia Cement Corporation	Male	26 Jun 2015	3	9 Feb 1979	1,247,330,476	23.77	1,272,277,085	23.77	-	-	Columbia University, USA, Master in Computer Science ▲ Chairman of Everest Textile, Vice Chairman of OUCC, Director of ACC, Independent Director of CTCI Corporation	Vice Chairman	Peter Hsu	Brother-in-law
							*2,287,458	0.04	*1,672,207	0.03	19,641,122	0.37	-	Director	Raymond Hsu	Brother-in-law
Director	R.O.C	Peter Hsu Representative of Asia Cement Corporation	Male	26 Jun 2015	3	14 Apr 1976	1,247,330,476	23.77	1,272,277,085	23.77	-	-	Stanford University, USA, Master in Operation Research ▲ Director of ACC & FET, Supervisor of U-Ming	Chairman	Douglas Tong Hsu	Brother
							*30,852,167	0.59	*48,269,210	0.90	637	-	Director	Johnny Shih	Brother-in-law	
Director	R.O.C	Raymond Hsu Representative of Asia Cement Corporation	Male	26 Jun 2015	3	14 Apr 1976	1,247,330,476	23.77	1,272,277,085	23.77	-	-	Australian Mining and Metallurgy College, Australia ▲ Chief auditor of FENC, Chairman of Fu Kwok Knitting & Garment Co., Ltd.	Chairman	Douglas Tong Hsu	Brother
							*23,301,921	0.44	*33,967,959	0.63	-	-	Vice Chairman	Johnny Shih	Brother-in-law	
Director	R.O.C	Shaw Y. Wang Representative of Asia Cement Corporation	Male	26 Jun 2015	3	10 May 1985	1,247,330,476	23.77	1,272,277,085	23.77	-	-	National Chung Hsing University, Taiwan, Business Administration Department National Taiwan University, Taiwan, the Executive Program in Business Administration ▲ Executive Director of Group Foundation, Supervisor of ACC, Executive Director of FEIB	Director	Alice Hsu	Sister
							*387,614	0.01	*395,366	0.01	-	-	Vice Chairman	Peter Hsu	Brother	
Director	R.O.C	Richard Yang Representative of Far Eastern Department Stores Ltd.	Male	26 Jun 2015	3	13 Jun 2006	19,572,912	0.37	19,964,370	0.37	-	-	American Graduate School of International Management, USA ▲ Managing Director of Surfview Capital Ltd	Director	Alice Hsu	Sister
							*1,277,793	0.02	*1,379,348	0.03	-	-	Chairman	Douglas Tong Hsu	Father	
Director	U.S.A	Tonia Katherine Hsu Representative of Far Eastern Department Stores Ltd.	Female	26 Jun 2015	3	13 Jun 2006	19,572,912	0.37	19,964,370	0.37	-	-	Sarah Lawrence College, USA ▲ Sotheby's, New York, USA (Arts Administration, Asian Liaison)	Chairman	Douglas Tong Hsu	Father
							*-	-	*-	-	-	-	-	-	-	

Corporate Governance Report

Title	Nationality or Record of Birth	Name	Gender	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse & minor children		Curriculum vitae Δ Other positions in FENC and/or other companies	Executives or Directors who are spouses or within two degrees of kinship		
							Share	%	Share	%	Share	%		Title	Name	Relation
Director	R.O.C	Kwan-Tao Li Representative of U-Ming Marine Transport Corp.	Male	26 Jun 2015	3	13 Jun 2006	30,570,069 *	0.58	31,181,470 *	0.58	-	-	Kellogg-HKUST, MBA Δ Chief Senior Counselor, Lee and Li, Attorney-at-law, Supervisor of ACC	-	-	-
	R.O.C	Alice Hsu Representative of U-Ming Marine Transport Corp.	Female	26 Jun 2015	3	20 Apr 1988	30,570,069 *24,130,108	0.58 0.46	31,181,470 *24,072,710	0.58 0.45	-	-	Sheridan College, Retail Management Δ -	Chairman Vice Chairman Vice Chairman Director	Douglas Tong Hsu Johnny Shih Peter Hsu Raymond Hsu	Brother Brother-in-Law Brother Brother
	R.O.C	Champion Lee Representative of Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation	Male	26 Jun 2015	3	20 Apr 1988	8,326,703 *605,942	0.16 0.01	12,142,237 *618,060	0.23 0.01	-	-	Texas A&I University, USA, Master in Business Administration Δ Supervisor of ACC, Director of FET & U-Ming	-	-	-
Independent Director	R.O.C	Bing Shen	Male	26 Jun 2015	3	28 Jun 2012	-	-	-	-	-	-	Harvard University, USA, Master in Business Administration Δ Independent Director of FEIB and Elite Material Co., Ltd., Director of CTCL Corporation	-	-	-
	R.O.C	Johnsee Lee	Male	26 Jun 2015	3	28 Jun 2012	-	-	-	-	-	-	Illinois Institute of Technology, USA, Ph.D. in Chemical Engineering Δ Director of Taiwan Semiconductor Manufacturing Corp., Independent Director of Zhen Ding Technology Holding Limited, Everlight Electronics Co., Ltd. & San Fu Chemical Co., Ltd.	-	-	-
	R.O.C	Sheng-Cheng Hu	Male	23 June 2016	2	23 June 2016	-	-	-	-	-	-	University of Rochester, USA, Ph.D. in Economics Δ Chairman of Chung-Hua Institution for Economic Research, Executive Director of the Central Bank of the Republic of China (Taiwan)	-	-	-

* represents the number of company shares owned by the individual representative.

Note 1: No Director holds company shares via accounts under others' names.

Note 2: For Directors are company entities, the company registry is R.O.C.

2.1.1 Major Shareholders of FENC's Directors are Institutional Shareholders

Book closure date: 29 April 2017

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders (%)
Asia Cement Corporation	Far Eastern New Century Corp. (22.33); Fubon Life Insurance Co., Ltd. (6.31); Far Eastern Medical Foundation (5.40); Far Eastern Department Stores Ltd. (1.81); Labor Pension Fund Committee of Far Eastern New Century Corp. (1.51); Yuan Ze University (1.41); Shinkong Life Insurance Co., Ltd. (1.39); Yu Yuan Investment Co., Ltd. (1.29); Vanguard Emerging Markets Stock Index Fund account in the custody of Standard Chartered Bank (1.29); Far Eastern Memorial Foundation (1.25)
Far Eastern Department Stores Ltd.	Far Eastern New Century Corp. (17.06); Asia Cement Corp. (5.65); Yuan Ze University (4.75); Yuan Tong Investment Co., Ltd. (2.80); Yu Yuan Investment Co., Ltd. (2.06); Labor Pension Fund Committee of Far Eastern Department Stores Ltd. (1.97); Oriental Securities Corporation (1.64); Norges Bank account in custody of Citibank (Taiwan) (1.59); Yuan Ding Investment Co., Ltd. (1.49); Kai Yuan International Investment (1.46)
U-Ming Marine Transport Corp.	Asia Cement Corp. (39.25); Fubon Life Insurance Co., Ltd. (3.32); Nan Shan Life Insurance Co., Ltd. (2.84); Cathay Life Insurance Co., Ltd. (2.71); Management Board of the Public Service Pension Fund (1.96); Yuan Ding Investment Co., Ltd. (1.05); Vanguard Emerging Markets Stock Index Fund account in the custody of Standard Chartered Bank (1.02); Yu Yuan Investment Co., Ltd. (0.94); Asia Investment Co., Ltd. (0.92); Di-Chen Fu (0.84)

2.1.2 Major Shareholders of the Major Shareholders that are Juridical Persons

Name of Juridical Persons	Major Shareholders of the Juridical Persons (%)
Far Eastern New Century Corp.	Please refer to page 57.
Yue Yuan Investment Co., Ltd.	Asia Cement Corp. (29.92); Yuan-Ding Co., Ltd. (25.02); Yuan Ding Investment Co., Ltd. (18.96); U-Ming Marine Transport Corp. (17.66); Ding Shen Investment Co., Ltd. (6.50); Yue Tung Investment Co., Ltd. (1.84); Yue Ding Investment Co., Ltd. (0.10)
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. (100.00)
Yuan Ding Investment Co., Ltd.	Far Eastern New Century Corp. (99.40); An Ho Garment Co., Ltd. (0.30); Da Ju Fiber Co., Ltd. (0.30)
Kai Yuan International Investment Co., Ltd.	Far Eastern New Century Corp. (100.00)
Asia Investment Co., Ltd.	Asia Cement Corp. (100.00)
Oriental Securities Corporation	Yuan Ding Investment Co., Ltd. (25.96); Far Eastern Department Stores Ltd. (19.66); Far Eastern New Century Corp. (19.65); Asia Cement Corporation (18.93); Bai Ding Investment Co., Ltd. (13.61); An Ho Garment Co., Ltd. (1.08); Da Ju Fiber Co., Ltd. (0.51)
Nan Shan Life Insurance Co., Ltd.	Ruenchen Investment Holding Company account in the custody of First Bank (76.46); Ruenchen Investment Holding Co., Ltd. (14.16); Yin-zong Tu (3.25); Ruenhwa Dyeing and Fabricating Co., Ltd. (0.28); Ruentex Industries Ltd. (0.15); Wen-der Kuo (0.11); Gping Investment Co., Ltd. (0.11); Pouchi Investment Co., Ltd. (0.05); Pouyi Investment Co., Ltd. (0.05); Pounhwan Investment Co., Ltd. (0.05); Pounhwei Investment Co., Ltd. (0.05)
Shinkong Life Insurance Co., Ltd.	Shinkong Financial Holding Co., Ltd. (100.00)
Cathay Life Insurance Co., Ltd.	Cathay Financial Holding Co., Ltd. (100.00)
Yuan Tong Investment Co., Ltd.	Far Eastern New Century Corp. (100.00)

2.1.3 Directors

Item	Meet One of the Following Professional Qualification Requirements, Together with at Least Five-Year Work Experience			Independence Criteria (Note 1)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director		
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10			
Name																
Douglas Tong Hsu			V						V					V		None
Johnny Shih			V		V				V					V		1
Peter Hsu			V						V					V		
Raymond Hsu			V						V					V		
Shaw Y. Wang			V			V			V					V		
Richard Yang			V			V			V					V		
Tonia Katherine Hsu			V			V			V					V		None
Kwan-Tao Li		V	V			V			V					V		
Alice Hsu			V			V			V					V		
Champion Lee			V			V			V					V		
Bing Shen			V			V			V					V		2
Johnsee Lee			V			V			V					V		3
Sheng-Cheng Hu	V		V			V			V					V		None

Note 1 : Please tick the corresponding boxes if Directors have been any of the following during the two years prior to being elected or during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the company's affiliates. (Unless the person is an independent director of the company, its' parent company or its subsidiaries of which are required to set up independent director according to "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" or local law.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
- (6) Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.
- (7) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. Unless a member of the Remuneration Committee who has exercised Article 7 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter".
- (8) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (9) Not been a person of any conditions defined in Article 30 of the Company Act.
- (10) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

Note 2 : The Company re-elected its directors on 26 June, 2015.

Corporate Governance Report

2.2 President, Executive Vice President, Senior Vice President, and Managers of Departments and Branches

Book closure date: 29 April 2017

Title	Nationality	Name	Gender	Date effective	Shareholding		Shareholding of spouse & minor children		Curriculum vitae ΔPositions in other companies	Managers who are spouses or within two degrees of kinship	
					Shares	%	Shares	%		Title	Name
President Petrochemical Industry	R.O.C	K. S. Wu	Male	1 Jul 11	1,380	0.00	10	0.00	Chinese Culture University, Taiwan, Chemical Department Δ Director of OUCC, Everest Textile & Oriental Petrochemical (Taiwan) Co., Ltd.(OPTC)	-	-
President Polyester Industry	R.O.C	Y. H. Tseng	Male	1 Jul 11	151,177	0.00	0	0.00	Tung Hai University, Taiwan, Chemical Engineering Department Δ Director of Oriental Petrochemical (Shanghai) Corp.(OPSC) and Far Eastern Polytex (Vietnam) Ltd.	-	-
President Textile Industry	R.O.C	Eric Hu	Male	1 Jul 11	277	0.00	0	0.00	Tung Hai University, Taiwan, Industrial Engineering Department Δ Director of Everest Textile & Far Eastern Apparel	-	-
President Corporate Management	R.O.C	Humphrey Cheng	Male	1 Jul 11	0	0.00	0	0.00	National Taiwan University, Taiwan, International Business, EMBA Δ Director of OUCC & FEIB	-	-
Chief Operating Officer Polyester Industry	R.O.C	Donald Fan	Male	1 Jul 12	90,791	0.00	3,747	0.00	Feng Chia University, Taiwan, Textile Engineering Department Δ Chairman of Wuhan Far Eastern New Material Ltd. and Director of Far Eastern Industries (Shanghai)	-	-
Chief Operating Officer Polyester Industry	R.O.C	C. Y. Dai	Male	1 Jul 12	6,058	0.00	0	0.00	Tamkang University, Taiwan, International Business Department Δ Director of Far Eastern Industries (Shanghai), Wuhan Far Eastern New Material Ltd.	-	-
Chief Auditor Chairman Office	R.O.C	Raymond Hsu	Male	1 Mar 96	33,967,959	0.63	0	0.00	Australian Mining and Metallurgy College, Australia Δ Please refer to page 13.	-	-
Chief Auditor Group Auditing Department	R.O.C	Chun Min Ho	Female	1 Aug 12	0	0.00	10,752	0.00	National Cheng Kung University, Taiwan, Accounting and Statistics Department Δ -	-	-
Chief Auditor Group Auditing Department	R.O.C	Y.C. Yuan	Female	12 Aug 14	0	0.00	0	0.00	Yuan Ze University, Taiwan, Postgraduate Diploma in Management Administration Δ -	-	-
Chief Financial Officer President Office	R.O.C	David Wang	Male	1 Jul 12	7,113	0.00	67	0.00	Mississippi State University, USA, MBA Δ Chairman of Yuan Tong Investment, and Director of Kai Yuan International Investment	-	-
Plant Chief Polyester Industry	R.O.C	B. C. Chang	Male	1 Jul 12	453	0.00	0	0.00	Yuan Ze University, Taiwan, Master in Industry Engineering Δ Director of Far Eastern Fibertech Co. Ltd.(FEFC)	-	-
Executive Vice President President Office	R.O.C	Alan Tsai	Male	1 Jul 12	0	0.00	0	0.00	National Chengchi University, Taiwan, Master in Operation Management Δ Chairman of Ding Yuan International Investment Co., Ltd. and Director of Yuan Ding Investment Co., Ltd.	-	-
Executive Vice President President Office	R.O.C	Emily Wu	Female	1 Jul 12	0	0.00	0	0.00	University of Texas at Arlington, USA, Master in Accounting Δ Director of Yuan Cheng Human Resource Consultant and Supervisor of Yuan Faun Co., Ltd.	-	-
Executive Vice President R&D Center	R.O.C	Ru-yu Wu	Male	1 Jan 05	219	0.00	0	0.00	University of Monash, Australia, Ph.D. Δ Director of OUCC & Oriental Resources Development Co., Ltd.	-	-
Executive Vice President Textile Industry	R.O.C	Judy Lee	Female	1 Dec 15	0	0.00	26	0.00	National Taiwan University, Taiwan, Department of Business Δ Director of Far Eastern Apparel (Suzhou) and Far Eastern Apparel (Vietnam) Ltd.	-	-
Executive Vice President Textile Industry	R.O.C	Kwen Lin Ho	Male	1 Oct 07	0	0.00	0	0.00	Feng Chia University, Taiwan, Textile Engineering Department Δ Director of Far Eastern Dyeing & Finishing (Suzhou) and Far Eastern Polytex (Vietnam) Ltd.	-	-
Executive Vice President Textile Industry	R.O.C	M. J. Wu	Male	1 Oct 13	17,759	0.00	515	0.00	Feng Chia University, Taiwan, Textile Engineering Department Δ Director of Oriental Industries (Suzhou) & Far Eastern Industries (Suzhou) Ltd.	-	-

Title	Nationality or Record of Birth	Name	Gender	Date effective	Shareholding		Shareholding of spouse & minor children		Curriculum vitae ▲Positions in other companies	Managers who are spouses or within two degrees of kinship	
					Shares	%	Shares	%		Title	Name
Executive Vice President Textile Industry	R.O.C	Mingo A. Chen	Male	1 Sep 15	1,051	0.00	693	0.00	Feng Chia University, Taiwan, Textile Engineering Department ▲ Director of Far Eastern Industries (Wuxi) and Far Eastern Polytex (Vietnam) Ltd.	-	-
Senior Vice President Corporate Staff Office	R.O.C	Jackson Wu	Male	1 Oct 07	50,545	0.00	0	0.00	Chung Yuan Christian University, Taiwan, Master in Mechanical Engineering ▲ Supervisor of Far Eastern General Contractor Tamkang University, Taiwan, Master in Department of Banking and Finance ▲ Director of Yuan Tong Investment & Kai Yuan International Investment	-	-
Senior Vice President Corporate Staff Office	R.O.C	Allen Sha	Male	1 Apr 15	1,166	0.00	0	0.00	Tamkang University, Taiwan, Master in Business Administration	-	-
Senior Vice President Corporate Staff Office	R.O.C	Y.L. Chen	Male	1 Apr 15	11,879	0.00	18,432	0.00	National Chiao Tung University, Taiwan, PhD in Business & Management	-	-
Senior Vice President Corporate Staff Office	R.O.C	Y.S. Yang	Male	1 Apr 15	0	0.00	0	0.00	National Taiwan University of Science and Technology, Taiwan, Industrial Management Department ▲ Director of OPTC	-	-
Senior Vice President Corporate Staff Office	R.O.C	David Shih	Male	1 Nov 06	349	0.00	0	0.00	University of Georgia, USA, Master in Accounting ▲ Supervisor of Yuan Ding Investment	-	-
Vice Chief Auditor Audit Department	R.O.C	Mark Lu	Male	11 Jan 91	43,165	0.00	8,458	0.00	National Chengchi University, Taiwan, EMBA In Accounting	-	-
Vice Chief Auditor Group Auditing Department	R.O.C	Rebecca Huang	Female	1 Aug 12	6,149	0.00	0	0.00	-	-	-
Senior Vice President Accounting Department	R.O.C	Davis Dai	Male	1 Oct 15	0	0.00	0	0.00	Fu Jen Catholic University, Taiwan, Master in Accounting ▲ Supervisor of Far Eastern Apparel (Vietnam) Ltd.	-	-
Senior Vice President Finance Department	R.O.C	Mike Wu	Male	1 Sep 06	1,238	0.00	0	0.00	University of Oklahoma, USA, MBA ▲ Director of Worldwide Polychem (HK) Ltd. and Supervisor of Far Eastern Industries (Wuxi)	-	-
Senior Vice President Finance Department	R.O.C	Jenny Ho	Female	1 Jul 15	913	0.00	0	0.00	University of Reading, UK, Master in International Securities, Investment and Banking ▲ Director of Far Eastern Apparel & Fu Kwok Knitting & Garment Co., Ltd.	-	-
Senior Vice President Legal Department	R.O.C	Li-Chi Chen	Male	1 Oct 07	0	0.00	0	0.00	National Taiwan University, Taiwan, College of Law ▲ Director of Far Eastern Apparel; Supervisor of Arcoa Communication	-	-
Senior Vice President Secretarial Department	R.O.C	Hans Kuo	Male	1 Jul 12	0	0.00	0	0.00	Chinese Culture University, Taiwan, Department of Law	-	-
Senior Vice President Human Resource Department	R.O.C	C. Y. Lin	Male	1 Jun 09	0	0.00	0	0.00	National Chengchi University, Taiwan, Master in Labor Research ▲ Director of Yuan Cheng Human Resource Consultant	-	-
Senior Vice President R&D Center	R.O.C	Ken Chang	Male	1 Aug 12	0	0.00	0	0.00	National Tsing Hua University, Taiwan, PhD in Chemical Engineering	-	-
Senior Vice President R&D Center	R.O.C	Y. T. Chang	Male	1 Jul 13	0	0.00	0	0.00	Yuan Ze University, Taiwan, Master in Chemical Engineering	-	-
Senior Vice President R&D Center	R.O.C	Fanny Liao	Female	1 Jun 14	0	0.00	0	0.00	The State University of New York, Stony Brook University, USA, PhD in Chemistry ▲ Director of Oriental Resources Development Co., Ltd. & Martens Beer (Shanghai) Ltd.	-	-
Senior Vice President R&D Center	R.O.C	David Liu	Male	9 Sep 16	307	0.00	0	0.00	Yuan Tzu University, Taiwan, Master in Chemical Engineering	-	-

Corporate Governance Report

Title	Nationality or Record of Birth	Name	Gender	Date effective	Shareholding		Shareholding of spouse & minor children		Curriculum vitae ▲ Positions in other companies	Managers who are spouses or within two degrees of kinship	
					Shares	%	Shares	%		Title	Name
Senior Vice President Polyester Industry	R.O.C	Arthur Lee	Male	15 Feb 07	5,964	0.00	0	0.00	Oklahoma City University, USA, MBA ▲ -	-	-
Senior Vice President Polyester Industry	R.O.C	C. T. Peng	Male	1 Aug 10	0	0.00	0	0.00	National Tsing Hua University, Taiwan, Master in Chemical Engineering ▲ Director of Oriental Resources Development Co., Ltd.	-	-
Senior Vice President Polyester Industry	R.O.C	C. T. Chen	Male	1 Nov 10	0	0.00	0	0.00	Yuan Ze University, Taiwan, Masters in Industrial Engineering ▲ -	-	-
Senior Vice President Polyester Industry	R.O.C	C. T. Chang	Male	1 Jan 11	30,783	0.00	140	0.00	Yuan Ze University, Taiwan, Master in Chemical Engineering ▲ -	-	-
Senior Vice President Polyester Industry	R.O.C	Eric Huang	Male	1 Jul 12	0	0.00	0	0.00	National Taiwan University of Science and Technology, Taiwan, PhD in Chemical Engineering ▲ Director of FEFC and Oriental Industries (Suzhou)	-	-
Senior Vice President Polyester Industry	R.O.C	J. K. Tsai	Male	1 Jul 12	37,187	0.00	11,257	0.00	National Open University, Taiwan, Sociology Department ▲ -	-	-
Senior Vice President Polyester Industry	R.O.C	S. Y. Lai	Male	1 Oct 13	1,040	0.00	0	0.00	Yuan Ze University, Taiwan, Postgraduate Diploma in Management Administration ▲ Director of Wuhan Far Eastern New Material Ltd. & Matsens Beer (Shanghai) Ltd.	-	-
Senior Vice President Polyester Industry	R.O.C	M. L. Tsai	Male	1 Sep 13	0	0.00	383	0.00	Feng Chia University, Taiwan, Master in Textile Engineering ▲ -	-	-
Senior Vice President Polyester Industry	R.O.C	K. S. Tsai	Male	1 Jun 13	0	0.00	0	0.00	Yuan Ze University, Taiwan, Postgraduate Diploma in Management Administration ▲ -	-	-
Senior Vice President Polyester Industry	R.O.C	Roder Chang	Male	1 Dec 14	1,555	0.00	0	0.00	Feng Chia University, Taiwan, Master in Textile Engineering Department ▲ -	-	-
Senior Vice President Polyester Industry	R.O.C	K.B. Louy	Male	15 Mar 16	35	0.00	0	0.00	Feng Chia University, Taiwan, Textile Engineering Department ▲ -	-	-
Senior Vice President Textile Industry	R.O.C	S. C. Lo	Male	15 Mar 16	0	0.00	17	0.00	Feng Chia University, Taiwan, Master in Textile Engineering ▲ -	-	-
Senior Vice President Textile Industry	R.O.C	Tony Liang	Male	1 Jan 09	31	0.00	133	0.00	Fu Jen Catholic University, Taiwan, Department of English Language & Literature ▲ Director of Far Eastern Apparel (Vietnam) Ltd. and Far Eastern New Apparel (Vietnam) Ltd.	-	-
Senior Vice President Textile Industry	R.O.C	Y. J. Lou	Male	1 Mar 11	35,046	0.00	27,388	0.00	Tatung University, Taiwan, Chemical Engineering Department ▲ Director of Worldwide Polychem (HK) Ltd. and Far Eastern Apparel	-	-
Senior Vice President Purchasing Department	R.O.C	C. C. Hong	Male	1 May 11	0	0.00	0	0.00	Feng Chia University, Taiwan, Mechanical Engineering Department ▲ -	-	-
Senior Vice President Purchasing Department	R.O.C	Ryan Wu	Male	1 May 11	0	0.00	0	0.00	Da-Yeh University, Taiwan, Master in Food Industry ▲ -	-	-

Note 1: Managers mentioned in table above do not hold the Company shares via accounts in others' names.

Note 2: There is no share warrant and share option issued by the Company to employees for purchasing shares.

2.3 Remuneration of Directors, President, and Executive Vice Presidents
2.3.1 Remuneration Paid to Directors

Unit: NT\$ thousands

Title	Name	Remuneration						Relevant compensation received by directors who are also employees						Ratio of total remuneration to net income (%)		Remuneration paid to Directors from an invested company other than the Company's subsidiary (VII)						
		Base Remuneration (I)		Severance Pay and Pension (II)		Directors' remuneration from distribution of earnings (III)		Operating Allowances (IV)		Ratio of total remuneration (I+II+III+IV) over net income (%)		Salary, Bonuses, and Allowances (V)					Severance Pay and Pension (VI)		Employees' compensation from distribution of earnings (VII)			
		A	B	A	B	A	B	A	B	A	B	A	B	A	B		A	B	A	B		
Chairman	Douglas Tong Hsu																					
Director	Asia Cement Corporation																					
	Far Eastern Department Stores Ltd.																					
	U-Ming Marine Transport Corp.	0	0	0	0	116,156	116,156	1,500	7,455	1.87%	1.96%	25,083	105,610	0	0	1,659	0	1,659	0	2.29%	3.66%	90,822
	Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation																					
	Independent Director	Bing Shen Johnsee Lee Sheng-Cheng Hu																				

Note:

- Column A represents the Company; Column B represents all companies in the consolidated financial statement.
- Operating allowances mentioned in the table above were the actual amount distributed in 2016. Directors' remuneration and Employees' compensation, approved by the Board Meeting on March 23 2017, are the proposed figures to be resolved by the upcoming 2017 Annual General Shareholders' Meeting.
- A company car is assigned to Chairman Douglas Tong Hsu for business purpose. The acquisition cost of the said car is NT\$6.508 million.
- There is neither share bonus being issued nor share warrant and share option being issued by the Company or companies in the consolidated financial report to employees for purchasing shares.
- Representative of Asia Cement Corporation: Johnny Shih, Raymond Hsu, Peter Hsu, Shaw Y. Wang, Representative of Far Eastern Department Stores Ltd.: Richard Yang, Tonia Katherine Hsu, Representative of U-Ming Marine Transport Corp.: Alice Hsu, Kwah-Tao Li.; Representative of Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation: Champion Lee

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Bracket	Name of Directors		
	Total of (I+II+III+IV)	Total of (I+II+III+IV+V+VI+VII)	Companies in the consolidated financial statement
	The Company	The Company	Companies in the consolidated financial statement
Under NT\$2,000,000	0	0	0
NT\$2,000,000 ~ NT\$4,999,999	Representative of Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation: Champion Lee Bing Shen, Johnsee Lee, Sheng-Cheng Hu	Representative of Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation: Champion Lee Bing Shen, Johnsee Lee, Sheng-Cheng Hu	Bing Shen, Johnsee Lee, Sheng-Cheng Hu
NT\$5,000,000 ~ NT\$9,999,999	Representative of Far Eastern Department Stores Ltd.: Richard Yang, Tonia Katherine Hsu Representative of U-Ming Marine Transport Corp.: Alice Hsu, Kwan-Tao Li	Representative of Far Eastern Department Stores Ltd.: Richard Yang, Tonia Katherine Hsu Representative of U-Ming Marine Transport Corp.: Alice Hsu, Kwan-Tao Li	Representative of Far Eastern Department Stores Ltd.: Richard Yang, Tonia Katherine Hsu Representative of U-Ming Marine Transport Corp.: Alice Hsu, Kwan-Tao Li Representative of Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation: Champion Lee
NT\$10,000,000 ~ NT\$14,999,999	Representative of Asia Cement Corporation: Johnny Shih, Raymond Hsu, Peter Hsu, Shaw Y. Wang,	Representative of Asia Cement Corporation: Johnny Shih, Raymond Hsu, Peter Hsu, Shaw Y. Wang,	0
NT\$15,000,000 ~ NT\$29,999,999	Douglas Tong Hsu	Douglas Tong Hsu Representative of Asia Cement Corporation: Johnny Shih, Raymond Hsu, Peter Hsu, Shaw Y. Wang,	0
NT\$30,000,000 ~ NT\$49,999,999	0	0	Representative of Asia Cement Corporation: Johnny Shih, Raymond Hsu, Peter Hsu, Shaw Y. Wang,
NT\$50,000,000 ~ NT\$99,999,999	0	0	Douglas Tong Hsu
NT\$100,000,000 and over	0	0	0
Total	13	13	13

2.3.2 Compensation Paid to Presidents and Executive Vice Presidents

Unit: NT\$ thousands

Title	Name	Salary (I)		Severance Pay and Pension (II)		Compensation and Allowances (III)		Employees' compensation from distribution of earnings (IV)			Ratio of total remuneration ((I)+(II)+(III)+(IV) to net income (%))		Compensation paid to the Vice President from an invested company other than the Company's subsidiary	
		A	B	A	B	A	B	A	Cash	Stock	B	Cash		Stock
President	K. S. Wu													
	Y. H. Tseng													
	Eric Hu													
Chief Operating Officer	Humphrey Cheng													
	Donald Fan													
	C. Y. Dai													
Chief Auditor	Raymond Hsu													
	Chun Min Ho													
	Y.C. Yuan	52,258	53,240	0	0	64,055	64,055	3,250	0	3,250	0	1.90%	11,286	
Chief Financial Officer	David Wang													
	B.C. Chang													
	Alan Tsai													
Executive Vice President	Emily Wu													
	Ru-yu Wu													
	Judy Lee													
	Kwen Lin Ho													
	M. J. Wu													
	Mingo A. Chen													

Note:

1. Column A represents the Company; Column B represents all companies in the consolidated financial statement.
2. The Company and all companies in the consolidated financial statement neither issue shares nor issue warrants and options for purchasing common shares to employees as bonus.
3. A company car is assigned to all Presidents and Executive Vice Presidents for business purposes. The total rental for the said car is NT\$372,000 per year.

Bracket	The Company		Name of Presidents and Executive Vice Presidents	
	The Company	Companies in the consolidated financial statement	The Company	Companies in the consolidated financial statement
Under NT\$2,000,000	0	0		
NT\$2,000,000 ~ NT\$4,999,999	0	0		
NT\$5,000,000 ~ NT\$9,999,999			K. S. Wu, Y. H. Tseng, Eric Hu, Humphrey Cheng, Donald Fan, C. Y. Dai, Raymond Hsu, Chun Min Ho, Y. C. Yuan, David Wang, B. C. Chang, Alan Tsai, Emily Wu, Ru-yu Wu, Judy Lee, Kwen Lin Ho, M. J. Wu, Mingo A. Chen	K. S. Wu, Y. H. Tseng, Eric Hu, Humphrey Cheng, Donald Fan, C. Y. Dai, Raymond Hsu, Chun Min Ho, Y. C. Yuan, David Wang, B. C. Chang, Alan Tsai, Emily Wu, Ru-yu Wu, Judy Lee, Kwen Lin Ho, M. J. Wu, Mingo A. Chen
NT\$10,000,000 ~ NT\$14,999,999	0	0		
NT\$15,000,000 ~ NT\$29,999,999	0	0		
NT\$30,000,000 ~ NT\$49,999,999	0	0		
NT\$50,000,000 ~ NT\$99,999,999	0	0		
NT\$100,000,000 and over	0	0		
Total	18	18		

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2.3.3 Compensation Paid to Managers

Unit:NT\$ thousands

Title	Name	Employee Compensation-in Cash	Ratio of Total Amount to Net Income(%)
President, Petrochemical Industry	K. S. Wu	3,250	0.05%
President, Polyester Industry	Y. H. Tseng		
President, Textile Industry	Eric Hu		
President, Corporate Management	Humphrey Cheng		
Chief Operating Officer, Polyester Industry	Donald Fan		
Chief Operating Officer, Polyester Industry	C. Y. Dai		
Chief Auditor, Chairman Office	Raymond Hsu		
Chief Auditor, Group Auditing Department	Chun Min Ho		
Chief Auditor, Group Auditing Department	Y.C. Yuan		
Chief Financial Officer, President Office	David Wang		
Plant Chief, Polyester Industry	B.C. Chang		
Executive Vice President, President Office	Alan Tsai		
Executive Vice President, President Office	Emily Wu		
Executive Vice President, R&D Center	Ru-yu Wu		
Executive Vice President , Textile Industry	Judy Lee		
Executive Vice President , Textile Industry	Kwen Lin Ho		
Executive Vice President , Textile Industry	M. J. Wu		
Executive Vice President , Textile Industry	Mingo A. Chen		
Senior Vice President, Corporate Staff Office	Jackson Wu		
Senior Vice President, Corporate Staff Office	Allen Sha		
Senior Vice President, Corporate Staff Office	Y.L. Chen		
Senior Vice President, Corporate Staff Office	Y.S. Yang		
Senior Vice President, President Office	David Shih		
Vice Chief Auditor, Audit Department	Mark Lu		
Vice Chief Auditor, Group Auditing Department	Rebecca Huang		
Senior Vice President, Accounting Department	Davis Dai		
Senior Vice President, Finance Department	Mike Wu		
Senior Vice President, Finance Department	Jenny Ho		
Senior Vice President, Legal Department	Li-Chi Chen		
Senior Vice President, Secretarial Department	Hans Kuo		
Senior Vice President, Human Resource Department	C. Y. Lin		
Senior Vice President, R&D Center	Ken Chang		
Senior Vice President, R&D Center	Y. T. Chang		
Senior Vice President, R&D Center	Fanny Liao		
Senior Vice President, R&D Center	David Liu		
Senior Vice President, Polyester Industry	Arthur Lee		
Senior Vice President, Polyester Industry	C. T. Peng		
Senior Vice President, Polyester Industry	C. T. Chen		
Senior Vice President, Polyester Industry	C. T. Chang		
Senior Vice President, Polyester Industry	Eric Huang		
Senior Vice President, Polyester Industry	J. K. Tsai		
Senior Vice President, Polyester Industry	S. Y. Lai		
Senior Vice President, Polyester Industry	M. L. Tsai		
Senior Vice President, Polyester Industry	K. S. Tsai		
Senior Vice President, Polyester Industry	Roder Chang		
Senior Vice President, Polyester Industry	K. B. Louy		
Senior Vice President, Textile Industry	S. C. Lo		
Senior Vice President, Textile Industry	Tony Liang		
Senior Vice President, Textile Industry	Y.J. Lou		
Senior Vice President, Purchasing Department	C. C. Hong		
Senior Vice President, Purchasing Department	Ryan Wu		

Note : There are no shares being issued by the Company to pay for employee bonuses.

2.4 Remuneration Paid to Directors, Compensation Paid to Presidents and Executive Vice Presidents

2.4.1 The Ratio of Total Remuneration Paid by the Company and by All Companies Included in the Consolidated Financial Statements for the Two Latest Fiscal Years to Directors, Presidents and Executive Vice Presidents of the Company over Net Income:

Year	The Ratio of Total Paid Remuneration over Net Income	
	The Company	Companies in the consolidated financial statement
2016	4.18%	5.57%
2015	3.08%	3.92%

2.4.2 The Policies, Standards, Structures for the Payments of Remuneration, the Procedures for Determining Remuneration, and the Correlations with Business Performance:

Pursuant to Company Act and the Article 26 of the "Articles of Incorporation of Far Eastern New Century Corporation", 2% to 3.5% of profit of the current year should be distributed as employees' compensation and not more than 2.5% of profit of the current year should be distributed as Directors' remuneration in the case where there are profits for the current year. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of Directors, to determine the actual ratio, amount, form (in the form of shares or in cash) and the number of shares of the profit distributable as employees' compensation; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The actual ratio and amount of the profit distributable as Directors' remuneration shall also be determined by Board of Directors, and a report of such distribution shall be submitted to the shareholders' meeting. The remaining compensation is determined based on the business results of the whole company and each department; meanwhile, results of market survey on the general salary level of TWSE-listed companies and reports by professional consulting companies will also be referenced.

3. Corporate Governance

3.1 Board of Directors

Total four meetings were convened by the Board of Directors in 2016. Attendance of each Director is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks	
Chairman	Douglas Tong Hsu	4	0	100		
Director	Asia Cement Corp.	Johnny Shih	3	1	75	
		Peter Hsu	4	0	100	
		Raymond Hsu	4	0	100	
		Shaw Y. Wang	4	0	100	
	Far Eastern Department Stores Ltd.	Richard Yang	4	0	100	
		Tonia Katherine Hsu	4	0	100	
	U-Ming Marine Transport Corp.	Kwan-Tao Li	3	0	75	
		Alice Hsu	2	0	50	
	Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation	Champion Lee	4	0	100	
	Independent Directors	Bing Shen	4	0	100	
Johnsee Lee		3	0	75		
Sheng-Cheng Hu		2	0	100	23 June 2016, Newly-elected	
Other required disclosure:						
(1) Should any circumstance occurred on board practices, the dates and sessions of the said board meetings, the contents of the said resolutions, opinions of all independent directors, and measures the Company had in responding to such opinions shall be specified:						
1. Any circumstance described in Article 14-3 of the Securities and Exchange Act: Please refer to page 49 to 50 "Major resolutions by Annual General Shareholders' Meeting and Board of Directors"						
2. Any resolution on which an independent director had a dissenting or qualified opinion occurred in board meetings: None						

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- (2) Should there be any director neither joining discussion nor exercising the voting rights in board meetings for the resolution which he/she has personal interests, the name of such director, the contents of the said resolution, the reasons such director has personal interests, and the voting results shall be specified: Not applicable
- (3) Targets and measures of this and previous years established to improve the functionality of the Board of Directors and their execution results (for instance, the establishment of the audit committee, the improvement of information disclosure, and so forth): The Company announces the resolutions of every Board of Director's meeting on its website, and purchases liability insurance for its Directors as to improve the Company's operational transparency and protect the shareholders' rights. The Audit Committee established in accordance with regulations after the re-election of Directors in 2015.

3.2 Audit Committee:

Total four meetings were convened by the Audit Committee in 2016. Attendance of each Independent Director is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Bing Shen	4	0	100	-
Committee member	Johnsee Lee	4	0	100	
Committee member	Sheng-Cheng Hu	2	0	100	

Other required disclosure:

(1)

1. Any circumstance described in Article 14-5 of the Securities and Exchange Act:

Meeting Date (Term)	Resolutions	Circumstances described in Article 14-5 of the Securities and Exchange Act	The Company's response to Audit Committee's opinions
2016.03.21 (3 rd Meeting of the 1 st Term)	1. Circumstances for acquisition and disposition of assets during Oct. 2015 to Feb. 2016	√	All presented committee members have approved and submitted to the Board of Directors. All Directors present consented to the Declaration, and no dissenting opinion was expressed.
	2. The outstanding balance & actual borrowing amounts of endorsements and guarantees at the end of Feb. 2016	√	
	3. Transactions for FX hedging as of Feb. 2016	√	
	4. Circumstances for lending of capital to others as of Feb. 2016	√	
	5. 2015 audited financial reports (including consolidated & stand-alone)	√	
	6. 2015Q4 internal audit report	√	
	7. Supervisory Committee, list of executive team and examination results of the voluntary reviews of the internal control systems in 2015	√	
2016.05.06 (4 th Meeting of the 1 st Term)	1. 2016Q1 reviewed consolidated financial report		
	2. Circumstances for acquisition and disposition of assets during Mar. 2016	√	
	3. The outstanding balance & actual borrowing amounts of endorsements and guarantees at the end of Mar. 2016	√	
	4. Transactions for FX hedging as of 21 Apr. 2016	√	
	5. The proposal for distribution of 2015 profits	√	
	6. Approved 2015 business report	√	
	7. 2016Q1 internal audit report	√	
2016.08.09 (5 th Meeting of the 1 st Term)	1. Circumstances for acquisition and disposition of assets during Apr. to Jun. 2016	√	
	2. The outstanding balance & actual borrowing amounts of endorsements and guarantees at the end of Jun. 2016	√	
	3. Transactions for FX hedging as of 15 Jul. 2016	√	
	4. 2016Q2 reviewed consolidated financial report	√	
	5. 2016Q2 internal audit report	√	

Meeting Date (Term)	Resolutions	Circumstances described in Article 14-5 of the Securities and Exchange Act	The Company's response to Audit Committee's opinions
2016.11.03 (6 th Meeting of the 1 st Term)	1. 2016Q3 reviewed consolidated financial report		
	2. Circumstances for acquisition and disposition of assets during Jul. to Sep. 2016	√	
	3. The outstanding balance & actual borrowing amounts of endorsements and guarantees at the end of Sep. 2016	√	
	4. Transactions for FX hedging as of 14 Oct. 2016	√	
	5. 2016Q3 internal audit report	√	
	6. The 2016 Audit Plan review and the 2017 Audit Plan	√	
<p>2. Any resolution on which the Audit Committee had a dissenting or qualified opinion occur with the approval of two thirds or more of the entire Board of Directors: None</p> <p>(2) Should there be any independent director neither joining discussion nor exercising the voting rights in board meetings for the resolution which he/she has personal interests, the name of such independent director, the contents of the said resolution, the reasons such independent director has personal interests, and the voting results shall be specified: None</p> <p>(3) Communications between Independent Directors and the chief internal auditor and CPA of the Company (including the ways and topics that the aforesaid parties discuss on the financial and business situations of the Company, and the conclusions of their discussions):</p> <p>1. Audit Committee meetings are held by Independent Directors quarterly. Meeting minutes will be recorded and submitted to notify the President and top management of the Company of important discussions and resolutions. In the meetings, the internal audit officer reports the execution of internal audit work, significant internal audit findings, and provides the status of the follow-up matters instructed by Independent Director from previous meeting.</p> <p>2. The CPA of the Company attends the Audit Committee meetings and communicates the audited (or reviewed) financial reports and any important matters required by law to Independent Directors in the quarterly Audit Committee meetings.</p>			
Meeting Date	Communications with the internal audit officer	Communications with the CPA of the Company	
2016.03.21 (3 rd Meeting of the 1 st Term)	<ul style="list-style-type: none"> • 2015Q4 internal audit report • Supervisory Committee, list of executive team and examination results of the voluntary reviews of the internal control systems in 2015 	<ul style="list-style-type: none"> • 2015 audited financial reports (including consolidated & stand-alone) 	
2016.05.06 (4 th Meeting of the 1 st Term)	<ul style="list-style-type: none"> • 2016Q1 internal audit report 	<ul style="list-style-type: none"> • 2016Q1 reviewed consolidated financial report 	
2016.08.09 (5 th Meeting of the 1 st Term)	<ul style="list-style-type: none"> • 2016Q2 internal audit report 	<ul style="list-style-type: none"> • 2016Q2 reviewed consolidated financial report 	
2016.11.03 (6 th Meeting of the 1 st Term)	<ul style="list-style-type: none"> • 2016Q3 internal audit report • Reviewed 2016 audit result and proposed 2017 audit plan 	<ul style="list-style-type: none"> • 2016Q3 reviewed consolidated financial report • Communication and explanation upon key audit matters for the new independent auditors' report 	

Corporate Governance Report

3.3 Corporate Governance Execution Results and Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”

Item	Implementation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and
	Yes	No	Summary	
(1) Has the Company formulated and disclosed its own corporate governance best-practice principles in accordance with “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”?	V		The Company has formulated “Corporate Governance Principles” and disclosed them through the company website and the Market Observatory Post System (MOPS).	None
(2) Shareholding Structure & Shareholders’ Rights				
a. Has the Company established internal operating procedures to handle shareholder proposals, doubts, disputes, and litigation-related issues, and practically implemented such procedures?	V		The Company has established communication channel (e.g. the Audit Committee and Audit Department email addresses) for its shareholders and stakeholders. The Company has handled shareholder proposals, doubts, disputes, and litigation-related issues in accordance with “Procedures for the Audit Committee’s Email Management” and “Audit Department Misconduct Reporting and Resolution Procedures on Handling Employees or Stakeholders”	
b. Has the Company kept a list of major shareholders and a list of ultimate owners of these major shareholders?	V		The Company, at all time, keeps updated information of major shareholders and the ultimate owners of these major shareholders. If change in ownership occurs, the Company follows the relevant regulations to disclose related information.	
c. Has the Company established and operated a risk management mechanism and “firewall” between the Company and its affiliates?	V		The Company has assigned risk control of accounts receivable to the Credit Committee. To manage the potential risk and establish a “firewall” between the Company and its affiliates, the Company and its affiliates have already established and implemented “Procedures for Acquisition and Disposition of Assets”, “Procedures for Lending of Capital to Others”, and “Procedures for Endorsements and Guarantees”.	
d. Has the Company established internal rules to prohibit company insiders from trading securities using information not disclosed to the market?	V		The Company has established the “Procedures for Handling Material Inside Information”, the “Code of Ethics” and the “Best Practice Principles of Ethical Corporate Management” to prohibit company insiders from trading securities using information not disclosed to the market, and has advocated the following: A. New managers be given a copy of the “Procedures for Handling Material Inside Information” when they sign the declaration statement.	

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and
	Yes	No	Summary	
			<p>B. The Company promotes the "Procedures for Handling Material Inside Information" to its managers on an intermittent basis and prohibits company insiders from trading securities using information not disclosed to the market or to disclose information prohibited by insider trading-related laws.</p> <p>C. The Company advocates the "Procedures for Handling Material Inside Information" to managers and employees when they sign the confidentiality agreement during initial hiring.</p>	
<p>(3) Composition and Responsibilities of the Board of Directors</p> <p>a. Have members of the Board of Directors formulated diverse policies and implemented them accordingly?</p>	V		<p>The Company has adopted the Board of Directors member nomination and selection system which references the opinions of the Independent Directors, evaluates the educational background of each member, and complies with the "Election Procedures of Director" and the "Corporate Governance Principles" to ensure that diversity and independent stakeholder opinions have been taken into consideration.</p> <p>The 22nd board members, including two female directors, are well-experienced in management and leadership decision making and have in-depth industrial knowledge. Some of the members have backgrounds in law, finance, economics, sales, etc. The implementation status of diverse policies can be referred to Note 1.</p>	None
<p>b. In addition to establishing a Remuneration Committee and an Audit Committee, has the Company voluntarily established other types of functional committees?</p>	V		<p>A. "Credit Committee": Audits credit ratings of domestic sales and export customers, and approves credits granted. Implements control of customer credits and account receivables in order to achieve the "Zero Bad Debt" management target for the year.</p> <p>B. "The Supervisory Committee of Information Safety": In charge of promotions and coordination of information security matters.</p> <p>C. "Safety and Health Committee": Practically implements occupational safety and health control matters.</p>	
<p>c. Has the Company established a Board performance assessment method, and have performance evaluations been conducted annually?</p>	V		<p>In 2016, the Company formulated the "Board Performance Evaluation Rule" in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. Every year, the Board members and the divisions in charge of organizing meetings conducted a self-evaluation of the Board's performance on five areas, namely, involvement in the Company's operations, improvement in</p>	

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Item	Implementation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and
	Yes	No	Summary	
d. Has the Company evaluated the independence of CPAs on a regular basis?	√		<p>the Board’s decision making, the Board’s structure and organization, the selection and further training of the Board members as well as internal control. Last year, the performance of the Board was evaluated as above par, which indicates the improvement in the Board’s effectiveness.</p> <p>At FENC and its subsidiary FarEasTone, an annual assessment is conducted on the independence and competence of CPAs and the results are reported to the Board. On March 23, 2017, the Board made a final review on the CPAs’ independence and competence over 2016 and confirmed that they were free of conflicts of interest relationships and maintained objectivity and impartiality when discharging their professional responsibilities. The Company also received the “letter of independence from auditors of Deloitte and Touche” in accordance with the regulations of independence and competence. The assessment results can be referred to Note 2.</p>	
(4) Does the Company established a full- (or part-) time corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited to furnish information required for business execution by directors, handle matters relating to board meetings and shareholders’ meetings according to laws, handle corporate registration and amendment registration, record minutes of board meetings and shareholders meetings, etc.)?	√		<p>The Corporate Staff Office, Accounting Department, Finance Department, Human Resource Department, Legal Department and Secretarial Department established the Corporate Governance Working Group in a joint effort to handle governance related affairs under the supervision of the President of the Corporate Management. The working group deals with corporate integrity, corporate social responsibilities, legal compliance, meetings, and public disclosure, etc.</p>	None
(5) Has the company established a stakeholder (including, but not limited to, shareholders, employees, clients and suppliers, etc.) communication channel, a company website dedicated to stakeholders, and appropriately responded to the main social responsibility issues which are critical to stakeholders?	√		<p>The Company has established a “Stakeholder’s Contact Information” list as well as a communication channel for shareholders, stakeholders, and the relevant company units on its company website. We have designated appropriate departments to communicate with stakeholders, at any time, on a case by case basis.</p>	
(6) Has the Company commissioned professional stock service agents to handle shareholder affairs?	√		<p>The Company and its subsidiary, Far EasTone have commissioned Oriental Securities Corporation to be the professional stock services agent in assisting and handling shareholder-related matters.</p>	

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and
	Yes	No	Summary	
<p>(7) Information Disclosure</p> <p>a. Has the Company set up a corporate website to disclose information on financial, business and its corporate governance?</p>	V		<p>The Company and its subsidiary Far EasTone have set up multiple-language (traditional Chinese/simplified Chinese/English) websites: www.fenc.com & www.fareastone.com.tw, respectively. Both corporate websites disclose the most updated information on financial, business and corporate governance.</p>	
<p>b. Has the Company adopted other information disclosure channels (i.e. English website; designated appropriate personnel to be in charge of Company information collection and disclosure, implemented the spokesperson system, uploaded the investor conference presentations on the Company's website, etc.)?</p>	V		<p>The Company and its subsidiary Far EasTone have established a spokesperson system, including a spokesperson and a deputy spokesperson. Both managers undertake their deeds precisely based on the Company's requirements. The Company's website is set up in multiple-language (traditional Chinese/simplified Chinese/English), and has designated appropriate persons to collect the Company's information. Investor conferences are held as needed, and the relevant information is disclosed on the Company's website and the M.O.P.S. website operated by the Taiwan Stock Exchange.</p>	
<p>(8) Does the Company have other critical information which can help others to understand the implementation of corporate governance (including, but not limited to, employee welfare, staff care, investor relations, supplier relations, stakeholder rights, Director and Supervisor training status, risk management policies and risk measurement standard implementation progress, customer policy implementation progress, and the Company's purchase of liability insurance for Directors and Supervisors?</p>	V		<p>Please refer to page 44 Section Eight: "Others" in regard to critical information that can help others to understand the implementation of corporate governance from the Company and its subsidiaries.</p>	None
<p>(9) Base on the result of "Corporate Governance Evaluation" announced by TWSE (Taiwan Stock Exchange Corporation) in a recent year to illustrate the status of matters have been already improved and priority measures to reinforce matters haven't been improved.</p>	V		<p>The Company ranked among the top 5% in the Corporate Governance Evaluation of 2016. The areas that require immediate improvement are described below: Strengthening the functions of functional committees, assessing to add the involvement of the independent director or add other functional committees, as a means to ensure the board's sound management and supervision.</p>	

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Note 1 : Assessment table of expertise and eligibility of members of the Board of Directors

Diverse Key Items Name	Gender	1	2	3	4	5	6	7	8
		Operational judgement	Operational management	Finance & accounting	Business & economy	Risk management	Industrial know-how	International prospectives	Leadership & decision-making
Douglas Tong Hsu	Male	✓	✓	✓	✓	✓	✓	✓	✓
Johnny Shih	Male	✓	✓	✓	✓	✓	✓	✓	✓
Peter Hsu	Male	✓	✓	✓	✓	✓	✓	✓	✓
Raymond Hsu	Male	✓	✓	✓	✓	✓	✓	✓	✓
Shaw Y. Wang	Male	✓	✓	✓	✓	✓	✓	✓	✓
Richard Yang	Male	✓	✓	✓	✓	✓	✓	✓	✓
Tonia Katherine Hsu	Female	✓	✓		✓	✓	✓	✓	✓
Kwan-Tao Li	Male	✓	✓	✓	✓	✓	✓	✓	✓
Alice Hsu	Female	✓	✓	✓	✓	✓	✓	✓	✓
Champion Lee	Male	✓	✓	✓	✓	✓	✓	✓	✓
Bing Shen	Male	✓	✓	✓	✓	✓	✓	✓	✓
Johnsee Lee	Male	✓	✓	✓	✓	✓	✓	✓	✓
Sheng-Cheng Hu	Male	✓	✓	✓	✓	✓	✓	✓	✓

Note 2 : Assessment table of independence of Certified Public Accountant

Assessment table	Result	Independence? Y/N
1. Whether Certified Public Accountant has direct or significant indirect financial interests with the Company.	No	Y
2. Whether or not Certified Public Accountant has any financing or guarantees of conduct with the Company or the directors of the Company.	No	Y
3. Whether Certified Public Accountant has a close business relationship and potential employment relationship with the Company.	No	Y
4. Whether Certified Public Accountant or members of their audit team had any positions in the Company as directors, managers or significant influence on the audit in recent two years.	No	Y
5. Whether Certified Public Accountant has any non-audit services to the Company which may directly affect the audit work.	No	Y
6. Whether Certified Public Accountant has an intermediary to issue shares or other securities of the Company.	No	Y
7. Whether Certified Public Accountant has acted as the Company's defender or on behalf of the Company to coordinate conflicts with other third parties.	No	Y
8. Whether Certified Public Accountant has a kinship with the directors, managers of the Company or persons who have a significant influence on the audit work	No	Y

3.4 The Composition of the Remuneration Committee

a. Information of the Remuneration Committee Members

Role	Condition Name	With work experience for more than 5 years and the following professional qualification requirements			Conform to Independent (Note1)								Number of Other Public Companies in Which the Individual is Concurrently Serving as Remuneration Committee Member	Remarks
		An instructor or higher up in a department of commerce, law, finance, accounting, or other academic department related to company business in a public or private junior college, college, university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a professional capacity that is necessary for company business	Having work experience in the area of commerce, law, finance, or accounting, or otherwise necessary company business	1	2	3	4	5	6	7	8		
Independent Director	Bing Shen			✓	✓	✓	✓	✓	✓	✓	✓	✓	1	-
Others	Min-The Yu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	1	-
	J. W. Huang			✓	✓	✓	✓	✓	✓	✓	✓	✓	2	-

Note 1: ✓ indicates qualified members during the two years before being elected or during the term of the appointment.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any its affiliates. This is not restrictive on any person who is an independent director of the Company, or its parent company which established based on this law or local law.

(3) Not an individual shareholder who holds shares, together with those held by the person's spouse, minor children, or held under others' names, in an aggregate amount of one percent or more of the total outstanding shares of the Company or ranks among the top ten shareholders who are natural persons in terms of the share volume held.

(4) Not a spouse, or relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any the persons in the preceding three subparagraphs.

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total outstanding shares of the Company or ranks among the top five corporate shareholders in term of share volume held.

- (6) Not a director, supervisor, executive officer, or shareholder holding five percent or more shares of a specific company or institution and who also has financial or business dealings with the Company.
- (7) Not a professional, or owner, partner, director, supervisor, or executive officer and the spouse thereof of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting or consulting services to the Company or to any affiliates of the Company.
- (8) Not has any of the circumstance in the subparagraphs of Article 30 of the Company Act.

b. Executive Status of the Remuneration Committee:

The Company has established the Remuneration Committee on August 19, 2011 and the number of the committee members is three. The tenure of current 3rd term Remuneration Committee is from June 26, 2015 to June 25, 2018. In recent year, the Remuneration Committee held 3 times (A) and the attendance status of members is disclosed as follows:

Title	Name	Times of Attendance (B)	Times of Attendance by Proxy	Percentage of Attendance (%) (B/A)	Remark
Convener	Bing Shen	3	0	100%	The 3 rd term Remuneration Committee
Committee member	Min-Teh Yu	3	0	100%	
	J. W. Huang	3	0	100%	

Other required disclosure:

- (1) If the Board does not adopt or amend the suggestions of the Remuneration Committee, date and term of the meeting, the agenda item, the resolution and the Company's disposition of the suggestions shall be specified. (If the remuneration passed by the board exceeds that proposed by the committee, the discrepancy and the reason therefor shall be specified.): None
- (2) If any of the Board members has expressed opposition or reservations to the resolution, which have been recorded or put in writing, the date and term of the meeting, the resolution, the view of each member and the disposition thereof shall be specified: None

3.5 Measures the Company Takes to Fulfill Corporate Social Responsibilities and Their Execution Results:

Item	Implementation Status			Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
a. Implementation of Corporate Governance				
(a) Has the Company established a CSR (corporate social responsibility) policy and assessed the effectiveness of its implementation?	V		In order to fulfill their corporate social responsibilities, the Company and its subsidiary, Far EasTone, have formulated CSR policies with an aim of developing the economy, society and the environment in a balanced and sustainable manner. Since the policies were approved by the Board, all departments have performed related tasks based on their function under the supervision of the Corporate Staff Office.	None
(b) Does the Company hold CSR training on an ongoing basis?	V		The Company's Human Resources Development Center organizes routine educational training on corporate governance, legal compliance and safety and health for the Directors, managers and employees. The Company's subsidiary, Far EasTone, recruits CSR experts on an annual basis to share current trends during CSR Committee meetings and at senior-level management meetings.	
(c) Has the Company established a dedicated (or non-dedicated) unit to promote CSR, which is authorized to handle senior-management level affairs by the Board of Directors, and sends feedback on its handling to the Board?	V		The Company instituted a functional CSR Committee in 2012. The committee is composed of four units, which mirror Company's four businesses, with unit members from different departments and divisions. There are three dedicated officers from the Corporate Staff Office who plan and promote CSR projects,	

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Item	Implementation Status			Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary	
			whilst the committee members execute the projects, report on sustainability performance and communicate with stakeholders. There are 153 CSR committee members including a cross-unit Energy Task Force. The Company's subsidiary, Far EastTone, has established “FET CSR Committee”. The Company and its subsidiaries periodically report on CSR implementations and results to senior-level management or the Board of Directors in order to incorporate CSR as one of the Company's core values.	
(d) Has the Company established a reasonable remuneration policy, which incorporates ethical conduct into the performance evaluation system of employees, and clearly carries out an effective reward and discipline system?	V		The Company and its subsidiaries have set clear-cut standards for employee performance evaluation, educational training, as well as rewards and discipline. A remuneration committee is in place to assist the Board in stipulating performance evaluation and reward policies, systems, standards and structures for Directors and managers. Related performance evaluations, salaries, bonuses, profit sharing plan, and reward payment methods for Directors and employees are regularly evaluated by the "Remuneration Committee" and their suggestions are submitted for discussion at the board meetings.	
b. Sustainability Managements				
(a) Is the Company committed to enhancing the effectiveness of utilizing various resources and consuming recycled materials as feedstock to minimize the adverse impact on the environment?	V		Specific efforts that the Company and its subsidiaries make to conserve the environment include, but are not limited to, consuming recycled materials as feedstock, e.g. recycled PET bottles; re-utilizing the residuals from the production process as raw materials; collecting the residual fuel and the emission of heat and steam to reduce the consumption of energy; reclaiming water usage; and optimizing the production processes. As part of its commitment to enhancing the effectiveness of utilizing various resources, and to minimize energy wastage.	None
(b) Has the Company established an appropriate environmental management system according to its industry characteristics?	V		In 2010, the Company and its subsidiaries set up a crossed subsidiaries and inter-departmental "Energy Task Force". The responsibilities include examining energy-related topics from the parent company's governance perspective. The team sets up an energy-saving project team and assesses the feasibility of energy-saving measures; and it steers corporate strategy towards energy-saving implementations that facilitate and promote appropriate measures in response to government policies. All these efforts are geared toward mitigating the effects of global climate change, reducing greenhouse gas emissions, and fulfilling the Company's social responsibility of protecting our world's environment.	

Item	Implementation Status			Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary	
(c) Has the Company paid attention to the impact from climate changes on its business operations, carried out assessments on greenhouse gases, and set up corporate strategies to save energy and to reduce the emission of carbon and greenhouse gas?	V		<p>1. The subsidiaries of FENC and its production facilities have set up appropriate management mechanisms that are in line with different local government requirements for greenhouse gas management (e.g., the carbon trading mechanism in Shanghai). Members of the Energy Task Force discuss, implement, and carry out management policies on-site and review their performance with related departments. For instance, monthly meetings are held to discuss the conditions of energy consumption, energy-saving targets, and the practical implementation of measures designed to save energy and to reduce the emission of carbon, etc.</p> <p>2. In order to support the development of Taiwan’s renewable energy, FENC has begun to purchase green power since 2015. In 2016, we purchased 300,000 kwh of power. In addition, solar panels were installed in three of our production sites in China and began operations in August, 2016. In order to cut our use of energy and mitigate the impact of climate change, the Company continued to adopt various energy-saving and carbon-cutting measures. Throughout 2016, a total of 133 campaigns were underway to conserve energy and prevent the emission of 166,252 tons of CO₂e.</p> <p>3. The Company has developed a comprehensive inventory of greenhouse gas emissions and performed verification tasks. Hsinpu Chemical Fiber Plant and Kuanyin Chemical Fiber Plant have taken the initiatives to comply with the government’s greenhouse gas reduction policies by signing a 5-year plan with the Industry Development Bureau to make voluntary efforts to reduce 50,000 tons of CO₂ emissions from 2016 to 2020. Far EasTone has established an energy management committee and related policies to promote energy preservation.</p> <p>4. The greenhouse gas (GHG) emissions of the FENC’s subsidiaries and production facilities, totaling 16 production lines, were 2,016 kt-CO₂e and 1,894 kt-CO₂e, respectively. In 2016, the Company’s (Taiwan) total GHG emissions was 768 kt-CO₂e.</p>	None

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Item	Implementation Status			Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary	
<p>c. Promote Common Goods and Public Welfare</p> <p>(a) Has the Company set up management policies and procedures according to related laws and regulations as well as the International Bill of Human Rights?</p>	V		<p>The Company and its subsidiaries comply with all pertinent labor regulations and the International Bill of Human Rights, and have established and adjusted internal management systems accordingly. We ensure that our recruitment policy does not discriminate based on gender, ethnicity, age, marital status, and family conditions, and our practices ensure the equality of salaries, recruitment conditions, trainings, and career advancement opportunities.</p> <p>Furthermore, we will continue to follow the current stipulations of the law so as to ensure the legal rights of our employees.</p>	None
<p>(b) Has the Company established employee grievance mechanisms and channels, and handled these grievances appropriately?</p>	V		<p>The websites of the Company and its subsidiaries all contain email contact details which are channeled to our Audit Committee, Audit Department and Legal compliance; all such emails are handled by dedicated personnel.</p>	
<p>(c) Has the Company offered a safe and healthy work environment and routinely implements safety and health education for its employees?</p>	V		<p>In order to construct a safe working environment that benefits both sides of the industrial relationship, the Company has undertaken several measures:</p> <p>Maintaining safe working conditions: requiring stringent safety and health standards starting from the purchasing of machinery, tools, and materials, as well as stringent supervision during the installation of machinery and tools; periodic inspection of various production environments according to the law, and any condition that does not meet the standard will be immediately excluded or modified; appropriate protective equipment will be set up depending on the risk factors associated with the workplace;</p> <p>Maintaining the health of employees: in addition to conducting health checkups to prevent workplace hazards in accordance with the government regulations, the Company also routinely arranges health checkups for its employees and collaborates with the Group's hospital to undertake healthcare management depending on the results of the checkups. Each plant is equipped with the required medication, healthcare materials and simple medical supplies; some plants have also contracted doctors and medical personnel to provide routine services.</p>	

Item	Implementation Status			Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Summary	
(d) Has the Company established a routine communications mechanism of the employees, and provides notice of operational changes that may pose a significant impact on its employees in a fair and appropriate manner?	V		The Company and its subsidiaries host routine Labor-management meetings to promote company policies and to undertake two-way communications with staff members in order to maintain harmonious relations with employees. In addition to the routinely-scheduled meetings, the Company provides emails for submitting suggestions; designated personnel handle suggestions and comments from staff members. The Company's electronic documentation system is comprehensive, and announcements of significant events are made through this system so that all company personnel will be aware of the events in the shortest time possible.	None
(e) Has the Company established an effective career developmental plan for its employees?	V		The Company and its subsidiaries value the educational training and career development of its employees. In addition to offering managerial capability training to its employees, such as corporate management and factory management courses, the Company has also planned systematic and on-going basis programs to facilitate employees in pursuing further education that enhance their competencies and strengthen individual and corporate competitiveness.	
(f) Has the Company established consumer rights protection policies and complaint-filing procedures in terms of R&D, purchasing, manufacturing, operations, and customer service?	V		The Company and its subsidiaries ensure that products and service quality are in compliance with government regulations and industry standards. The Company has implemented “Customer Quality Complaint Handling Standards,” and handles written complaints from clients via electronic means. The corporate website also provides public information on the Company's business scope, offers a newsletter, and an email facility is in place to receive feedback. These measures allow customers to quickly grasp significant information on the Company and to immediately provide feedback should there be problems.	
(g) For the marketing and labels on products and services, does the Company comply with related laws, regulations, and international standards?	V		The Company and its subsidiaries' product information is disclosed and proactively communicated in detail through the corporate websites, storefronts, and other channels. In addition, the marketing and labels for products and services are all processed according to related regulations and international standards.	

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Item	Implementation Status			Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
(h) Prior to conducting business with suppliers, has the Company evaluated whether such suppliers have had past records where they made an impact on the environment and on society at large?	V		The Company and its subsidiaries have in place "Code of Ethics", "Supplier Code of Conduct" and "Supplier CSR Commitment Statement," which specifically sets forth principles and expectations regarding ethics, compliance, health, safety and security. Suppliers' evaluation records are used as a reference in supplier selection process.	None
(i) Do the Company's contracts with its primary suppliers contain any immediate termination or cancellation clauses when suppliers violate their corporate social responsibility policies, and pose a significant impact on the environment and society?	V		Upon signing contracts with suppliers, the Company and its subsidiaries have listed clauses relating to compliance with the labor laws and included reference to repercussions for environmental damages caused. We stipulate that our suppliers endeavor to maintain corporate social responsibility.	
d. Improvement in Information Disclosure Does the Company include the disclosure of corporate social responsibility related information with significance and reliability on the corporate website and the M.O.P.S. website operated by the Taiwan Stock Exchange?	V		The Company's news and the latest information regarding the Company's corporate social responsibilities have been disclosed on the Company's website. In addition, relevant information is conveyed to interested parties via investors' conferences, shareholders' meetings, and services provided by investor relationship personnel. The Company has published its corporate social responsibility report, disclosed the implementation of corporate social responsibility, and make public related information on its website. The stakeholders can download our Company's corporate social responsibility report in order to understand our commitment and action on sustainable governance and social responsibilities, as well as our effort and persistence on various CSR topics.	
e. If the company has set up the principles based on "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies", please illustrate the implementation progress and any difference: To develop the economy, society and environment in a balanced and sustainable manner, the Company and its subsidiary, Far EasTone, have implemented the CSR policies with the Board's approval. The Company endeavors to fulfill its social responsibilities through research and development in eco-friendly products, participating in philanthropic activities and pursuing environmental certification. In addition, the Company mobilizes its resources to strengthen corporate governance, promote environmental protection and give back to society. Information about the efforts is available on the Company's website and the M.O.P.S website operated by the Taiwan Stock Exchange.				
f. Please state any other important information that would facilitate better understanding of the Company's status in fulfilling corporate social responsibilities: (a) Working environment and employee safety precautions (Please refer to page 79) (b) Environment protection regulations, measures, and compliance (1) Sustainability policy				

- i. Compliance with the law and other related regulations
 - ii. Continual improvement process and committed pollution prevention
 - iii. Constant industrial waste minimization and increase resource utilization rate
 - iv. Provide regular training and raise employee environmental awareness and behavior
 - v. Constant recycling and promotion of environmental consciousness
 - vi. Communicate the Company's environmental performance to stakeholders through appropriate channels
- (2) The Company is dedicated in conserving the global environment through the following ways:
- i. **Reduce:** Reduce the consumption of resources in the production process. Launch and promote light-weighted polyester products to reduce the consumption of materials
 - ii. **Recycle:** Develop up-to-date recycling technology, increase the scale and scope of recyclable products, and create more applications for recycled materials
 - iii. **Replace:** Replace fossil fuels with alternative energies. Utilize the waste of crops and indigestible crops as materials to replace petrochemical-based plastics
- In 2016, the Company succeeded in developing yarns made from recycled ocean plastics and thus drew considerable attention from international media. In addition, we made the world's first 100% bio-PET polyester shirt and received the 2016 13th National Innovation Award in Taiwan for our innovation. This pioneering work was also nominated among the five finalists for bioplastics MAGAZINE's Global Bioplastics Award.
- (3) Material results
- i. Tpark, a land development project under construction, utilizes a globally renowned soil-water balance method and a water recycling system to build an eco-environment. A massive space of green area is also planned in this project. Tpark would be a perfect demonstration of advanced technology and environmental conservation.
 - ii. FENC has introduced various plans to comprehensively reduce our use of energy, including fuel oil, electricity and natural gas. In 2016, a total of 133 campaigns were underway to conserve energy and cut carbon emissions. We saved 1,192,761 GJ of energy and reduced 166,252 tons of CO₂e. A total of NT\$160 million was saved in 2016.

(c) Community welfare, social services, and social welfare:

The Company contributes to society through participation in Environmental Protection, Art & Culture, Technology, Education, and Athletics. They are described as follows:

- (1) **Environmental Protection:** In 2015 & 2016, a water-themed exhibition entitled "Water of Taiwan, Fountain of Life" was held by Far Eastern group to raise people's awareness of water resources and to promote efforts to conserve water in Taiwan in response to extreme weathers.
- (2) **Art & Culture:** "Far Eastern Architectural Design Award", "FE Architecture Rookie Awards", and the "Taiwan Word of the Year" event co-hosted with United Daily News, are held annually.
- (3) **Technology:** "Y. Z. Hsu Scientific Awards" are held annually to commend outstanding individuals in science and technology.
- (4) **Education:** "Y. Z. Hsu Competition – Taiwan Young Student Physicists' Tournament" & "International Young Physicists' Tournament" are held. In 2015, the Company cooperated with Beitou Refuse Incineration Plant to promote environmental education. Moving to 2016, the Company rebuilt the 2nd generation demo for environmental education by installing and showcasing green products made of recycled materials. Thus, reinforcing the public awareness to recycle issues and encouraging people to purchase green related products lifts up Taiwan's green images.
- (5) **Athletics:** The Hsinpu Chemical Fiber Plant routinely hosts the FENC Classic Marathon, which incorporates local cultural characteristics and invites all citizens of the Hsinchu County to participate. Each year, thousands of athletes enthusiastically sign up for this marathon, which has now become one of the most important marathons in Taiwan. In 2016, the project was evaluated to generate NT\$131 million worth of social benefits, 8.19 times as much as the resources invested. In other words, for every NT\$1 of cost, we created NT\$8.19 of social return.

g. If the Company's reports of corporate social responsibility have been accredited by relevant accreditation institutions, please elaborate:

The "2016 Corporate Social Responsibility Report" published by the Company was written with reference to the AA1000 standards and the requirements of the Global Reporting Initiative (GRI) G4 Comprehensive Option. This report has been assured by the third party SGS Taiwan at a Type 1, Moderate level assurance.

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3.6 Implementation of the Code of Business Conduct

Item	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and Reasons
	Yes	No	Summary	
<p>a. Establishment of Business Conduct Policy and Plans</p> <p>(a) Does the Company demonstrate business conduct policy and practice in the corporate guidelines and external documents? Have the Board of Directors and management committed to actively implement such policy?</p>	V		The Company and its subsidiary, Far EasTone, have established “Code of Ethics” & “Best Practice Principles of Ethical Corporate Management”. In order to promote awareness, the policies are available for access through channels such as intranet, company publications, facility labels and various meetings, etc. All employees are required and trained to comply with our “Code of Ethics” & “Best Practice Principles of Ethical Corporate Management” throughout daily operations.	None
<p>(b) Has the Company established and implemented an unethical conduct prevention plan, which stipulates operational processes, provides guidelines for conduct, discipline for violations of rules, and an appeal system in each case?</p>	V		To establish an ethical corporate culture and to prevent unethical conduct, the Company hosts education/training seminars aperiodically for its employees and to remind the stakeholders of the Company to follow and respect the moral and ethical standards of the Company. Related procedures and standards are disclosed on the Company’s website (www.fenc.com).	
<p>(c) Has the Company taken any precautionary measures to prevent corruption or high-risk illegal business activities, based on Paragraph 2 in Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies”?</p>	V		<p>The procedures and guidelines of the Company and its subsidiaries should at least contain the following matters:</p> <ol style="list-style-type: none"> (1) Standards for determining if improper benefits have been offered or accepted. (2) Procedures for offering legitimate political donations. (3) Procedures and the standard amounts for offering charitable donations or sponsorship. (4) Rules for avoiding work-related conflicts of interests, and how such conflicts be reported and handled. (5) Rules for preserving confidentiality of trade secrets and business sensitive information obtained in the ordinary course of business. (6) Regulations and procedures for dealing with vendors, clients, and business transaction counterparties suspected of Misconducts. (7) Operational procedures for violations of “Best Practice Principles of Ethical Corporate Management”. (8) Disciplinary measures for offenders. 	

Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and Reasons
	Yes	No	Summary	
<p>b. Implementation of the Code of Business Conduct</p> <p>(a) Does the Company evaluate the ethical conduct records of its counterparties and specify "Ethical clauses" in business contracts?</p>	V		<p>1. The Company and its subsidiaries require that suppliers provide the assurance to comply with its rules regarding social activities, such as entertainment and the offering of gifts. If such rules are violated, all rights and cooperation with the supplier will be terminated.</p> <p>2. The Company's subsidiary, Far EasTone, also requires suppliers to sign "Code of Conduct for Far EasTone Supplier Chain Social Responsibility" within the commercial document data sheet provided to suppliers as a way of encouraging all stakeholders to comply and respect with Far EasTone's "Ethical Corporate Management Best Practice Principles".</p>	None
<p>(b) Has the Company established dedicated units under the supervision of the Board of Directors to promote corporate ethical management and which regularly report to the Board on their implementation status?</p>	V		<p>1. The Company's human resources department has set up "Code of Ethics" & "Best Practice Principles of Ethical Corporate Management" and incorporated them into employment guidelines. With oversight from the Legal Department, the "Legal Compliance Team" is established to conduct corporate ethical management, including "Business Corruption Self-Assessments", during quarterly compliance reviews. The implementation status is subsequently reported to the Board of Directors.</p> <p>2. The Business Control Department of the Company's subsidiary, Far EasTone, is the unit responsible for encouraging ethical management and regularly reports the status of its implementation to the Board of Directors.</p>	
<p>(c) Does the Company promulgate policies to prevent conflicts of interests and offer appropriate channels for reporting conflicts of benefits?</p>	V		<p>1. The Company abides by the principle of zero-tolerance for malpractices. If an employee of the Company takes advantage of his/her position in the Company to advance his/her or a third party's interests, and such actions lead the Company to incur losses by any means, the employee not only will be discharged from the Company, but also will be required to unconditionally compensate the Company for any losses caused.</p> <p>2. Any of the Company employees found to be in violation of the ethical management rules shall be disciplined in accordance with the reward and disciplinary rules of the Company, subject to the severity of the case. Once discharged from the Company, such a person is not allowed to ever be re-employed by the Company or by any of its affiliates.</p>	

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Item	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and Reasons
	Yes	No	Summary	
(d) Does the Company establish an effective operation of the accounting and internal control systems, and periodically conduct internal audits by internal auditors, or audit by CPA?	V		<p>3. The Company has an appeal system in place to provide those who violate the rules with a channel to appeal for remedy, subject to the related rules.</p> <p>The Company has set up rigorous accounting systems and dedicated department. Financial statements are audited (or reviewed) by CPA and announced in compliance with legal requirement to ensure the accuracy and transparency of the financial information. At the Company, apart from establishing the Audit Department and related internal audit systems, we review and revise these systems periodically to ensure their effectiveness, so as to enforce the “Regulations Governing Establishment of Internal Control Systems by Public Companies” and “Best Practice Principles of Ethical Corporate Management”. Internal auditors of the Company shall also periodically examine the results of compliance with the foregoing, and prepare audit reports submitted to the Board of Directors and the Audit Committee.</p>	
(e) Does the Company periodically conduct internal and external training on ethical management?	V		<p>1. To instill an ethical corporate culture and prevent misconduct behaviors, our Company undertakes educational trainings for the employees from time to time. To our stakeholders, we put in effort to promote compliance with ethical and integrity standards. The relevant regulations, guidelines and operational procedures are publicly-disclosed on the Company’s website (www.fenc.com).</p> <p>2. Our subsidiary, Far Eastone, makes use of e-Paper to conduct educational training on “The Code of Ethics” & “The Code of Business Conduct”.</p>	None
<p>c. Establishment of Reporting Channels for Violations of the Code Of Business Conduct.</p> <p>(a) Has the Company established a specific complaints and rewards system through convenient channels for lodging complaints? And does the Company assign dedicated personnel to attend to the matter?</p>	V		<p>1. FENC has multiple communication channels for stakeholders to report instances of misconduct, such as bribery and corruption. There are measures are in place to conduct independent investigation into the alleged misconduct and escalate the matter to higher levels of authority. The company’s suppliers, clients and stakeholders can file a complaint via email to the Supplier Team of the FEG Purchasing Department, the contact of each division or the Audit Committee and Audit Department. More contact information is provided in the stakeholders’ section on the Company’s website (www.fenc.com).</p>	

Item	Implementation Status			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and Reasons
	Yes	No	Summary	
			2. For complaints that do not specify the details of procurement malpractices, FENC will audit the scope of the matter that is related to the complaint. If internal control defects and management issues are found, a remedy will be proposed immediately. At the same time, disciplinary action for those responsible for the misconduct will be proposed.	
(b) Has the Company established standard operating procedures for investigating and handling complaints in a confidential manner?	V		For any violation of the ethical management rules being found, employees of our Company and its subsidiaries shall proactively report to the Audit Committee, the management, head of internal auditor, human resources department, and other appropriate authorized managers. The Company shall strictly preserve the identity of the whistle-blower and the content of the report.	None
(c) Does the Company adopt measures to protect whistle-blowers from reprisals for having filed the complaint report?	V		The Company ensures that the whistle-blower’s identity and the contents of the complaint are kept confidential in order to protect the whistle-blower from retaliation for having filed the complaint.	
d. Improvements in Information Disclosure Does the Company disclose the principle and the practice of business conduct related information on the corporate website and M.O.P.S. website operated by the Taiwan Stock Exchange?	V		The Company and its subsidiary, Far EastOne, have set up multiple-language (traditional Chinese/simplified Chinese/English) websites to disclose the related information on “Best Practice Principles of Ethical Corporate Management”.	
e. If the Company has established its own guidelines for the “Code of Business Conduct” according to Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please state the discrepancies (if any) between actual operation and policy: None				
f. Other important information revealing the Company’s ethical operations (e.g. review and revision of the Company’s code of business conduct): The Code of Procurement is added to the FENC’s procurement system to provide important information, such as the Company’s prohibition of child labor, bribery and corruption as well as laws and regulations related to environmental protection, in order to ensure compliance from suppliers. The Company also provides suppliers with an avenue to lodge a complaint if any of their rights and interests is harmed in the procurement process. Both the Company’s employees and the Company’s suppliers are observed in high-standard code of ethics. Suppliers bribing the Company’s employees or the Company’s employees asking bribes from suppliers shall be referred to a court of law.				

Corporate Governance Report

3.7 Methods for Searching the Rules and Relevant Regulations of Corporate Governance

The Company's website: www.fenc.com, subsidiary Far EasTone's website: www.fetnet.net, and the Market Operation Observe System by the Taiwan Stock Exchange: <http://mops.twse.com.tw/>

3.8 Others

- 3.8.1 Directors of the Company shall exercise a high degree of self-discipline. A director may present his/her opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company. The Company's appointed personnel will review and revise accounting and internal audit systems periodically to ensure their effectiveness and prepare audit reports to be submitted to the Board of Directors. "Sincerity, Diligence, Thrift, Prudence and Innovation" is the motto of the Company, and also the code of conducts for each employee of the Company.
- 3.8.2 Employee Rights and Interests, Employee Care: (Please refer to page 77)
- 3.8.3 Investor Relations, Vendor Relations and Rights of Interest-conflicting Parties: To operate in accordance with the related policies or guidelines.
- 3.8.4 Risk Management Policies and Risk Measurement Standard Implementation Progress: (Please refer to page 123)
- a. Company's risk management organization: (Please refer to page 11)
- (a) Established the "Credit Committee": the committee is in charge of the review of the credit situation of domestic and foreign customers, and decides the credit ratings and credit allowances for such customers based on the review results. The committee is also in charge of the continual monitor and control of each credit account and account receivables, in order to achieve the target of "zero bad debt".
- (b) Established the "The Supervisory Committee of Information Safety": the committee is in charge of preventing business information from being misappropriated or being released to irrelevant parties.
- b. The Company has obtained the approval of the "Procedures for Handling Material Inside Information" in the 5th Board Meeting of the 20th term on Dec. 21, 2009 and proceeded to promote as follows:
- (a) Provide "Procedures for Handling Material Inside Information" to new managers upon signing the security agreement.
- (b) The Company promotes the "Procedures for Handling Material Inside Information", and the "Insider Trading" related information posted on TWSE website to remind managers upon the declaration of shareholding variation.
- (c) The Company's employees and managers have to sign a security agreement upon coming on board and be aware of the Company's "Procedures for Handling Material Inside Information".
- 3.8.5 Customer Policy Implementation Progress: To operate in accordance with related policies or guidelines.
- 3.8.6 The Company's purchase of liability insurance for Directors: the Company purchases liability insurance for the Company's directors, in order to reduce their risk of legal and financial liabilities that may arise during day to day operations. (The related report has been submitted to the Board meeting on 23 Mar 2017)

3.8.7 Professional licenses granted to those who are responsible for the financial information transparency of the Company and its subsidiaries by regulatory authorities:

Category	Licenses	Department	The Company	Subsidiaries
Accounting / Taxation	CPA ROC		18	12
	CPA China		1	1
	CCIA		-	3
	CIA		7	9
	CPB		15	2
Finance	CFA		2	-
	Securities Investment Analyst		4	1
	Senior Securities Specialist		18	4
	Futures Specialist		4	5
	Foreign Exchange Trading Personnel		2	1
	Trust Specialist		12	6
	Financial Planning Personnel		9	3
Real Estate	Realtor		1	2
	Land Administration Agent		1	3
Insurance	Non-Life Insurance Salesman		5	3
Labor Safety	CISA		-	1

Corporate Governance Report

3.8.8 Training for Board of Directors, Presidents, and Executive Vice Presidents:

Title	Name	Study Date		Sponsoring Organization	Name of the Course	Study hours
		From	To			
Chairman	Douglas Tong Hsu	22 Dec 16	22 Dec 16	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		6 Jul 16	6 Jul 16	Taiwan Corporate Governance Association	Trend for Tax Reforms	3
Directors	Johnny Shih	22 Dec 16	22 Dec 16	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		6 Jul 16	6 Jul 16	Taiwan Corporate Governance Association	Trend for Tax Reforms	3
	Shaw Y. Wang	22 Dec 16	22 Dec 16	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		6 Jul 16	6 Jul 16	Taiwan Corporate Governance Association	Trend for Tax Reforms	3
	Raymond Hsu	22 Dec 16	22 Dec 16	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		6 Jul 16	6 Jul 16	Taiwan Corporate Governance Association	Trend for Tax Reforms	3
	Peter Hsu	22 Dec 16	22 Dec 16	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		6 Jul 16	6 Jul 16	Taiwan Corporate Governance Association	Trend for Tax Reforms	3
	Tonia Katherine Hsu	22 Dec 16	22 Dec 16	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		6 Jul 16	6 Jul 16	Taiwan Corporate Governance Association	Trend for Tax Reforms	3
	Richard Yang	18 May 16	18 May 16	Securities & Futures Institute	Directors and Supervisors (Including Independent) on Board Practices Forum – Legal Liabilities of Directors and Supervisors under M&A transactions	3
		6 May 16	6 May 16	Securities & Futures Institute	Directors and Supervisors (Including Independent) on Board Practices Forum – Corporate governance	3
	Kwan-Tao Li	22 Dec 16	22 Dec 16	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		6 Jul 16	6 Jul 16	Taiwan Corporate Governance Association	Trend for Tax Reforms	3
	Alice Hsu	28 Jul 16	28 Jul 16	Taiwan Corporate Governance Association	Inevitable legal wars: cases for public tender offering and defending	3
		6 Jul 16	6 Jul 16	Taiwan Corporate Governance Association	Trend for Tax Reforms	3
	Champion Lee	22 Dec 16	22 Dec 16	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		6 Jul 16	6 Jul 16	Taiwan Corporate Governance Association	Trend for Tax Reforms	3
Independent Directors	Bing Shen	12 Aug 16	12 Aug 16	Taiwan Corporate Governance Association	Group Governance	3
		6 May 16	6 May 16	Taiwan Corporate Governance Association	Trend for Corporate Governance – 2016 six major issues for BOD	3
	Johnsee Lee	21 Sep 16	21 Sep 16	Taiwan Mergers & Acquisitions and Private Equity Council	2016 Private Equity Forum	4
		12 Aug 16	12 Aug 16	Taiwan Corporate Governance Association	Audit Committee Practices	3
	Sheng-Cheng Hu	26 Dec 16	26 Dec 16	Taiwan Corporate Governance Association	How do Directors and supervisors review financial reports?	3
		16 Dec 16	16 Dec 16	Taiwan Corporate Governance Association	Independent Directors on Functional Committee Practices	3

Title	Name	Study Date		Sponsoring Organization	Name of the Course	Study hours
		From	To			
President	Eric Hu	19 Dec 16	19 Dec 16	Taiwan Academy of Banking and Finance	Directors and Supervisors on Board Practices Forum	3
		6 Jul 16	6 Jul 16	Taiwan Corporate Governance Association	Trend for Tax Reforms	3
	Y. H. Tseng	22 Dec 14	22 Dec 14	Taiwan Corporate Governance Association	Trend of CSR and Sustainable Governance	3
		22 Dec 14	22 Dec 14	Taiwan Corporate Governance Association	Trend of CSR and Sustainable Governance	3
President	K. S. Wu	22 Dec 16	22 Dec 16	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		6 Jul 16	6 Jul 16	Taiwan Corporate Governance Association	Trend for Tax Reforms	3
	Humphrey Cheng	22 Dec 16	22 Dec 16	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		6 Jul 16	6 Jul 16	Taiwan Corporate Governance Association	Trend for Tax Reforms	3
Executive Vice President	David Wang	6 Jul 16	6 Jul 16	Taiwan Corporate Governance Association	Trend for Tax Reforms	3
	C. Y. Dai	22 Dec 16	22 Dec 16	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		6 Jul 16	6 Jul 16	Taiwan Corporate Governance Association	Trend for Tax Reforms	3
	Ru-yu Wu	22 Dec 16	22 Dec 16	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		6 Jul 16	6 Jul 16	Taiwan Corporate Governance Association	Trend for Tax Reforms	3
	Kwen Lin Ho	22 Dec 16	22 Dec 16	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		6 Jul 16	6 Jul 16	Taiwan Corporate Governance Association	Trend for Tax Reforms	3
	Alan Tsai	22 Dec 16	22 Dec 16	Taiwan Academy of Banking and Finance	Board Operations and Corporate Governance	3
		6 Jul 16	6 Jul 16	Taiwan Corporate Governance Association	Trend for Tax Reforms	3

3.9 In Recent Years until the Annual Report Being Published, Violation of Internal Control Policies by Employees: None

Corporate Governance Report

3.10 Internal Control System Execution Status

3.10.1 Internal Control Report

Far Eastern New Century Corporation The Declaration of internal Control System

Date: 23 March 2017

Based on the self-examination results of the internal control system for the year of 2016, Far Eastern New Century Corporation (the Company) therefore declares the following:

1. Board of Directors and the management of the Company understand that it is their responsibility to establish, implement, and maintain an internal control system, and such a system has been established. The purpose to establish the aforesaid system is to reasonably assure 1) the operating results and operating efficiencies (including profit, performance, and the safeguard of assets); 2) the reliability, instantaneity and transparency of the financial reports, and 3) the compliance of the relevant laws and regulations.
2. An internal control system, regardless how perfectly the system is being designed, can have its defects. A system that can reasonably assure the achievements of the three purposes mentioned in the preceding paragraph is considered as effective and useful. In addition, changes in the business environment and situation may, as a result, hinder the effectiveness of an adequate system. However, the internal control system of the Company has included a self-examination mechanism; the Company will make immediate corrections considering the materiality when material errors are detected.
3. The evaluation of effectiveness of the internal control system design and implementation is made in accordance with "Guidelines for the Establishment of Internal Control Systems by Public Companies" (the Guidelines). The Guidelines are made to exam the following five items during the internal control process: 1) Control Environment, 2) Risk Evaluation and Management, 3) Control Activities, 4) Information and Communication, and 5) Monitoring processes. Details of each area being examined can be found in the Guidelines.
4. Based on the items mentioned in the preceding paragraph, the Company has evaluated the design of the internal control system and the effectiveness of the implementation of the aforesaid system.
5. The Company management declares that the internal control system (including Subsidiary Governance) as of 31 Dec 2016 has effectively assured that the following objectives have been reasonably achieved during the assessment period:
 - (1) The effectiveness and efficiency of business operations;
 - (2) The reliability, timeliness, transparency, and regulatory compliance of the financial reports;
 - (3) The compliance of the relevant laws/regulations.
6. This Declaration is a significant content in the annual report and prospectus of the Company, and it is available to the general public. If it contains false information or conceals any material contents, the Company is in violation of Article 20, Article 32, Article 171 and Article 174 set forth in the ROC Securities and Exchange Act.
7. The Board of Directors has approved the Declaration of Internal Control System in the board meeting held on 23 March 2017. All of 13 Directors present consented to the Declaration, and no dissenting opinion was expressed.

Far Eastern New Century Corporation

Chairman: Douglas Tong Hsu

Corporate Management President: Humphrey Cheng



3.10.2 The investigative report of Entrusting CPA to examine the internal control system: None.

3.11 In Recent Years until the Annual Report Being Published, Major Resolutions of Shareholders' Meeting and Board Meetings:

3.11.1 Shareholders' Meeting

	Date	Resolutions of Shareholders' Meeting	Execution
2016 Annual General Shareholders' Meeting	June 23, 2016	Reporting items: 2015 business operations 2015 financial statements The Audit Committee's review report of 2015 business operations and financial statements 2015 employees' compensation and Directors' remuneration Information of the corporate bonds issued in 2015 Amendments to "Code of Ethics for Far Eastern New Century Corporation" and "Best Practice Principles of Ethical Corporate Management for Far Eastern New Century Corporation"	Not applicable
		Approval items: To accept 2015 business report and financial statements To approve the proposal for distribution of 2015 profits	22 July 2016 was settled as the ex-dividend date, and cash dividend was distributed on 12 August 2016.
		Proposed items and Election of Director: To approve the revisions to the "Articles of Incorporation of Far Eastern New Century Corporation" To elect an Independent Director for Far Eastern New Century Corporation	Registered in the Ministry of Economic Affairs on 15 July 2016 and announced on the Company website

3.11.2 Board Meetings

Term	Date	Important Resolutions	Items under Article 14-3 of Securities and Exchange Act	Independent Directors' Opinions and the Company's reaction
4 th Board Meeting of the 22 nd term	March 25, 2016	1. Approved the revisions to the "Articles of Incorporation of Far Eastern New Century Corporation"		All presented Independent Directors approved
		2. Approved 2015 employees' compensation and Directors' remuneration.	V	
		3. Approved 2015 financial statements (including stand-alone financial statements).	V	
		4. Approved the proposal for distribution of 2015 profits.	V	
		5. Approved the proposal to elect an Independent Director of Far Eastern New Century Corporation.		
		6. Approved the proposal of convening 2016 Annual General Shareholders' Meeting.		
		7. Approved the proposal for 2016 operating budget and capital expenditure budget.		
		8. Approved the issuance of unsecured corporate bonds in year 2016.		
5 th Board Meeting of the 22 nd term	May 10, 2016	1. Approved the candidate of the Independent Director.		All presented Independent Directors approved
		2. Approved 2015 business operations.	V	
6 th Board Meeting of the 22 nd term	August 11, 2016	1. Approved the issuance of unsecured corporate bonds in year 2016.		All presented Independent Directors approved
7 th Board Meeting of the 22 nd term	November 8, 2016	2. Approved the Company bylaw of "Board Performance Evaluation Rule"		
8 th Board Meeting of the 22 nd term	March 23, 2017	1. Approved the 2016 Audit Plan review and the 2017 Audit Plan.		All presented Independent Directors approved
		1. Approved 2016 employees' compensation and Directors' remuneration.	V	
		2. Approved 2016 financial statements (including stand-alone financial statements).	V	
		3. Approved the proposal for distribution of 2016 profits.	V	
		4. Approved amending the Company bylaw of "Procedures for Acquisition and Disposition of Assets of Far Eastern New Century Corporation"	V	
		5. Approved the proposal of convening 2017 Annual General Shareholders' Meeting.		
		6. Approved the proposal for 2017 operating budget and capital expenditure budget.		
		7. Approved the issuance of unsecured corporate bonds in year 2017.		
		8. Approved to sell polyester machinery & equipment to Far Eastern Polytex (Vietnam) Ltd.	V	
		9. Approved amending the Company bylaw of "Corporate Governance Principles".		
10. Approved amending the Company bylaw of "Procedures for Halt and Resumption Applications".				

Corporate Governance Report

Term	Date	Important Resolutions	Items under Article 14-3 of Securities and Exchange Act	Independent Directors' Opinions and the Company's reaction
9 th Board Meeting of the 22 nd term	May 11, 2017	1. Approved amending the Company bylaw of "Procedures for Acquisition and Disposition of Assets of Far Eastern New Century Corporation". 2. Approved 2016 business operations. 3. Approved the acquisition of new common shares of Oriental Petrochemical (Taiwan) Co., Ltd.	V V V	All presented Independent Directors approved

3.12 In recent years until the annual report being published, Dissenting Comments on Major BOD Resolutions from Directors and Supervisors: None

3.13 Resignation or Dismissal of Personnel Involved in Preparation of Financial Reports: None

4. Audit Fees

4.1 Information of Audit Fees

4.1.1 Information of CPAs

Accounting Firm	Name of CPA		Audit Period	Note
Deloitte & Touche	Jing-Bin Shih	Cheng-Hung Kuo	1 Jan 2016 –31 Dec 2016	None

4.1.2 Audit Fees

Amount (NT\$)		Item	Audit Fee	Non-audit Fee	Total
1	Under 1,999,999			V	
2	2,000,000 ~ 3,999,999				
3	4,000,000 ~ 5,999,999				
4	6,000,000 ~ 7,999,999		V		
5	8,000,000 ~ 9,999,999				V
6	10,000,000 and over				

Unit: NT\$ thousands

Accounting Firm	Name of CPA		Audit Fee	Non-audit Fee					Audit period
				System Design	Registration	Human Resource	Other (Note)	Total	
Deloitte & Touche	Jing-Bin Shih	Cheng-Hung Kuo	7,950	-	19	-	1,978	1,997	1 Jan 2016 – 31 Dec 2016

Note: Service fees for ISO project, corporate bonds issuance, etc.

4.2 In the Event that the CPA Firm is Changed and the Audit Fees Paid in the Year When the CPA Firm is Less than that Paid in the Preceding Year, Reduction of the Audit Fees, Percentage and Causes: None

4.3 In the Event that the Audit Fees Reduced by 15% Compared with that was Charged in the Preceding Year, Reduction of Audit Fees, Percentage and Causes: None

5. Information for Change of CPA

None

6. The Company's Chairman, Presidents, and Managers Responsible for Finance or Accounting Who Have Held A Position in the CPA Office or its Affiliates Within the Latest Year

None

7. Shareholding Transferred or Pledged by Directors, Management, and Major Shareholders Who Holds 10% of the Company Shares or More**7.1 Shareholding Variation**

Unit: Shares

Title	Name	2016		From Jan 1 2017 to Apr 29 2017	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Chairman	Douglas Tong Hsu	30,000,000	-	-	-
Vice Chairman	Johnny Shih	(661,000)	-	-	-
Vice Chairman	Peter Hsu	28,800,000	-	(12,000,000)	-
Director	Asia Cement Corporation	-	(250,000,000)	-	404,000,000
	Shaw Y. Wang	-	-	-	-
	Raymond Hsu	-	-	-	-
	Far Eastern Department Stores Ltd.	-	-	-	-
	Richard Yang	-	-	-	-
	Tonia Katherine Hsu	-	-	-	-
	U-Ming Marine Transport Corporation	-	-	-	-
	Kwan-Tao Li	-	-	-	-
	Alice Hsu	(225,000)	-	(315,000)	-
	Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	3,649,000	-	-	-
	Champion Lee	-	-	-	-
	Bing Shen	-	-	-	-
	Johnsee Lee	-	-	-	-
	Sheng-Cheng Hu	-	-	-	-
Manager	Y. H. Tseng	-	-	-	-
	Eric Hu	-	-	-	-
	K. S. Wu	-	-	-	-
	Humphrey Cheng	-	-	-	-
	Donald Fan	-	-	-	-
	C. Y. Dai	(180,000)	-	-	-
	Raymond Hsu	-	-	-	-
	Chum Min Ho	-	-	-	-
	Y.C. Yuan	-	-	-	-
	David Wang	-	-	-	-
	B. C. Chang	-	-	-	-
Alan Tsai	-	-	-	-	

Corporate Governance Report

Title	Name	2016		From Jan 1 2017 to Apr 29 2017	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Manager	Emily Wu	-	-	-	-
	Ru-yu Wu	-	-	-	-
	Judy Lee	-	-	-	-
	Kuen Lin Ho	-	-	-	-
	M. J. Wu	-	-	-	-
	Mingo A. Chen	-	-	-	-
	Jackson Wu	-	-	-	-
	Allen Sha	-	-	-	-
	Y.L. Chen	-	-	-	-
	Y.S. Yang	-	-	-	-
	David Shih	-	-	-	-
	Mark Lu	-	-	-	-
	Rebecca Huang	-	-	-	-
	Davis Dai	-	-	-	-
	Mike Wu	-	-	-	-
	Jenny Ho	-	-	-	-
	Li Chi Chen	-	-	-	-
	Hans Kuo	-	-	-	-
	C. Y. Lin	-	-	-	-
	Ken Chang	-	-	-	-
	Y. T. Chang	-	-	-	-
	Fanny Liao	-	-	-	-
	David Liu	-	-	-	-
	Arthur Lee	-	-	-	-
	C. T. Peng	-	-	-	-
	C. T. Chen	-	-	-	-
	C. T. Chang	30,000	-	-	-
	Eric Huang	-	-	-	-
	J. K. Tsai	-	-	-	-
	S. Y. Lai	-	-	-	-
	M. L. Tsai	-	-	-	-
	K. S. Tsai	-	-	-	-
	Roder Chang	-	-	-	-
K.B. Louy	-	-	-	-	
S.C. Lo	-	-	-	-	
Tony Liang	-	-	-	-	
Y.J. Lou	-	-	-	-	
C. C. Hong	-	-	-	-	
Ryan Wu	-	-	-	-	

7.2 Shareholding Transferred (While the Counterparty is a Related Party): Not applicable

7.3 Shareholding Pledged: Not applicable

8. Top Ten Shareholders Being the Related Party as Defined in Statement of Financial Accounting Standards

Book closure date: 29 April 2017

Name	Current shareholding		Spouse & minor children's shareholding		Shareholding in name of others		Name, relationship of top ten shareholders are spouses of within 2 degrees of consanguinity to each other		Major institutional shareholders
	shares	%	shares	%	shares	%	Name	Relationship	
Asia Cement Corporation Representative: Douglas Tong Hsu	1,272,277,085	23.77%	0	0.00	0	0.00	Oriental Institute of Technology	The same Chairman	See page 15 for details.
							Far Eastern Medical Foundation		
							Yuan Ze University		
							Far Eastern Memorial Foundation	Chairman is the Director of the Foundation	
							Douglas Tong Hsu	The Chairman	
Oriental Institute of Technology Representative: Douglas Tong Hsu	257,651,603	4.81%	0	0.00	0	0.00	Asia Cement Corp.	The same Chairman	N/A
							Far Eastern Medical Foundation		
							Yuan Ze University		
							Far Eastern Memorial Foundation	Chairman is the Director of the Foundation	
							Douglas Tong Hsu	The Chairman	
Far Eastern Medical Foundation Representative: Douglas Tong Hsu	193,310,445	3.61%	0	0.00	0	0.00	Asia Cement Corp.	The same Chairman	N/A
							Oriental Institute of Technology		
							Yuan Ze University		
							Far Eastern Memorial Foundation	Chairman is the Director of the Foundation	
							Douglas Tong Hsu	The Chairman	
Far Eastern Memorial Foundation Representative: Shu-Hsun Chu	173,636,863	3.24%	0	0.00	0	0.00	Asia Cement Corp.	Director of the Foundation is the Chairman of the aforesaid organizations.	N/A
							Oriental Institute of Technology		
							Yuan Ze University		
							Far Eastern Medical Foundation		
							Douglas Tong Hsu	The Chairman	
Yuan Ze University Representative: Douglas Tong Hsu	146,570,213	2.74%	0	0.00	0	0.00	Asia Cement Corp.	The same Chairman	N/A
							Oriental Institute of Technology		
							Far Eastern Medical Foundation		
							Far Eastern Memorial Foundation	Chairman is the Director of the Foundation	
							Douglas Tong Hsu	The Chairman	

Corporate Governance Report

Name	Current shareholding		Spouse & minor children's shareholding		Shareholding in name of others		Name, relationship of top ten shareholders being the related party as defined in statement of financial accounting standards No.6		Major institutional shareholders
	shares	%	shares	%	shares	%	Name	Relationship	
Nan Shan Life Insurance Corporation Representative: Ying-Tzyong Du	145,859,953	2.72%	0	0.00	0	0.00	None	None	See page 16 for details
Cathay Life Insurance Corporation Representative: Hong-Tu Tsai	140,668,360	2.63%	0	0.00	0	0.00	None	None	See page 16 for details
Fubon Life Insurance Corporation Representative: Richard M. Tsai	133,740,083	2.50%	0	0.00	0	0.00	None	None	See page 16 for details
Shinkong Life Insurance Corporation Representative: Tung-Chin Wu	124,839,156	2.33%	0	0.00	0	0.00	None	None	See page 16 for details
Douglas Tong Hsu	91,748,698	1.71%	0	0.00	0	0.00	Asia Cement Corp. Oriental Institute of Technology Far Eastern Medical Foundation Yuan Ze University Far Eastern Memorial Foundation	The Chairman The Director	N/A

9. Shareholding Proportion of FENC to Investees

Book closure date: 29 April 2017

Investees by equity method	The Company's Holdings		Direct and Indirect Holdings of Directors, and Managers of FENC		Total Holdings	
	Shares (Thousand)	%	Shares (Thousand)	%	Shares (Thousand)	%
Asia Cement Corp.	750,511	22.33	231,848	6.90	982,359	29.23
Far Eastern Department Stores Ltd.	241,770	17.06	175,264	12.37	417,034	29.43
Oriental Union Chemical Corp.	81,216	9.17	258,835	29.22	340,051	38.39
Far Eastern International Bank	81,374	2.62	540,807	17.38	622,181	20.00
Everest Textile Co., Ltd.	129	0.03	122,563	26.01	122,692	26.04
Yuan Ding Investment Co., Ltd.	1,822,822	99.40	5,502	0.30	1,828,324	99.70
Far Eastern Resources Development Co., Ltd.	667,242	100.00	-	0.00	667,242	100.00
Yuan Tong Investment Co., Ltd.	705,147	100.00	-	0.00	705,147	100.00

Investees by equity method	The Company's Holdings		Direct and Indirect Holdings of Directors, and Managers of FENC		Total Holdings	
	Shares (Thousand)	%	Shares (Thousand)	%	Shares (Thousand)	%
Far Eastern Investment (Holding) Ltd.	1,700	100.00	-	0.00	1,700	100.00
Far Eastern Polychem Industries Ltd.	830,815	73.04	306,644	26.96	1,137,459	100.00
Kai Yuan International Investment Co., Ltd.	302,843	100.00	-	0.00	302,843	100.00
Oriental Petrochemical (Taiwan) Co., Ltd.	1,183,311	75.56	100,749	6.43	1,284,060	81.99
Far Eastern Polytex (Holding) Ltd.	135	100.00	-	0.00	135	100.00
Yuan-Ding Co., Ltd.	186,929	37.13	243,474	48.37	430,403	85.50
Far Eastern Construction Co., Ltd.	198,791	65.11	2,769	0.91	201,560	66.02
Ding Yuan International Investment Co., Ltd.	205,000	100.00	-	0.00	205,000	100.00
Oriental Securities Co., Ltd.	140,278	19.65	469,589	65.80	609,867	85.45
PET Far Eastern (H) Ltd.	333	90.54	35	9.46	368	100.00
An Ho Garment Co., Ltd.	66,346	100.00	-	0.00	66,346	100.00
Pacific Liu Tung Investment Co., Ltd.	135,000	16.83	465,068	57.99	600,068	74.82
Fu Kwok Knitting & Garment Co., Ltd.	3,998	99.96	1	0.03	3,999	99.99
FEDP (H) Ltd.	244	50.43	240	49.57	484	100.00
Far Eastern Textile Limited	100	100.00	-	0.00	100	100.00
Ding Ding Hotel Co., Ltd.	19,772	19.00	78,787	75.72	98,559	94.72

Capital Overview

IV. Capital Overview

1. Capital and Shares

1.1 Issued Shares

Unit: NT\$ thousands, thousand shares

Month/ Year	Par value (NT\$/ Share)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of capital	Capital increased by assets other than cash	Other
Sep 12	10	6,000,000	60,000,000	5,044,134	50,441,339	Capitalization of share dividends	-	-
Sep 13	10	6,000,000	60,000,000	5,145,017	51,450,165	Capitalization of share dividends	-	-
Sep 14	10	6,000,000	60,000,000	5,247,916	52,479,169	Capitalization of share dividends	-	-
Sep 15	10	6,000,000	60,000,000	5,352,875	53,528,752	Capitalization of share dividends	-	-
Sep 16	10	6,000,000	60,000,000	5,352,875	53,528,752	Note 2	-	-

Note 1 : Dates and letter numbers of capital increase approvals received from the regulatory authority:

23 July 2012 Financial Supervisory Commission Ruling Ref. No.1010032696

17 July 2013 Financial Supervisory Commission Ruling Ref. No.1020027941

28 July 2014 Financial Supervisory Commission Ruling Ref. No.1030028503

09 July 2015 Financial Supervisory Commission Ruling Ref. No.1040025880

Note 2: No stock dividend distributed in 2016

Unit: thousand shares

Type of Stock	Authorized Share Capital							Note
	Outstanding issued shares			Unissued Shares	Shares convertible from corporate bonds	Shares convertible from stock warrants	Total	
	Listed	Non-Listed	Total					
Common Stock	5,352,875	-	5,352,875	487,125	150,000	10,000	6,000,000	-

1.2 Shelf Registration: None

1.3 Composition of Shareholders

Book closure date: 29 April 2017

Types Amounts	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Citizens	Security Trust Funds	Foreign Institutions & Foreign Persons	Total
Number	16	60	250	96,519	27	635	97,507
Number of shares owned	177,714,905	811,282,919	2,619,003,504	782,033,467	14,979,829	947,860,603	5,352,875,227
% holdings	3.32%	15.16%	48.93%	14.60%	0.28%	17.71%	100.00%

1.4 Distribution Profile of Share Ownership

Book closure date: 29 April 2017

Shareholder Ownership	Number of shareholders	Number of shares owned	%
1 ~ 999	49,377	11,203,075	0.21%
1,000 ~ 5,000	31,578	69,460,717	1.30%
5,001 ~ 10,000	7,550	52,669,668	0.98%
10,001 ~ 15,000	3,212	38,157,681	0.71%
15,001 ~ 20,000	1,461	25,654,551	0.48%
20,001 ~ 30,000	1,406	33,791,764	0.63%
30,001 ~ 40,000	701	24,068,859	0.45%
40,001 ~ 50,000	391	17,474,753	0.33%
50,001 ~ 100,000	798	55,852,101	1.04%
100,001 ~ 200,000	411	56,690,062	1.06%
200,001 ~ 400,000	233	64,432,959	1.20%
400,001 ~ 600,000	73	35,634,057	0.67%
600,001 ~ 800,000	54	36,958,886	0.69%
800,001 ~ 1,000,000	26	23,456,738	0.44%
Over 1,000,001	236	4,807,369,356	89.81%
Total	97,507	5,352,875,227	100.00%

1.5 Preferred Shares: None

1.6 Major Shareholders

Book closure date: 29 April 2017

Shareholders	Total shares owned	Ownership %
Asia Cement Corporation	1,272,277,085	23.77%
Oriental Institute of Technology	257,651,603	4.81%
Far Eastern Medical Foundation	193,310,445	3.61%
Far Eastern Memorial Foundation	173,636,863	3.24%
Yuan Ze University	146,570,213	2.74%
Nan Shan Life Insurance Corporation	145,859,953	2.72%
Cathay Life Insurance Corporation	140,668,360	2.63%
Fubon Life Insurance Corporation	133,740,083	2.50%
Shinkong Life Insurance Corporation	124,839,156	2.33%
Douglas Tong Hsu	91,748,698	1.71%

Capital Overview

1.7 Net Worth, Earnings, Dividends, and Market Price Per Common Share

Items		Year	2016	2015	From Jan 1 2017 to Mar 31 2017
Market price per share	Highest		28.50	34.95	28.10
	Lowest		21.90	24.25	23.80
	Average		24.27	30.60	26.49
Net worth per share	Before distribution		35.66	36.85	35.55
	After distribution		(Note 3)	35.85	(Note 3)
Earnings per share	Weighted average shares (thousand shares)		5,352,875	5,352,875	5,352,875
	Adjusted earnings per share (Note 1)		1.26	1.61	0.26
Dividends per share (Note 2)	Cash dividend		0.8	1.0	Not applicable
	Stock dividend	From retained earnings	-	-	
		From capital surplus	-	-	
	Accumulated undistributed dividend		-	-	
Return on Investment	Price / Earnings ratio (Note 4)		19.26	18.39	25.47
	Price / Dividend ratio (Note 5)		30.34	29.60	Not applicable
	Cash Dividend yield (Note 6)		3.30	3.38	

Note 1 : The adjusted EPS is calculated based on the number of shares 1)after stock dividends are distributed, and 2)the number of shares held by associates are deducted as treasury stock.

Note 2 : Distribution of profit generated from the preceding year.

Note 3 : To be resolved by Year 2017 Shareholders' Meeting.

Note 4 : Price/Earnings ratio = Average closing share price of the period/ Earnings per share.

Note 5 : Price/Dividend ratio = Average closing share price of the period / Cash dividend per share.

Note 6 : Cash dividend yield = Cash dividend per share / average closing share price of that year.

1.8 Dividend Policy and its Execution Results

1.8.1 Dividend policy under the Articles of Incorporation: Apart from paying all its income taxes in the case where there are profits for the current year, making up for accumulated losses in past years, and deducting legal reserve and special reserve required by law, the Company may distribute to the shareholders the remainder together with undistributed profits from previous years. The distribution of shareholders' dividend shall take into consideration the changes in the outlook for the Company's businesses, the lifespan of the various products or services that have an impact on future capital needs and taxation. Shareholders' dividend shall be distributed aimed at maintaining the stability of shareholders' dividend distributions. Save for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required, when distributing shareholders' dividend, the cash dividend is not less than 10% of the shareholders' dividend distributed in the same year.

For example, the cash dividend payout ratios over the past three years are not less than 10% of the shareholders' dividend distributed in the same year, which are in compliance with the Articles of Incorporation.

Unit: NT\$/share

Year	EPS after Income Tax (Note)	Cash Dividend from Retained Earnings(A)	Stock Dividend from Capital Surplus (B)	Total Dividend (A+B=C)
2014	2.17	1.2	0.2	1.4
2015	1.61	1.0	-	1.0
2016	1.26	0.8	-	0.8

Note: The EPS is calculated based on the number of shares after adjusting the retained earnings and capitalizing the stock dividends distributed each year.

1.8.2 Proposed distribution of 2016 profits to be approved at the Shareholders' Meeting: Cash dividend of NT\$ 0.8 per share is proposed to be distributed.

1.9 Effects on Business Performance and EPS Resulting from Stock Dividend Distribution Proposed by 2017 Annual General Shareholders' Meeting: Not applicable.

1.10 Employees' Compensation and Directors' Remuneration

1.10.1 Description regarding employees' compensation and Directors' remuneration in the Articles of Incorporation: According to the Company Act and the Article 26 in the Articles of Incorporation, 2% to 3.5% of profit of the current year should be distributed as employees' compensation and not more than 2.5% of profit of the current year should be distributed as Directors' remuneration in the case where there are profits for the current year. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of Directors, to determine the actual ratio, amount, form (in the form of shares or in cash) and the number of shares of the profit distributable as employees' compensation; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. The actual ratio and amount of the profit distributable as Directors' remuneration shall also be determined by Board of Directors, and a report of such distribution shall be submitted to the shareholders' meeting.

1.10.2 The discrepancy, if there is any, between the total amount of estimated employees' compensation, Directors' remuneration, stock dividends and total amount actually being paid: Treated as the changes at the accounting estimate, and such changes are adjusted in the year that annual general shareholders' meeting resolved.

1.10.3 Proposed employees' compensation and Directors' remuneration:

The 2016 employees' compensation and Directors' remuneration was resolved in the 8th meeting on 23 March 2017 by the 22nd term Board of Directors, and will be submitted to the 2017 shareholders' meeting. The amounts and forms are listed below:

- a. Employees' compensation: NT\$ 184,184,954 in cash
- b. Directors' remuneration: NT\$ 116,155,727 in cash
- c. Regarding the amount of employees' compensation and Directors' remuneration in cash or in shares, the discrepancy, if there is any, between the estimated amount and the amount being actually paid, and the reason for such discrepancy: None
- d. Proposed employees' compensation in shares as percentage of net income and total employees' compensation: Not applicable

1.10.4 The discrepancy, if there is any, between the total amount being actually paid as employees' compensation, remuneration for Directors and Supervisors for 2015 (including number of shares, dollar amount, and share price) and the amount of such compensation and remuneration being recognized should be stated, and the reason for such discrepancy:

- a. Remuneration for Directors: Resolved amount is NT\$ 152,659,124. The dollar amount actually being paid is NT\$ 89,680,000.
- b. Employees' compensation: Resolved amount is NT\$ 230,231,200. The dollar amount actually being paid is NT\$ 230,231,200.

The difference between the resolved amount and the amount actually being paid will be paid in the following years.

1.11 Share Buyback by the Company:

The Company did not buy back share in year 2016 and in year 2017 as of 29 April.

Capital Overview

2. Corporate Bonds

Book closure date: 29 April 2017

Corporate Bond Type	1 st Unsecured Bond 2012	2 nd Unsecured Bond 2012	3 rd Unsecured Bond 2013	1 st Unsecured Bond 2014
Issue Date	07 Jun 2012	26 Nov 2012	23 Dec 2013	21 Aug 2014
Face value	NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000
Issuance and listing	OTC	OTC	OTC	OTC
Offering rate	Par	Par	Par	Par
Total amount	NT\$ 3,200,000,000	NT\$ 4,200,000,000	NT\$ 2,800,000,000	NT\$ 3,200,000,000
Coupon rate	1.35%	1.30%	1.45%	1.47%
Maturity	5 years Maturity date: 07 Jun 2017	5 years Maturity date: 26 Nov 2017	5 years Maturity date: 23 Dec 2018	5 years Maturity date: 21 Aug 2019
Guarantor	-	-	-	-
Trustee	Bank SinoPac	Bank SinoPac	Bank SinoPac	Bank SinoPac
Underwriter	-	-	-	-
Legal counsel	N. C. Liao	N. C. Liao	N. C. Liao	N. C. Liao
CPA	Jing-Bin Shih Shu-Chieh Huang	Ming-Hsing Cho Shu-Chieh Huang	Ming Hsing Cho Shu Chieh Huang	Ming Hsing Cho Shu Chieh Huang
Repayment	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.
Outstanding amount	NT\$ 1,600,000,000	NT\$ 2,100,000,000	NT\$ 2,800,000,000	NT\$ 3,200,000,000
Redemption or early repayment clause	None	None	None	None
Covenant applicable	None	None	None	None
Credit rating	Taiwan Ratings Corp. Rating date: 26 Jun 2015 Rating: "twA+"	Taiwan Ratings Corp. Rating date: 26 Jun 2015 Rating: "twA+"	Taiwan Ratings Corp. Rating date: 26 Jun 2015 Rating: "twA+"	N.A.
Other rights of bond holders	Amount converted in, exchanged, or subscribed to common shares, ADRs or other securities	None	None	None
	Conversion rights	None	None	None
Dilution and other effects on existing shareholders	None	None	None	None
Custodian	None	None	None	None

Corporate Bond Type	2nd Unsecured Bond 2014	3rd Unsecured Bond 2014	1st Unsecured Bond 2015	2nd Unsecured Bond 2015
Issue Date	4 Dec 2014	6 Feb 2015	25 May 2015	2 Oct 2015
Face value	NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000
Issuance and listing	OTC	OTC	OTC	OTC
Offering rate	Par	Par	Par	Par
Total amount	NT\$ 2,200,000,000	NT\$ 2,600,000,000	NT\$ 8,000,000,000	NT\$ 5,200,000,000
Coupon rate	1.47%	1.38%	1.39%	1.28%
Maturity	5 years Maturity date: 4 Dec 2019	5 years Maturity date: 6 Feb 2020	5 years Maturity date: 25 May 2020	5 years Maturity date: 2 Oct 2020
Guarantor	-	-	-	-
Trustee	Bank SinoPac	Bank SinoPac	Bank SinoPac	Bank SinoPac
Underwriter	-	-	-	-
Legal counsel	N. C. Liao	N. C. Liao	N. C. Liao	N. C. Liao
CPA	Ming Hsing Cho Shu Chieh Huang	Ming Hsing Cho Shu Chieh Huang	Jing-Bin Shih Shu-Chieh Huang	Jing-Bin Shih Shu-Chieh Huang
Repayment	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.
Outstanding amount	NT\$ 2,200,000,000	NT\$ 2,600,000,000	NT\$ 8,000,000,000	NT\$ 5,200,000,000
Redemption or early repayment clause	None	None	None	None
Covenant applicable	None	None	None	None
Credit rating	N.A.	N.A.	N.A.	N.A.
Other rights of bond holders	Amount converted in, exchanged, or subscribed to common shares, ADRs or other securities	None	None	None
	Conversion rights	None	None	None
Dilution and other effects on existing shareholders	None	None	None	None
Custodian	None	None	None	None

Capital Overview

Corporate Bond Type	3 rd Unsecured Bond 2015	1 st Unsecured Bond 2016 (Tranche A)	1 st Unsecured Bond 2016 (Tranche B)	2 nd Unsecured Bond 2016
Issue Date	16 Nov 2015	29 Apr 2016	29 Apr 2016	20 Sep 2016
Face value	NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000	NT\$ 1,000,000
Issuance and listing	OTC	OTC	OTC	OTC
Offering rate	Par	Par	Par	Par
Total amount	NT\$ 2,800,000,000	NT\$ 6,000,000,000	NT\$ 2,000,000,000	NT\$ 3,800,000,000
Coupon rate	1.25%	0.88%	0.00% (IRR: 0.95%)	0.72%
Maturity	5 years Maturity date: 16 Nov 2020	5 years Maturity date: 29 Apr 2021	5 years Maturity date: 29 Apr 2021	5 years Maturity date: 20 Sep 2021
Guarantor	-	-	-	-
Trustee	Bank SinoPac	Bank SinoPac	Bank SinoPac	Bank SinoPac
Underwriter	-	Masterlink Securities Corporation	Masterlink Securities Corporation	KGI Securities Co. LTD.
Legal counsel	N. C. Liao	N. C. Liao	N. C. Liao	N. C. Liao
CPA	Jing-Bin Shih Shu-Chieh Huang	Jing-Bin Shih Cheng-Hung Kuo	Jing-Bin Shih Cheng-Hung Kuo	Jing-Bin Shih Cheng-Hung Kuo
Repayment	These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.	50% of the face value of the bond is repayable at the end of the 4 th and 5 th years respectively. The interest is calculated and paid annually on the outstanding amount of the bond.	These bonds are repayable in lump sum on maturity. These bonds will be redeemed at 104.8411% of the face value on the maturity date.	These bonds are repayable in lump sum on maturity. The interest is calculated and paid annually on the outstanding amount of the bond.
Outstanding amount	NT\$ 2,800,000,000	NT\$ 6,000,000,000	NT\$ 2,000,000,000	NT\$ 3,800,000,000
Redemption or early repayment clause	None	None	None	None
Covenant applicable	None	None	None	None
Credit rating	N.A.	N.A.	N.A.	N.A.
Other rights of bond holders	Amount converted in, exchanged, or subscribed to common shares, ADRs or other securities	None	None	None
	Conversion rights	None	None	None
Dilution and other effects on existing shareholders	None	None	None	None
Custodian	None	None	None	None

3. Preferred Shares

None

4. Issuance of Overseas Depository Receipts

Book closure date: 29 April 2017

Item		Content	
Date of issuance		25 Oct 1999 & 19 Nov 1999	
Place of issuance		Listed in Luxembourg Stock Exchange Traded in Asia, Europe, and US.	
Total amount of issuance		US\$ 202,631,674	
Unit price of issuance		US\$ 14	
Total number of units issued		14,473,691 units	
Source of underlying securities		New shares of capital increase, and original shares owned by Asia Cement Corp. and Far Eastern Department Stores Ltd.	
Amount of securities		Common Stock 144,736,910 shares	
Rights and obligations of subscribers		Same as common stock shareholders	
Trustee		None	
Depository bank		The Bank of New York Mellon	
Custodian bank		Far Eastern International Bank	
Number of outstanding shares		32,706.90 Units	
Bearers of related charges incurred during issuance and holding period		Charges of GDR issuance shall be borne by sellers on a pro rata basis.	
Major terms of Depository Agreement and Custodian Agreement		Voting rights can be exercised only if the owners hold at least 51% of the Depository receipts outstanding vote at the same manner in respect of one or more resolutions to be proposed at the Shareholders' Meeting.	
Unit market price	High	Low	Average
2016	US\$15.71	US\$15.39	US\$15.54
29 April 2017	US\$15.71	US\$15.71	US\$15.71

5. Employee Stock Options

None

6. Employee Restricted Stock Options

None

7. Share Issued for Merger or Acquisition

None

8. Fund Utilization Plans and Status

Uncompleted bond issues, private placement of securities, completed bond issues or private placement of securities in recent 3 years whose return of investment has not emerged: None

Operational Highlights

V. Operational Highlights

1. Business Activities

1.1 Business Scope

Far Eastern New Century and its subsidiaries have diversified businesses ranging from petrochemical, polyester, textiles, telecommunication, property development, investments, and others. Please refer to page 1 of "Letter to Shareholders" for more business information.

1.1.1 Sales Breakdown of Main Business Segments

Unit: NT\$ thousands

Business Segment	Year	2016		2015	
		Amount	% of sales	Amount	% of sales
Petrochemical		31,401,107	13	29,975,557	13
Polyester		59,462,561	25	60,476,425	25
Textiles		33,946,322	15	32,260,334	14
Telecommunication		94,344,266	40	97,293,218	41
Property		8,896,423	4	6,643,614	3
Investment & Others		6,935,207	3	8,783,248	4

1.1.2 Current Products and Services Provided by the Company and Subsidiaries

- Pure Terephthalate Acid (PTA)
- Polyester chip, polyester staple fiber, polyester filament, solid-state polymer, drawn textured yarn, high denier industrial yarn, PET bottle preforms, PET bottles, PET sheets, and heat shrinkable PET films
- Cotton yarn, CVC yarn, polyester yarn, OE yarn and functional yarn
- Cotton fabrics, cotton blended fabrics, yarn-dyed fabrics, polyester fabrics, knitted fabrics and industrial fabrics
- Business suits from Hart Schaffner Mark(H.S.M), John Henry; shirts from Manhattan; beddings from Tonia Nicole, Charisma, La Mode; undergarments from FET, Active, Paul Simon, and men's undergarments from Punto Blanco
- Mobile services, internet access services, fixed line communications, sales of mobile communications equipment and accessories, maintenance services and logistics
- Shopping malls, residential buildings, public infrastructure, civil engineering and construction of roads, bridges, subways and electrical routing
- SavDerm wound care products, NuROs[®] bone graft substitutes, and Next Fill dental materials

1.1.3 Products and Services Planned to be Developed and Launched by the Company and Subsidiaries

- Functional fibers, fabrics made of specialty materials, waterproof and moisture-permeable films, bio-degradable plastic materials, high gas barrier plastic materials, functional bio-medical wound dressing and environmental friendly heat shrinkable PET films.
- Digital video, digital music, digital books, new payment platform(NFC), e-stores, new media & e-Commerce, and "Wearable Tech Products"
- Construct high quality official building for lease and residential products for sale, mass rapid transit (MRT), expressways, and public infrastructure.

1.2 Business Environment

1.2.1 Current Industry Situation and Prospects

1.2.1.1 Petrochemical business - Pure Terephthalate Acid (PTA)

According to PCI, in 2016, global PTA production was 59.5 million tons, an increase of 3% or 1.89 million tons from 2015. The growth slowed down, compared with the year before. The global demand for PTA in 2016 increased to 59.72 million tons by 4% or 2.39 million tons from 2015. In 2016, the global PTA capacity was 77.77 million tons, similar to the level of 2015, with the utilization rate of 77%, 2% up from the previous year. Overall, the supply and demand for PTA improved in 2016, but the subdued crude oil prices continued to depress product prices, making it increasingly difficult to keep PTA plants in operation.

The top five major PTA suppliers are China, India, South Korea, the United States and Taiwan, accounting for over 80% of the global PTA output. In 2016, China's PTA production rose to 33.59 million tons, 5% up from the previous year, making up more than half of the global output. India's production increased 16% to 5 million tons, replacing South Korea as the second largest supplier in the world. While South Korea's production dropped 510,000 tons to 4.42 million tons, Taiwan's production increased by 230,000 tons to 2.78 million tons. Among the five suppliers, the United States enjoyed the highest utilization rate of 85% in

2016. The rates of China, India and South Korea are between 70% and 80%. Taiwan has the lowest rate of 69%, suggesting its PTA plants are faced with great challenges.

1.2.1.2 Polyester business

According to PCI, in 2016 the global polyester output stood at 69.27 million tons with an annual growth rate of 4%, one percent down from the year before. China, India, the United States, South Korea and Taiwan are the top five polyester producing countries, contributing to 79% of the global output. In 2016, while South Korea's output declined, the other four countries saw a clear increase in their polyester production. China's production increased by 6% to 39.04 million tons, accounting for more than half of the global output. India's output rose by 4% to 6.09 million tons, making up 9% of the whole. Taiwan's output increased by 4% to 2.76 million tons, which translates to 4% of the world's total.

Polyester is mostly used to produce PET resins and polyester fibers which include filaments and staple fibers. In 2016, PET resins accounted for approximately 30% and polyester fibers 70% of the global output.

■ PET resins

In 2016, the global PET production amounted to 21.63 million tons with an annual growth rate of 5%. The world's five leading PET producing areas are China, the United States, the European Union, India and Taiwan, making up nearly 70% of the global output. China's production increased by 7% to 6.89 million tons, accounting for over 30% of the whole.

PET resins can generally be divided into food-grade and industrial-grade PET resins. Food-grade PET is primarily used to produce bottles or packaging for water, carbonated drinks, juice or tea. It can also be used to produce packaging for fresh food, frozen food and microwavable food. Industry-grade PET is chiefly used to produce seat belts, air bags, tire cord fabrics, conveyor belts, packaging for electronics, geotextiles, medical supplies, and fish nets.

■ Polyester fibers

According to the statistics provided by Japan Chemical Fibers Association, the global output of fibers reached 89.06 million tons in 2016. Whilst chemical fibers accounted for 73% of the global fiber production in 2016, natural fibers such as cotton, wool and silk made up 27% of the total. The overall growth rate of global production of fibers stood at 3% last year. Specifically, the output of chemical fibers grew by 2% and that of natural fibers increased by 6%. Cotton production, which made up 90% of the category of natural fibers, began to resume growth in 2016 at a rate of 7% after having dropped to a new low in five years in 2015. In the category of chemical fibers, polyester fibers take up the largest proportion, which can be further divided into polyester filaments and polyester staple fibers. Last year, the global output of polyester fibers rose by 2% to 52.4 million tons.

In 2016, the global output of polyester filaments increased by 1% to 36.19 million tons. Making up almost 80% of the world's total, China's output increased by 2% to 28.31 million tons. India came in second, producing a total of 3.27 million tons, 3% up from the previous year, whilst a decline in production was evident in Japan, South Korea, Taiwan, the United States and Western Europe. Taiwan's production, in particular, had the hugest decline of 5% to 870,000 tons.

In 2016, global output of polyester staple fibers increased by 2% to 16.21 million tons. China's production rose by 2% to 9.77 million tons, making up around 60% of the total. India's production reached 1.44 million tons, a 5% increase from 2015. Accounting for 3% of the global total, Taiwan's output amounted to 540,000 tons, 3% increase from the previous year.

1.2.1.3 Textiles business

■ Cotton yarn and spinning business

According to U.S. Department of Agriculture, in 2015/2016 crop year, the global cotton production was 21.06 million tons, a significant decrease of 4.89 million tons from the previous crop year. China's production dropped 1.74 million tons because China cancelled the temporary cotton reserve policy, which resulted in lowered profitability in growing cotton and reduced cotton growing areas. In 2015/2016 crop year, India replaced China as the largest cotton producing country in the world. Its cotton production came to 5.75 million tons, outstripping China's 4.79 million tons. The United States' production reached 2.81 million tons, a decrease of 750,000 tons from the year before. The top three cotton producing countries are China, India and United States, contributing to 63% of the global output.

In the same crop year, the global consumption of cotton was 24.22 million tons, similar to level of the year before. As consumption outstripped production, global cotton stock was reduced to 21.14 million tons, a decrease of 3.19 million tons from the previous year. Accounting for roughly 60% of the global stock, China's stock in 2015/2016 stood at 12.67 million tons, a decrease of 1.9 million tons from the year before.

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■ Knitted fabrics and apparel

In 2016, as the world's largest exporter of textiles and apparel, China's export dropped 8% to \$262.4 billion, according to the China Customs Statistics. China's export of textiles and apparel declined greater than the year before. Its export of textiles decreased by 4% to \$105.0 billion, while its export of apparel shrank by 10% to \$157.4 billion because the rising cost of labor in China had drove the apparel industry to relocate their production bases to countries where labor cost is cheaper.

The top five export destinations of China's textiles and apparel are the European Union, the United States, ASEAN, the Middle East and Japan, which account for more than 60% of China's textiles and apparel export. In 2016, there was a clear decline in China's export to these five areas because of the sluggish world economy.

1.2.1.4 Telecommunication Business

■ Personal mobile communication

Deregulation and loosened government controls have allowed telecommunications industries moving towards liberalization and greater competition. Total mobile subscribers reached 28.93 million at the end of 2016, and the Mobile Phone Account Penetration Rate was over 123%. The services, promotions and handset programs among operators caused customers to apply for more than one.

With the rise of emerging fiber access to internet, FTTx will gradually replace ADSL as the mainstream internet access method for the next generation. Some of the benefits offered to ISPs (Internet Service Providers) by FTTx are the fast 100Mb~ 1Gb high speed download and increased stability versus ASDL. With the growing popularity of mobile devices such as smartphones and tablet PCs, demands for wireless internet access from consumers have also raised correspondingly. In addition to 4G services, some operators even provide 2600MHz spectrum service since 2016 Q3 to fulfill and optimize customer needs for internet.

■ Corporate mobile communication

In recent years, with the slow recovery of developed countries, along with the impact felt by slower growth in emerging and developing countries, global economic growth has not gone as planned, therefore enterprises have been forced to have more prudent investments. All of these have made operation of the corporate mobile communication market more challenging. Fortunately, the sales of smart mobile devices (mobile phone, tablet PC etc.) has boomed over the last two years. Smart-watches, smart glasses and other wearable devices are heating up in the market. Together with the prevalence of Mobile APPs, a new turning point was reached by the telecommunications industry.

The number of global 4G LTE subscribers is growing fast, making this service the mainstream for mobile communication technology in the next decade. On the other hand, the widespread broadband infrastructure and high bandwidth provided by mobile broadband services have motivated all kinds of applications and services. In particular, the HD video conferencing application constitutes the intersection of most potential and greatest development space for real-time transmission and mobility and the need for large data transmission flow. This includes teleconferencing within corporations and across borders, provision of health care through video and audio feeds, and video sharing. With the boom of 4G and every conceivable kind of high-speed transmission service to come, it can be expected that telecommunication service providers will provide service anytime anywhere at increased bandwidth, which will drive the growth of digital service revenue and bring new energy to the growth of corporate operations.

1.2.1.5 Property Business

In 2016, the real estate investment was concentrated in major international cities and Asian emerging countries because of the continued quantitative easing policies in many countries, sluggish economic recovery in Europe and the United States, increased investment in infrastructure in South East Asian and the Chinese government's measure to restrict capital outflows. In addition, the stagnation in global trade, the fear for terrorist attacks, major presidential or parliament elections worldwide and the United Kingdom's withdrawal from the European Union caused people to be more conservative about investing in real estate market and traveling as well. In Taiwan, the housing market fell short of the industry's expectation in 2016 for a number of reasons. For example, the reform to integrate housing and land sales taxation was put into effect. The local governments increased both house tax and land value tax significantly. Moreover, there was a drastic decrease in the number of foreign tourists in Taiwan. These factors combined contributed to the rising operating and holding cost of the real estate companies. Therefore, the real estate market was slow and depressed in respect of sales price and trading volume.

1.2.1.6 Investment & Others Business

In the first half of 2016, the government adopted a policy to decrease interest rates as a means to revitalize the economy, but later kept the interest rates level for the second half because of the moderate economic recovery in Taiwan. Taiwan's economic growth rate is predicted to be 1.92% and CPI annual growth rate 1.08% in 2017. In 2017, OECD countries' agreement to reduce oil production is expected to increase oil prices. Global economic growth is likely to outperform that of this year because of the rising international oil and raw material prices. However, there are a number of factors that add to the uncertainties surrounding the global economic prospect, including the policies of the Trump administration, the expected interest hikes introduced by the Federal Reserve, rising trade protectionist sentiments, the economic transition in China, the United Kingdom's withdrawal from the European Union as well as the economic and political climate in Europe. Given the economic situation worldwide and moderate economic recovery and inflation in Taiwan, the Central Bank is predicted to continue its loose monetary policy to keep the economy growing. In amid of the domestic and global economic condition, the Company will continue to review and analyze the performance of its long-term investments regularly, manage and minimize the interest rate and exchange risk carefully, and exploit new business opportunities by uplifting and utilizing the group's synergies and resources. By doing so, the Company will maximize investment income and share the profits with its shareholders.

1.2.2 The Supply Chain Analysis

Originally, the textile industry's purpose was to provide the necessities of daily life. Today, this industry serves a greater purpose by infusing fashion, technology, and art, to cater to demands beyond our basic clothing needs. In the upstream of the supply chain lies polyester polymers which consume chemicals derived from crude oil. Moving down to the mid-stream, there are spinning, weaving, fabricating, dyeing and finishing production processes. And further down are the apparel, garments, and home furnishings end products. Please refer to pages 73-74 for a summary of the upstream, mid-stream, and downstream linkages of our company's industry.

1.2.3 Industry Trends and Competition

1.2.3.1 Petrochemical business – PTA

In 2017, the global PTA production is expected to reach 62.91 million tons, an increase of 3.42 million tons or 6% from 2016. The additional PTA capacity this year stands at 1.89 million tons, a 2% growth from last year. With the increased production output greater than additional capacity, the utilization rate is predicted to increase to 79%, an increase of 2.5 percentage points from the previous year, whilst PTA demand is expected to increase to 62.61 million tons with a growth rate of 5%, as against 4 % in 2016. In China, PTA production is estimated to increase by 5% to 35.32 million tons, with the additional PTA capacity of 790,000 ton. The amount is much lower than the average additional capacity of 5.58 million tons between 2011 and 2015, which indicates that we have past the previous expansion peak. In 2017, China's PTA utilization rate is projected to exceed 80%, which will probably be a new height in five years.

1.2.3.2 Polyester business

■ PET resins

In 2017, the global PET output is estimated to be 22.73 million tons, a 5% growth from 2016. The additional capacity is chiefly from the United States, China and India. As the PET downstream applications evolve at a rapid pace, the use of PET continues to grow. Food-grade and industry-grade PET will enjoy steady growth.

The Company is a major supplier of food-grade and industry-grade PET. In order to be more eco-friendly, we have developed products that reduce energy consumption such as fast reheat and energy-saving PET resins. We have also managed to reduce the weight of preforms by making adjustment to the manufacturing process to lower input. In addition, FENC is the leader to introduce recycled PET and Bio-PET in the industry. Currently, we have established production bases in Taiwan and Japan in the hope of continuing to expand our capacity and maintaining our competitive edge.

As for industry-grade PET resins, we have spared no effort in developing products with high level of functionality, such as seatbelts, tire cord fabrics, airbags, geotextiles, industrial conveyor belts and medical nonwovens in order to pursue maximum profits.

■ Polyester fibers

In 2017, the global production of polyester fibers is estimated at 51.22 million tons, an increase of 4% from 2016. It is projected that the output of polyester filaments will increase by 5% to 34.65 million tons and

Operational Highlights

polyester staple fibers will grow by 3% to 16.57 million tons. The growth rate this year will be higher than last year. (Source: PCI)

FENC is the largest supplier of polyester staple fibers in Taiwan and is among the world's top three manufacturers that produce nonwoven polyester staple fibers. Our products are widely used in medical supplies, hygiene products, sports products, automobiles and home appliances and other high value-added products. The Company is also a major supplier of polyester filaments that offers a wide range of products, including POY, DTY, HDI and nylon 6.6. We have pioneered the development of functional polyester such as TopCool[®], TopHeat[®], and thermal management fiber and other functional materials that are anti-ultraviolet and fireproof for clients to choose from. In addition, we have focused on developing green materials, including Bio-TopCool[®] that uses 1,4-butanediol, PLA that uses corn and TOPGREEN[®] recycled yarns that uses recycled plastic bottles as materials. TOPGREEN[®] recycled yarns have been adopted in world-class sporting events and have a huge potential for further development. Last year, we partnered with Adidas in a project to protect the ocean by turning ocean plastic waste into eco-friendly yarns and was designated by the brand as its exclusive supplier.

The Company has built production lines for polyester staple fibers and filaments in Taiwan and China where we will continue to expand our production capacity. To consolidate our leadership in the industry, we have planned to build a new production base in Vietnam.

1.2.3.3 Textiles business

■ Cotton yarn and spinning business

In 2016/2017 crop year, the world's production of cotton is estimated at 23.02 million tons and its demand at 24.48 million tons. The global cotton stock is expected to shrink to 19.7 million tons, a new low in 5 years. China's cotton production is projected to be 4.9 million tons and its demand 7.89 million tons. Although its stock has been reduced to 10.65 million tons, it still accounts for more than half of the world's total. In addition, the Chinese government has introduced a new policy to stabilize China's cotton price by fixing the target price for cotton for three years. From 2017 to 2019, the price in Xinjiang will remain unchanged at 18,600 yuan per ton. Thanks to the growing cotton price around the world, the United States' cotton growing areas have expanded and its cotton production is expected to increase by more than 30% to 3.75 million tons in 2016/2017.

The Company has always been paying close attention to the cotton markets. We make timely adjustment to our source of procurement and optimize our product structure to maximize our advantage.

■ Knitted fabrics and apparel

The European Union and the United States are the largest two consumers of apparel goods in the world. In 2016, the European Union's import of garments amounted to €81 billion, while the United States' import reached \$80.7 billion. (Source: Eurostat and OTEXA) Driven by the economic growth of the advanced economies, the consumption market for apparel is expected to continue to expand worldwide. In addition, the rise of the middle class in China has boosted its domestic market. The Chinese growth model which has shifted from investment to consumption is expected to stimulate the demand for textiles and garments.

Our textile business clients include world-famous sports brands and fast fashion brands. By working closely with our brand clients, we can stay on top of all movements in the consumption market, thereby developing fashionable and functional products of high added value. We are the top choice for global brands to partner with.

1.2.3.4 Telecommunication Business

■ Entering a period of rapid development of 4.5G mobile Internet

The launch of 4.5G has led to a significant rise in mobile internet speeds; and mobile video/audio and high-bandwidth use services will gradually become the main contributors of traffic volume. Therefore, FET continues to aggressively deploy 4G; and has already reached out to 367 towns and achieved 99.5% of the population coverage.

There are currently several million subscribers utilizing smartphones, and the proportion actually using Data service continues to increase, because of this, FET will continue to strengthen the development of relevant value-added services so that users can continue to enjoy a greater range of easy-to-use services.

Apart from the medium and low Internet spectrums, FET also makes use of the LTE 2600MHz, which creates new hotspots that enhance the capacity and speed of bandwidth in high utilization areas. FET is building more 2600MHz base stations than any other provider through aggressive construction. This not only enhances the consumer experience but also gives the company advantages.

■ Beginning to implement NFV (Network Function Virtualization) technology

In recent years, an increasingly diverse range of communication services are coming to market, due in part to the rapid development of ICT industry. Some services require greater transmission throughput, and some generate multiple connections simultaneously. Faced with a rapidly changing market, FET is capable of providing diverse services via the characteristics of NFV technology:

- Network Slicing : FET networks would support various type of services (for example, streaming, healthcare, fleet management, etc.) simultaneously, and cross-interference would not occur.
- Efficiently use hardware resources : Hardware resources would be no longer be committed to one specific network function, and instead they would become a shared resource pool for any functional use.
- Quickly providing new services: In the future, network functions would be deployed on commodity servers, and FET would not purchase the special equipment itself. This would greatly reduce the cost and time to build-up new services.
- FET begin to implement NFV in 2017. The first step is to perform a trial to virtualize the selected core network functions. The whole network function would be completed by phase deployment.

■ Mobile device/Wearable device

The IDC report reveals that the number of wearable devices shipped worldwide is expected to increase to 111.9 million, with an annual compound growth rate of 78.4% by the year 2018. The quantity of Internet of Things (IoT) devices will reach 250 hundred million by 2020.

IDC's study includes three categories: complex accessories such as physical activity measurement devices, smart accessories such as smart watches, and smart wearable devices such as Google Glass. As such, FET is maintaining cooperation with wearables and IoT (Internet of Things) vendors to test and verify the performance and stability of wearable devices on FET's network and proposed 5G technical needs, cooperating with mobile phone manufacturers to develop more diversified pre-5G high-speed products, so that we can provide our customers with great experiences in the future.

■ Increasingly mature mobile and fixed network convergence

With the growing trend of digital convergence, users may access the information they need anywhere via any network and any device, which will accelerate and hasten the convergence of mobile networks and fixed networks. In response to this trend, beginning in 2008, the FET and the NCIC have been undertaking progressive convergence of mobile and fixed networks gradually forming a single network backbone and access network.

■ Focus on segmentation marketing; create an easy mobile life for consumers

FET is proactively developing multiple aspects of the mobile service market and strategized with its subsidiary, Hiiir Technology, to debut the mobile life brand "friDay". Taking advantage of respective expertise in mobile content, mobile commerce and social media, FET and Hiiir have cooperated to deliver multiple mobile applications and services.

1.2.3.5 Property Business

By utilizing our group's synergies and resources, we will exploit new business opportunities to accelerate our land development plan and further diversify our existing businesses. Recently, our priority is to develop both the high technology oriented Banqiao Tpark and the leisure oriented Yilan Spa Resort projects. By doing so, we will gradually unlock the hidden land value.

1.2.3.6 Investment & Others Business

Leveraging the Company's resources, we have invested in other businesses, such as cement and retail markets. Asia Cement Corporation (ACC) is a world class cement producer with capacity across the Taiwan Straits. While maintaining its stable market share in Taiwan, ACC has seen remarkable revenue growth in the China market. ACC signed a strategic partnership agreement with Anhui Conch Cement, and targets a top ten ranking among cement companies in China by taking advantage of China's urbanization policy. Far Eastern Department Stores Ltd. (FEDS), with the innovative transformation of their long-term strategy, has been transforming its business model from traditional department stores to new-style shopping malls, which have more restaurants, cinemas and other recreational facilities to offer customers a holistic leisure experience. In order to protect its leading position in the retail business, FEDS continues its strategic plans to open new stores in Taiwan and China, concurrently developing its online shopping by implementing an online-to-offline retail strategy. With this bright business outlook from our affiliates, we expect to generate consistent profits within this diversified investment portfolio.

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1.3 Technology Innovation and R&D Overview

1.3.1 R&D Expense in Recent Years

R&D expenses in 2016 & 2015 were NT\$868.947 million and NT\$785.112 million, respectively.

1.3.2 Successful Technology or Products from the Development

1.3.2.1 Petrochemical, Polyester & Textiles Business

Printable PET sheet; High warping profile textile when wet; Anti-pilling & Anti-Snagging fabric; Flame retardant PET yarn; HRV monitoring garment; Ultra-thin windproof membrane; Long-lasting and stain resistant antibacterial PET yarn; Water repellent PP masterbatch; Skin protection & heat reflection yarn; Recycled PET base waterproof & breathable TPEE film; Staple fiber for blood desalination purpose of sanitary pad; Medical grade calcium phosphate; Porous bone graft substitutes.

1.3.2.2 Telecommunication Business

friDay Video; friDay PLAY; friDay Reading; friDay Wallet; FET 4G Mobile Video Conference; FET Cloud Email Service – upgrade version; FET G suite; Far EastOne Securities 4-in-1 Real time Exchange Platform; IPLC Submarine Cable Investment and Installation; Corporate Fleet Management System; FET Smart Patrol Inspection System; Smart Owner; FET O365; FET IoT Platform; Enterprise Application Cloud Management Service; Alley; friDay Shopping; friDay Omusic.

1.3.2.3 Property Business

Implement the latest construction technology, which will reduce construction time, enhance construction quality, while reducing construction costs.

1.4 Long-term and Near-term Business Plans

1.4.1 Near-term Business Plan

1.4.1.1 Expand Our Production Scale

Aspiring to become a leading company in such areas as polyester and textile materials, FENC's production consists of petrochemical, polyester and textiles businesses, which are in fact different phases of our production. In order to expand our operations and consolidate our leading position in the industry, we have built a complete supply chain in Taiwan and China and planned to extend our reach to Vietnam as our third base of vertical integration. We will keep investing steadily and introducing high-quality products for our consumers.

1.4.1.2 Optimize Product and Market Structure

In the rapidly changing business environment, FENC adjusted the product and market structure from a global perspective, so as to maximize profits. In order to prevent a price competition with our rivals, the Company has focused on researching, developing and selling differentiated products, improved our self-sufficiency rate and increased our level of deep processing. In this way, we will be able to increase our profit margins with high value-added products.

1.4.1.3 Build a High-quality Client Base

For years, FENC has partnered with global brands in building supply chains and continued to take our partnerships to a strategic level. By collaborating in diverse areas such as R&D, production and marketing, we have generated maximum value for supply chains as a whole. As a result of rising protectionism, the number of anti-dumping and anti-subsidy lawsuits has surged. The Company has paid close attention to the conditions of the business environment and selected clients with low trade barriers to pursue growth.

1.4.1.4 Diversify Product Applications

According to China's 13th five-year plan, the consumption of fibers for industrial use will increase to one third of the total fiber consumption by 2020, an increase of 8 percentage points from 2015. In addition to improving the function and quality of products for industrial use, the Company will pool resources to develop new products, including the high-margin nylon 66 industrial yarns and tire cord fabrics. We will also aim to introduce a wider array of product applications. So far, we have tapped into opportunities surrounding the supply chain for shoe materials to diversify our product applications.

1.4.2 Long-term Business Plan

1.4.2.1 Build Smart Plants

To pursue industry 4.0, FENC will build smart plants that streamline the production process for petrochemical, polyester and textiles business. This real-time, automatic and highly efficient mode of

production will not only improve production and management efficiency, but also enable us to take advantage of our vertically integrated structure. In addition, we will launch a platform to share information with our suppliers and clients and adopt an interdisciplinary approach to pool and process data from various sources as a means to provide innovative and value-added services.

1.4.2.2 Strengthen Research and Development

As the consumer market is ever-changing, FENC must continue to add value to our products to maintain our competitive edge. In 2001, we founded Far Eastern Group R&D center to pool resources for innovation, research and development. Currently, the Center consists of four divisions, namely, Polyester Material, Fibers & Textile, New Materials as well as Biotech & Energy, which all share the goal of developing high value-added products and enhancing our competitiveness. In addition, in order to boost our research and development, the Company has collaborated with top research institutes at home and abroad, in the hope of venturing into diverse industries and product applications and generating new value.

1.4.2.3 Focus on Developing Green Products

FENC has led the field in promoting environmental protection. We have succeeded in inventing the world's first 100% bio-PET bottles and 100% bio-PET shirts as well. In order to tackle the issue of ocean waste, we partnered with Adidas to turn ocean waste into eco-friendly materials. This successful innovation can be applied in shoes and clothes. The Company will continue to promote recycled PET and Bio-PET products and increase the scope of applications for our products so that green polyester will become every part of our life.

2. Overview of Market, Production, and Sales Market Analysis

2.1 Market Analysis

2.1.1 Sales Regions of the Company's Main Products (Services)

The major sales regions and the percentage sales of petrochemical, polyester, and textiles: Asia (60%), America (24%), Europe (10%), and others (6%).

2.1.2 Domestic Market Share of Major Products (KPI Value)

Items \ Products	PTA		Polyester Staple Fiber		Polyester Filament	
	Production	Sales	Production	Sales	Production	Sales
FENC & Subsidiaries(tons)	746,014	742,672	246,280	238,510	79,033	59,340
Taiwan (tons)	2,707,326	2,712,773	550,004	529,704	889,552	588,845
Market Share(%)	27.6%	27.4%	44.8%	45.0%	8.9%	10.1%

Source: Department of Statistics, Ministry of Economic Affairs & FENC

2016 Market share of mobile subscribers by carriers: Chunghwa Telecom at 35.0%, Taiwan Mobile at 29.4%, Far EasTone at 28.2%, Taiwan Star Telecom (VIBO) and Asia Pacific Telecom, combined at 7.4%.

2.1.3 Future Supply/Demand Situation and the Prospects of the Market

2.1.3.1 Petrochemical, Polyester & Textiles Business

In response to the fast-changing business environment, FENC must stay agile and flexible at all times and make timely changes to our operations. With our vertically integrated supply chain, which entails our petrochemical, polyester and textiles businesses, we are self-sufficient in raw materials and able to mobilize resources and adjust production structure to significantly lower operation costs.

In the future, the irrational expansion of the PTA industry will be effectively controlled. From 2017 onward, the PTA operating rate will rise steadily and is expected to increase to 85% by 2020, the highest level since 2012. Thanks to the continued global economic and population growth and the increase in application areas, the global polyester production is predicted to reach 82.46 million tons by 2020, an increase of over 13 million tons from 2016. The annual compound growth rate will be 4.5% from 2016 to 2020. The pace is faster than the average global economic growth rate of 3.5% over the same period. With the growing global interest in sports, the demand for functional textiles will increase. Our textiles business's major clients include the world-famous sports brand, namely, Nike, Adidas and Under Armour. In addition, we have developed functional jerseys for many national teams for three FIFA World Cups in a row. For the next FIFA World Cup in 2018, we will continue to collaborate with global brands and showcase the advantages of our products to the world.

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Over the past 60-plus years, FENC has built on our past success and continued to pursue innovation. In addition to securing our existing client base, we have strived to expand into new markets and introduce differentiated high added-value and eco-friendly products as our core advantage. In the meantime, we have spared no effort to meet our social responsibilities and generate greater value for the Company to grow sustainably.

2.1.3.2 Telecommunication Business

As the market comes to a mature stage, operators usually place the focus on value-added services and heavy users. Take leading international mobile operator Vodafone for example – with market growth slowing, it decided to shift its focus from general consumers to enterprise customers. The Company continues to cooperate with enterprise application service suppliers of various industries to actively promote enterprise ICT integration services, cloud applications and IoT applications.

2.1.3.3 Property Business

In 2017, the real estate market is still going through a period of adjustment. A slight decline in price but growth in volume has been observed. Given the current economic climate, there are conditions favorable for the market, but inflation is an offsetting factor and the house price to income ratio in urban area remains high. Besides, the government has placed a cap plot ratio and introduced a joint tax on housing and land sales, adding to the tax burden for real estate owners. If there is no major change in low-interest housing policies, the potential buyers will still take a wait-and-see attitude and thus it will take a long time to reduce vacancy rates. As such, sellers are expected to continue to provide incentives to buyers in order to boost sales. In response to the current real estate market, the government has established a mechanism to balance the price and volume of housing, focused on urban renewal, redevelopment plans for old houses and the regulations for housing rentals, ensured the reasonable supply and development of land as well as planned to increase investment in infrastructure. These measures will create a positive and value-adding effect to the market and accelerate the supply of new products. In addition, prime locations and buildings close to MRT stations will be resistant to price drops. Green and smart buildings as well as safety and security features will continue to be the key for real estate companies to differentiate their products.

2.1.4 Competitive Advantages, Disadvantages, and the Company's Measures to Counteract Negative Factors

A. Competitive advantages

- (1) A wide range of product applications
- (2) Production bases in Taiwan, China and Vietnam for vertical integration
- (3) Global operations and management to enhance our competitiveness
- (4) Superior R&D capabilities

B. Positive factors

- (1) Demand driven by population and economic growth
- (2) Irrational capacity expansion to be controlled in the industry
- (3) Increased environmental awareness
- (4) Rapid growth of functional textiles for sports

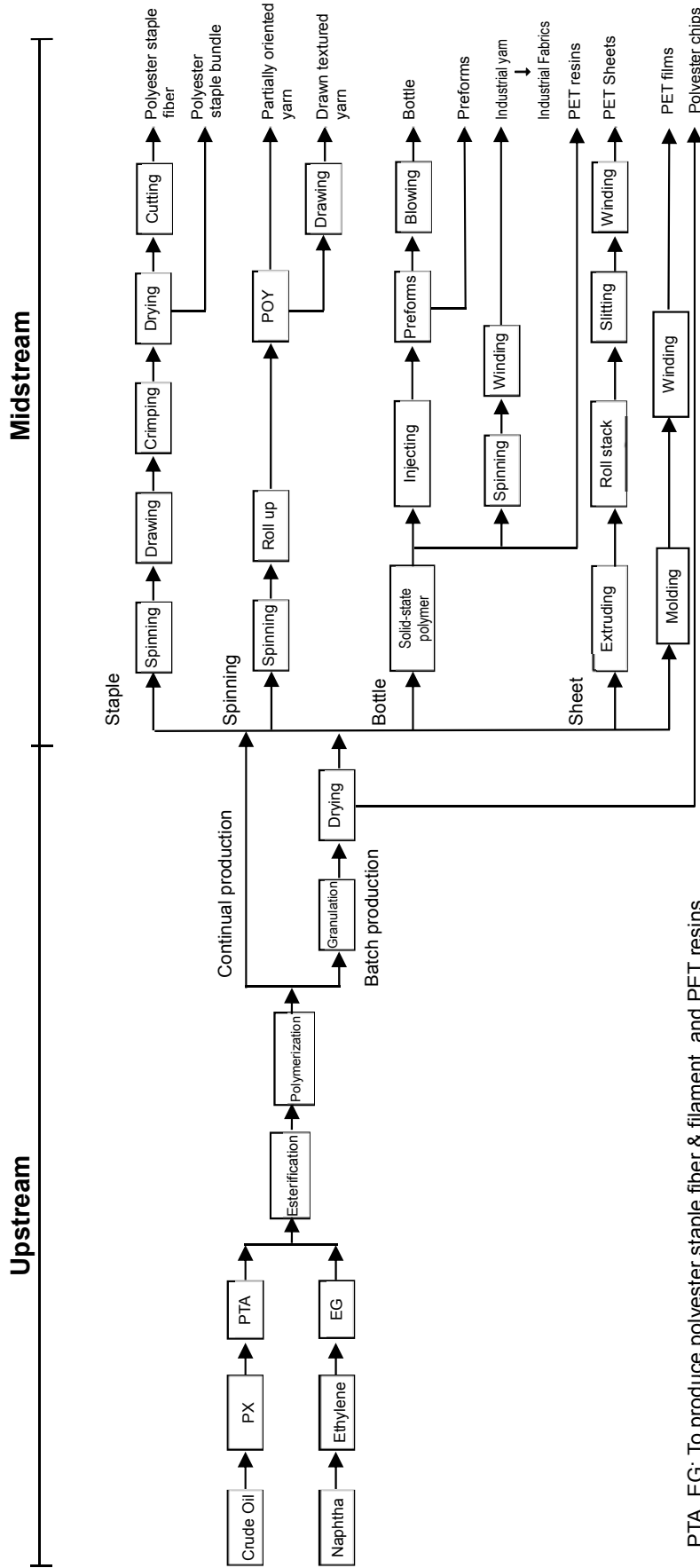
C. Negative factors

- (1) Drastic fluctuations in the foreign exchange rates
- (2) Rising protectionism as a challenge to free trade
- (3) Subdued oil prices depressing product prices
- (4) Rising cost of labor

D. Company's measures to counteract negative factors

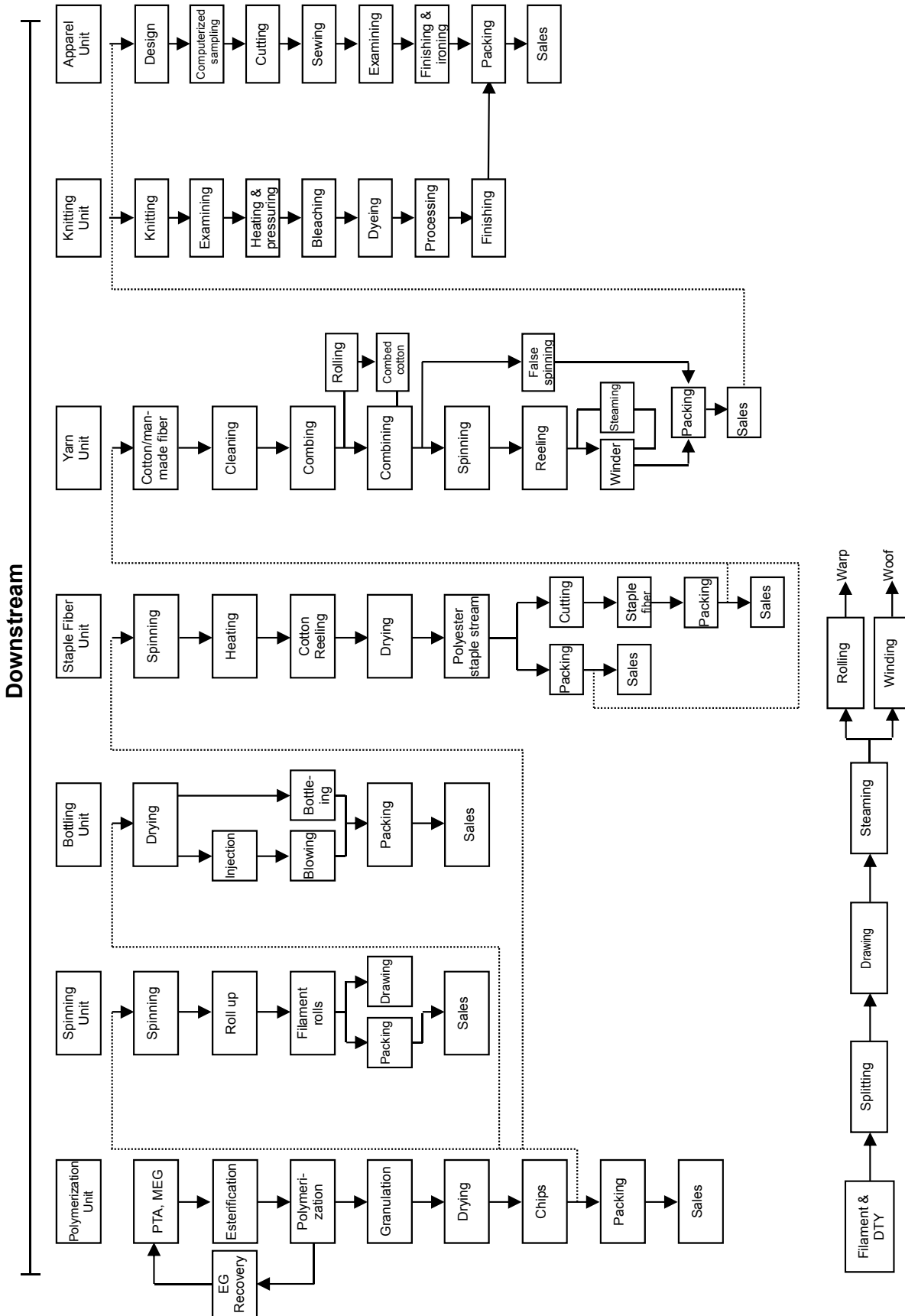
- (1) Building smart plants to improve production efficiency
- (2) Increasing the percentage of differentiated products and introducing high value-added products to the market
- (3) Ramping up the production of green products and strengthening our R&D capabilities
- (4) Creating the vertical integration advantages and achieving supply chain synergies
- (5) Capitalizing on our brand to boost our competitiveness
- (6) Lowering operational risks by producing and selling products in various areas

2.2 Applications and Production Process of Major Products



1. PTA, EG: To produce polyester staple fiber & filament, and PET resins
2. Polyester staple fiber: staple fiber yarn, blended yarn, conjugate yarn, non-woven yarn
3. Polyester filament: apparel, garment, upholstery and home furnishing textiles
4. Industrial yarn (Industrial fabrics): seat belt, conveyor belt, water-proof coated fabrics
5. Elastic Fiber: stretch apparel and tights
6. PET resins: PET bottle, PET sheet
7. PET bottle: packaging materials or containers of beverages and food
8. Polyester chip: polyester filament, polyester staple fiber
9. PET films: PET heat shrinkable bottle labels
10. Yarn: fabrics for clothing, industrial usage, or home furnishing purpose through weaving or knitting process
11. Fabrics: Finished fabrics for clothing, industrial usage, or home furnishing purpose after dyeing and finishing process
12. Knitted fabrics: apparel, garments, upholstery and home furnishing products
13. Apparel: Underwear, clothing, shirts, fashions, etc.

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Note: Arrows represent the production sequence, and the dotted arrows represent the inter-unit transferring.

2.3 Sources of Major Raw Materials

Item	PTA, EG	Cotton, Polyester Staple Fibers	Fabrics	Finished fabrics	Remarks
Major sources	Internally supplied, Saudi Arabia	The United States, internally supplied	Internally supplied	The United States, internally supplied	Supplies of major raw materials are stable and sufficient.

2.4 Major Suppliers or Customers Who Account for above 10% (inclusive) of Purchases /or Revenues in Recent Two Years

2.4.1 Suppliers Who Account for above 10% (Inclusive) of Purchases in Recent Two Years: None

2.4.2 Customers Who Account for above 10% (Inclusive) of Revenues in Recent Two Years: None

2.5 Volume and Value of the Production in Recent Two Years

Unit: NT\$ thousands

Main Products			2016			2015		
			Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Petro-chemical	PTA	MT	1,580,000	1,504,960	30,468,944	1,610,000	1,372,561	29,352,478
	Polyester							
	Polyester Chip	MT	1,970,800	1,591,933	43,718,547	1,984,000	1,527,749	45,169,090
	Solid-State Polymer	MT	1,360,400	1,149,462	32,029,894	1,464,648	1,076,894	32,352,598
	PET Bottle Preform	Thousand pieces	3,720,000	2,538,003	2,093,030	3,540,000	2,298,602	1,869,516
	PET Sheet	MT	130,800	93,287	3,374,014	113,500	97,181	3,691,449
	Polyester Staple Fiber	MT	489,600	346,637	12,996,770	489,600	322,116	12,775,819
	PET Film	MT	20,160	7,701	525,377	20,160	6,993	469,691
	Partially Oriented Yarn	MT	121,260	102,420	4,320,022	135,710	102,486	4,684,471
	Drawn Textured Yarn	MT	47,220	40,558	2,485,849	45,137	36,869	2,464,537
Textiles	Yarn	Bales	513,398	424,342	6,369,618	513,398	449,182	6,764,388
	Knitted Fabrics	MT	25,140	21,199	6,787,935	23,460	19,067	5,454,957
	Industrial Fabrics	MT	21,360	19,140	1,491,196	20,160	19,399	1,671,578
	Industrial Yarn	MT	101,600	91,709	4,412,449	111,920	79,441	4,030,481
	Apparel	Thousand dozens	5,208	4,565	5,806,401	4,909	4,040	6,922,507

Operational Highlights

2.6 Sales Volume and Revenue in Recent Two Years

Unit: NT\$ thousands

Main Products			2016				2015			
			Domestic sales		Export sales		Domestic sales		Export sales	
			Volume	Revenue	Volume	Revenue	Volume	Revenue	Volume	Revenue
Petro-chemical	PTA	MT	1,479,720	29,065,348	31,037	672,776	1,352,370	27,720,196	13,910	313,299
Polyester	Polyester Chip (Note)	MT	96,197	2,715,229	14,956	551,286	99,586	3,044,603	18,649	682,042
	Solid-State Polymer	MT	295,418	8,122,151	701,593	22,438,970	234,060	7,234,100	655,950	22,740,649
	PET Bottle Preform	Thousand pieces	1,554,024	1,393,816	566,955	807,448	1,373,584	1,146,725	606,784	891,256
	PET Sheet	MT	62,496	2,389,510	31,422	1,360,950	68,448	2,868,584	28,106	1,273,516
	Polyester Staple Fiber	MT	123,569	5,334,337	230,865	9,513,400	106,359	4,788,896	213,835	10,024,563
	PET Film	MT	8,517	572,858	3,747	314,449	6,204	507,016	1,529	138,928
	Partially Oriented Yarn	MT	50,785	2,079,068	15,770	707,543	52,388	2,247,716	15,593	709,129
	Drawn Textured Yarn	MT	30,628	1,936,963	8,575	590,509	27,446	1,894,901	7,959	597,790
Textiles	Yarn	Bales	239,065	4,470,258	199,111	2,478,435	239,310	4,394,339	214,271	3,056,009
	Knitted Fabrics	MT	7,811	1,859,643	25,915	8,033,249	6,402	1,474,004	19,066	5,894,888
	Industrial Fabrics	MT	5,905	565,102	15,227	1,560,225	5,438	563,901	16,380	1,814,312
	Industrial Yarn	MT	23,354	1,115,141	47,823	2,773,152	20,669	1,046,013	36,802	2,316,803
	Apparel	Thousand dozens	233	587,341	3,734	6,605,269	195	499,228	3,496	7,383,671

Note: Mainly due to internal consumption

3. Information about Employees

Year		2016	2015	Mar 31, 2017
Number of employees		29,042	26,965	28,982
Average age		35	34	35
Average years of service		6.75	6.00	6.87
Breakdown of educational level (Note)	Ph.D	0.2%	0.2%	0.2%
	Master	6.6%	6.9%	6.6%
	Bachelor	40.5%	43.8%	41.1%
	High school and below	52.7%	49.1%	52.1%

Note: Foreign Labors are not included in this statistics.

4. Expenses on Environmental Protection

4.1 Loss or Penalty Due to Pollution in Recent Two Years

Loss/Penalty	Year	2016	2015	From Jan 1, 2017 to Apr 29, 2017
Pollution Event		Air pollution	Air and water pollution	None
Penalty or Regulatory Authority		Department of Environmental Protection, Taoyuan	Environmental Protection Administration	None
Damage Claim or Other Claims		NT\$0.10 million	NT\$0.34 million	None
Other Losses		None	None	None

4.2 Specific Measures to Conserve the Environment

4.2.1 Planned Specific Measures

A. Contents of planned purchase for anti-pollution equipment or other expenses:

The Company has planned to invest NT\$25.85 million to improve the wastewater treatment equipment and on-line COD analyzer.

B. Expected improvement

- (1) The Company will be in compliance with the relevant regulations and reduce the emission of polluted waste, in order to achieve a goal of environmental conservation.
- (2) Complying with the ISO requirements, the Company will continuously make efforts to protect the environment and ensure the safety at the working environment.
- (3) Improve the efficiency of the equipment to reduce air pollution.
- (4) Upgrade equipment to lower the cost of waste water treatment.

C. Expected impact after the improvement

Enhance the reputation and image of the Company.

4.2.2 Any Measures the Company is Able to Take but Unwilling to Take: None

5. Employees

5.1 Current Agreements with Employee and Employee Welfare

5.1.1 Employee Welfare Procedures

The Company has an employee welfare committee that, in compliance with laws and regulations, appropriates welfare funds, and manages various welfare activities for employees. The said activities include, but are not limited to, employee outings and hiking trips. The Company also organizes a volunteer club, a gymnastics club, a yoga club, a badminton club, a softball club, a bowling club, a table tennis club, a basketball club, all of which are held on regular basis. Additionally, the Company provides free health checkups, child education scholarships, holiday bonuses for birthdays, weddings, funerals, child births, and traditional festival holidays for its employees.

5.1.2 Advanced Training:

Employee training has always been one of the top priorities in the Company's agenda. Since the Company relocated to Taiwan in 1949, it has been providing employees various educational training courses each

Operational Highlights

year. In March 1973, the Company established an occupational training center, in advance of the promulgation of Occupational Training Act implemented by the central government. To enhance overall personnel quality, cultivate professional management talents and satisfy requirements of organizational operations, the education center was re-organized and expanded into the Human Resources Development Center in February 2008.

The establishment of the Human Resources Development Center (the Center) evidenced the company's emphasis on the cultivation of talents. In addition to providing management trainees with business administration and plant management related training courses at the initial stage, the Company later also proactively offers professional courses, and cultivates various professional talents as required to correspond with rapid business expansions in polyester fiber, textiles, printing and dyeing, as well as apparel divisions.

Confronted by a turbulent global economy, "lifelong learning" is the key to maintaining and reinforcing both individuals and Far Eastern Group's competitiveness. Besides continuously offering various professional courses, the Company provides long-term training development at all levels in line with the training requirements. The high-level management has to focus on "strategizing", whilst the focus for the mid-level managers is "planning" and that for the entry-level supervisors is "execution". Besides, innovation is the core competency expected by all employees and also the mutual mindset shared throughout the company. Furthermore, in order to reduce the communication gap with employees from various departments, in collaboration with Yuan Ze University, the Company has jointly developed 13 series of customized management competency courses, which incorporate the values of the Far Eastern Group. In 2014, the Center planned a total of 23 lessons on 13 series of competency courses. The Center continued to organize courses throughout 2015 and plan to provide job competency training for employees at all levels of the Company in the coming 3 years.

To build an evolving talent pool to cultivate team leaders over the next five to ten years, head of each business segments selects candidates for the talent pool from managers (45 years of age or younger) with outstanding performance, potential for development, and strong willingness to learn. The President of each business segment makes recommendations once they have made in-depth assessments of candidates for their mode of thinking, ability to work with others, and resilience potential. A list of candidates is then presented to Far Eastern Talent Selection Committee for review, after which the committee then submits the list to the Vice Chairman or Chairman for approval.

This process best serves to provide the training and the experience required to handle a "Senior Vice President" position. To cover both theoretical and practical applications, the course uses a case-study method. The Center retains well-known university professors to teach theoretical foundations and applications, and invites industry experts to share their insightful practical experiences. The objectives are to cultivate supervisors' decision-making, problem-resolution, and thinking abilities, build a company talent echelon, and establish a talent pool in response to developmental needs in the future.

5.1.3 Pension and Retirement Plan:

The pension fund, and all other employee retirement related affairs, is managed in compliance with the Labor Standards Act. "The Supervisory Committee of Employees' Pension Fund" has been established to review and supervise the management of employee pensions. The pension fund is appropriated to the pension fund trust account in custody of Bank of Taiwan to assure the interest of current and retired employees. In addition, pension funds are appropriated monthly to individual pension accounts for those who are qualified or voluntarily choose the new pension fund system in accordance with the "Labor Pension Act".

We handle retirement issue according to related laws and regulations. In Taiwan, FENC established Employee Retirement Fund Committee in 1980 and allocate fund for retirement pension. We opened account for employee retirement fund at Central Trust in 1984 and established Supervisory Committee of Employees' Retirement Fund. The Committee which employees exceed half of its members meets quarterly. It supervises whether each company has abided by regulation to handle retirement issue and whether there is enough money in the fund. Tower Watson is in charge of retirement pension actuary and allocation. The Ministry of Labor launched new system for retirement pension in July 2005. FENC consulted all employees on transition of retirement system. For new recruits and those chose the new scheme, 6% of full salary will be allocated into employee's individual retirement pension account. For those opted old scheme, they will receive pension accumulated from years of working in the company at retirement. The retirement scheme covers 100% of permanent employees.

5.1.4 The Agreement Between Labor and Management and Various Procedures Regarding Protection of Employees' Rights:

All regulations and procedures regarding labor and management relationship are implemented in good condition pursuant to related laws.

5.1.5 Working Environment and Employee Safety Protection Procedures:

The Company established the Labor Safety & Health Department and implemented the following protocols to ensure a safe working environment:

A. Work environment sustainability:

The Company upholds the highest standards of safety protocols starting from the purchase of machineries and raw materials; the same standards apply when installing said machineries. Work environment safety inspections take place periodically and changes occur immediately if standards are not met. In addition, safety equipment is provided to reduce risk of injury.

B. Employee health sustainability:

Aside from cooperation with the government in providing occupational safety and health inspections, the Company periodically schedules employee health checkups at Far Eastern Group's medical center for health management purposes. All of the Company's factories prepare standard medical supplies and basic medical equipment, while some have licensed doctors and nurses available for routine checkups.

C. Emergency courses and drills:

In order to minimize the damage and protect the safety of laborers if material accidents occur, our company provides emergency evacuation training courses for all employees. These courses educate our employees to organize and evacuate effectively when fires, typhoons, earthquake or other emergencies may require evacuation of the workplace. Moreover, workplace safety training is mandatory for new employees and periodic thereafter for all employees; post-class quizzes are administered to verify the attendants' understanding. Emergency evacuation response plans will change per season (staff grouping, response procedures, evacuation route, etc) and emergency evacuation drills will be held periodically.

D. Safety management:

Workplace health and safety is discussed during monthly meetings, where supervisors assess current problems for continual improvement to ensure an effective system. The Company purchases group insurance for its employees. In addition, contractors are required to complete mandatory safety training classes periodically in accordance with our standards. The workplace safety training courses are held periodically, including post-class quizzes administered to verify/confirm (either one is fine, though "verify" simply restates the previous section) the attendants' understanding.

5.2 Loss Occurs Due to Labor Issues in the Latest Years Till the Publishing Of This Annual Report: None

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6. Important Contracts and Agreements

Type	Company	Counter Party	Duration Period	Major Contents	Covenants	
Technology Cooperation	FENC	Institute for Information Industry	2015.10~ 2017.09	Taiwan Industrial Innovation Platform Program : Remote health care and sleep quality monitoring	None	
			2016.09~ 2019.08	The A+ Industrial Innovation R&D Program—Development of bio-polyester technology		
		Taiwan Textile Research Institute	2016.03~ 2017.09	Quality Evaluation system of smart clothing and Snoring detection pillow system development		
	DDIM	Far Eastern International Bank	2009.09~ Present	FEDirect HGI IC card agreement	No marketing for HGI card holders without prior approval of the parties.	
Citibank Taiwan		2010.04~ 2018.04	Co-Branded card agreement	Except FEIB · no cooperating with other financial institutions without prior approval of Citibank.		
Long-Term Supply Contract	FENC	SABIC	2011.01~ Present	EG supply agreement	Automatically extended by one year when expiration	
	OPTC	A to E (total five companies)	2013.01~ Present	PX supply agreement	None	
	Far Eastern Industries (Shanghai)	SABIC	2014.01~ 2018.12	EG supply agreement		
	Yuan Hsin Digital Payment	Kaohsiung Rapid Transit Corp.	2016.07~ 2037.01	HappyCash for open trading		
	Far EasTone	Ericsson Taiwan	XunWei Tech	1996.12.~ Present	Purchase for 2G/3G/4G cell site, mobile phone system and network equipment, software, installation, system construction and technical service	Confidential Clause
				2009.12~ Present	Frame agreement For 3G & 3.5G RAN Acquisition and technical support	
				2010.01~ Present	Procurement agreement for iPhone	
				2010.09.30~ Present	Wireless Service License for Apple's iPad Product	
				2014.08.01~ Present	Procurement agreement for telecommunication equipment	
	NCIC	Taiwan International Standard Electronics	2013.01~ Present	Procurement agreement for network equipment, software, installation, system implementation and technical services		
	ARCOA	Samsung Electronics Taiwan	Sony Ericsson Mobile Communications AB	2012.01~ Present	Procurement agreement for Samsung cell phone and tablet.	
				2004.07~ Present	Procurement agreement for Sony cell phone	
				2013.01~ Present	Procurement agreement for HTC cell phone	
2014.04~ Present				Procurement agreement for ASUS cell phone and related products		
2011.07~ Present				Purchasing agency agreement for specific cell phones and related products		
Construction Agreement	Far Eastern General Contractor	Taiwan International Ports Corporation, Port of Keelung	2014.05~ 2018.12	Port of Keelung, Phase I construction of west bank commercial cargo port building	None	
		Central District Project Office, Department of Rapid Transit System, Taipei City Government	2013.03~ 2017.11	CJ920 Taichung MRT-Wenxin Wuri Beitun Line (G3 station – G9 station) and the construction of circular line monitoring system		
Long-Term Borrowing Contract	OPTC	Mega International Commercial Bank	2012.05 ~ 2019.05	Syndicated loan agreement		
		Taiwan Cooperative Bank	2015.01 ~ 2020.01	Syndicated loan agreement		
	Far Eastern Construction	Hua Nan Bank	2011.03~ 2031.04	Bank loan agreement		

VI. Financial Information

1. Five-Year Financial Summary

1.1. Condensed Balance Sheets & Statements of Comprehensive Income – IFRS

1.1.1 Condensed Consolidated Balance Sheets

Unit: NT\$ thousands

Item	Year	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012	Mar 31, 2017
				(Note 2)	(Note 2)	(Note 2)	(Note 3)
Current assets		107,539,316	113,653,244	98,075,086	97,662,114	99,279,158	97,728,085
Property, plant and equipment		148,316,398	148,141,804	139,055,972	124,767,713	116,637,790	146,628,222
Intangible assets		56,965,287	50,482,700	53,017,159	53,847,039	20,890,391	56,205,749
Other assets		200,639,157	206,487,374	206,456,073	196,722,606	183,533,884	200,584,979
Total assets		513,460,158	518,765,122	496,604,290	472,999,472	420,341,223	501,147,035
Current liabilities	Before distribution	107,183,432	94,848,512	88,076,648	85,777,937	79,900,492	100,504,364
	After distribution	(Note 4)	100,201,387	95,423,731	93,495,462	87,466,693	(Note 4)
Non-current liabilities		154,084,074	163,519,607	145,043,331	127,584,318	92,122,933	147,610,774
Total liabilities	Before distribution	261,267,506	258,368,119	233,119,979	213,362,255	172,023,425	248,115,138
	After distribution	(Note 4)	263,720,994	240,467,062	221,079,780	179,589,626	(Note 4)
Common stock		53,528,751	53,528,751	52,479,168	51,450,165	50,441,338	53,528,751
Capital surplus	Before distribution	2,859,588	2,807,683	3,666,948	4,681,042	4,744,045	2,859,589
	After distribution			2,617,365	3,652,039		
Retained earnings	Before distribution	137,393,384	136,939,498	136,703,865	132,743,397	126,848,319	138,679,168
	After distribution	(Note 4)	131,586,623	130,406,365	126,054,875	119,282,118	(Note 4)
Other equity		(2,870,205)	4,000,696	6,841,068	4,653,726	2,430,425	(4,734,027)
Treasury stocks		(25,063)	(25,063)	(25,063)	(25,063)	(25,063)	(25,063)
Total equity attributable to owners of the Company	Before distribution	190,886,455	197,251,565	199,665,986	193,503,267	184,439,064	190,308,418
	After distribution	(Note 4)	191,898,690	192,318,903	185,785,742	176,872,863	(Note 4)
Non-controlling interests		61,306,197	63,145,438	63,818,325	66,133,950	63,878,734	62,723,479
Total equity	Before distribution	252,192,652	260,397,003	263,484,311	259,637,217	248,317,798	253,031,897
	After distribution	(Note 4)	255,044,128	256,137,228	251,919,692	240,751,597	(Note 4)

Note 1: Taiwan-IFRSs (2010 version) are adopted in 2012 & 2013 financial statements. Taiwan-IFRSs (2013 version) are adopted in 2014 to 2016 financial statements.

Note 2: Due to the IFRS amendments, prior financial reports have been restated.

Note 3: The financial data of Mar 31, 2017 has been reviewed by the independent auditor.

Note 4: The distribution of 2016 earnings is subject to the approval at the upcoming 2017 Annual General Shareholders' Meeting.

Financial Information

1.1.2 Condensed Consolidated Statements of Comprehensive Income

Unit: NT\$ thousands, except earnings per share

Item	Year	2016	2015	2014 (Note 2)	2013 (Note 2)	2012 (Note 2)	For the three months ended Mar 31, 2017 (Note 3)
Operating revenues		215,855,921	217,948,202	235,506,639	238,840,657	236,792,347	50,383,416
Gross profit		51,171,122	50,483,282	47,732,093	46,603,271	44,293,105	12,303,734
Operating income		14,536,809	14,513,528	11,692,935	13,431,811	12,216,600	3,752,606
Nonoperating income (expenses)		1,423,301	5,187,145	9,724,794	10,445,504	1,211,358	(198,019)
Income before income tax		15,960,110	19,700,673	21,417,729	23,877,315	13,427,958	3,554,587
Net income		12,702,690	14,686,369	17,007,972	20,941,969	11,201,464	2,871,891
Other comprehensive income, net		(7,941,876)	(4,630,229)	2,395,139	2,342,262	(1,599,998)	(2,030,628)
Total comprehensive income		4,760,814	10,056,140	19,403,111	23,284,231	9,601,466	841,263
Net income attributable to owner of the Company		6,307,786	8,034,691	10,853,091	13,215,754	4,917,568	1,285,795
Net income attributable to non-controlling interests		6,394,904	6,651,678	6,154,881	7,726,215	6,283,896	1,586,096
Total comprehensive income attributable to owner of the Company		(1,049,835)	3,712,786	12,866,915	15,568,654	3,344,419	(576,026)
Total comprehensive income attributable to non-controlling interests		5,810,649	6,343,354	6,536,196	7,715,577	6,257,047	1,417,289
EPS (NT\$/share, Note 4)		1.26	1.61	2.17	2.64	0.98	0.26

Note 1: Taiwan-IFRSs (2010 version) are adopted in 2012 & 2013 financial statements. Taiwan-IFRSs (2013 version) are adopted in 2014 to 2016 financial statements.

Note 2: Due to the IFRS amendments, prior financial reports have been restated.

Note 3: The financial data of Mar 31, 2017 has been reviewed by the independent auditor.

Note 4: The EPS is calculated based on the number of shares after adjusting the retained earnings and capitalizing the stock dividends distributed each year.

1.1.3 Condensed Balance Sheets (Stand-alone)

Unit: NT\$ thousands

Item	Year	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014 (Note 2)	Dec 31, 2013 (Note 2)	Dec 31, 2012 (Note 2)
Current assets		27,827,747	32,296,066	30,708,530	30,633,722	21,334,414
Property, plant and equipment		24,509,217	24,340,572	24,198,238	21,969,289	19,962,782
Intangible assets		24,499	20,622	21,607	16,392	20,332
Other assets		233,408,485	238,510,353	238,447,416	230,134,878	219,952,339
Total assets		285,769,948	295,167,613	293,375,791	282,754,281	261,269,867
Current liabilities	Before distribution	19,840,968	20,970,190	19,210,191	23,342,137	17,719,219
	After distribution	(Note 3)	26,323,065	26,557,274	31,059,662	25,285,420
Non-current liabilities		75,042,525	76,945,858	74,499,614	65,908,877	59,111,584
Total liabilities	Before distribution	94,883,493	97,916,048	93,709,805	89,251,014	76,830,803
	After distribution	(Note 3)	103,268,923	101,056,888	96,968,539	84,397,004
Common stock		53,528,751	53,528,751	52,479,168	51,450,165	50,441,338
Capital surplus	Before distribution	2,859,588		3,666,948	4,681,042	
	After distribution	(Note 3)	2,807,683	2,617,365	3,652,039	4,744,045
Retained earnings	Before distribution	137,393,384	136,939,498	136,703,865	132,743,397	126,848,319
	After distribution	(Note 3)	131,586,623	130,406,365	126,054,875	119,282,118
Other equity		(2,870,205)	4,000,696	6,841,068	4,653,726	2,430,425
Treasury stocks		(25,063)	(25,063)	(25,063)	(25,063)	(25,063)
Total equity attributable to owners of the Company	Before distribution	190,886,455	197,251,565	199,665,986	193,503,267	184,439,064
	After distribution	(Note 3)	191,898,690	192,318,903	185,785,742	176,872,863

Note 1: Taiwan-IFRSs (2010 version) are adopted in 2012 & 2013 financial statements. Taiwan-IFRSs (2013 version) are adopted in 2014 to 2016 financial statements.

Note 2: Due to the IFRS amendments, prior financial reports have been restated.

Note 3: The distribution of 2016 earnings is subject to the approval at the upcoming 2017 Annual General Shareholders' Meeting.

1.1.4 Condensed Statements of Comprehensive Income (Stand-alone)

Unit: NT\$ thousands, except earnings per share

Item	Year	2016	2015	2014 (Note 2)	2013 (Note 2)	2012 (Note 2)
Operating revenues		44,749,437	46,849,529	58,108,474	61,919,082	60,682,495
Gross profit		4,113,602	4,276,616	4,671,699	4,214,594	4,958,547
Profit (loss) from operations		(866,363)	(453,304)	(149,605)	(440,304)	28,050
Nonoperating income (expenses)		6,858,197	8,709,062	11,107,696	13,717,609	4,809,893
Income before income tax		5,991,834	8,255,758	10,958,091	13,277,305	4,837,943
Net income		6,307,786	8,034,691	10,853,091	13,215,754	4,917,568
Other comprehensive income, net		(7,357,621)	(4,321,905)	2,013,824	2,352,900	(1,573,149)
Total comprehensive income		(1,049,835)	3,712,786	12,866,915	15,568,654	3,344,419
EPS (NT\$/share, Note 3)		1.26	1.61	2.17	2.64	0.98

Note 1: Taiwan-IFRSs (2010 version) are adopted in 2012 & 2013 financial statements. Taiwan-IFRSs (2013 version) are adopted in 2014 to 2016 financial statements.

Note 2: Due to the IFRS amendments, prior financial reports have been restated.

Note 3: The EPS is calculated based on the number of shares after adjusting the retained earnings and capitalizing the stock dividends distributed each year.

1.2. Condensed Balance Sheets & Statements of Income - R.O.C. GAAP

1.2.1 Condensed Balance Sheets

Unit: NT\$ thousands

Item	Year	Consolidated	Stand-alone
		2012	2012
Current assets		99,192,032	21,334,414
Funds & investments		52,242,280	143,193,480
Properties		152,557,507	19,833,482
Intangible assets		19,212,395	20,332
Other assets		15,943,352	1,531,983
Total assets		339,147,566	185,913,691
Current liabilities	Before distribution	79,372,296	17,631,021
	After distribution	86,938,497	25,197,222
Long-term liabilities		73,958,033	55,204,042
Reserve for land value increment tax		8,660,653	1,519,896
Other liabilities		5,331,487	1,207,854
Total liabilities	Before distribution	167,322,469	75,562,813
	After distribution	174,888,670	83,129,014
Capital stock		50,441,338	50,441,338
Capital surplus		10,079,867	10,079,867
Retained earnings	Before distribution	26,445,968	26,445,968
	After distribution	18,879,767	18,879,767
Other stockholders' equity		23,383,705	23,383,705
Minority interest		61,474,219	-
Total stockholders' equity of parent company	Before distribution	171,825,097	110,350,878
	After distribution	164,258,896	102,784,677

Financial Information

1.2.2 Condensed Income Statements

Unit: NT\$ thousands, except earnings per share

Item	Year	Consolidated	Stand-alone
		2012	2012
Operating revenues		240,417,022	60,682,495
Gross profit		48,405,042	4,950,198
Operating income		16,299,930	16,608
Nonoperating income and gains		4,737,692	10,203,097
Nonoperating expenses and losses		3,408,228	1,588,098
Consolidated income before income tax		17,629,394	8,631,607
Consolidated net income		14,988,716	8,713,177
EPS (NT\$/share, Note)		1.74	1.74

Note: The EPS is calculated based on the number of shares after adjusting the retained earnings and capitalizing the stock dividends distributed each year.

1.3. Names and Opinions of Independent Auditors in Recent Five Years

Year	Name of CPA	Auditing Opinion	
		Consolidated	Stand-alone
2016	Jing-Bin Shih & Cheng-Hung Kuo	Unmodified unqualified opinion	Unmodified unqualified opinion
2015	Jing-Bin Shih & Cheng-Hung Kuo	Modified unqualified opinion	Modified unqualified opinion
2014	Jing-Bin Shih & Shu-Chieh Huang	Modified unqualified opinion	Modified unqualified opinion
2013	Ming Hsing Cho & Shu-Chieh Huang	Unqualified opinion	Unqualified opinion
2012	Ming Hsing Cho & Shu-Chieh Huang	Modified unqualified opinion	Modified unqualified opinion

2. Financial Ratio Analysis for Recent Five Years

2.1 Financial Ratio Analysis- IFRS

2.1.1 Financial Ratio Analysis (Consolidated)

Item	Year							
	2016	2015	2014	2013	2012	March 31 2017		
Financial structure	Ratio of liabilities to assets (%)	50.9	49.8	46.9	45.2	40.9	49.5	
	Ratio of long-term capital to property, plant and equipment (%)	232.6	243.5	247.9	257.4	237.1	215.1	
Liquidity analysis	Current ratio (%)	100.3	119.8	111.4	113.9	124.3	97.2	
	Quick ratio (%)	76.5	90.5	81.4	81.2	93.7	67.8	
	Interest coverage ratio (times)	7.4	9.0	12.1	17.7	10.5	7.3	
Operating ability	Receivables turnover(times)	9.0	8.5	8.5	8.5	7.7	8.4	
	Average collection period (days)	40.7	43.0	43.0	43.1	47.4	43.5	
	Inventory turnover (times)	7.1	7.2	8.1	8.4	8.4	6.5	
	Average sales days (days)	51.7	50.7	45.1	43.5	43.2	56.2	
	Payables turnover (times)	10.2	11.5	12.1	10.3	9.2	9.3	
	Property, plant and equipment turnover (times)	1.5	1.5	1.8	2.0	2.0	1.4	
	Total assets turnover (times)	0.4	0.4	0.5	0.5	0.7	0.4	
Profitability analysis	Return on total assets (%)	2.9	3.4	3.9	5.0	3.7	2.7	
	Return on equity attributable to owners of the Company (%)	3.3	4.0	5.5	7.0	4.4	2.7	
	Ratio to paid-in capital (%)	Operating profit	27.2	27.1	22.3	26.1	24.2	28.0
		Pre-tax income	29.8	36.8	40.8	46.4	26.6	26.6
	Ratio of net income to sales (%)	5.9	6.7	7.2	8.8	5.7	5.7	
EPS (NT\$/share) (Note)	1.26	1.61	2.17	2.64	0.98	0.26		
Cash flow	Cash flow ratio (%)	32.3	35.9	30.7	31.2	40.5	15.1	
	Cash flow adequacy ratio (%)	77.8	70.0	78.5	82.2	104.7	77.8	
	Cash reinvestment ratio (%)	10.4	8.5	5.7	6.1	4.3	1.1	
Leverage	Operating leverage	4.2	4.1	5.0	4.3	3.7	3.8	
	Financial leverage	1.2	1.2	1.2	1.1	1.1	1.2	

Analysis of variations exceeding 20% of the numbers in previous year for 2015 and 2016:

- (1) Ratios of profitability analysis (i.e. EPS) decreased: mainly due to the net income decreased in 2016.
- (2) Cash reinvestment ratio increased: mainly due to the 2016 cash flows from operating activities decreased.

Note: The EPS is calculated based on the number of shares after adjusting the retained earnings and capitalizing the stock dividends distributed each year.

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2.1.2 Financial Ratio Analysis (Stand-alone)

Item		Year					
		2016	2015	2014	2013	2012	
Financial structure	Ratio of liabilities to assets (%)	33.2	33.2	31.9	31.6	29.4	
	Ratio of long-term capital to property, plant and equipment (%)	1,085.0	1,126.5	1,133.0	1,180.8	1,220.0	
Liquidity analysis	Current ratio (%)	140.3	154.0	159.9	131.2	120.4	
	Quick ratio (%)	108.5	123.2	125.1	100.9	82.9	
	Interest coverage ratio (times)	7.2	9.1	12.8	16.4	7.0	
Operating ability	Receivables turnover(times)	6.3	5.9	6.6	6.7	6.1	
	Average collection period (days)	57.8	61.9	55.3	54.1	60.3	
	Inventory turnover (times)	6.5	6.6	8.2	8.9	8.0	
	Average sales days (days)	56.5	55.1	44.7	41.0	45.7	
	Payables turnover (times)	13.6	13.9	12.7	12.2	11.8	
	Property, plant and equipment turnover (times)	1.8	1.9	2.4	3.0	3.0	
	Total assets turnover (times)	0.2	0.2	0.2	0.2	0.3	
Profitability analysis	Return on total assets (%)	2.5	3.0	4.0	5.1	3.0	
	Return on shareholders' equity (%)	3.3	4.0	5.5	7.0	4.4	
	Ratio to paid-in capital (%)	Operating profit	(1.6)	(0.8)	(0.3)	(0.8)	0.1
		Pre-tax income	11.2	15.4	20.9	25.8	9.6
	Ratio of net income to sales (%)	14.1	17.1	18.7	21.3	8.1	
EPS (NT\$/share, Note)	1.26	1.61	2.17	2.64	0.98		
Cash flow	Cash flow ratio (%)	39.7	47.9	45.6	46.1	53.9	
	Cash flow adequacy ratio (%)	83.5	72.0	69.2	74.2	83.5	
	Cash reinvestment ratio (%)	1.0	1.3	0.1	0.4	0.6	
Leverage	Operating leverage	—	—	—	—	172	
	Financial leverage	—	—	—	—	—	
Analysis of variations exceeding 20% of the numbers in previous year for 2015 and 2016:							
(1) Interest coverage ratio decreased: mainly due to the 2016 pre-tax income decreased.							
(2) Ratios of profitability analysis decreased (including operating profit, pre-tax income and EPS): mainly due to the 2016 operating profit and pre-tax income decreased.							
(3) Cash reinvestment ratio decreased: mainly due to the 2016 cash flows from operating activities decreased.							

Note: The EPS is calculated based on the number of shares after adjusting the retained earnings and capitalizing the stock dividends distributed each year.

The formula used for the calculation of numbers in the table above:

1. Financial structure

- (1) Liabilities to assets ratio = Total liabilities / Total assets
- (2) Long-term capital to property, plant and equipment ratio = (Total shareholders' equity + Long-term liabilities) / Net value of property, plant and equipment

2. Liquidity analysis

- (1) Current ratio = Current assets / Current liabilities
- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities
- (3) Interest coverage ratio = Net income before income tax and interest expenses / Interest expenses

3. Operating ability

- (1) Receivables turnover(including accounts and notes receivable) = Net sales / Average receivables (including accounts and notes receivable)
- (2) Average collection days = 365/ Receivables turnover
- (3) Inventory turnover = Costs of goods sold / Average inventory
- (4) Average sales days = 365 / Inventory turnover
- (5) Payables turnover(including accounts and notes payable) = Costs of goods sold / Average payables (including accounts and notes payable)
- (6) Property, plant and equipment turnover ratio = Net sales / Net value of property, plant and equipment
- (7) Total assets turnover ratio = Net sales / Total assets

4. Profitability analysis

- (1) Return on assets = [Net income + Interest expenses × (1 - Tax rate)] / Average total assets
- (2) Return on shareholders' equity = Net income / Average shareholders' equity
- (3) Net income to sales ratio = Net income / Net sales
- (4) Earnings per share = (Net income attributable to owner of the Company - Preferred stock dividend) / Weighted-average number of outstanding shares

5. Cash flow

- (1) Cash flow ratio = Cash flows from operating activities / Current liabilities
- (2) Cash flow adequacy ratio = Net cash flow from operating activities for the past 5 years / (Capital expenditures + Increase in inventory + Cash dividends) for the past 5 years
- (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross value of property, plant and equipment + Long-term Investment + Other noncurrent assets + Working capital)

6. Leverage

- (1) Operating leverage = (Net sales - Variable operating costs and expenses) / Operating income
- (2) Financial leverage = Operating income / (Operating income - Interest expenses)

Financial Information

2.2 Financial Ratio Analysis- R.O.C. GAAP

2.2.1 Financial Ratio Analysis

Item	Year	Consolidated	Stand-alone	
		2012	2012	
Financial Structure	Ratio of liabilities to assets (%)	49.3	40.6	
	Ratio of long-term capital to fixed assets (%)	120.8	834.7	
Liquidity Analysis	Current ratio (%)	125.0	121.0	
	Quick ratio (%)	100.2	83.4	
	Interest coverage ratio (times)	13.5	11.8	
Operating Ability	Receivables turnover (times)	8.1	6.5	
	Average collection period (days)	44.9	56.5	
	Inventory turnover (times)	9.5	8.0	
	Average sales days (days)	38.6	45.7	
	Payables turnover (times)	9.3	15.0	
	Fixed assets turnover (times)	1.6	3.1	
	Total assets turnover (times)	0.7	0.3	
Profitability Analysis	Return on total assets (%)	4.9	5.2	
	Return on shareholders' equity (%)	13.5	7.9	
	Ratio to paid-in capital (%)	Operating profit	0.0	0.0
		Pre-tax income	17.1	17.1
	Ratio of net income to sales (%)	6.2	14.4	
EPS (NT\$/share, Note)	1.66	1.66		
Cash Flow	Cash flow ratio (%)	40.8	54.2	
	Cash flow adequacy ratio (%)	96.2	83.0	
	Cash reinvestment ratio (%)	3.7	0.6	
Leverage	Operating leverage	3.0	303.0	
	Financial leverage	1.1	—	

Note: The EPS is calculated based on the number of shares after adjusting the retained earnings and capitalizing the stock dividends being distributed each year.

The formula used for the calculation of numbers in the table:

1. Financial structure

- (1) Liabilities to assets ratio = Total liabilities / Total assets
- (2) Long-term capital to fixed assets ratio = (Total shareholders' equity + Long-term liabilities) / Net fixed assets

2. Liquidity analysis

- (1) Current ratio = Current assets / Current liabilities
- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities
- (3) Interest coverage ratio = Net income before income tax and interest expenses / Interest expenses

3. Operating ability

- (1) Receivables turnover(including accounts and notes receivable) = Net sales / Average accounts receivable (including accounts and notes receivable)
- (2) Average collection days = 365/ Accounts receivable turnover
- (3) Inventory turnover = Costs of goods sold / Average inventory
- (4) Average sales days = 365 / Inventory turnover
- (5) Payables turnover(including accounts and notes payable) = Costs of goods sold / Average accounts payable (including accounts and notes payable)
- (6) Fixed assets turnover ratio = Net sales / Net fixed assets
- (7) Total assets turnover ratio = Net sales / Total assets

4. Profitability analysis

- (1) Return on total assets =[Net income +Interest expenses×(1-Tax rate)] / Average total assets
- (2) Return on shareholders' equity =Net income / Average shareholders' equity
- (3) Net income to sales ratio = Net income / Net sales
- (4) Earnings per share = (Net income - Preferred stock dividend) / Weighted-average number of outstanding shares

5. Cash flow

- (1) Cash flow ratio = Cash flows from operating activities / Current liabilities
- (2) Cash flow adequacy ratio = Net cash flow from operating activities for the past 5 years / (Capital expenditures + Increase in inventory + Cash dividends) for the past 5 years
- (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross fixed assets + Long-term Investment + Other assets + Working capital)

6. Leverage

- (1) Operating leverage = (Net sales - Variable operating costs and expenses) / Operating income
- (2) Financial leverage = Operating income / (Operating income-Interest expenses)

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3. The Audit Committee's Review Report

The Audit Committee's Review Report

To the 2017 General Shareholders' Meeting of Far Eastern New Century Corporation,

In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we have examined the Business Report, Financial Statements, and the Resolution for Allocation of Surplus Profit submitted by the Board of Directors for the year ending 2016 which had been audited by Deloitte & Touche, and found them in order.

The Convener of the Audit Committee: Bing Shen



11 May 2017

4. Impact of the Financial Distress Occurred to the Company and Affiliates in Recent Years until the Annual Report Being Published

None

5. Financial Report (Consolidated)

(The full copy can be downloaded at <http://mops.twse.com.tw/>)

2016 Independent Auditors' Report

(English Translation of a Report Originally Issued in Chinese)

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 Far Eastern New Century Corporation and its subsidiaries as of December 31, 2016 and 2015, and their 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

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As of December 31, 2016, the 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. Those mentioned above are considered to be significant for consolidated financial statements as a whole. The group's investment properties are subsequently measured using the fair value model. The fair value evaluation involved the significant accounting estimation and judgment. As a result, fair value evaluation of investment property is considered as a key audit matter.

For the accounting policy, the significant accounting judgment, evaluation, and assumption on the main source of uncertainty related to investment property, please refer to Note 4 (10) and 5 (3) of the consolidated financial statements. For more information about the investment property, please refer to Note 18 of the consolidated financial statements.

For fair value evaluation of investment property, we performed corresponding audit procedures as follows:

1. We assessed the competencies and independency of the independent valuer engaged by the management and discuss with the management about valuer's work scope and of engagement acceptance way to evaluate the risk that the valuer's independency might be impaired and being free from the situation of limiting valuer's work scope.
2. We assessed the reasonableness of valuer's assumptions and methods used in valuation.
3. We audited of items from management's supporting documentation, including data which is used in valuation process by valuer.

Evaluation of Impairment Loss of Related Asset in Telecommunication Department

The Group's telecommunication department is in a highly market competition and rapidly changing environment. The economic trends and technology development influence the management's evaluation and judgment on the expected economic benefits and recoverable amounts of the cash-generating unit to which the asset belongs, which in turn is used for the evaluation of the asset's impairment. Thus, evaluation of impairment loss of related asset in telecommunication department is considered as a key audit matter.

For the accounting policy, the significant accounting judgment, evaluation, and assumption on the main source of uncertainty related to impairment of asset, please refer to Note 4 (11 and 13) and 5 (1 and 2) of the consolidated financial statements. For other related disclosures, please refer to Note 17 and Note 19 of the consolidated financial statements.

For evaluation of impairment loss of related asset in telecommunication department, we performed 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 related controls.
2. Obtain the Group's asset impairment evaluation reports for each cash-generating unit.
3. Evaluate the reasonableness of the Group's identification of asset impairment, the assumptions and sensitivity used in the asset impairment assessment, including the appropriateness of the classification of cash-generating unit, cash flows forecasts and discount rates used.

Recognition of Telecommunications Service Revenue

The telecommunications service revenue is the main source of the revenue of the Group's telecommunication department. The calculation of telecommunications service revenue highly relies on automated systems and includes complicated and huge data transmission. In order to meet market demands and remain competitive, the Group often launches different combinations of products and services which makes the calculation of revenue more complex and directly affects the accuracy and timing of revenue recognition. Therefore, the recognition of telecommunications service revenues is considered as a key audit matter.

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

For recognition of telecommunications service revenue, we performed corresponding audit procedures as follows:

1. We obtained an understanding of the Group's recognition of telecommunications service revenues, and the design and implementation of related controls.
2. Review the contracts of mobile subscribers to confirm the accuracy of the information in the accounting system.
3. Perform test of dialing to verify the accuracy and completeness of the traffic and information in switch equipment.
4. Test the accuracy of the billing calculation.
5. Test the completeness and accuracy of the calculation and billing of monthly fees and airtime fees.
6. Test 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 compare if there is any difference between the reports generated from the accounting system and the billing system.
2. For the unbilled amounts, we recalculate 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 financial statements of the parent company, Far Eastern New Century Corporation, as of the years ended December 31, 2016 and 2015 on which we have issued unmodified and modified unqualified opinions.

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

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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.

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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	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 35,675,422	7	\$ 40,878,814	8
Financial assets at fair value through profit or loss - current	3,835,959	1	3,997,895	1
Available-for-sale financial assets - current	656,773	-	727,557	-
Derivative financial assets for hedging - current	2,073	-	6,015	-
Debt investments with no active market - current	1,797,697	-	3,350,990	1
Notes and accounts receivable, net	24,830,649	5	23,370,506	4
Amounts due from customers for construction contracts	1,202,624	-	973,888	-
Other receivables	7,811,376	2	5,789,282	1
Current tax assets	60,895	-	23,615	-
Inventories	22,103,308	4	24,558,575	5
Prepayments	3,399,270	1	3,257,852	1
Other financial assets - current	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>
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current	4,245,668	1	4,486,739	1
Financial assets measured at cost - non-current	1,135,148	-	1,138,626	-
Investments accounted for using the equity method	53,421,270	11	58,658,951	11
Property, plant and equipment	148,316,398	29	148,141,804	29
Investment properties, net	124,758,539	24	124,190,706	24
Concession	41,422,996	8	35,151,640	7
Goodwill	11,865,515	2	11,865,515	2
Other intangible assets	3,676,776	1	3,465,545	1
Deferred tax assets	2,361,276	1	2,317,146	1
Prepayments for equipment	1,612,960	-	2,280,180	-
Refundable deposits	806,289	-	822,052	-
Long-term other receivables from related parties	1,440,000	-	1,620,000	-
Other financial assets - non-current	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	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>
TOTAL	<u>\$ 513,460,158</u>	<u>100</u>	<u>\$ 518,765,122</u>	<u>100</u>

LIABILITIES AND EQUITY	2016		2015	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term borrowings	\$ 35,131,547	7	\$ 24,687,627	5
Short-term bills payable	9,278,381	2	6,597,763	1
Financial liabilities at fair value through profit or loss - current	3,421	-	-	-
Derivative financial liabilities for hedging - current	47,767	-	11,016	-
Notes and accounts payable	15,910,920	3	15,622,902	3
Notes and accounts payable to related parties	418,751	-	381,383	-
Amounts due to customers for construction contracts	1,428	-	120,696	-
Payables to suppliers of machinery and equipment	2,615,378	1	2,986,273	1
Other payable	14,451,394	3	14,430,397	3
Current tax liabilities	2,393,096	-	1,830,859	-
Provisions - current	270,831	-	258,638	-
Guarantee deposits received - current	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	20,057,220	4	22,012,363	4
Other current liabilities	<u>2,544,731</u>	-	<u>1,992,912</u>	-
Total current liabilities	<u>107,183,432</u>	<u>21</u>	<u>94,848,512</u>	<u>18</u>
NON-CURRENT LIABILITIES				
Derivative financial liabilities for hedging - non-current	171,366	-	338,020	-
Bonds payable	62,518,046	12	63,363,036	12
Long-term borrowings	68,837,916	14	77,004,892	15
Provisions - non-current	859,586	-	811,094	-
Deferred tax liabilities	17,014,677	3	16,822,397	4
Net defined benefit liabilities - non-current	3,610,061	1	3,941,868	1
Guarantee deposits received	607,007	-	695,895	-
Deferred credit - gains on related - party transactions	124,192	-	149,074	-
Other non-current liabilities	<u>341,223</u>	-	<u>393,331</u>	-
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>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Capital stock				
Common stock	<u>53,528,751</u>	<u>10</u>	<u>53,528,751</u>	<u>10</u>
Capital surplus	<u>2,859,588</u>	<u>1</u>	<u>2,807,683</u>	<u>1</u>
Retained earnings				
Legal reserve	15,315,028	3	14,511,559	3
Special reserve	110,292,892	22	108,721,550	21
Unappropriated earnings	<u>11,785,464</u>	<u>2</u>	<u>13,706,389</u>	<u>2</u>
Total retained earnings	<u>137,393,384</u>	<u>27</u>	<u>136,939,498</u>	<u>26</u>
Other equity	<u>(2,870,205)</u>	<u>(1)</u>	<u>4,000,696</u>	<u>1</u>
Treasury shares	<u>(25,063)</u>	-	<u>(25,063)</u>	-
Total equity attributable to owners of the Company	190,886,455	37	197,251,565	38
NON-CONTROLLING INTERESTS				
Total equity	<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>
TOTAL	<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.

(With Deloitte & Touche independent audit report dated March 23, 2017)

Financial Information

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	%
OPERATING REVENUES				
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 revenues	<u>215,855,921</u>	<u>100</u>	<u>217,948,202</u>	<u>100</u>
OPERATING COSTS				
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>
GROSS PROFIT	<u>51,171,122</u>	<u>24</u>	<u>50,483,282</u>	<u>23</u>
REALIZED CONSTRUCTION INCOME	<u>555</u>	<u>-</u>	<u>555</u>	<u>-</u>
OPERATING EXPENSES				
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>
OPERATING INCOME	<u>14,536,809</u>	<u>7</u>	<u>14,513,528</u>	<u>7</u>
NONOPERATING INCOME AND EXPENSES				
Share of the profit or loss of associates	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	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	(62,755)	-	433,436	-
Gain on change in fair value of investment properties	3,269,052	1	4,658,509	2
Interest expense	(2,486,885)	(1)	(2,450,149)	(1)

(Continued)

	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUES				
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	-
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Total operating costs	<u>164,684,799</u>	<u>76</u>	<u>167,464,920</u>	<u>77</u>
GROSS PROFIT	<u>51,171,122</u>	<u>24</u>	<u>50,483,282</u>	<u>23</u>
REALIZED CONSTRUCTION INCOME	<u>555</u>	<u>-</u>	<u>555</u>	<u>-</u>
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Selling and marketing	24,244,348	11	23,838,721	11
General and administrative	11,521,573	5	11,346,476	5
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Total operating expenses	<u>36,634,868</u>	<u>17</u>	<u>35,970,309</u>	<u>16</u>
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NONOPERATING INCOME AND EXPENSES				
Share of the profit or loss of associates	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	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	(62,755)	-	433,436	-
Gain on change in fair value of investment properties	3,269,052	1	4,658,509	2
Interest expense	(2,486,885)	(1)	(2,450,149)	(1)

(Continued)

Financial Information

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	(746,006)	-	(960,258)	-
Loss on disposal of concession	(108)	-	(876)	-
(Loss) gain on disposal of intangible assets	(10,085)	-	260	-
Impairment loss	<u>(658,098)</u>	<u>-</u>	<u>(180,574)</u>	<u>-</u>
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	<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>
OTHER COMPREHENSIVE INCOME (LOSS), NET				
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>
NET INCOME ATTRIBUTABLE TO:				
Owner of the Company	\$ 6,307,786	3	\$ 8,034,691	4
Non-controlling interests	<u>6,394,904</u>	<u>3</u>	<u>6,651,678</u>	<u>3</u>

(Continued)

	2016		2015	
	Amount	%	Amount	%
	<u>\$ 12,702,690</u>	<u>6</u>	<u>\$ 14,686,369</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ (1,049,835)	(1)	\$ 3,712,786	2
Non-controlling interests	<u>5,810,649</u>	<u>3</u>	<u>6,343,354</u>	<u>3</u>
	<u>\$ 4,760,814</u>	<u>2</u>	<u>\$ 10,056,140</u>	<u>5</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS)				
Basic	<u>\$ 1.26</u>		<u>\$ 1.61</u>	
Diluted	<u>\$ 1.26</u>		<u>\$ 1.60</u>	

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

(With Deloitte & Touche independent audit report dated March 23, 2017)

(Concluded)

Financial Information

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				
	Common Stock	Capital Surplus	Retained Earnings		Unappropriated Earnings
			Legal Reserve	Special Reserve	
BALANCE AT JANUARY 1, 2015	\$ 52,479,168	\$ 3,666,948	\$ 13,408,217	\$ 105,911,942	\$ 17,383,706
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)
Cash dividends distributed by subsidiaries	-	-	-	-	-
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
Other comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	(1,481,533)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	6,553,158
Change in equity in associates	-	3,855	-	(10)	(12,214)
Effect on changes in percentage of ownership in associates	-	14,958	-	-	-
Disposal of investment in associates	-	-	-	-	(39)
Partial acquisition (disposal) of interests in subsidiaries	-	67,691	-	-	-
Effect on changes in percentage of ownership in subsidiaries	-	102,898	-	-	(7,762)
Increase in non-controlling interests	-	-	-	-	-
Change in capital surplus from dividends distributed to subsidiaries	-	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
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)
Cash dividends distributed by subsidiaries	-	-	-	-	-
Net income for the year ended December 31, 2016	-	-	-	-	6,307,786
Other comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	(486,720)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	5,821,066
Change in equity in associates	-	9,432	-	(2)	(1,116)
Disposal of investment in associates	-	-	-	(1,194)	(795)
Partial acquisition (disposal) of interests in subsidiaries	-	41,694	-	-	(11,198)
Cash capital reduction by subsidiaries	-	-	-	-	-
Change in capital surplus from dividends distributed to subsidiaries	-	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

Far Eastern New Century

Annual Report 2016

Owners of the Company

		Other Equity						
Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	Gains on Property Revaluation	Treasury Shares	Total	Non-controlling Interests	Total Equity	
\$ 2,871,860	\$ 3,629,652	\$ (173,051)	\$ 512,607	\$ (25,063)	\$ 199,665,986	\$ 63,818,325	\$ 263,484,311	
-	-	-	-	-	-	-	-	
-	-	-	-	-	(6,297,500)	-	(6,297,500)	
-	-	-	-	-	-	(7,933,930)	(7,933,930)	
-	-	-	-	-	-	-	-	
-	-	-	-	-	8,034,691	6,651,678	14,686,369	
<u>(597,177)</u>	<u>(2,509,725)</u>	<u>77,107</u>	<u>189,423</u>	<u>-</u>	<u>(4,321,905)</u>	<u>(308,324)</u>	<u>(4,630,229)</u>	
<u>(597,177)</u>	<u>(2,509,725)</u>	<u>77,107</u>	<u>189,423</u>	<u>-</u>	<u>3,712,786</u>	<u>6,343,354</u>	<u>10,056,140</u>	
-	-	-	-	-	(8,369)	(43)	(8,412)	
-	-	-	-	-	14,958	2	14,960	
-	-	-	-	-	(39)	(39)	(78)	
-	-	-	-	-	67,691	(183,230)	(115,539)	
-	-	-	-	-	95,136	(19,716)	75,420	
-	-	-	-	-	-	1,120,715	1,120,715	
-	-	-	-	-	916	-	916	
-	-	-	-	-	-	-	-	
2,274,683	1,119,927	(95,944)	702,030	(25,063)	197,251,565	63,145,438	260,397,003	
-	-	-	-	-	-	-	-	
-	-	-	-	-	(5,352,875)	-	(5,352,875)	
-	-	-	-	-	-	(7,710,107)	(7,710,107)	
-	-	-	-	-	6,307,786	6,394,904	12,702,690	
<u>(3,852,495)</u>	<u>(3,067,584)</u>	<u>48,430</u>	<u>748</u>	<u>-</u>	<u>(7,357,621)</u>	<u>(584,255)</u>	<u>(7,941,876)</u>	
<u>(3,852,495)</u>	<u>(3,067,584)</u>	<u>48,430</u>	<u>748</u>	<u>-</u>	<u>(1,049,835)</u>	<u>5,810,649</u>	<u>4,760,814</u>	
-	-	-	-	-	8,314	(1,109)	7,205	
-	-	-	-	-	(1,989)	-	(1,989)	
-	-	-	-	-	30,496	61,341	91,837	
-	-	-	-	-	-	(15)	(15)	
-	-	-	-	-	779	-	779	
-	-	-	-	-	-	-	-	
<u>\$ (1,577,812)</u>	<u>\$ (1,947,657)</u>	<u>\$ (47,514)</u>	<u>\$ 702,778</u>	<u>\$ (25,063)</u>	<u>\$ 190,886,455</u>	<u>\$ 61,306,197</u>	<u>\$ 252,192,652</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche independent audit report dated March 23, 2017)

Financial Information

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
CASH FLOWS FROM OPERATING ACTIVITIES		
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
Write-down of inventory (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 at fair value through profit or loss - 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 at fair value through profit or loss - 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
Dividend 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)

	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES		
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
Purchase of financial assets measured at cost	-	(66,802)
Acquisition of investments accounted for using the equity-method	(183,357)	(776,192)
Proceeds of on sale of investments accounted for using the equity-method	111,959	33,025
Net cash outflow on acquisition of subsidiaries	-	(159,449)
Payments for 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)
Payments for intangible assets	(1,099,920)	(993,621)
Proceeds from disposal of intangible assets	-	479
Payments for 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)
Increase in 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>
CASH FLOWS FROM FINANCING ACTIVITIES		
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)
Increase 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)
Cash capital increase by subsidiaries	91,837	435,874
Cash capital reduction by subsidiaries	(15)	-
Dividends paid to non-controlling interests	<u>(7,710,107)</u>	<u>(7,933,927)</u>
Net cash generated from financing activities	<u>(11,065,311)</u>	<u>8,553,893</u>

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Financial Information

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
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.

(With Deloitte & Touche independent audit report dated March 23, 2017)

(Concluded)

6. Financial Report (Stand-alone)

Independent auditors' report

(English Translation of a Report Originally Issued in Chinese)

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Fair Value Evaluation of Investment Properties (Including the Investment Properties held by Subsidiaries which is accounted for Using Equity Method)

The Company's Investment Properties (including the investment properties held by subsidiaries which is accounted for using equity method) are subsequently measured using the fair value model. The fair value evaluation involved the significant accounting estimation and judgment, and the recognition of fair value fluctuations would significantly impact the gain or loss on changes in fair value of investment properties

Financial Information

and share of the profit or loss of subsidiaries and associates. As a result, fair value evaluation of investment properties (including the investment properties held by subsidiaries which is accounted for using equity method) is considered as a key audit matter.

For accounting policy, the significant accounting judgment, evaluation, and assumption on the main source of uncertainty related to investment property, please refer to Note 4(9) and 5 of the financial statements. For more information about the Company's investment property, please refer to Note 13 of the financial statements.

For fair value evaluation of investment property, we performed corresponding audit procedures as follows:

1. We assessed the competencies and independency of the independent valuer engaged by the management and discuss with the management about valuer's work scope and of engagement acceptance way to evaluate the risk that the valuer's independency might be impaired and being free from the situation of limiting valuer's work scope.
2. We assessed the reasonableness of valuer's assumptions and methods used in valuation.
3. We audited of items from management's supporting documentation, including data which is used in valuation process by valuer.

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

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

For evaluation of impairment loss of related asset from the Company's subsidiaries' equity-method investee, we performed corresponding audit procedures as follows:

1. We obtained an understanding of the Company's asset impairment evaluation processes and of the design and implementation of related controls.
2. Obtain the Company's asset impairment evaluation reports for each cash-generating unit.
3. Evaluate the reasonableness of the Company's identification of asset impairment, the assumptions and sensitivity used in the asset impairment assessment, including the appropriateness of the classification of cash-generating unit, cash flows forecasts and discount rates used.

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

The Company's subsidiaries' equity-method investee, Far EasTone Telecommunications Corporation (Far EasTone) is the material component. The telecommunications service revenue is the main source of

the revenue of Far EasTone. The calculation of telecommunications service revenue highly relies on automated systems and includes complicated and huge data transmission. In order to meet market demands and remain competitive, the Company often launches different combinations of products and services which makes the calculation of revenue more complex and directly affects the accuracy and timing of revenue recognition. The recognition of telecommunications service revenue would impact the share of the profit or loss of subsidiaries and associates. As the result, the recognition of telecommunications service revenues is considered as a key audit matter.

For recognition of telecommunications service revenue, we performed corresponding audit procedures as follows:

1. We obtained an understanding of the Company's recognition of telecommunications service revenues, and the design and implementation of related controls.
2. Review the contracts of mobile subscribers to confirm the accuracy of the information in the accounting system.
3. Perform test of dialing to verify the accuracy and completeness of the traffic and information in switch equipment.
4. Test the accuracy of the billing calculation.
5. Test the completeness and accuracy of the calculation and billing of monthly fees and airtime fees.
6. Test 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 compare if there is any difference between the reports generated from the accounting system and the billing system.
2. For the unbilled amounts, we recalculate the service revenue for services provided as of the balance sheet date based on the applied charge rates to confirm the accuracy.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an

Financial Information

audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2016

and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche

Taipei, Taiwan

Republic of China

March 23, 2017

Notice to Readers

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

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

Financial Information

FAR EASTERN NEW CENTURY CORPORATION

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

ASSETS	2016		2015	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 13,932,650	5	\$ 14,213,766	5
Financial assets at fair value through profit or loss - current	49,525	-	99,125	-
Notes and accounts receivable, net	6,960,762	3	7,193,069	3
Other receivables	307,556	-	4,063,193	1
Current tax assets	12,005	-	14,663	-
Inventories	6,231,657	2	6,349,136	2
Prepayments	68,168	-	113,066	-
Other current assets	<u>265,424</u>	<u>-</u>	<u>250,048</u>	<u>-</u>
Total current assets	<u>27,827,747</u>	<u>10</u>	<u>32,296,066</u>	<u>11</u>
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current	740,500	-	781,027	-
Investments accounted for using equity method	230,569,651	81	235,733,762	80
Property, plant and equipment	24,509,217	9	24,340,572	8
Investment properties	1,456,014	-	1,446,491	1
Other intangible assets	24,499	-	20,622	-
Deferred tax assets	138,658	-	148,237	-
Prepayment for equipment	308,692	-	236,690	-
Refundable deposits	91,479	-	53,776	-
Other financial assets - non-current	41,174	-	48,205	-
Other non-current assets	<u>62,317</u>	<u>-</u>	<u>62,165</u>	<u>-</u>
Total non-current assets	<u>257,942,201</u>	<u>90</u>	<u>262,871,547</u>	<u>89</u>
TOTAL	<u>\$ 285,769,948</u>	<u>100</u>	<u>\$ 295,167,613</u>	<u>100</u>

LIABILITIES AND EQUITY	2016		2015	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term borrowings	\$ 2,033,578	1	\$ 40,366	-
Financial liabilities at fair value through profit or loss - current	3,166	-	-	-
Notes and accounts payable	2,008,267	1	2,133,929	1
Notes and accounts payable to related parties	1,208,687	1	637,379	-
Payables to suppliers of machinery and equipment	4,960	-	8,716	-
Other payable	3,735,929	1	3,438,101	1
Provisions - current	-	-	1,461	-
Receipts in advance	285,380	-	358,988	-
Current portion of long-term liabilities	9,696,741	3	13,575,460	5
Other current liabilities	<u>864,260</u>	<u>-</u>	<u>775,790</u>	<u>-</u>
Total current liabilities	<u>19,840,968</u>	<u>7</u>	<u>20,970,190</u>	<u>7</u>
NON-CURRENT LIABILITIES				
Bonds payable	38,545,506	13	36,447,254	12
Long-term borrowings	32,578,264	11	36,169,650	12
Deferred tax liabilities	1,596,464	1	1,930,822	1
Net defined benefit liabilities - non-current	2,259,559	1	2,359,176	1
Guarantee deposits received	3,144	-	3,043	-
Deferred credit - gain on related-party transactions	35,828	-	35,913	-
Other non-current liabilities	<u>23,760</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>75,042,525</u>	<u>26</u>	<u>76,945,858</u>	<u>26</u>
Total liabilities	<u>94,883,493</u>	<u>33</u>	<u>97,916,048</u>	<u>33</u>
EQUITY				
Capital stock				
Common stock	<u>53,528,751</u>	<u>19</u>	<u>53,528,751</u>	<u>18</u>
Capital surplus	<u>2,859,588</u>	<u>1</u>	<u>2,807,683</u>	<u>1</u>
Retained earnings				
Legal reserve	15,315,028	5	14,511,559	5
Special reserve	110,292,892	39	108,721,550	37
Unappropriated earnings	<u>11,785,464</u>	<u>4</u>	<u>13,706,389</u>	<u>5</u>
Total retained earnings	<u>137,393,384</u>	<u>48</u>	<u>136,939,498</u>	<u>47</u>
Other equity	<u>(2,870,205)</u>	<u>(1)</u>	<u>4,000,696</u>	<u>1</u>
Treasury shares	<u>(25,063)</u>	<u>-</u>	<u>(25,063)</u>	<u>-</u>
Total equity	<u>190,886,455</u>	<u>67</u>	<u>197,251,565</u>	<u>67</u>
TOTAL	<u>\$ 285,769,948</u>	<u>100</u>	<u>\$ 295,167,613</u>	<u>100</u>

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

(With Deloitte & Touche independent audit report dated March 23, 2017)

Financial Information

FAR EASTERN NEW CENTURY CORPORATION

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

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

(Continued)

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

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

(With Deloitte & Touche independent audit report dated March 23, 2017)

(Concluded)

Financial Information

FAR EASTERN NEW CENTURY CORPORATION

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

	Common Stock	Capital Surplus	Legal Reserve	Special Reserve
BALANCE AT JANUARY 1, 2015	\$ 52,479,168	\$ 3,666,948	\$ 13,408,217	\$ 105,911,942
Appropriation of the 2014 earnings				
Legal reserve	-	-	1,103,342	-
Special reserve	-	-	-	4,348,583
Cash dividends - NT\$1.2 per share	-	-	-	-
Stock dividends from capital surplus - NT\$0.2 per share	1,049,583	(1,049,583)	-	-
Net income for the year ended December 31, 2015	-	-	-	-
Other comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-
Change in associates accounted for using the equity method	-	179,117	-	(10)
Effect on changes in percentage of ownership in associates	-	10,285	-	-
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	916	-	-
Reversal of special reserve	-	-	-	(1,538,965)
BALANCE, DECEMBER 31, 2015	53,528,751	2,807,683	14,511,559	108,721,550
Appropriation of the 2015 earnings				
Legal reserve	-	-	803,469	-
Special reserve	-	-	-	2,165,513
Cash dividends - NT\$1.0 per share	-	-	-	-
Net income for the year ended December 31, 2016	-	-	-	-
Other comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-
Change in associates accounted for using the equity method	-	51,126	-	(1,196)
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	779	-	-
Reversal of special reserve	-	-	-	(592,975)
BALANCE, DECEMBER 31, 2016	\$ 53,528,751	\$ 2,859,588	\$ 15,315,028	\$ 110,292,892

Unappropriated Earnings	Other Equity					Total Equity
	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	Gain on Property Revaluation	Treasury Shares	
\$ 17,383,706	\$ 2,871,860	\$ 3,629,652	\$ (173,051)	\$ 512,607	\$ (25,063)	\$ 199,665,986
(1,103,342)	-	-	-	-	-	-
(4,348,583)	-	-	-	-	-	-
(6,297,500)	-	-	-	-	-	(6,297,500)
-	-	-	-	-	-	-
8,034,691	-	-	-	-	-	8,034,691
<u>(1,481,533)</u>	<u>(597,177)</u>	<u>(2,509,725)</u>	<u>77,107</u>	<u>189,423</u>	<u>-</u>	<u>(4,321,905)</u>
<u>6,553,158</u>	<u>(597,177)</u>	<u>(2,509,725)</u>	<u>77,107</u>	<u>189,423</u>	<u>-</u>	<u>3,712,786</u>
(20,015)	-	-	-	-	-	159,092
-	-	-	-	-	-	10,285
-	-	-	-	-	-	916
<u>1,538,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
13,706,389	2,274,683	1,119,927	(95,944)	702,030	(25,063)	197,251,565
(803,469)	-	-	-	-	-	-
(2,165,513)	-	-	-	-	-	-
(5,352,875)	-	-	-	-	-	(5,352,875)
6,307,786	-	-	-	-	-	6,307,786
<u>(486,720)</u>	<u>(3,852,495)</u>	<u>(3,067,584)</u>	<u>48,430</u>	<u>748</u>	<u>-</u>	<u>(7,357,621)</u>
<u>5,821,066</u>	<u>(3,852,495)</u>	<u>(3,067,584)</u>	<u>48,430</u>	<u>748</u>	<u>-</u>	<u>(1,049,835)</u>
(13,109)	-	-	-	-	-	36,821
-	-	-	-	-	-	779
<u>592,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 11,785,464</u>	<u>\$ (1,577,812)</u>	<u>\$ (1,947,657)</u>	<u>\$ (47,514)</u>	<u>\$ 702,778</u>	<u>\$ (25,063)</u>	<u>\$ 190,886,455</u>

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche independent audit report dated March 23, 2017)

Financial Information

FAR EASTERN NEW CENTURY CORPORATION

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

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

(Continued)

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

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

(With Deloitte & Touche independent audit report dated March 23, 2017)

(Concluded)

VII. Review and Analysis of the Financial Condition, Performance and Risk Management

1. Review and Analysis of Financial Conditions

Financial Conditions Analysis (on a consolidated basis)

Unit: NT\$ thousands

Item	Year	2016	2015	Variance	
				Amount	%
Current assets		107,539,316	113,653,244	(6,113,928)	(5.38)
Property, plant and equipment		148,316,398	148,141,804	174,594	0.12
Intangible assets		56,965,287	50,482,700	6,482,587	12.84
Other assets		200,639,157	206,487,374	(5,848,217)	(2.83)
Total assets		513,460,158	518,765,122	(5,304,964)	(1.02)
Current liabilities		107,183,432	94,848,512	12,334,920	13.00
Non-current liabilities		154,084,074	163,519,607	(9,435,533)	(5.77)
Total liabilities		261,267,506	258,368,119	2,899,387	1.12
Common stock		53,528,751	53,528,751	-	-
Capital surplus		2,859,588	2,807,683	51,905	1.85
Retained earnings		137,393,384	136,939,498	453,886	0.33
Other equity		(2,870,205)	4,000,696	(6,870,901)	(171.74)
Treasury stocks		(25,063)	(25,063)	-	-
Total equity attributable to owners of the Company		190,886,455	197,251,565	(6,365,110)	(3.23)
Non-controlling interests		61,306,197	63,145,438	(1,839,241)	(2.91)
Total equity		252,192,652	260,397,003	(8,204,351)	(3.15)
Analysis of variation exceeding 20% and NT\$10 million of the numbers in the previous year:					
Other equity decreased: mainly due to the change of "share of the other comprehensive income (loss) of associates and joint venture"					

2. Review and Analysis of Financial Performances

Unit: NT\$ thousands

Item	Year	2016	2015	Variance	
				Amount	%
Operating revenues		215,855,921	217,948,202	(2,092,281)	(0.96)
Operating costs		164,684,799	167,464,920	(2,780,121)	(1.66)
Gross profit		51,171,122	50,483,282	687,840	1.36
Realized construction income		555	555	-	-
Operating expenses		36,634,868	35,970,309	664,559	1.85
Operating income		14,536,809	14,513,528	23,281	0.16
Nonoperating income (expenses)		1,423,301	5,187,145	(3,763,844)	(72.56)
Income before income tax		15,960,110	19,700,673	(3,740,563)	(18.99)
Income tax expenses		3,257,420	5,014,304	(1,756,884)	(35.04)
Net income		12,702,690	14,686,369	(1,983,679)	(13.51)
Other comprehensive income (net of income tax)		(7,941,876)	(4,630,229)	(3,311,647)	(71.52)
Total comprehensive income		4,760,814	10,056,140	(5,295,326)	(52.66)
<p>1. Analysis of variance: Nonoperating income (expenses): mainly due to the decrease in "share of the profit of associates" and "gain on change in fair value of investment properties" Income tax expenses: mainly due to the change of "deferred tax assets and liabilities". Other comprehensive income (net of income tax) and total comprehensive income: mainly due to the change of "share of the other comprehensive income (loss) of associates and joint venture".</p> <p>2. Expected sales volume in next one year and the reason for such expectation. The impact of such expectation on the Company's financial situation and operational performances, and the Company's plan: Please refer to the "Letter to Shareholders".</p>					

3. Review and Analysis of Cash Flow

Unit: NT\$ thousands

Cash and cash equivalents - Beginning balance	Total cash inflows from operating activities	Total cash outflows	Cash and cash equivalents - Ending balance	Remedy plans for negative balance of cash and cash equivalents	
				Investment plan	Financing plan
40,878,814	34,572,226	(65,257,805)	10,193,235	2,416,843	23,065,344
<p>1. Cash flow analysis for year 2016: (1) Operating activities : mainly due to the inflow of operating activities and cash dividends received from invested companies. (2) Investing activities : mainly due to increasing capital expenditures and equity investments. (3) Financing activities : mainly due to cash dividend payout and repayments of bonds payable.</p> <p>2. Remedy plans for insufficient liquidity for year 2016: to issue corporate bonds, and borrow from banks.</p>					
Cash and cash equivalents - Beginning balance (1)	Total cash inflows from operating activities (2)	Total cash outflows (3)	Cash and cash equivalents - Ending balance (1)+(2)-(3)	Remedy plans for negative balance of cash and cash equivalents	
35,675,422	32,647,000	(59,720,751)	8,601,671	Investment plan	Financing plan
				-	11,000,000
<p>3. 2016 estimated cash flow analysis of variance in cash flow balance: (1) The Company expects the profit of production business and affiliate earnings booked from each subsidiary through equity method in 2017 could exceed those in 2016. When including the cash inflow generated from production business and cash dividends received from the aforesaid subsidiaries, the Company expects the net cash inflows from operating activities in 2017 to decrease compared to those in 2016. (2) When taking into consideration of the planned capital expenditures and the proposed cash dividends distribution, as the cash inflows from operating activities could be insufficient to meet the needs, the Company plans to issue corporate bonds or borrow from banks to finance the insufficient portion.</p>					

4. Major Capital Expenditures in Recent Years and Impacts on Financial and Operational Situations

4.1 Major Capital Expenditures and Sources of Funding

Unit: NT\$ thousands

Plan Item	Actual or estimated source of capital	Actual or estimated project completion date	Total capital needed (Note)	Capital utilization schedule			
				Actual		Estimated	
				Before 2015	2016	2017	2018
Expansion of a PTA production line (capacity: 1.5 million tons/year)	Retained earnings and bank borrowings	Dec 2017	19,074,583	14,789,266	2,169,954	2,115,363	-
3 rd phase of ATG expansion plan		Apr 2017	1,842,317	1,337,772	275,908	228,637	-
A new nylon 6,6 industrial yarn plant		Apr 2017	1,363,805	1,007,102	340,409	16,294	-
A new LDI industrial yarn plant		Mar 2017	610,836	593,464	17,372	-	-
4 th phase of HTY expansion plan		May 2018	1,252,793	-	120,204	962,701	169,888
The expansion project in Vietnam production site		Mar 2017	820,000	487,560	315,234	17,206	-
The expansion project of FL28 in Cotton plant 6		Oct 2017	849,200	9,348	75,273	764,579	-
Direct melt polymerization of Poly line 8		Sep 2017	655,000	6,943	410,827	237,230	-
New batch polymer upgraded of Poly line 2		Jul 2017	463,864	39,045	278,292	146,527	-

Note: Working capital is excluded.

4.2 Expected Benefit

4.2.1 Production Volume, Sales Volume, Sales Revenue, and Gross Profit Expected to Increase:

Unit: NT\$ thousands

Year	Item	Unit	Production volume	Sales volume	Revenue	Gross profit
2017	Nylon industrial yarn and tire cord fabric	MT	12,927	12,927	1,509,104	47,494
	LDI industrial yarn	MT	7,860	7,860	541,336	161,701
	ET Fiber	MT	4,900	4,900	269,500	24,500
	PET resins for bottle usage	MT	32,400	27,000	953,100	133,434
2018	PTA	MT	1,216,000	1,216,000	25,133,808	1,340,469
	Nylon industrial yarn and tire cord fabric	MT	15,420	15,420	1,888,668	129,834
	LDI industrial yarn	MT	8,064	8,064	555,387	165,899
	HTY industrial yarn	MT	17,333	17,333	1,195,077	389,381
	Apparel	equivalent dozens	1,500,000	1,500,000	551,898	55,190
	ET Fiber	MT	24,500	24,500	1,347,500	122,500
	PET resins for bottle usage	MT	129,600	108,000	3,812,400	533,736

4.2.2 Other Expected Benefits:

Upgrading Poly 2 New Batch Polymer

- (1) Improving industrial safety and environmental protection: adding new manufacturing equipment and updating pipelines to meet industrial safety and environmental protection standards.
- (2) Enhancing product quality: Ensuring a more even mixture of modifiers during the stirring process to increase the purity of the product; pelletizing in a vacuum to improve color and reduce viscosity.
- (3) Reducing manual labor: Using a distributed control system to better control the manufacturing process.
- (4) Developing new products, such as TPEE (cooling clothing, thermal clothing and thermal quilt), FEPOL (biodegradable) and EX-bond, etc.
- (5) Expanding production capacity

5. Investment Policies in Recent Years**5.1 Investment Policies :**

The Company co-ordinates all resources in the Far Eastern Group to achieve two targets: 1) explore new business opportunities and extend the business territory of the Group; 2) upgrade and improve the existing affiliates and subsidiaries to achieve a sustainable growth of earnings.

5.2 Reasons for Profit/Loss in Recent Years and Plans for Improvement

The total affiliate earnings booked through equity method by the Company in 2016 was NT\$1.9 billion, and the profit generated by invested subsidiaries remained stable.

5.3 Future Investment Plan : (Please refer to page 70-71)**6. Sources of Risks and Evaluations****6.1 Impacts from Fluctuations of Interest Rate and Currency Exchange Rate and Inflation on the Company in Recent Years, and Measures the Company Undertake to Manage the Risks**

6.1.1 In the first half of 2016, the government adopted a policy to decrease interest rates as a means to revitalize the economy, but later kept the interest rates level for the second half because of the moderate economic recovery in Taiwan. Currently, the rediscount rate is 1.375%, nearing the historical low of 1.25% during the last financial crisis. According to the report of the Directorate-General of Budget Accounting and Statistics as of February, 2017, Taiwan's economic growth rate is 1.50% and CPI annual growth rate is 1.40% in 2016. The report forecasts that Taiwan's economic growth rate will be 1.92% and CPI annual growth rate will be 1.08% in 2017. In 2017, global economic growth is expected to outperform that of this year because of the rising international oil and raw material prices. However, there are a number of factors that add to the uncertainties surrounding the global economic prospect, including the policies of the Trump administration, the expected interest hikes introduced by the Federal Reserve, rising trade protectionist sentiments, the United Kingdom's withdrawal from the European Union as well as the economic and political climate in Europe. Given the economic situation worldwide and moderate economic recovery and inflation in Taiwan, the Central Bank is predicted to continue its loose monetary policy to keep the economy growing.

In response to the rapid change of domestic and global economic conditions, the Company aims to reduce the interest rate risk by managing the duration of its overall interest-bearing debts while issuing mid-to-long-term fixed rate corporate bonds to lock-in the current low borrowing cost. The Company will continue to monitor interest rate trends and maintain a low overall cost of capital through both short- and long-term financial plans.

Review and Analysis of the Financial Condition, Performance, and Risk Management

- 6.1.2 Assets and liabilities of the foreign currency portion arising from import and export businesses are affected by spot exchange rate fluctuations relative to their recorded costs, and are hedged by the Finance Department through spot or forward positions to minimize foreign exchange risk. Looking ahead, this policy will continue to be carried out in order to minimize the impact from fluctuations in exchange rates on the profit and loss of the Company and its consolidated subsidiaries.

6.2 Major Reasons for Transaction Policies, Gain or Loss from Engaging in High-risk and Hyper-leveraged Investments, Fund Lending to Others, Endorsement/ Guarantee and Derivatives and Correspondent Procedures

- 6.2.1 The Company and subsidiaries did not engage in any high-risk or hyper-leveraged investments. The trading of derivative products is to hedge the risks from fluctuations stemming from our exposure to interest and currency exchange rates. Under this policy, all positions of derivative products are covered by physical holdings of assets and liabilities owned by the Company and subsidiaries; in other words, these positions are not naked positions. Therefore, the risks of trading derivatives are minimized and can be effectively controlled. Gains or losses, if occurred, often resulting from reasons such as investment horizon mismatches, are therefore, little and negligible. The Company and subsidiaries will maintain this policy, and will not proactively engage in naked positions of high-risk or hyper-leveraged derivative products. All trading of derivative products will be managed in accordance with the “Procedures for Acquisition and Disposition of Assets” approved by the Board of Directors and Shareholders’ Meeting.
- 6.2.2 The Company and subsidiaries have established a bylaw on the “Procedures for Lending of Capital to Others” in accordance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the regulatory authority, and the said bylaw has been submitted to the Board of Directors and has also received approval from the Shareholders’ Meeting. All matters regarding fund lending to others shall comply with the said bylaw to avoid any likely negative impact on the Company and subsidiaries.
- 6.2.3 The Company and subsidiaries have established a bylaw on the “Procedures for Endorsements and Guarantees” in accordance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by regulatory authority, and the said bylaw has been submitted to the Board of Directors and has also received approval from the Shareholders’ Meeting. All matters regarding making endorsements/guarantees shall comply with the said bylaw to avoid any likely negative impact on the Company and subsidiaries.

6.3 R&D Plans and Estimated Expenses in Coming Years

6.3.1 The R&D projects for the Polyester Material Division :

The projected R&D expenses for 2017 are approximately NT\$ 102.21 million. The R&D procedures are as follows:

Research phase→Trial run→Scale-up process development→Commercial operation & promotion

Major factors affecting the R&D results in the future:

- (1) Verification of the R&D results
- (2) Product quality stability after the scaling-up production process
- (3) Whether downstream manufacturers and clients wish to accept the trial of the new product and whether the product will pass the testing

(4) Mutually-beneficial interactive relationships with clients

(5) Production technology and cost competitiveness

6.3.2 The R&D projects for the Fibers &Textile Division:

The projected R&D expenses for 2017 are approximately NT\$ 235.58 million. The R&D procedures are as follows:

Research phase→Trial run→Scale-up process development→Commercial operation & promotion

Major factors affecting the R&D results in the future:

(1) Verification of the R&D results

(2) Product quality stability after the scaling-up production process

(3) Whether downstream manufacturers and clients wish to accept the trial of the new product and whether the product will pass the testing

(4) Mutually-beneficial interactive relationships with clients

(5) Production technology and cost competitiveness

6.3.3 The R&D projects for the New Materials Division:

The projected R&D expenses for 2017 are approximately NT\$ 119.96 million. The R&D procedures are as follows:

Research phase→Trial run→Scale-up process development→Commercial operation & promotion

Major factors affecting the R&D results in the future:

(1) Verification of the R&D results

(2) Product quality stability after the scaling-up production process

(3) Whether downstream manufacturers and clients wish to accept the trial of the new product and whether the product will pass the testing

(4) Mutually-beneficial interactive relationships with clients

(5) Production technology and cost competitiveness

6.3.4 The R&D projects for the Biotech & Energy Division:

The projected R&D expenses for 2017 are approximately NT\$ 108.18 million. The R&D procedures are as follows:

Research phase→Trial run→Scale-up process development→Commercial operation & promotion

Major factors affecting the R&D results in the future:

(1) Verification of the R&D results

(2) Product quality stability after the scaling-up production process

(3) Whether downstream manufacturers and clients wish to accept the trial of the new product and whether the product will pass the testing

(4) Mutually-beneficial interactive relationships with clients

(5) Production technology and cost competitiveness

6.4 Impacts and Responses of the Company in Regard to Material Changes of Policies and Regulations in Taiwan and Foreign Countries

The management team closely monitors and evaluates the changes and impacts of policies and regulations in domestic and overseas markets on the Company. Responsive measures will be planned and implemented accordingly.

6.5 Technology Developments and Impacts on the Company

The innovation and breakthrough of technology have changed the world in several ways, be it good or bad. The innovation of plastics is one such example. Plastic products provide convenience in our daily lives, but generate pollution as well, stemming from inappropriate disposals of plastic wastes. Therefore, developing a new material that is as convenient as plastic but more environmentally friendly is one of the most popular research projects in the world, and may also be the most important trend in the future of material development.

Given that the usage of plastic products is constrained by the Taiwanese government while green products are being promoted in globally, the Company believes that the applications of conventional petrochemical products will be limited. Therefore, the Company vows to be a pioneer to create more environmentally friendly materials, in hopes of enjoying the first-mover advantages. The Company has already engaged in the production of several bio-based or bio-degradable products such as polylactic acid (PLA), a material made from the fermentation process of corn. A wide range of product mix has been created via this or similar technologies and more applications are currently being innovated.

At this time, non-textile products account for more than 60% of the Company's sales. To name but a few, PLA materials, shoes materials, diapers, bio-degradable heat shrinkable films, bio-degradable shopping bags, bio-medical products, health care products special industrial yarns, PET bottles, and PET packaging sheets are all considered non-textile products. These recycled, bio-based or bio-degradable products are widely used for textile, packaging, bottling, and bio-medical dressing. In the future, the Company aims to be one of the largest providers of these products.

6.6 Changes of Corporate Image and Impacts on the Company's Crisis Management: None

6.7 Expected Benefits and Risks from Mergers and Acquisitions: None

6.8 Expected Benefits and Risks from Plant Expansion: Please refer to page 122

6.9 Risks from Concentration in Supply and Sales and Measures the Company Undertake:

In order to secure the supplies of raw materials, the Company invested in Oriental Petrochemical (Shanghai) Corporation and Oriental Petrochemical (Taiwan) Co., Ltd. and actively integrated upward its production process; the Company's products are sold worldwide with a diversified client portfolio.

6.10 Impacts and Risks from Changes in Directors, Supervisors and Shareholders with Greater than 10% Shareholding or Their Selling of a Large Number of Shares in Recent Years until the Annual Report Being Published: The change is mainly due to the individual financial behaviors of Directors and there is no significant influence on the Company's operations.

6.11 Impact and Risks from Change of Ownership in Recent Year until the Annual Report Being Published: None

6.12 Material Impacts on Shareholders' Equity or Share Price from Litigations, Non-Litigations or Administrative Actions in Directors, Supervisors, Chairman, President, Shareholders with Greater than 10% Shareholding and Subsidiaries in Recent Year until the Annual Report being Published:

None

6.13 Other Major Risks: None

7. Others

7.1 Valuation techniques and Assumptions Applied to Measure Fair Value of the Company and Subsidiaries:

- 7.1.1 The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined by referring to quoted market prices. If these prices are not available, valuation techniques are applied.
- 7.1.2 The fair values of derivative instruments are calculated using quoted prices. If these prices are not available, a discounted cash flow analysis is made using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.
- 7.1.3 The fair values of other financial assets and financial liabilities (i.e., excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- 7.1.4 Categories of financial instruments:
 - (1) Financial assets: Fair value through profit or loss - held for trading, derivative instruments in designated hedge accounting relationships, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.
 - (2) Financial liabilities: Fair value through profit or loss - held for trading, derivative instruments in designated hedge accounting relationships, amortized cost

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

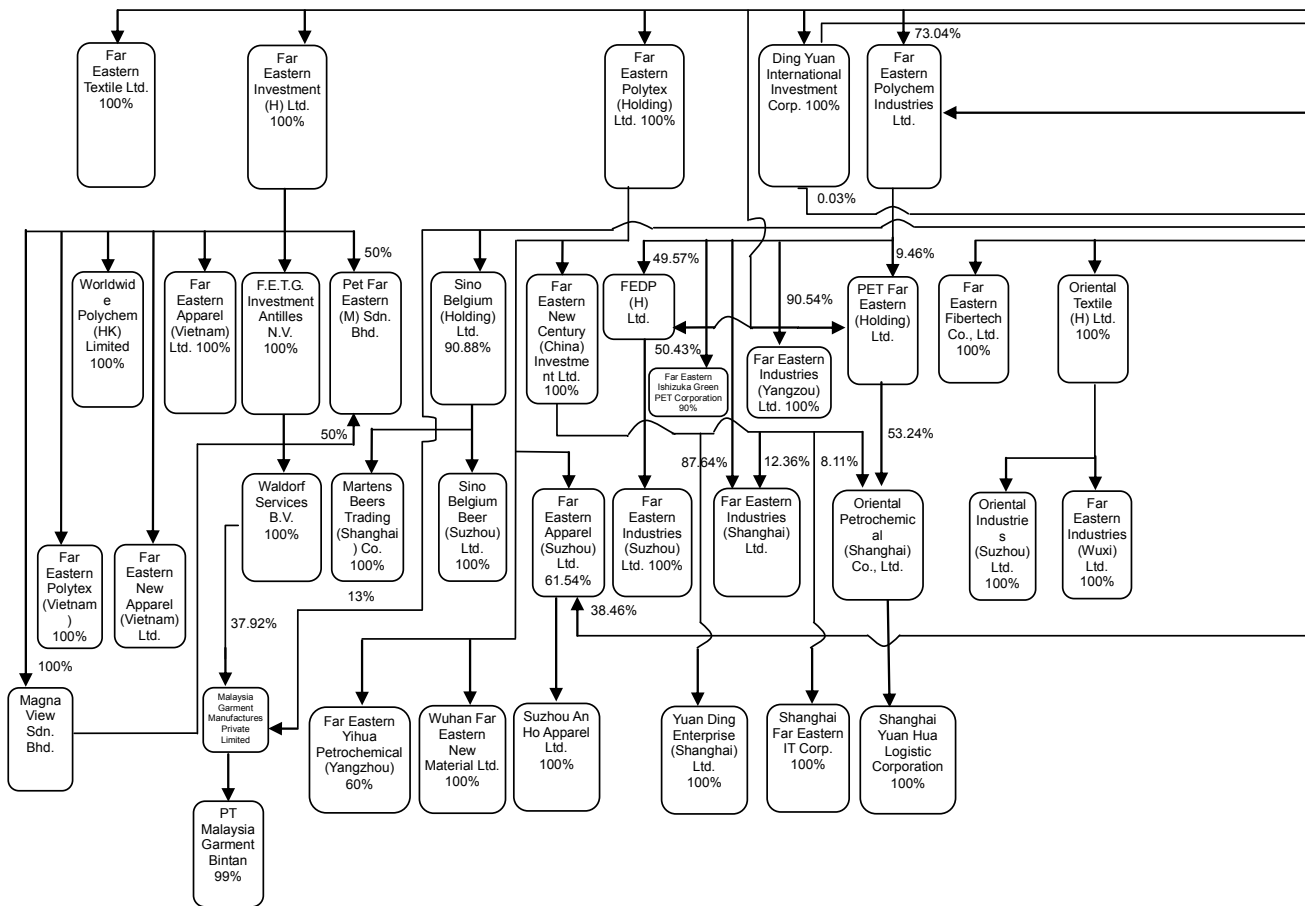
Special Disclosure

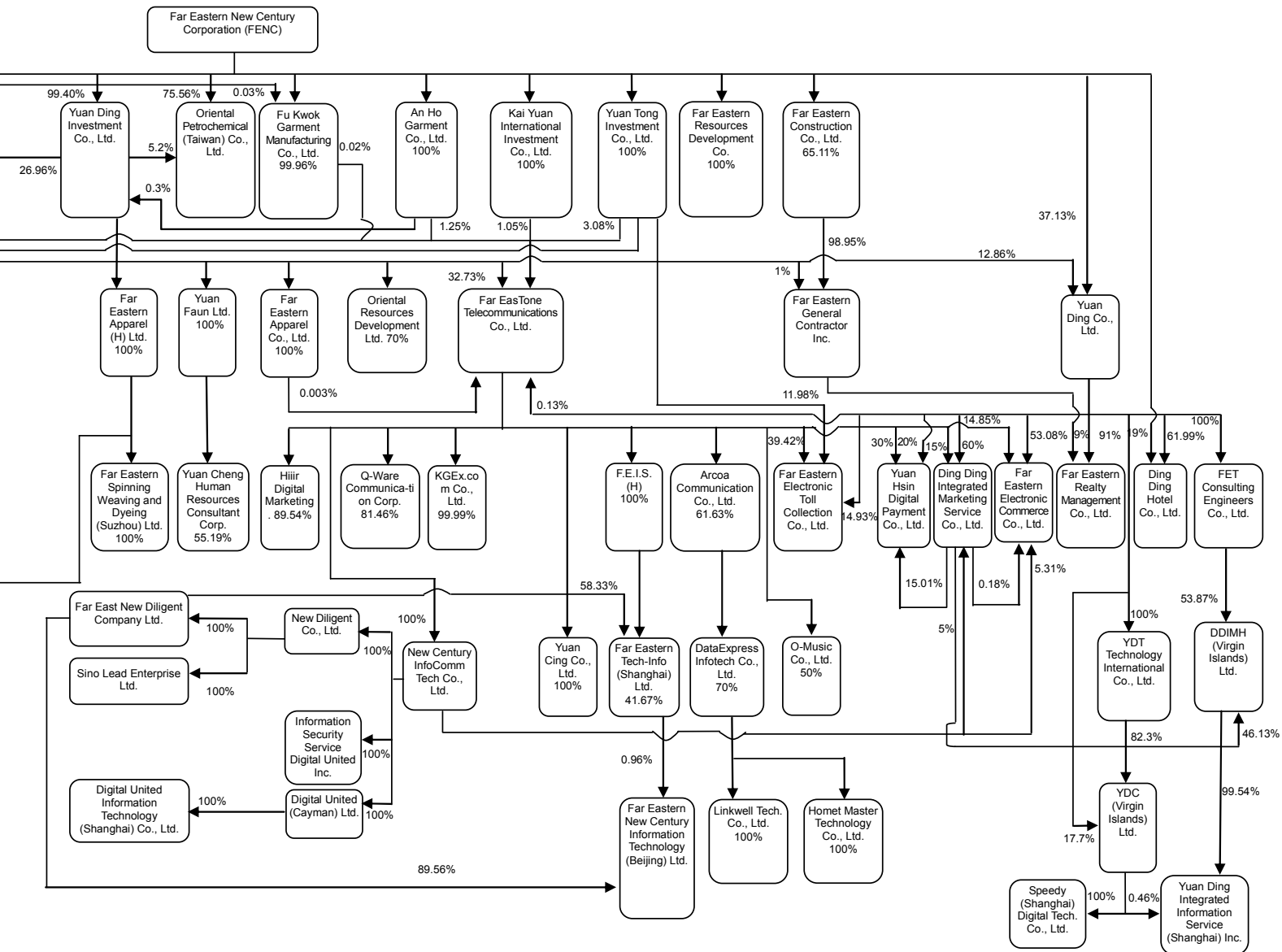
VIII. Special Disclosure

1. Affiliated Companies

1.1 Subsidiaries and Affiliated Companies in the Consolidated Financial Report

1.1.1 Holding Structure of the Organization





Special Disclosure

1.1.2 Information of Far Eastern New Century and Subsidiaries and Affiliates:

Unit: NT\$ thousands, unless stated otherwise

	Company	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
0	Far Eastern New Century Corp.	1954/1/13	36F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	53,528,751	Petrochemical and polyester materials, semi-finished products, finished goods, woven and knitted garments
1	Yuan Ding Investment Co., Ltd.	1986/11/7	34F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	18,338,262	Investment
2	Oriental Petrochemical (Taiwan) Co., Ltd.	1987/1/26	47, Jingjian 4th Road, Guanyin Industrial Park, Guanyin, Taoyuan City, Taiwan	15,660,930	Production and sales of PTA
3	Yuan Tong Investment Co., Ltd.	1999/12/3	34F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	7,051,468	Investment
4	Far Eastern Resources Development Co., Ltd.	2003/9/30	34F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	6,672,419	Development, sales and lease of real estates
5	Far Eastern Construction Co., Ltd.	1978/9/4	5F, 267, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	3,053,206	Construction contractor for residential housings; broker of housing rental and sales service
6	Kai Yuan International Investment Co., Ltd.	1998/10/6	34F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	3,028,434	Investment
7	Ding Yuan International Investment Co., Ltd.	1998/10/2	34F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	2,050,000	Investment
8	Far Eastern General Contractor Inc.	1982/10/4	5F, 267, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	1,489,776	Construction of housing and public infrastructures.
9	Far Eastern Fibertech Co., Ltd.	1995/4/10	17, Gongye 5th Rd., Guanyin Industrial Park, Guanyin, Taoyuan City, Taiwan	910,000	Production of nylon fibers
10	An Ho Garment Co., Ltd.	1977/1/24	34F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	663,462	Garment and apparel production
11	Oriental Resources Development Co., Ltd.	1988/6/27	34F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	489,176	Production and wholesale of medical supplies; Waste recycling and re-processing
12	Far Eastern Apparel Co., Ltd.	1976/2/27	36F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	247,364	Sales of textile, garments, and clothing
13	Yuan Faun Co., Ltd.	1980/12/13	33F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	50,000	Sales of PET bottles and paper boxes
14	Fu Kwok Knitting & Garment Co., Ltd.	1971/3/6	110, Neihuan S. Rd., Nanzi District, Kaohsiung City, Taiwan	40,000	Garment production and sales
15	Yuan Cheng Human Resources Consultant Corp.	1999/6/8	18F, No.655, Bannan Rd., Zhonghe Dist, New Taipei City, Taiwan	13,500	Personnel recruitment; temporary employment arrangement
16	Far Eastern Textile Ltd.	2011/12/28	34F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	1,000	Garment production and sales
17	Far Eastern Investment (H) Ltd.	1989/8/29	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	548 US\$17	Investment
18	Far Eastern Polychem Industries Ltd.	1995/4/13	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	473 HKD 114	Investment
19	FEDP (H) Ltd.	2002/3/22	Clarendon House 2 Church street Hamilton HM 11, Bermuda	161 US\$5	Investment
20	PET Far Eastern(H) Ltd.	1996/10/1	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	112 RMB 24	Investment
21	Far Eastern Polytex (H) Ltd.	2006/3/22	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	42 US\$1.3	Investment
22	Far Eastern Apparel (H) Ltd.	1996/10/1	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	35 US\$1.1	Investment
23	Oriental Textile (H) Ltd.	2002/7/15	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	35 US\$1.1	Investment
24	Sino Belgium (H) Ltd.	2007/8/15	Clarendon House 2 Church street, Hamilton HM 11, Bermuda	12 US\$0.4	Investment
25	Magna View Sdn.Bhd	1996/8/9	Suite 6.1A,Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi,80400, Johor Bahru, Johor	20,715 MYR 3,000	Investment
26	Far Eastern Industries (Shanghai) Ltd.	1996/9/25	198 Baisha Road, Spark Development Zone, Pudong, Shanghai, China	8,681,804 RMB 1,880,399	Production and sales of polyester staple, filament, and resins.
27	Oriental Petrochemical (Shanghai) Corp.	2003/1/21	Suite 3201, 32F, 800, Dongfang Road, Pudong New Area, Shanghai, China	6,934,132 RMB 1,501,869	Production and sales of PTA

	Company	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
28	Far Eastern New Century (China) Investment Co., Ltd.	2007/6/18	Suite 3301, 33F, 800, Dongfang Road, Pudong New Area, Shanghai, China	2,865,687 RMB 620,682	Investment
29	Martens Beers (Shanghai) Ltd.	2007/10/26	Suite 2701, 27F, 800, Dongfang Road, Pudong New Area, Shanghai, China	362,001 RMB 78,402	Trading of beer and relevant beverages
30	Shanghai Yuan Hua Logistic Corp.	2006/3/2	198 Baisha Road, Spark Development Zone, Pudong, Shanghai, China	87,723 RMB 19,000	Transportation and storage
31	Shanghai Far Eastern IT Corp.	2003/4/15	Suite 1801, 18F, 800, Dongfang Road, Pudong New Area, Shanghai, China	58,682 RMB 12,710	Software development, equipment maintenance and consulting services
32	Yuan Ding Enterprise (Shanghai) Limited	2013/8/20	17, Lane 855, Chengshan Road, Pudong New Area, Shanghai, China	1,181,952 RMB 256,000	Chemical products; wholesale of machineries and lubricants; agency commission; importing, exporting of goods and other complimentary businesses
33	Wuhan Far Eastern New Material Ltd.	2003/7/9	93, Zhushanhu Rd., Wuhan Economical-Technical Development Zone, Hubei, Wuhan, China	789,727 RMB 171,048	Production and sales of PET sheet, chip, filament, staple fibers, and apparel
34	Oriental Industries (Suzhou) Ltd.	2005/6/24	1588, Yin Zhong South Road, HeDong Industrial Park, Wu Zhong Economic Development District, Suzhou, China	5,054,907 RMB 1,094,847	Production and sales of polyester resins and industrial fabrics.
35	Far Eastern Industries (Suzhou) Ltd.	2004/3/22	6, Hengshan Road, New District, Suzhou, China	1,820,805 RMB 394,370	Production and sales of polyester products
36	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	2003/10/22	1588, Yin Zhong South Road, Wu Zhong Economic Development District, Suzhou, China	1,704,934 RMB 369,273	Spinning, weaving and dyeing of high-end apparel, and sales and production of specialty garments
37	Sino-Belgium Beer (Suzhou) Ltd.	2007/9/4	6, Hengshan Road, New District, Suzhou, China	1,759,807 RMB 381,158	Development of beer brewing technology
38	Far Eastern Apparel (Suzhou) Co., Ltd.	1996/10/24	88, Tian ling Rd. Wu Zhong District Economic Development Zone, Suzhou, China	944,533 RMB 204,577	Production of knitted and woven garments and beddings
39	Suzhou An Ho Apparel Ltd.	2008/1/31	88, Tian Ling Rd. Wu Zhong District Economic Development Zone, Suzhou, China	4,617 RMB 1,000	Production and sales of knitting and weaving garments
40	Far Eastern Industries (Wuxi) Ltd.	2002/5/28	Wuxi WNDZ 89 Land, WuXi, Jiangsu Province, China	2,222,950 RMB 481,471	Production of cotton yarn, other natural fibers, and chemical fibers
41	Far Eastern Yihua Petrochemical (Yangzhou) Corp.	2011/12/9	3, Yadong Road, Yangzhou Chemical Industry Park, Yangzhou, China	6,710,122 RMB 1,453,351	PTA and its by-product production and sales
42	Far Eastern Industries (Yangzhou) Ltd.	2012/5/10	9, Won Nien South Road, Yangzhou, China	1,426,202 RMB 308,902	Production and sales of polyester products
43	Far Eastern Ishizuka Green PET Corporation.	2012/5/11	880, Aza-Semino, Ohaza-Shimokobashi, Sakaimachi, Sashima-Gun, Ibaraki-Pref. Japan	27,560 JPY 100,000	Recycled PET production and sales
44	Far Eastern Apparel (Vietnam) Ltd.	2007/2/23	46 Dai Lo Tu Do, Vietnam Singapore Industrial Park, Thuan An District, Binh Duong Province, Vietnam	290,250 US\$9,000	Apparel production
45	Far Eastern Polytex (Vietnam) Ltd.	2015/6/23	Land lot B_4B_CN and B_5B_CN, Road DC, Bau Bang Industrial Park, Bau Bang District, Binh Duong Province, Vietnam	1,612,500 US\$50,000	Production of petrochemical and textiles products
46	Far Eastern New Apparel (Vietnam) Ltd.	2016/6/30	D1 Street, Bac Dong Phu Industrial Park, Dong Phu District, Binh Phuoc Province, Vietnam	290,250 US\$9,000	Apparel production
47	PET Far Eastern (M) Sdn Bhd	1995/7/22	Plot 69 ,Kawasan Perindustrian Senai 3, 81400 Senai, Johor Bohru, Johor Malaysia	110,480 MYR 16,000	Production of PET bottles and preforms
48	Worldwide Polychem (HK) Limited	2011/8/30	11/F, Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong	112,875 US\$3,500	Investment
49	Waldorf Services B.V.	1990/1/10	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	606 US\$19	Investment
50	FETG Investment Antilles N.V.	1989/10/5	Kaya W.F.G. Mensing 14, Curacao, the Netherlands Antilles	189 US\$6	Investment
51	Malaysia Garment Manufacturers Private Ltd.	1963/8/6	No.9, Little Road #02-02 Singapore 536985	176,358 SGD 7,912	Apparel production and investment
52	PT Malaysia Garment Bintan	1998/8/4	No.9, Little Road #02-02 Singapore 536986	5,221 IDR 2,175,600	Apparel production

Special Disclosure

	Company	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
53	Far EasTone Telecommunications Co., Ltd.	1997/4/11	28F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	32,585,008	Wireless telecommunications service, leased circuit service, ISR and internet services and sale of cellular phone equipments and accessories
54	Far Eastern Info Service (H) Ltd.	2002/7/17	Clarendon House 2 Church Street Hamilton HM11 Bermuda	387 US\$12	International investments
55	KGEx.com Co., Ltd.	2000/8/9	4F, 468, Ruei-Guang Rd., Neihu Dist, Taipei City, Taiwan	789,074	Type II telecommunications service
56	Far Eastern Tech-Info Ltd. (Shanghai)	2002/11/18	3F, Building No. 23, Pudong Software District, 498, Guoshoujing Rd., Jhangjiang High Tech District, Pudong Sin Section, Shanghai, China	194,981 RMB 42,231	Computer software, data processing and internet content providing services
57	Yuan Cing Co., Ltd.	2000/8/5	28F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	20,000	Phone subscriber service
58	ARCOA Communication Co., Ltd.	1981/5/4	36F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	1,342,800	Type II telecom services; sale of cell phones and other telecom equipments
59	Q-Ware Communication Corp.	2007/2/13	8F, 220, Kang Chien Road, Neihu Dist, Taipei City, Taiwan	417,149	Type II telecommunications services
60	Omusic Co., Ltd.	2010/10/5	12F, 468, Ruei-Guang Rd., Neihu Dist, Taipei City, Taiwan	50,000	Electronic information providing services
61	Data Express Infotech Co., Ltd.	2004/7/22	6F-1, 778, Ba Der Road, Sec. 4, Taipei City, Taiwan	183,805	Sale of communication products
62	Linkwell Tech Co., Ltd.	2005/4/8	2F, 218, Ruei-Guang Rd., Neihu Dist., Taipei City, Taiwan,	45,804	Sales of communication products
63	Home Master Technology Ltd	2011/8/11	2F, 218, Ruei-Guang Rd., Neihu Dist., Taipei City, Taiwan,	12,725	Sales of communication products
64	New Century InfoComm Tech Co., Ltd.	2000/6/1	1-11Fl., 218, Ruei-Guang Rd., Neihu Dist, Taipei City, Taiwan	21,000,000	Type I & II telecom services
65	New Diligent Co., Ltd.	2001/5/2	1F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan	1,060,000	Investment
66	Sino Lead Enterprise Limited.	2006/4/11	Hong Kong Trade Centre, 7/F 161-167 Des Voeux Road Central, Hong Kong	125 HKD 30	telecommunications services
67	Information Security Service Digital United	2004/12/22	2F, 218, Ruei-Guang Rd., Neihu Dist, Taipei City, Taiwan	102,490	Security and monitoring services via Internet
68	Digital United (Cayman) Ltd.	2000/8/16	P.O. Box 2681, Zephyt House, Mary Street, George Town, Grand Cayman, British West Indies	139,320 US\$ 4,320	Investment
69	Digital United Information Technology (Shanghai) Ltd.	2000/10/8	Room 22301-918, Building No. 14, Pudong Software District, 498, Guoshoujing Rd., Jhangjiang High Tech District, Pudong Sin Section, Shanghai, China.	108,742 RMB 23,553	Design and research of computer system
70	Far Eastern New Diligence Ltd.	2010/7/27	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	461,175 US\$14,300	Investment
71	Hiiir Co., Ltd.	2013/8/8	10 F, 220, Gangqian Rd., Neihu Dist, Taipei City, Taiwan	600,000	Electronic information providing services
72	Far Eastern New Century Information Technology (Beijing) Limited	2010/7/23	11F, Building 9, Wanda Square, 93, Jian Guo Street, Chaoyang District, Beijing, China	343,164 RMB 74,326	Electronic information providing services
73	Yuan-Ding Co., Ltd.	1984/10/1	23F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan	5,034,047	Hotel management
74	Ding Ding Hotel Co., Ltd.	1983/3/22	1-5F, 201&203, Tun Hwa South Road, Sec.2, Taipei City, Taiwan	1,040,470	Hotel management
75	Yuan Hong Electric Co., Ltd.	1999/12/13	23F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan	850,000	Corporate management consulting, pipe & cable installment and replacement
76	Far Eastern Technical Consultants Co., Ltd.	1996/1/17	23F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan	50,000	Construction management and consulting service
77	Far Eastern Electronic Commerce Co., Ltd.	2010/12/10	21F, No.16, Xinzhan Rd., Banqiao Dist., New Taipei City, Taiwan	450,500	Online retail service
78	Ding Ding Integrated Marketing Service Co., Ltd.	2004/10/22	22F, No.16, Xinzhan Rd., Banqiao Dist., New Taipei City, Taiwan	693,880	Market research and advertisement

	Company	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
79	YDT Technology International Co., Ltd.	1989/8/4	22F, No.16, Xinzhan Rd., Banqiao Dist., New Taipei City, Taiwan	139,920	Sale of communication products
80	Far Eastern Electronic Toll Collection Co., Ltd.	2004/4/7	28F, 207, Tun Hwa South Road, Sec.2, Taipei City, Taiwan.	3,000,000	Information software service, telecom hardware construction, engineering design of auto-controlling system
81	Yuan Hsin Digital Payment Co.,Ltd.	2014/6/27	5F,1, Yuan don Road, Banqiao Dist., New Taipei City, Taiwan	1,088,614	Digital Payment
82	DDIM (Virgin Islands) Ltd.	2011/8/31	P.O.Box.957 Offshore Incorporations Centre, Road Town Tortola, British Virgin Islands.	769,088 US\$23,846	Business activities not prohibited by law
83	YDC (Virgin Islands) Ltd.	1998/2/11	Columbus Centre Building, Wickhams Cay, Road Town, Tortola, British Virgin Islands.	36,443 US\$1,130	Business activities not prohibited by law
84	Yuan Ding Integrated Information Service Inc. (Shanghai)	2011/8/10	Room 1506, 719, Yan'an West Road, Changning District, Shanghai, China	695,543 RMB 150,648	Software development and internet service design
85	Speedy (Shanghai) digital Tech. Co., Ltd.	2004/4/27	Room 1502, 719, Yan'an West Road, Changning District, Shanghai, China	30,191 RMB 6,539	Intelligent control equipment and security

1.1.3 Companies Presumed to Have a Relationship of Control and Subordination with Far Eastern New Century under Article 369-3 of the R.O.C. Company Act: None

1.1.4 Industries Covered by the Business Operated by the Affiliates and Description of the Mutual Dealings and Division of Work among Such Affiliates:

Petrochemical, Polyester, Textiles, Garment and apparel, Investment, Construction, General Contractor, Leasing, Management consulting, Human resources consulting, Wireless telecommunication services, mobile virtual network operator services, wholesale and retail sale of telecom related products and equipments etc. Please refer the aforesaid table of "Information of Far Eastern New Century and Subsidiaries and Affiliates" for major business activities of the Company's affiliates.

Special Disclosure

1.1.5 Information about Directors, Supervisors, and Managers at Each Subsidiary and Affiliate:

Unit: Number of shares; %

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
0	Far Eastern New Century Corp.	Directors	Douglas Tong Hsu (Chairman)	91,748,698	1.71
			Asia Cement Corp.	1,272,277,085	23.77
			Johnny Shih, Peter Hsu, Shaw Y. Wang, Raymond Hsu,	-	-
			Far Eastern Department Stores Ltd.	19,964,370	0.37
			Richard Yang, Tonia Katherine Hsu	-	-
			U-Ming Marine Transport Corp.	31,181,470	0.58
			Kwan Tao Li, Alice Hsu	-	-
			Far Eastern Y.Z. Hsu Science & Technology Memorial Foundation Rep.	12,142,237	0.23
			Champion Lee	-	-
		Independent Directors	Bing Shen, Johnsee Lee, Sheng-Cheng Hu	-	-
President	Y.H. Tseng, Eric Hu, K.S. Wu, Humphrey Cheng	-	-		
1	Yuan Ding Investment Co., Ltd.	Directors	Far Eastern New Century Corp. Douglas Tong Hsu (Chairman), Johnny Shih, Peter Hsu, Shaw Y. Wang, Alan Tsai, David Wang	1,822,822,230	99.40
		Supervisors	Da Ju Fiber Co., Ltd. Humphrey Cheng, Mark Lu	5,502,000	0.30
		President	C.S. Tu	-	-
2	Oriental Petrochemical (Taiwan) Co., Ltd.	Directors	Far Eastern New Century Corp. Douglas Tong Hsu (Chairman), Johnny Shih, K.S. Wu, H.D. Zhou, David Shih, Eric Chueh	1,183,310,998	75.56
			Oriental Union Chemical Corp.	282,033,256	18.01
			Justin Tsai	-	-
		Supervisors	Yuan Ding Investment Co., Ltd. David Wang, Humphrey Cheng	81,373,959	5.20
President	Eric Chueh	-	-		
3	Yuan Tong Investment Co., Ltd.	Directors	Far Eastern New Century Corp. David Wang (Chairman), Humphrey Cheng, Allen Sha	705,146,840	100.00
		Supervisors	Far Eastern New Century Corp. Alan Tsai	705,146,840	100.00
		President	David Wang	-	-
4	Far Eastern Resources Development Co., Ltd.	Directors	Far Eastern New Century Corp. Douglas Tong Hsu (Chairman), Johnny Shih, Peter Hsu, Shaw Y. Wang, C.S. Tu,	667,241,923	100.00
		Supervisors	Far Eastern New Century Corp. Humphrey Cheng	667,241,923	100.00
		President	C.S. Tu	-	-
5	Far Eastern Construction Co., Ltd.	Directors	Far Eastern New Century Corp. Shaw Y. Wang (Chairman), Douglas Tong Hsu, S.F. Cheng, D.F. Yang, B.S. Hong, Lin Kuo, C.M. Chen, Peter Hsu, H.R. Gao, S.Y. Wei, T.Z. Chang	198,791,401	65.11
		Supervisors	Der Ching Investment Co., Ltd. Charles Wang, S.Y. Gao	103,080,349	33.76
6	Kai Yuan International Investment Co., Ltd.	Directors	Far Eastern New Century Corp. Humphrey Cheng (Chairman), David Wang, Allen Sha	302,843,390	100.00
		Supervisors	Far Eastern New Century Corp. Alan Tsai	302,843,390	100.00
		President	Humphrey Cheng	-	-

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
7	Ding Yuan International Investment Co., Ltd.	Directors	Far Eastern New Century Corp.	205,000,000	100.00
		Supervisors	Alan Tsai (Chairman), Humphrey Cheng, Allen Sha Far Eastern New Century Corp. David Wang	- 205,000,000 -	- 100.00 -
8	Far Eastern General Contractor Inc	Directors	Far Eastern Construction Co., Ltd. S.F. Cheng (Chairman), Douglas Tong Hsu, Shaw Y. Wang, Lin Kuo, J.H. Li, Ying Wei, D.F. Yang, T.C. Lin You, Z.C. Ku	147,412,850 -	98.95 -
		Supervisors	Yuan Ding Investment Co., Ltd. Jackson Wu, Li-Chi Chen	1,490,174 -	1.00 -
9	Far Eastern Fibertech Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd. Douglas Tong Hsu (Chairman), Johnny Shih, B.C. Chang, Humphrey Cheng, Eric Huang	91,000,000 -	100.00 -
		Supervisors	Yuan Ding Investment Co., Ltd. David Wang	91,000,000 -	100.00 -
		President	B.C. Chang	-	-
10	An Ho Garment Co., Ltd.	Directors	Far Eastern New Century Corp. Alan Tsai (Chairman), David Wang, Li-Chi Chen	66,346,200 -	100.00 -
		Supervisors	Far Eastern New Century Corp. Benjamin Shih	66,346,200 -	100.00 -
11	Oriental Resources Development Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd. Y.H. Tseng (Chairman), Donald Fan, Fanny Liao, Ru Yu Wu, C.T. Peng, Justin Tsai, Y.S. Chang	34,242,298 -	70.00 -
		Supervisors	Oriental Union Chemical Corporation H.S. Yu, Judy Wang	14,675,271 -	30.00 -
		President	Fanny Liao	-	-
12	Far Eastern Apparel Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd. Benjamin Shih (Chairman), Eric Hu, Li-Chi Chen, Y.J. Luo, Jenny Ho	24,736,445 -	100.00 -
		Supervisors	Yuan Ding Investment Co., Ltd. Alan Tsai	24,736,445 -	100.00 -
13	Yuan Faun Co., Ltd.	Directors	Yuan Ding Investment Co., Ltd. K.S. Wu (Chairman), Y.H. Tseng, Eric Hu, David Wang, Humphrey Cheng	5,000,000 -	100.00 -
		Supervisors	Yuan Ding Investment Co., Ltd. Alan Tsai, Emily Wu	5,000,000 -	100.00 -
14	Fu Kwok Knitting & Garment Co., Ltd.	Directors	Far Eastern New Century Corp. Raymond Hsu (Chairman), Eric Hu, Austin Lee, Li-Chi Chen, Jenny Ho	3,998,475 -	99.96 -
		Supervisors	Ding Yuan International Investment Co., Ltd. Alan Tsai	1,000 -	0.03 -
		President	Raymond Hsu	-	-
15	Yuan Cheng Human Resources Consultant Corp.	Directors	Yuan Faun Co., Ltd. Benjamin Shih(Chairman), Emily Wu, David Wang, C.Y. Lin Chang Cheng Human Resources Consultant Co., Ltd.	744,999 -	55.19 -
		Supervisors	J.C. Wang Da Ju Fiber Co., Ltd. H.S. Yu	600,001 5,000 -	44.44 0.37 -
16	Far Eastern Textile Ltd.	Directors	Far Eastern New Century Corp. Douglas Tong Hsu (Chairman), Johnny Shih, Peter Hsu	100,000 -	100.00 -
		Supervisors	Far Eastern New Century Corp. Shaw Y. Wang	100,000 -	100.00 -
		President	C.S. Tu	-	-

Special Disclosure

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
17	Far Eastern Investment (H) Ltd.	Directors	Far Eastern New Century Corp. Shaw Y. Wang, K.S. Wu, Humphrey Cheng	1,700,000 -	100.00 -
18	Far Eastern Polychem Industries Ltd.	Directors	Yuan Ding Investment Co., Ltd. Far Eastern New Century Corp. Shaw Y. Wang, K.S. Wu, Humphrey Cheng	306,643,943 830,814,727 -	26.96 73.04 -
19	FEDP (H) Ltd.	Directors	Far Eastern Polychem Industries Ltd. Far Eastern New Century Corp. Shaw Y. Wang, K.S. Wu, Humphrey Cheng	240,304 244,480 -	49.57 50.43 -
20	PET Far Eastern (H) Ltd.	Directors	Far Eastern Polychem Industries Ltd. Far Eastern New Century Corp. Shaw Y. Wang, K.S. Wu, Humphrey Cheng	34,793 332,891 -	9.46 90.54 -
21	Far Eastern Polytex(H) Ltd.	Directors	Far Eastern New Century Corp. Shaw Y. Wang, K.S. Wu, Humphrey Cheng	134,955 -	100.00 -
22	Far Eastern Apparel (H) Ltd.	Directors	Yuan Ding Investment Co., Ltd. Shaw Y. Wang, K.S. Wu, Humphrey Cheng	111,200 -	100.00 -
23	Oriental Textile(H) Ltd.	Directors	Yuan Ding Investment Co., Ltd. Shaw Y. Wang, K.S. Wu, Humphrey Cheng	85,250 -	100.00 -
24	Sino Belgium (H) Ltd.	Directors	Yuan Tong Investment Co., Ltd. Martens HK Limited Shaw Y. Wang, Humphrey Cheng, Jan Martens	35,025 2,415 -	93.55 6.45 -
25	Magna View Sdn. Bhd	Directors	Far Eastern Investment (H) Ltd. Donald Fan, Daniel Tsai, Leong Siew Foong	3,000,000 -	100.00 -
26	Far Eastern Industries (Shanghai) Ltd.	Directors Supervisors President	Far Eastern Polychem Industries Ltd. Far Eastern New Century (China) Investment Co., Ltd. R.H. Shao (Chairman), C.Y. Dai, K.S. Wu, Humphrey Cheng, Donald Fan Brian Lee C.Y. Dai	- - - - - -	87.64 12.36 - - - -
27	Oriental Petrochemical (Shanghai) Corp.	Directors Supervisors President	PET Far Eastern (H) Ltd. Pacific Petrochemical (H) Ltd. Far Eastern New Century (China) Investment Co., Ltd. R.H. Shao (Chairman), Y.H. Tseng, Paul Chuang, Humphrey Cheng, K.S. Wu, Justin Tsai Alan Tsai Paul Chuang	- - - - - - -	53.24 38.65 8.11 - - - -
28	Far Eastern New Century (China) Investment Co., Ltd.	Directors Supervisors President	Far Eastern Polytex(H) Ltd. R.H. Shao (Chairman), Humphrey Cheng, David Wang, Alan Tsai, Allen Sha Charles Wang Humphrey Cheng	- - - - -	100.00 - - - -
29	Martens Beer (Shanghai) Ltd.	Directors Supervisors President	Sino Belgium (H) Ltd. Eric Hu (Chairman), Jan Martens, Alfons Martens, S.Y. Lai, Fanny Liao Brian Lee S.Y. Lai	- - - - -	100.00 - - - -
30	Shanghai Yuan Hua Logistic Corp.	Directors Supervisors President	Oriental Petrochemical (Shanghai) Corp. K.S. Wu (Chairman), C.Y. Dai, Paul Chuang, Steve Liu, Li-Chi Chen Brian Lee Paul Chuang	- - - - -	100.00 - - - -
31	Shanghai Far Eastern IT Corp.	Directors Supervisors President	Far Eastern New Century (China) Investment Co., Ltd. Alan Tsai (Chairman), Li-Chi Chen, Mike Wu, Steve Liu, H.L. Yi Brian Lee H.L. Yi	- - - - -	100.00 - - - -

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
32	Yuan Ding Enterprise (Shanghai) Limited	Directors	Far Eastern New Century (China) Investment Co., Ltd. Humphrey Cheng (Chairman), David Wang, R.H. Shao, C.L. Wu, S.F. Cheng	-	100.00
		Supervisors	Alan Tsai, James Tang	-	-
33	Wuhan Far Eastern New Material Ltd.	Directors	Far Eastern Polytex(H) Ltd. Donald Fan (Chairman), C.Y. Dai, S.Y. Lai, T.M. Kuo, Y.H. Wang	-	100.00
		Supervisors	Brian Lee	-	-
		President	C.Y. Dai	-	-
34	Oriental Industries (Suzhou) Ltd.	Directors	Oriental Textile (H) Ltd. Eric Hu (Chairman), Brian Lee, M.J. Wu, Eric Huang, Steve Liu	-	100.00
		Supervisors	P.T. Huang	-	-
		President	M.J. Wu	-	-
35	Far Eastern Industries (Suzhou) Ltd.	Directors	FEDP (H) Ltd. Eric Hu (Chairman), S.Y. Lai, Brian Lee, Steve Liu, M.J. Wu	-	100.00
		Supervisors	Davis Dai	-	-
		President	S.Y. Lai	-	-
36	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Directors	Far Eastern Apparel (H) Ltd. Eric Hu (Chairman), Kwen Lin Ho, Brian Lee, Allen Sha, Steve Liu	-	100.00
		Supervisors	Davis Dai	-	-
		President	Kwen Lin Ho	-	-
37	Sino-Belgium Beer (Suzhou) Ltd.	Directors	Sino Belgium (H) Ltd. Eric Hu (Chairman), S.Y. Lai, Brian Lee, Allen Sha, Jenny Ho	-	100.00
		Supervisors	P.T. Huang	-	-
		President	S.Y. Lai	-	-
38	Far Eastern Apparel (Suzhou) Co., Ltd.	Directors	Far Eastern Polytex (H) Ltd. Far Eastern Apparel (H) Ltd. Eric Hu (Chairman), Brian Lee, Allen Sha, Judy Lee, Steve Liu	-	61.54
		Supervisors	Davis Dai	-	38.46
		President	Judy Lee	-	-
39	Suzhou An Ho Apparel Ltd.	Directors	Far Eastern Apparel (Suzhou) Co., Ltd. Eric Hu (Chairman), Judy Lee, Brian Lee, Allen Sha, Steve Liu	-	100.00
		Supervisors	Davis Dai	-	-
		President	Judy Lee	-	-
40	Far Eastern Industries (Wuxi) Ltd.	Directors	Oriental Textile (H) Ltd. Eric Hu (Chairman), T.K. Wei, Brian Lee, Allen Sha, Mingo A. Chen	-	100.00
		Supervisors	Mike Wu	-	-
		President	Mingo A. Chen	-	-
41	Far Eastern Yihua Petrochemical (Yangzhou) Corp.	Directors	Far Eastern Polytex (H) Ltd. K.S. Wu (Chairman), Humphrey Cheng, H.D. Zhou Sinopec Yizheng Chemical Fibre Co. Ltd.	-	60.00
		Supervisors	S.G. Shen, J.P. Li	-	40.00
		President	S.M. Peng, C.P. Lu S.G. Shen	-	-
42	Far Eastern Industries (Yangzhou) Ltd.	Directors	Far Eastern Polychem Industries Ltd. Humphrey Cheng (Chairman), Brian Lee, Donald Fan, M. Y. Yeh, Allen Sha	-	100.00
		Supervisors	Davis Dai	-	-
		President	Donald Fan	-	-

Special Disclosure

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
43	Far Eastern Ishizuka Green PET Corporation	Directors	Far Eastern Polychem Industries Ltd. Y.H. Tseng (Chairman), Humphrey Cheng, Donald Fan, David Wang, Yasuda Shinichi	3,578,040	90.00
			Ishizuka Glass Co., Ltd. Akihiro Yamanaka	397,560	10.00
		Supervisors	Alan Tsai	-	-
		President	Yasuda Shinichi	-	-
44	Far Eastern Apparel (Vietnam) Ltd.	Directors	Far Eastern Investment (H) Ltd. Alan Tsai (Chairman), Judy Lee, Tony Liang, Allen Sha, Jenny Ho	-	100.00
		Supervisors	Davis Dai	-	-
		President	Judy Lee	-	-
				-	-
45	Far Eastern Polytex (Vietnam) Ltd.	Directors	Far Eastern Investment (H) Ltd. Humphrey Cheng (Chairman), Y.H. Tseng, Kwen Lin Ho, M. Y. Yeh, Mingo A. Chen, David Wang, Li-Chi Chen	-	100.00
		Supervisors	Alan Tsai	-	-
		President	Y.H. Tseng	-	-
				-	-
46	Far Eastern New Apparel (Vietnam) Ltd.	Directors	Far Eastern Investment (H) Ltd. Alan Tsai (Chairman), S.N. Jeme, Judy Lee, Tony Liang, Jenny Ho	-	100.00
		Supervisors	Allen Sha	-	-
		President	S.N. Jeme	-	-
				-	-
47	PET Far Eastern (M) SDN BHD	Directors	Far Eastern Investment (H) Ltd. Magna View Sdn. Bhd Y.H. Tseng (Chairman), Donald Fan, David Wang, Chuck Tseng, Daniel Tsai, Leong Siew Foong	8,000,000	50.00
			Donald Fan	8,000,000	50.00
		President		-	-
				-	-
48	Worldwide Polychem (HK) Limited	Directors	Far Eastern Investment (H) Ltd. Y.J. Lou, Mike Wu, Alan Tsai	2,700,000	100.00
49	Waldorf Services B.V.	Directors	FETG Investment Antilles N.V. K.S. Wu, Humphrey Cheng, Marlon Antonio Hironimo Martis, Trust International Management (T.I.M.) B.V.	1,750	100.00
				-	-
				-	-
				-	-
50	FETG Investment Antilles N.V.	Directors	Far Eastern Investment (H) Ltd. Shaw Y. Wang, K.S. Wu, Humphrey Cheng, Orangefield Trust (Caribbean) N.V.	6,000	100.00
51	Malaysia Garment Manufacturers Private Ltd.	Directors	Da Ju Fiber Co., Ltd. Humphrey Cheng, Raymond Hsu	34,160	43.17
			Yuan Tong Investment Co., Ltd. Shaw Y. Wang	10,285	13.00
			Woldorf Services B.V. K.L. Li	30,000	37.92
			U-Ming Marine Transport Corp. C.L. Meng	4,675	5.91
				-	-
				-	-
52	PT Malaysia Garment Bintan	Directors	Malaysia Garment Manufacturers Private Ltd. K.L. Li, Austin Lee, C.T. Hu, M.J. Wang	2,970	99.00
		Supervisors	W.H. Wu, C.S. Lin	30	1.00

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
53	Far EasTone Telecommunications Co., Ltd.	Directors	Yuan-Ding Investment Co., Ltd.	1,066,657,614	32.73
			Douglas Tong Hsu (Chairman), Peter Hsu (Managing Director), Jan Nilsson (Managing Director)	-	-
			U-Ming Marine Transport Corp.	331,000	0.01
			Keisuke Yoshizawa	-	-
			Yuan Ding Co., Ltd.	4,163,500	0.13
			Champion Lee, Jeff Hsu	-	-
			Asia Investment Corporation	1,426,303	0.03
			Bonnie Peng	-	-
			Ding Yuan International Investment Co., Ltd.	919,653	0.03
		Toon Lim	-	-	
Independent Directors	Kurt Roland Hellström, Lawrence Juen-Yee Lau, Chung Laung Liu	-	-		
	President	Yvonne Li	-	-	
54	Far Eastern Info Service (H) Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Yvonne Li (Chairman), T.Y. Yin, Eton Shu, H.J. Liu, Maggie Mei	1,200	100.00
		President	Yvonne Li	-	-
55	KGEx.com Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Mike Lee (Chairman), Jessica Chen, C.C. Lee, Hae-Shung Ju	78,895,760	99.99
		Supervisors	T.Y. Yin	-	-
		President	Mike Lee	-	-
56	Far Eastern Tech-info Ltd. (Shanghai)	Directors	Far Eastern Info Service (H) Ltd. Yvonne Li (Chairman), Eton Shu, H.J. Liu, Maggie Mei	-	41.67
		President	Far Eastern New Diligence Ltd T.Y. Yin	-	58.33
57	Yuan Cing Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Eton Shu (Chairman), Maggie Mei, Jessica Chen	2,000,000	100.00
		Supervisors	T.Y. Yin	-	-
		President	Maggie Mei	-	-
58	ARCOA Communication Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Yvonne Li (Chairman), Alan Tsai, Maxwell Cheng, Brian Chao, A.Y Deng	82,762,221	61.63
			Wan-Shih-Shin Co., Ltd. Gary Lin	470,325	0.35
			Li-Chi Chen, David Tsai, Sharon Lin	-	-
		Supervisors	A.Y Deng	-	-
59	Q-ware Communication Corp.	Directors	Far EasTone Telecommunications Co., Ltd. Yvonne Li (Chairman), Mike Lee, Maxwell Cheng, Bruce Yu, Samuel Yuan	33,982,812	81.46
			President Chain Store Co., Ltd. Chia Hua Chang, Hsing Jou Shen	4,172,422	10.00
			Supervisors	Uni-President Enterprises Co., Ltd. Jin Xing Chen	3,337,192
		President	Sharon Lin	-	-
			Dick Lin	-	-

Special Disclosure

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
60	O-music Co., Ltd.	Directors	Universal Music Ltd.	225,000	4.50
			Sunny Chang (Chairman)	-	-
			Far EasTone Telecommunications Co., Ltd.	2,500,000	50.00
		Supervisors	Yvonne Li, H.J. Liu, Y.Y. Tu, Eton Shu	-	-
			Sony Music Entertainment Taiwan Ltd.	225,000	4.50
			Forward Music Co., Ltd.	225,000	4.50
			Barry Lee	-	-
			T.Y. Yin	-	-
			Otiga Technologies Limited	475,000	9.50
President	Ipang Lin	-	-		
	HIM International Music Inc.	225,000	4.50		
	Lydia Ho	-	-		
			Belung Chang	225,000	4.50
61	Data Express Infotech Co., Ltd.	Directors	ARCOA Communications Co., Ltd.	12,866,353	70.00
			Maxwell Cheng (Chairman), Eric Li, Brian Chao	-	-
			Jing Ho Tech	3,490,724	18.99
		Supervisors	Grace Chu	-	-
			Ann Chang	-	-
62	Linkwell Tech. Co., Ltd.	Directors	Data Express Infotech Co., Ltd. Maxwell Cheng (Chairman)	-	100.00
63	Home Master Technology Ltd	Directors	Data Express Infotech Co., Ltd. Maxwell Cheng (Chairman)	-	100.00
64	New Century InfoComm Tech Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Douglas Tong Hsu (Chairman), Yvonne Li, Mike Lee	2,100,000,000	100.00
		Supervisors	Far EasTone Telecommunications Co., Ltd. T.Y. Yin	2,100,000,000	100.00
		President	Yvonne Li	-	-
65	New Diligent Co., Ltd.	Directors	New Century InfoComm Tech Co., Ltd. Eric Li (Chairman), Mike Lee, C.C. Lee	106,000,000	100.00
		Supervisors	New Century InfoComm Tech Co., Ltd. T.Y. Yin	106,000,000	100.00
66	Sino Lead Enterprise Limited.	Directors	New Diligent Co., Ltd. Mike Lee (Chairman)	-	100.00
67	Information Security Service Digital United	Directors	New Century InfoComm Tech Co., Ltd. Mike Lee (Chairman), Y.T. Lee, Eric Li	10,249,047	100.00
		Supervisors	New Century InfoComm Tech Co., Ltd. T.Y. Yin	10,249,047	100.00
68	Digital United (Cayman) Ltd.	Directors	New Century InfoComm Tech Co., Ltd. Mike Lee (Chairman), T.Y. Yin	4,320,000	100.00
69	Digital United Information Technology (Shanghai) Ltd.	Directors	Digital United (Cayman) Ltd. Mike Lee (Chairman), Larry Liu, Eric Li	-	100.00
		Supervisors	Digital United (Cayman) Ltd.	-	100.00
		President	T.Y. Yin Larry Liu	-	-
70	Far Eastern New Diligence Corporation	Directors	New Diligent Co., Ltd. H.J. Liu, T.Y. Yin, Mike Lee	-	100.00
71	Hiiir Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd. Magdalena Lin (Chairman), H.J. Liu, Joann Chang, Belinda Chen, John Yeh	53,726,000	89.54
		Supervisors	Far EasTone Telecommunications Co., Ltd. T. Y. Yin	53,726,000	89.54
		President	John Yeh	2,185,000	3.64

	Company	Title	Name or representative	Registered shares owned	
				Shares	%
72	Far Eastern New Century Information Technology (Beijing) Limited	Directors	Far Eastern Tech-Info (Shanghai) Ltd.	-	0.96
			H.J. Liu (Chairman), C.H. Shen, T.Y. Yin, Eton Shu	-	-
			Yuan Dong New Century Company Ltd.	-	0.78
		Supervisors	Jack Deng	-	-
			Far Eastern Tech-Info (Shanghai) Ltd.	-	0.96
President	Sharon Lin	-	-		
			Alex Chang	-	-
73	Yuan-Ding Co., Ltd.	Directors	Douglas Tong Hsu (Chairman)	3,144	-
			Far Eastern New Century Corp.	186,928,831	37.13
			Morton Mate Huang, Alan Tsai, Humphrey Cheng	-	-
			Asia Cement Corp.	178,707,648	35.50
			K.Y. Lee, Peter Hsu, X.Y. Kao	-	-
			Far Eastern Department Stores Ltd.	2,796	-
		Supervisors	Nancy Hsu	-	-
			U-Ming Commerce Co., Ltd.	12,585	-
			David Wang	-	-
			Yuan Ding Investment Co., Ltd.	64,758,813	12.86
President	Shaw Y. Wang	-	-		
	Der Ching Investment Co., Ltd.	72,989,090	14.50		
			Y.F. Chang	-	-
			Humphrey Cheng	-	-
74	Ding Ding Hotel Co., Ltd.	Directors	Yuan-Ding Co., Ltd.	64,502,115	61.99
			Douglas Tong Hsu (Chairman), J.W. Huang, T.Z. Chang	-	-
			Far Eastern New Century Corp.	19,772,104	19.00
		Supervisors	Nancy Hsu, T. H. Chang	-	-
			Asia Cement Corp.	14,284,936	13.73
			Humphrey Cheng, K.Y. Lee	-	-
			Der Ching Investment Co., Ltd.	5,487,169	5.27
			Charles Wang	-	-
75	Yuan Hong Electric Co., Ltd.	Directors	Yuan-Ding Co., Ltd.	85,000,000	100.00
		Humphrey Cheng (Chairman), D.H. Xiong, Z.K. Dai	-	-	
		Supervisors	Yuan-Ding Co., Ltd.	85,000,000	100.00
			M.G. Chang	-	-
76	Far Eastern Technical Consultants Co., Ltd.	Directors	Yuan-Ding Co., Ltd.	4,550,000	91.00
		Humphrey Cheng (Chairman), D.H. Xiong, T.Z. Chang, Z.K. Dai, L.H. Huang	-	-	
		Supervisors	Far Eastern General Contractor Inc.	450,000	9.00
		President	S.F. Cheng	-	-
			T.Z. Chang	-	-
77	Far Eastern Electronic Commerce Co., Ltd.	Directors	Far Eastone Telecommunications Co., Ltd.	6,691,000	14.85
			Yvonne Li (Chairman)	-	-
			Yuan-Ding Co., Ltd.	23,913,000	53.08
			Humphrey Cheng, G.L. Liang, D.H. Xiong, K.L. Zhuang	-	-
		Supervisors	Far Eastern Department Stores Co., Ltd.	4,985,000	11.07
			K.W. Hsieh	-	-
			Pacific Sogo Co., Ltd.	4,985,000	11.07
			K.L. Lee	-	-
			New Century InfoComm Tech Co., Ltd.	2,392,000	5.31
			C.X. Liu	-	-
		President	Y.C. Lin	-	-

Special Disclosure

	Company	Title	Name or representative	Registered shares owned		
				Shares	%	
78	Ding Ding Integrated Marketing Service Co., Ltd.	Directors	Yuan-Ding Co., Ltd.	41,632,800	60.00	
			Douglas Tong Hsu (Chairman), Humphrey Cheng, D.H. Xiong, T.C. Zhou	-	-	
			Far EasTone Telecommunications Co., Ltd.	10,408,200	15.00	
			H.J. Liu	-	-	
		Supervisors	Far Eastern Department Stores Ltd.	6,938,800	10.00	
			Nancy Hsu	-	-	
			Pacific Sogo Co., Ltd.	6,938,000	10.00	
President	J.W. Huang	-	-			
79	YDT Technology International Co., Ltd.	Directors	Yuan-Ding Co., Ltd.	13,992,000	100.00	
		Supervisors	T.Y. Yin (Chairman), D.H. Xiong, Z.K. Dai Yuan-Ding Co., Ltd. H.W. Tu	13,992,000	100.00	
80	Far Eastern Electronic Toll Collection Co., Ltd.	Directors	Far EasTone Telecommunications Co., Ltd.	118,250,967	39.42	
			Douglas Tong Hsu (Chairman), T.Y. Yin, C. K. Ong	-	-	
			Yuan Tong Investment Co., Ltd.	35,933,614	11.98	
			Y.C. Chang	-	-	
			SYSTEX Corporation	25,263,076	8.42	
			S.C. Yang	-	-	
			MITAC Information Technology Corp.	27,724,093	9.24	
			Liang Su	-	-	
			TECO Electric & Machinery Co., Ltd.	32,979,907	10.99	
			Sophia Chiu	-	-	
		Supervisors	S.J. Hsu	-	-	
			S.W. Chao	-	-	
			Eton Shu	-	-	
			W.C. Yeh	-	-	
President	Ching Pu Investment Corporation	7,716,831	2.57			
	Larry Chung	-	-			
81	Yuan Hsin Digital Payment Co., Ltd.	Directors	Ding Ding Integrated Marketing Service Co., Ltd.	16,340,099	15.01	
			G.L. Liang(Chairman)	-	-	
			Yuan Ding Co., Ltd.	21,772,284	20.00	
			Humphrey Cheng, Y.C. Chang	-	-	
		Supervisors	Far EasTone Telecommunications Co., Ltd.	32,658,426	30.00	
			H.J. Liu	-	-	
			Far Eastern Department Stores Ltd.	16,329,213	15.00	
			T.H. Tsou	-	-	
President	Pacific Sogo Co., Ltd.	16,329,213	15.00			
	J.Y. Chung	-	-			
82	DDIM (Virgin Islands) Ltd.	Directors	Far Eastern International Band	5,432,185	4.99	
			S.J. Dai	-	-	
83	YDC (Virgin Islands) Ltd.	Directors	S.H. Tsai	-	-	
			Yuan Hong Electric Co., Ltd.	1,501	53.87	
84	Yuan Ding Integrated Information Service Inc. (Shanghai)	Directors	Humphrey Cheng, D.H. Xiong, Z.K. Dai	-	-	
			Yuan-Ding Co., Ltd.	200	17.70	
85	Speedy (Shanghai) digital Tech. Co., Ltd.	Directors	Humphrey Cheng, D.H. Xiong, Z.K. Dai	-	-	
			Supervisors	DDIM(Virgin Islands) Ltd.	-	99.54
				YDC(Virgin Islands) Ltd.	-	0.46
86	Yuan Ding Integrated Information Service Inc. (Shanghai)	Supervisors	G.L. Liang	-	-	
			President	Y.Z. Tsai	-	-
				H.Y. Ku	-	-
87	Speedy (Shanghai) digital Tech. Co., Ltd.	Directors	YDC (Virgin Islands) Ltd.	-	100.00	
			Supervisors	F.H. Ho	-	-
				D.H. Xiong	-	-
88	Speedy (Shanghai) digital Tech. Co., Ltd.	Supervisors	F.H. Ho	-	-	
			President	F.H. Ho	-	-

Far Eastern New Century

Annual Report 2016

1.1.6 Operation Results of Each Subsidiary and Affiliate

Unit: NT\$ thousands, unless stated otherwise

Book closure date: 31 December 2016

	Name	Paid-in Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income (loss)	Net Income (loss)	EPS (NT\$)
0	Far Eastern New Century Corp.	53,528,751	513,460,158	261,267,506	252,192,652	215,855,921	14,536,809	6,307,786	1.26
1	Yuan Ding Investment Co., Ltd.	18,338,262	72,297,749	32,063,558	40,234,191	28,176,039	6,003,151	5,315,072	2.90
2	Oriental Petrochemical (Taiwan) Co., Ltd.	15,660,930	30,135,607	20,485,009	9,650,598	14,965,803	(524,659)	(520,884)	(0.33)
3	Yuan Tong Investment Co., Ltd.	7,051,468	8,185,169	133,032	8,052,137	66,791	63,238	57,502	0.08
4	Far Eastern Resources Development Co., Ltd.	6,672,419	116,580,773	15,067,617	101,513,156	1,654,571	10,172	3,103,193	4.65
5	Far Eastern Construction Co., Ltd.	3,053,206	18,732,646	5,630,257	13,102,389	1,149,759	479,961	627,347	2.05
6	Kai Yuan International Investment Co., Ltd.	3,028,434	5,602,038	702,426	4,899,612	197,626	197,260	188,497	0.62
7	Ding Yuan International Investment Co., Ltd.	2,050,000	2,601,004	997	2,600,007	60,909	60,548	70,785	0.35
8	Far Eastern General Contractor Inc.	1,489,776	4,304,812	2,190,261	2,114,551	5,247,378	96,915	100,582	0.68
9	Far Eastern Fibertech Co., Ltd.	910,000	2,311,318	1,110,640	1,200,678	2,006,072	244,774	197,608	2.17
10	An Ho Garment Co., Ltd.	663,462	2,415,467	431,985	1,983,482	187,617	187,238	179,062	2.70
11	Oriental Resources Development Co., Ltd.	489,176	1,025,552	563,060	462,492	571,363	(4,465)	(3,914)	(0.08)
12	Far Eastern Apparel Co., Ltd.	247,364	703,480	500,597	202,883	1,036,557	(102,160)	(81,863)	(3.31)
13	Yuan Faun Co., Ltd.	50,000	111,747	312	111,435	-	(1,896)	2,530	0.51
14	Fu Kwok Knitting & Garment Co., Ltd.	40,000	451,316	163,554	287,762	1,367,500	130,306	109,714	27.43
15	Yuan Cheng Human Resources Consultant Corp.	13,500	35,887	13,840	22,047	298,566	605	2,921	2.16
16	Far Eastern Textile Ltd.	1,000	1,468	20	1,448	-	(215)	77	0.77
17	Far Eastern Investment (H) Ltd.	548 US\$ 17	11,462,908 355,439	2,253,382 69,872	9,209,526 285,567	1,546,991 47,949	50,433 1,563	66,296 2,055	39.00 1.21
18	Far Eastern Polychem Industries Ltd.	473 HKD 114	14,021,363 3,372,141	4,440,493 1,067,939	9,580,870 2,304,202	8,395,863 2,020,179	50,177 12,073	(400,421) (96,348)	(0.35) (0.08)
19	FEDP (H) Ltd.	161 US\$ 5	351,570 10,901	622 19	350,948 10,882	(102,000) (3,162)	(108,631) (3,366)	(110,102) (3,270)	(227.12) (6.75)
20	PET Far Eastern (H) Ltd.	112 RMB 24	5,448,922 1,180,187	536,453 116,191	4,912,469 1,063,996	(776,315) (160,098)	(122,995) (25,365)	(878,982) (181,271)	(2,390.61) (493.01)
21	Far Eastern Polytex (H) Ltd.	42 US\$ 1.3	7,966,043 247,009	62,887 1,950	7,903,156 245,059	(326,648) (10,125)	(333,696) (10,343)	(354,362) (10,984)	(2,625.78) (81.39)
22	Far Eastern Apparel (H) Ltd.	35 US\$ 1.1	4,345,678 134,750	1,322,490 41,008	3,023,188 93,742	8,022,373 248,655	219,830 6,814	543,345 16,841	4,886.20 151.45
23	Oriental Textile (H) Ltd.	35 US\$ 1.1	10,647,126 330,143	2,756,909 85,485	7,890,217 244,658	3,433,983 106,437	18,959 588	373,591 11,580	4,382.30 135.83
24	Sino Belgium (H) Ltd.	12 US\$ 0.4	21,565 668	346,731 10,751	(325,166) (10,083)	(212,378) (6,583)	(233,157) (7,227)	(356,107) (11,038)	(10,167.22) (315.14)
25	Magna View Sdn.Bhd	20,715 MYR 3,000	200,399 29,022	1,576 228	198,823 28,794	30,361 4,068	30,020 4,022	30,020 4,022	10.01 1.34
26	Far Eastern Industries (Shanghai) Ltd.	8,681,804 RMB 1,880,399	18,024,755 3,903,997	9,484,044 2,054,157	8,540,711 1,849,840	21,909,936 4,518,444	54,283 11,195	9,982 2,059	NA NA
27	Oriental Petrochemical (Shanghai) Corp.	6,934,132 RMB 1,501,869	13,562,629 2,937,542	8,869,791 1,921,116	4,692,838 1,016,426	14,777,948 3,047,628	(924,211) (190,598)	(1,301,618) (268,430)	NA NA
28	Far Eastern New Century (China) Investment Co., Ltd.	2,865,687 RMB 620,682	9,297,136 2,013,675	7,331,749 1,587,990	1,965,387 425,685	-	(6,921) (1,427)	(408,302) (84,203)	NA NA
29	Martens Beers (Shanghai) Ltd.	362,001 RMB 78,402	47,321 10,249	32,126 6,958	15,195 3,291	31,119 6,418	(14,560) (3,003)	(11,076) (2,284)	NA NA
30	Shanghai Yuan Hua Logistic Corp.	87,723 RMB 19,000	184,307 39,919	55,197 11,955	129,110 27,964	212,026 43,726	9,970 2,056	5,959 1,229	NA NA
31	Shanghai Far Eastern IT Corp.	58,682 RMB 12,710	66,596 14,424	4,181 905	62,415 13,519	102,294 21,096	(838) (173)	250 52	NA NA
32	Yuan Ding Enterprise (Shanghai) Limited	1,181,952 RMB 256,000	5,137,483 1,112,732	4,320,447 935,769	817,036 176,963	238 49	(111,772) (23,051)	(119,389) (24,621)	NA NA
33	Wuhan Far Eastern New Material Ltd.	789,727 RMB 171,048	1,503,496 325,643	543,417 117,699	960,079 207,944	1,430,002 294,907	7,661 1,580	4,427 913	NA NA
34	Oriental Industries (Suzhou) Ltd.	5,054,907 RMB 1,094,847	12,998,837 2,815,429	7,462,072 1,616,216	5,536,765 1,199,213	7,033,305 1,450,465	523,908 108,045	357,082 73,640	NA NA
35	Far Eastern Industries (Suzhou) Ltd.	1,820,805 RMB 394,370	2,523,906 546,655	2,405,166 520,937	118,740 25,718	2,527,862 521,316	(37,882) (7,812)	(102,000) (21,035)	NA NA
36	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	1,704,934 RMB 369,273	4,941,405 1,070,263	2,427,034 525,673	2,514,371 544,590	6,153,565 1,269,038	402,818 83,072	340,203 70,159	NA NA
37	Sino-Belgium Beer (Suzhou) Ltd.	1,759,807 RMB 381,158	629,582 136,362	768,647 166,482	(139,065) (30,120)	50,666 10,449	(133,196) (27,469)	(152,812) (31,514)	NA NA
38	Far Eastern Apparel (Suzhou) Co., Ltd.	944,533 RMB 204,577	2,355,789 510,242	927,953 200,986	1,427,836 309,256	2,613,283 538,932	149,052 30,739	124,853 25,748	NA NA
39	Suzhou An Ho Apparel Ltd.	4,617 RMB 1,000	59,110 12,803	8,830 1,913	50,280 10,890	15,560 3,209	227 47	454 94	NA NA
40	Far Eastern Industries (Wuxi) Ltd.	2,222,950 RMB 481,471	3,804,112 823,936	784,223 169,856	3,019,889 654,080	3,159,020 651,479	67,372 13,894	70,725 14,585	NA NA

Special Disclosure

	Name	Paid-in Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income (loss)	Net Income (loss)	EPS (NT\$)
41	Far Eastern Yihua Petrochemical (Yangzhou) Corp.	6,710,122 RMB 1,453,351	7,179,037 1,554,914	425,488 92,157	6,753,549 1,462,757	-	(58,829) (12,132)	655 135	NA NA
42	Far Eastern Industries (Yangzhou) Ltd.	1,426,202 RMB 308,902	1,462,151 316,689	21,690 4,698	1,440,461 311,991	-	(15,872) (3,273)	1,146 236	NA NA
43	Far Eastern Ishizuka Green PET Corporation.	27,560 JPY 100,000	1,618,689 5,873,327	885,111 3,211,578	733,578 2,661,749	828,797 2,788,684	(131,963) (444,021)	(148,273) (498,900)	(37.30) (125.49)
44	Far Eastern Apparel (Vietnam) Ltd.	290,250 US\$ 9,000	1,358,026 42,109	834,316 25,870	523,710 16,239	3,147,277 97,551	159,328 4,938	112,996 3,502	NA NA
45	Far Eastern Polytex (Vietnam) Ltd.	1,612,500 US\$ 50,000	1,667,315 51,700	111,607 3,461	1,555,708 48,239	-	(51,970) (1,611)	(54,503) (1,689)	NA NA
46	Far Eastern New Apparel (Vietnam) Ltd.	290,250 US\$ 9,000	637,653 19,772	527,041 16,342	110,612 51,343	83,315 2,582	(173,429) (5,375)	(171,466) (5,315)	NA NA
47	PET Far Eastern (M) Sdn Bhd	110,480 MYR 16,000	1,134,038 164,234	733,239 106,189	400,799 58,045	1,473,501 197,414	72,161 9,668	60,721 8,135	3.80 0.51
48	Worldwide Polychem (HK) Ltd.	112,875 US\$ 3,500	1,043,261 32,349	938,396 29,098	104,865 3,251	2,910,556 90,213	18,234 565	13,755 426	5.16 0.16
49	Waldorf Services B.V.	606 US\$ 19	1,680,075 52,095	24,258 752	1,655,817 51,343	1,062 33	(1,558) (48))	104,320 3,233	59,611.18 1,847.66
50	FETG Investment Antilles N.V.	189 US\$ 6	1,657,434 51,393	75,701 2,347	1,581,733 49,046	104,320 3,233	103,930 3,221	28,307 877	4,717.79 146.23
51	Malaysia Garment Manufacturers Private Ltd.	176,358 SDG 7,912	1,355,950 60,832	94,514 4,240	1,261,436 56,592	-	(34,419) (1,473)	2,801 120	35.40 1.51
52	PT Malaysia Garment Bintan	5,221 IDR 2,175,600	11 4,583	56 23,333	(45) (18,750)	-	-	-	-
53	Far Eastern Telecommunication Co., Ltd.	32,585,008	132,807,322	61,084,721	71,722,601	94,344,266	15,024,350	11,391,303	3.50
54	Far Eastern Info Service (H) Ltd.	387 US\$12	41,841 1,297	-	41,841 1,297	-	(197) (6)	(1,235) (38)	(1,027.99) (31.86)
55	KGEx com Co., Ltd.	789,074	948,172	80,190	867,982	567,121	61,816	73,240	0.87
56	Far Eastern Tech-Info Ltd. (Shanghai)	194,981 RMB 42,231	105,412 22,831	5,464 1,183	99,948 21,648	-	(172) (36)	(2,520,520) (519,802)	NA NA
57	Yuan Qing Co., Ltd.	20,000	41,148	10,302	30,846	55,288	12,135	10,846	0.63
58	ARCOA Communication Co., Ltd.	1,342,800	3,497,481	1,731,863	1,765,618	18,152,652	151,328	163,563	1.20
59	Q-Ware Communication Corp.	417,149	324,363	418,658	(94,295)	225,399	(9,581)	(17,064)	(0.41)
60	Omusic Co., Ltd.	50,000	89,711	73,419	16,292	228,586	7,558	8,442	1.69
61	Data Express Infotech Co., Ltd.	183,805	1,230,067	999,450	230,617	3,488,488	25,640	24,929	1.36
62	Linkwell Tech Co., Ltd.	45,804	207,817	168,217	39,600	946,312	(5,327)	(3,813)	NA
63	Home Master Technology Ltd	12,725	140,534	148,950	(8,416)	490,805	803	761	NA
64	New Century InfoComm Tech Co., Ltd.	21,000,000	27,271,760	3,226,234	24,045,526	12,880,646	3,072,019	2,201,146	1.05
65	New Diligent Co., Ltd.	1,060,000	632,607	140	632,467	-	(251)	(169,673)	(1.60)
66	Sino Lead Enterprise Limited.	125 HKD 30	32,954 7,926	32,806 7,890	148 36	110,692 26,634	39 9	49 12	NA NA
67	Information Security Service Digital United	102,490	193,652	84,662	108,990	269,577	6,671	6,829	0.67
68	Digital United (Cayman) Ltd.	139,320 US\$ 4,320	32,198 998	67 2	32,131 996	-	(268) (8)	2,142 66	0.63 0.02
69	Digital United Information Technology (Shanghai) Ltd.	108,742 RMB 23,553	20,038 4,340	8,742 1,893	11,296 2,447	14,288 2,947	9,105 1,878	9,143 1,886	NA NA
70	Far Eastern New Diligence Ltd.	461,175 US\$ 14,300	74,131 2,299	20,097 623	54,034 1,676	-	(328) (10)	(174,423) (5,406)	NA NA
71	Hilir Co., Ltd.	600,000	192,320	309,505	(117,185)	973,973	(262,384)	(258,936)	(4.32)
72	Far Eastern New Century Information Technology (Beijing) Limited	343,164 RMB 74,326	21,643 4,688	44,081 9,548	(22,438) (4,860)	(441) (91)	(175,642) (36,222)	(200,764) (41,403)	NA NA
73	Yuan-Ding Co., Ltd.	5,034,047	9,667,907	2,512,288	7,155,619	1,661,125	314,528	17,569	0.03
74	Ding Ding Hotel Co., Ltd.	1,040,470	1,919,187	2,045,643	(126,456)	1,680,543	357,288	(361,165)	(3.47)
75	Yuan Hong Electric Co., Ltd.	850,000	464,501	219	464,282	-	(59)	(58,098)	(0.68)
76	Far Eastern Technical Consultants Co., Ltd.	50,000	98,138	41,791	56,347	72,111	(1,116)	1,173	0.23
77	Far Eastern Electronic Commerce Co., Ltd.	450,500	235,209	682,676	(447,467)	306,410	(227,064)	(225,078)	(5.56)
78	Ding Ding Integrated Marketing Service Co., Ltd.	693,880	841,378	503,789	337,589	308,981	58,769	(44,206)	(1.00)
79	YDT Technology International Co., Ltd.	139,920	371,891	56,943	314,948	121,904	9,425	15,132	1.08
80	Far Eastern Electronic Toll Collection Co., Ltd.	3,000,000	7,682,290	5,942,799	1,739,491	1,990,204	315,148	(30,408)	(0.10)
81	Yuan Hsin Digital Payment Co.,Ltd.	1,088,614	980,869	191,497	789,372	20,707	(302,006)	(299,242)	(2.75)
82	DDIM (Virgin Islands) Ltd.	769,088 US\$ 23,846	449 14	44,180 1,370	(43,731) (1,356)	-	(34) (1)	(113,598) (3,521)	(40,774.59) (1,263.82)
83	YDC (Virgin Islands) Ltd.	36,443 US\$ 1,130	48,008 1,489	-	48,008 1,489	-	(29) (1)	2,130 66	1,884.90 58.42
84	Yuan Ding Integrated Information Service Inc. (Shanghai)	695,543 RMB 150,648	84,810 18,369	129,193 27,982	(44,383) (9,613)	11,715 2,416	(106,945) (22,055)	(114,090) (23,529)	NA NA
85	Speedy (Shanghai) digital Tech. Co., Ltd.	30,191 RMB 6,539	54,841 11,878	8,274 1,792	46,567 10,086	42,550 8,775	3,220 664	2,690 555	NA NA

1.2 Declaration for the Consolidated Financial Statements of Affiliated Enterprises of the Company

REPRESENTATION LETTER

The affiliates that should be included in the combined financial statements of FENC as of and for the year ended December 31, 2016 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” in the Republic of China (ROC) are the same as those prepared under the International Accounting Standard 10 - “Consolidated and Separate Financial Statements.” The information required to be disclosed in the combined financial statements has already been disclosed in the consolidated financial report. Thus, FENC and its affiliates do not prepare a separate set of combined financial statements.

Very truly yours,
Far Eastern New Century Corporation
By

Douglas Tong Hsu
Chairman



March 23, 2017

1.3 Affiliation Report: Not applicable

Special Disclosure

2. Private Placement Securities in the Latest Year

None

3. The Company's Shares Held or Disposed by Subsidiaries in Recent Years until the Annual Report being Published

Name	Paid-in Capital (NT\$ million)	Source of funding	Holdings percentage	Date of acquisition or disposal	Number & amount of shares acquired	Number & amount of shares disposed	Investment income (loss)	Number & amount of shares held until the annual report being published	Creation of pledge	Amount of loan guaranteed by the Company	Amount of loan lent by the Company
Yuan-Ding Co., Ltd.	5,034,047	-	37.13%	-	-	-	-	Shares: 779,000 Amount: NT\$ 25.06 million	-	-	-

4. Other Supplementary Information

None

5. Pursuant to the Article 36-3-2 of Security Exchange Act, Event Having Material Impact on Shareholders' Equity or Share Price in the Latest Year until the Annual Report being Published

None.



FAR EASTERN NEW CENTURY

36F, Taipei Metro Tower 207, Tun Hwa South Rd., Sec.2, Taipei, Taiwan, R.O.C
Tel +886 2 2733-8000