

**Far Eastern New Century Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2018 and 2017 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
Far Eastern New Century Corporation

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Far Eastern New Century Corporation and its subsidiaries as of June 30, 2018 and 2017, the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2018 and 2017, the related consolidated statements of changes in equity and cash flows for the six months ended June 30, 2018 and 2017 and the related notes, including a summary of significant accounting policies (collectively referred to as 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 Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As disclosed in Note 16 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2018 and 2017, combined total assets of these non-significant subsidiaries were NT\$214,361,093 thousand and NT\$187,398,745 thousand, respectively, representing 38.68% and 36.22%, respectively, of the consolidated total assets, and combined total liabilities of these non-significant subsidiaries were NT\$86,257,164 thousand and NT\$73,056,111 thousand, respectively, representing 29.41% and 26.86%, respectively, of the consolidated total liabilities; for the three months and six months ended June 30, 2018 and 2017, the combined comprehensive income (losses) of these non-significant subsidiaries were NT\$3,533,376 thousand, NT\$(105,661) thousand, NT\$4,499,426 thousand and NT\$(1,224,932) thousand, respectively, representing 43.46%, (2.67%), 35.87% and (25.53%), respectively, of the consolidated total comprehensive income. In addition, as stated in Note 17 to the consolidated financial statements, the investments accounted for using equity-method, with carrying values of NT\$31,323,802 thousand and NT\$24,053,835 thousand, respectively, as of June 30, 2018 and 2017 had not been reviewed. The Company's share of the comprehensive income of these investees amounting to NT\$1,580,829 thousand, NT\$450,092 thousand, NT\$1,899,870 thousand and NT\$1,182,492 thousand were included in the consolidated net comprehensive incomes for the three months and six months ended June 30, 2018 and 2017, respectively, and other relevant information as disclosed in Note 41 were also based on these non-significant subsidiaries and associates' unreviewed financial statements.

## Qualified Conclusion

Based on our reviews, except for the adjustments, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and equity-method investees as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Far Eastern New Century Corporation and its subsidiaries as of June 30, 2018 and 2017, its consolidated financial performance for the three months ended June 30, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting”.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 10, 2018

### 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 review such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors’ review 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’ review report and consolidated financial statements shall prevail.*

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**  
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)		June 30, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Notes 6 and 36)	\$ 40,122,920	7	\$ 25,464,223	5	\$ 37,924,819	7
Financial assets at fair value through profit or loss - current (Notes 4, 7, 36 and 37)	4,900,580	1	4,209,638	1	3,416,356	1
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 36)	78,266	-	-	-	-	-
Available-for-sale financial assets - current (Notes 4, 10, 36 and 37)	-	-	331,362	-	685,376	-
Derivative financial assets for hedging - current (Notes 4, 35 and 36)	-	-	1,700	-	6,338	-
Financial assets at amortized cost - current (Notes 4, 9 and 36)	3,161,546	1	-	-	-	-
Contact assets - current (Notes 4 and 28)	5,663,022	1	-	-	-	-
Debt investments with no active market - current (Notes 4, 12 and 36)	-	-	2,044,153	-	1,662,934	-
Notes and accounts receivable, net (Notes 4, 13 and 36)	30,494,958	5	25,709,039	5	24,632,882	5
Amounts due from customers for construction contracts (Notes 4 and 14)	-	-	1,591,619	-	1,424,076	-
Other receivables (Note 36)	9,682,249	2	4,585,596	1	7,287,788	1
Current tax assets (Note 4)	59,851	-	63,544	-	64,790	-
Inventories (Notes 4, 15 and 37)	26,661,701	5	26,582,952	5	23,964,937	5
Prepayments	6,289,934	1	3,420,983	1	4,284,589	1
Other financial assets - current (Notes 36 and 37)	3,102,402	1	4,329,504	1	5,292,492	1
Refundable deposits - current	47,986	-	31,009	-	106,736	-
Other current assets	2,038,937	-	1,687,875	-	2,325,798	-
<b>Total current assets</b>	<b>132,304,352</b>	<b>24</b>	<b>100,053,197</b>	<b>19</b>	<b>113,079,911</b>	<b>22</b>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 36)	1,434,386	-	-	-	-	-
Available-for-sale financial assets - non-current (Notes 4, 10, 36 and 37)	-	-	339,122	-	4,592,728	1
Derivative financial assets for hedging - non-current (Notes 4 and 35)	-	-	35,544	-	-	-
Financial assets for hedging - non-current (Notes 4 and 35)	58,971	-	-	-	-	-
Financial assets measured at cost - non-current (Notes 4 and 11)	-	-	1,178,179	-	1,180,972	-
Investments accounted for using the equity method (Notes 4, 17 and 37)	64,820,831	12	61,532,483	12	52,464,604	10
Contract assets - non-current (Notes 4 and 28)	1,582,287	-	-	-	-	-
Property, plant and equipment (Notes 4, 18 and 37)	151,902,038	27	152,732,987	30	149,374,917	29
Investment properties (Notes 4, 19 and 37)	124,711,887	23	124,148,885	24	123,898,896	24
Concessions (Notes 21 and 37)	42,851,069	8	44,561,464	9	39,787,461	8
Goodwill (Notes 4 and 20)	11,865,515	2	11,865,515	2	11,865,515	2
Other intangible assets (Notes 4 and 21)	4,206,585	1	3,884,685	1	3,728,073	1
Deferred tax assets (Note 4)	2,422,335	1	2,204,959	1	2,353,277	1
Prepayments for equipment (Note 18)	2,229,863	-	1,632,368	-	2,176,609	-
Refundable deposits - non-current	1,011,753	-	861,274	-	912,857	-
Long-term other receivables (Note 36)	1,307,767	-	1,312,111	-	1,440,000	-
Incremental costs of obtaining a contract - non-current (Notes 4 and 28)	1,421,216	-	-	-	-	-
Other financial assets - non-current (Note 37)	2,851,784	1	3,050,829	1	3,481,218	1
Long-term prepayments for lease	6,685,342	1	6,830,254	1	6,561,769	1
Other non-current assets	577,493	-	542,424	-	527,535	-
<b>Total non-current assets</b>	<b>421,941,122</b>	<b>76</b>	<b>416,713,083</b>	<b>81</b>	<b>404,346,431</b>	<b>78</b>
<b>TOTAL</b>	<b>\$ 554,245,474</b>	<b>100</b>	<b>\$ 516,766,280</b>	<b>100</b>	<b>\$ 517,426,342</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 22 and 36)	\$ 38,795,549	7	\$ 30,944,587	6	\$ 31,711,618	6
Short-term bills payable (Note 22)	6,208,985	1	7,643,775	2	5,922,172	1
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 36)	84,093	-	12,987	-	14,218	-
Financial liabilities for hedging - current (Notes 4, 35 and 36)	4,013	-	-	-	-	-
Derivative financial liabilities for hedging - current (Notes 4, 35 and 36)	-	-	-	-	6,087	-
Contract liabilities - current (Notes 4 and 28)	5,822,139	1	-	-	-	-
Notes and accounts payable (Note 4)	17,527,066	3	19,913,510	4	15,822,910	3
Notes and accounts payable to related parties (Note 36)	470,648	-	339,718	-	456,102	-
Amounts due to customers for construction contracts (Notes 4 and 14)	-	-	63,549	-	30,801	-
Payables to suppliers of machinery and equipment	1,642,074	-	2,212,726	-	1,711,244	-
Other payables	29,750,617	5	14,363,744	3	26,312,820	5
Current tax liabilities (Note 4)	3,502,481	1	2,202,099	-	2,343,631	1
Provisions - current (Notes 4 and 24)	379,372	-	282,035	-	266,118	-
Guarantee deposits received - current (Note 36)	291,625	-	291,998	-	348,080	-
Receipts in advance	-	-	1,201,255	-	1,312,711	-
Unearned revenue	-	-	2,972,547	1	2,413,053	1
Current portion of long-term liabilities (Notes 22 and 23)	21,012,238	4	16,689,480	3	16,194,114	3
Other current liabilities	3,882,751	1	2,506,610	1	3,247,410	1
<b>Total current liabilities</b>	<b>129,373,651</b>	<b>23</b>	<b>101,640,620</b>	<b>20</b>	<b>108,113,089</b>	<b>21</b>
<b>NON-CURRENT LIABILITIES</b>						
Derivative financial liabilities for hedging - non-current (Notes 4 and 35)	-	-	-	-	98,341	-
Contract liabilities - non-current (Notes 4 and 28)	220,696	-	-	-	-	-
Bonds payable (Note 23)	81,905,002	15	71,711,418	14	76,207,482	15
Long-term borrowings (Note 22)	60,236,058	11	66,540,553	13	65,276,951	13
Provisions - non-current (Notes 4 and 24)	842,862	-	887,441	-	868,540	-
Deferred tax liabilities (Note 4)	17,547,294	3	16,874,470	3	17,022,256	3
Net defined benefit liabilities - non-current (Note 25)	2,408,823	1	2,603,463	1	3,420,136	1
Guarantee deposits received - non-current (Note 36)	522,085	-	506,167	-	511,475	-
Deferred credit-gains on related-party transactions (Note 36)	123,360	-	123,637	-	123,914	-
Other non-current liabilities	150,706	-	339,418	-	342,380	-
<b>Total non-current liabilities</b>	<b>163,956,886</b>	<b>30</b>	<b>159,586,567</b>	<b>31</b>	<b>163,871,475</b>	<b>32</b>
<b>Total liabilities</b>	<b>293,330,537</b>	<b>53</b>	<b>261,227,187</b>	<b>51</b>	<b>271,984,564</b>	<b>53</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 27)</b>						
Share capital						
Common shares	53,528,751	10	53,528,751	10	53,528,751	10
Capital surplus	2,860,321	-	2,859,569	1	2,857,821	1
Retained earnings						
Legal reserve	16,752,421	3	15,945,807	3	15,945,807	3
Special reserve	114,443,170	21	112,928,355	22	112,935,380	22
Unappropriated earnings	14,526,538	2	12,819,238	2	7,040,707	1
Total retained earnings	145,722,129	26	141,693,400	27	135,921,894	26
Other equity	(2,446,520)	-	(3,696,270)	(1)	(4,013,334)	(1)
Treasury shares	(25,063)	-	(25,063)	-	-	-
<b>Total equity attributable to owners of the Company</b>	<b>199,639,618</b>	<b>36</b>	<b>194,360,387</b>	<b>37</b>	<b>188,270,069</b>	<b>36</b>
<b>NON-CONTROLLING INTERESTS (Note 27)</b>	<b>61,275,319</b>	<b>11</b>	<b>61,178,706</b>	<b>12</b>	<b>57,171,709</b>	<b>11</b>
<b>Total equity</b>	<b>260,914,937</b>	<b>47</b>	<b>255,539,093</b>	<b>49</b>	<b>245,441,778</b>	<b>47</b>
<b>TOTAL</b>	<b>\$ 554,245,474</b>	<b>100</b>	<b>\$ 516,766,280</b>	<b>100</b>	<b>\$ 517,426,342</b>	<b>100</b>

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

(With Deloitte & Touche review report dated August 10, 2018)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>OPERATING REVENUES</b>								
(Notes 4, 28, 35 and 36)								
Net sales	\$ 36,104,452	67	\$ 32,784,730	62	\$ 70,867,317	67	\$ 63,306,597	61
Telecommunications service revenue	12,696,285	23	15,962,340	30	26,013,330	25	32,056,097	31
Gain on disposal of investments, net	-	-	-	-	-	-	111,854	-
Construction revenue	1,564,648	3	1,253,891	2	2,255,436	2	1,956,708	2
Other operating revenue	<u>3,573,200</u>	<u>7</u>	<u>2,907,302</u>	<u>6</u>	<u>6,260,386</u>	<u>6</u>	<u>5,858,742</u>	<u>6</u>
Total operating revenues	<u>53,938,585</u>	<u>100</u>	<u>52,908,263</u>	<u>100</u>	<u>105,396,469</u>	<u>100</u>	<u>103,289,998</u>	<u>100</u>
<b>OPERATING COSTS (Notes 4, 15, 29 and 36)</b>								
Cost of goods sold	32,224,737	60	31,922,742	60	64,567,420	61	61,339,542	59
Cost of telecommunications services	6,709,579	12	6,503,881	12	13,100,168	13	12,907,901	13
Loss on disposal of investments, net	4,124	-	1,681	-	5,995	-	-	-
Construction cost	1,526,348	3	1,236,754	3	2,196,326	2	1,909,434	2
Other operating cost	<u>1,211,942</u>	<u>2</u>	<u>1,693,312</u>	<u>3</u>	<u>2,498,654</u>	<u>2</u>	<u>3,279,494</u>	<u>3</u>
Total operating costs	<u>41,676,730</u>	<u>77</u>	<u>41,358,370</u>	<u>78</u>	<u>82,368,563</u>	<u>78</u>	<u>79,436,371</u>	<u>77</u>
<b>GROSS PROFIT</b>	<u>12,261,855</u>	<u>23</u>	<u>11,549,893</u>	<u>22</u>	<u>23,027,906</u>	<u>22</u>	<u>23,853,627</u>	<u>23</u>
<b>REALIZED CONSTRUCTION INCOME</b>	<u>277</u>	<u>-</u>	<u>278</u>	<u>-</u>	<u>277</u>	<u>-</u>	<u>278</u>	<u>-</u>
<b>OPERATING EXPENSES</b>								
(Notes 4, 29 and 36)								
Selling and marketing	4,131,459	8	5,666,218	11	8,255,635	8	11,160,183	11
General and administrative	2,851,026	5	2,834,612	5	5,751,236	6	5,688,129	6
Research and development	204,949	1	203,275	1	392,345	-	406,921	-
Expected credit loss	69,477	-	-	-	132,044	-	-	-
Total operating expenses	<u>7,256,911</u>	<u>14</u>	<u>8,704,105</u>	<u>17</u>	<u>14,531,260</u>	<u>14</u>	<u>17,255,233</u>	<u>17</u>
<b>OPERATING INCOME</b>	<u>5,005,221</u>	<u>9</u>	<u>2,846,066</u>	<u>5</u>	<u>8,496,923</u>	<u>8</u>	<u>6,598,672</u>	<u>6</u>
<b>NON-OPERATING INCOME AND EXPENSES</b>								
Share of the profit or loss of associates	1,839,728	3	755,554	1	3,232,802	3	1,456,134	1
Interest income	53,067	-	83,936	-	126,732	-	154,720	-
Other income - other	139,609	-	393,463	1	405,165	-	603,174	1
Gain on disposal of investment properties (Note 19)	12,619	-	-	-	12,619	-	-	-
(Loss) gain on financial (liabilities) assets at fair value through profit or loss	(141,872)	-	29,853	-	(94,824)	-	17,721	-
Gain on change in fair value of investment properties (Note 19)	272,525	1	639,111	1	441,852	-	854,472	1
Interest expense (Notes 29 and 35)	(605,022)	(1)	(675,006)	(1)	(1,223,792)	(1)	(1,241,307)	(1)
Other expense	(25,393)	-	(39,419)	-	(208,949)	-	(450,005)	(1)
Gain (loss) on disposal of property, plant and equipment (Note 18)	1,899,676	4	(241,806)	-	1,778,806	2	(347,559)	-
Loss on disposal of intangible assets (Note 21)	(125)	-	(4)	-	(3,967)	-	(56)	-

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## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
Exchange gain (loss), net (Note 4)	\$ 258,717	-	\$ 74,178	-	\$ 374,043	-	\$ (224,940)	-
Impairment loss (Note 18)	(366,384)	(1)	(635)	-	(367,101)	-	(1,148)	-
Total non-operating incomes and expenses	<u>3,337,145</u>	<u>6</u>	<u>1,019,225</u>	<u>2</u>	<u>4,473,386</u>	<u>4</u>	<u>821,206</u>	<u>1</u>
INCOME BEFORE INCOME TAX	8,342,366	15	3,865,291	7	12,970,309	12	7,419,878	7
INCOME TAX EXPENSE (Notes 4 and 30)	(1,631,684)	(3)	(776,252)	(1)	(2,157,259)	(2)	(1,458,948)	(1)
NET INCOME	<u>6,710,682</u>	<u>12</u>	<u>3,089,039</u>	<u>6</u>	<u>10,813,050</u>	<u>10</u>	<u>5,960,930</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income	(3,193)	-	-	-	(11,678)	-	-	-
Share of the other comprehensive income of associates accounted for using the equity method	1,342,221	3	-	-	989,359	1	2,005	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>10,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,473</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,349,818</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>1,000,154</u>	<u>1</u>	<u>2,005</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	(139,488)	-	655,636	1	483,834	1	(1,475,859)	(1)
Unrealized gain (loss) on available-for-sale financial assets	-	-	93,758	-	-	-	380,123	-
Cash flow hedges	-	-	102,886	-	-	-	167,095	-
Gain on hedging instruments	49,394	-	-	-	23,427	-	-	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>159,782</u>	<u>-</u>	<u>15,176</u>	<u>-</u>	<u>222,149</u>	<u>-</u>	<u>(236,536)</u>	<u>-</u>
	<u>69,688</u>	<u>-</u>	<u>867,456</u>	<u>1</u>	<u>729,410</u>	<u>1</u>	<u>(1,165,177)</u>	<u>(1)</u>
Total other comprehensive income (loss), net	<u>1,419,506</u>	<u>3</u>	<u>867,456</u>	<u>1</u>	<u>1,729,564</u>	<u>2</u>	<u>(1,163,172)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 8,130,188</u>	<u>15</u>	<u>\$ 3,956,495</u>	<u>7</u>	<u>\$ 12,542,614</u>	<u>12</u>	<u>\$ 4,797,758</u>	<u>5</u>
NET INCOME								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 4,906,169	9	\$ 1,547,554	3	\$ 7,375,615	7	\$ 2,833,349	3
Non-controlling interests	<u>1,804,513</u>	<u>3</u>	<u>1,541,485</u>	<u>3</u>	<u>3,437,435</u>	<u>3</u>	<u>3,127,581</u>	<u>3</u>
	<u>\$ 6,710,682</u>	<u>12</u>	<u>\$ 3,089,039</u>	<u>6</u>	<u>\$ 10,813,050</u>	<u>10</u>	<u>\$ 5,960,930</u>	<u>6</u>

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## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 6,283,161	12	\$ 2,268,247	4	\$ 9,013,394	9	\$ 1,692,221	2
Non-controlling interests	<u>1,847,027</u>	<u>3</u>	<u>1,688,248</u>	<u>3</u>	<u>3,529,220</u>	<u>3</u>	<u>3,105,537</u>	<u>3</u>
	<u>\$ 8,130,188</u>	<u>15</u>	<u>\$ 3,956,495</u>	<u>7</u>	<u>\$ 12,542,614</u>	<u>12</u>	<u>\$ 4,797,758</u>	<u>5</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 31)								
Basic	<u>\$ 0.98</u>		<u>\$ 0.31</u>		<u>\$ 1.48</u>		<u>\$ 0.57</u>	
Diluted	<u>\$ 0.98</u>		<u>\$ 0.31</u>		<u>\$ 1.47</u>		<u>\$ 0.57</u>	

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

(With Deloitte & Touche review report dated August 10, 2018)

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(In Thousands of New Taiwan Dollars; Except Dividends Per Share)  
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company													Non-controlling Interests (Note 27)	Total Equity
	Retained Earnings					Other Equity							Total Equity Attributable to Owners of the Company		
	Common Shares (Note 27)	Capital Surplus (Notes 4 and 27)	Legal Reserve (Note 27)	Special Reserve (Note 27)	Unappropriated Earnings (Note 27)	Exchange Differences on Translating Foreign Operations (Notes 4 and 27)	Unrealized Gain (Loss) on Available-for-sale Financial Assets (Notes 4 and 27)	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 27)	Cash Flow Hedge (Notes 4 and 27)	Gain/(Loss) on Hedging Instruments (Notes 4 and 27)	Unrealized Revaluation Increments (Notes 27)	Treasury Shares (Note 27)			
BALANCE AT JANUARY 1, 2017	\$ 53,528,751	\$ 2,859,588	\$ 15,315,028	\$ 110,292,892	\$ 11,785,464	\$ (1,577,812)	\$ (1,947,657)	\$ -	\$ (47,514)	\$ -	\$ 702,778	\$ (25,063)	\$ 190,886,455	\$ 61,306,197	\$ 252,192,652
Appropriation of the 2016 earnings															
Legal reserve	-	-	630,779	-	(630,779)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	2,662,006	(2,662,006)	-	-	-	-	-	-	-	(4,282,300)	-	(4,282,300)
Cash dividends - NT\$0.8 per share	-	-	-	-	(4,282,300)	-	-	-	-	-	-	-	-	-	(4,282,300)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,783,681)	(7,783,681)
Net income for the six months ended June 30, 2017	-	-	-	-	2,833,349	-	-	-	-	-	-	-	2,833,349	3,127,581	5,960,930
Other comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	-	2,001	(1,910,128)	716,958	-	50,041	-	-	-	(1,141,128)	(22,044)	(1,163,172)
Total comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	-	2,835,350	(1,910,128)	716,958	-	50,041	-	-	-	1,692,221	3,105,537	4,797,758
Change in associates accounted for using the equity method	-	(1,767)	-	-	(1,521)	-	-	-	-	-	-	-	(3,288)	(21)	(3,309)
Disposal of investment in associates	-	-	-	-	(2,001)	-	-	-	-	-	-	-	(2,001)	(4)	(2,005)
Change in ownership interest of subsidiaries	-	-	-	-	(21,018)	-	-	-	-	-	-	-	(21,018)	158,764	137,746
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	384,917	384,917
Reversal of special reserve	-	-	-	(19,518)	19,518	-	-	-	-	-	-	-	-	-	-
BALANCE, JUNE 30, 2017	\$ 53,528,751	\$ 2,857,821	\$ 15,945,807	\$ 112,935,380	\$ 7,040,707	\$ (3,487,940)	\$ (1,230,699)	\$ -	\$ 2,527	\$ -	\$ 702,778	\$ (25,063)	\$ 188,270,069	\$ 57,171,709	\$ 245,441,778
BALANCE AT JANUARY 1, 2018	\$ 53,528,751	\$ 2,859,569	\$ 15,945,807	\$ 112,928,355	\$ 12,819,238	\$ (3,077,371)	\$ (1,357,319)	\$ -	\$ 35,642	\$ -	\$ 702,778	\$ (25,063)	\$ 194,360,387	\$ 61,178,706	\$ 255,539,093
Effect of retrospective application and retrospective restatement	-	-	-	-	3,067,233	-	1,357,319	(1,725,866)	(35,642)	35,642	-	-	2,698,686	3,926,063	6,624,749
BALANCE AT JANUARY 1, 2018, AS RESTATED	53,528,751	2,859,569	15,945,807	112,928,355	15,886,471	(3,077,371)	-	(1,725,866)	-	35,642	702,778	(25,063)	197,059,073	65,104,769	262,163,842
Appropriation of the 2017 earnings															
Legal reserve	-	-	806,614	-	(806,614)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,520,493	(1,520,493)	-	-	-	-	-	-	-	-	-	-
Cash dividends - NT\$1.2 per share	-	-	-	-	(6,423,450)	-	-	-	-	-	-	-	(6,423,450)	-	(6,423,450)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,794,632)	(7,794,632)
Net income for the six months ended June 30, 2018	-	-	-	-	7,375,615	-	-	-	-	-	-	-	7,375,615	3,437,435	10,813,050
Other comprehensive income (loss) for the six months ended June 30, 2018	-	-	-	-	19,482	646,767	-	964,427	-	7,103	-	-	1,637,779	91,785	1,729,564
Total comprehensive income (loss) for the six months ended June 30, 2018	-	-	-	-	7,395,097	646,767	-	964,427	-	7,103	-	-	9,013,394	3,529,220	12,542,614
Change in associates accounted for using the equity method	-	752	-	-	20,243	-	-	-	-	-	-	-	20,995	211	21,206
Partial acquisition (disposal) of interests in subsidiaries	-	-	-	-	(17,440)	-	-	-	-	-	-	-	(17,440)	(153,820)	(171,260)
Change in ownership interest of subsidiaries	-	-	-	-	(12,954)	-	-	-	-	-	-	-	(12,954)	12,556	(398)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	577,375	577,375
Reversal of special reserve	-	-	-	(5,678)	5,678	-	-	-	-	-	-	-	-	-	-
Return of cash capital due to subsidiary's liquidation	-	-	-	-	-	-	-	-	-	-	-	-	-	(360)	(360)
BALANCE, JUNE 30, 2018	\$ 53,528,751	\$ 2,860,321	\$ 16,752,421	\$ 114,443,170	\$ 14,526,538	\$ (2,430,604)	\$ -	\$ (761,439)	\$ -	\$ 42,745	\$ 702,778	\$ (25,063)	\$ 199,639,618	\$ 61,275,319	\$ 260,914,937

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

(With Deloitte & Touche review report dated August 10, 2018)



# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 12,970,309	\$ 7,419,878
Adjustments for:		
Depreciation	7,901,536	7,781,551
Amortization	2,452,089	2,292,786
Expected credit loss	132,044	-
Allowance for doubtful accounts	-	252,848
Interest expenses	1,223,792	1,241,307
Interest income	(126,732)	(154,720)
Dividend income	(13,211)	(195,467)
Share of the profit of associates	(3,232,802)	(1,456,134)
(Gain) loss on disposal of property, plant and equipment	(1,778,806)	347,559
Loss on disposal of intangible asset	3,967	56
Gain on disposal of investment properties	(12,619)	-
Gain on disposal of investments	-	(114,718)
Impairment loss	367,101	1,148
Write-down (reversal) of inventories	73,892	(1,751)
Realized gain on the transactions with associates	(277)	(278)
Gain on change in fair value of investment properties	(441,852)	(854,472)
Deferred loss on derivative assets for hedging	4,013	48,125
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(444,854)	-
Financial assets held for trading	-	419,603
Financial assets for hedging	1,700	-
Contract assets	630,969	-
Notes and accounts receivable	(5,182,076)	(52,543)
Amounts due from customers for construction contracts	-	(221,452)
Other receivables	(586,006)	108,878
Inventories	(318,980)	(1,859,878)
Prepayments	(2,864,136)	(878,207)
Other current assets	(351,062)	(603,124)
Incremental cost of obtaining a contract	144,974	-
Financial liabilities at fair value through profit or loss	71,106	-
Financial liabilities held for trading	-	10,797
Contract liabilities	1,041,114	-
Notes and accounts payable	(1,656,337)	(88,010)
Notes and accounts payable to related parties	130,930	37,351
Amounts due to customers for construction contracts	-	29,373
Other payables	1,162,283	(207,056)
Provisions	26,148	4,241
Receipts in advance	-	138,148
Other current liabilities	1,376,141	702,679

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2018	2017
Net defined benefit liabilities	\$ (195,114)	\$ (190,423)
Unearned revenue	-	(172,670)
Cash generated from operations	12,509,244	13,785,425
Interest received	135,246	157,096
Dividend received	511,782	555,030
Interest paid	(1,212,918)	(1,231,531)
Income tax paid	(1,733,180)	(1,496,730)
Net cash generated from operating activities	10,210,174	11,769,290
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in financial assets at amortized cost	(1,117,393)	-
Decrease in debt investments with no active market	-	134,763
Acquisition of financial assets measured at cost	-	(54,897)
Proceeds from disposal of financial assets measured at cost	-	945
Cash received by reduction of capital of financial assets measured at cost	-	3,505
Acquisition of investments accounted for using the equity method	(1,348,394)	(53,545)
Proceeds from disposal of investments accounted for using the equity method	-	381,525
Acquisition of property, plant, equipment and prepayments for equipment	(9,339,118)	(10,443,758)
Proceeds from disposal of property, plant and equipment	350,371	194,511
Increase in refundable deposits	(167,456)	(175,661)
Decrease in other receivables	434,080	610,460
Acquisition of intangible assets	(867,543)	(449,114)
Proceeds from the disposal of investment properties	199,227	1,320,960
Decrease (increase) in prepayments for lease	95,828	(156,827)
Payments for concessions	(59,697)	-
Decrease (Increase) in other financial assets	1,426,147	(587,173)
Increase in other non-current assets	(30,200)	(169,054)
Net cash used in investing activities	(10,424,148)	(9,443,360)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term borrowings	7,850,962	(2,755,297)
Decrease in short-term bills payables	(1,435,000)	(3,357,000)
Proceeds from issue of bonds	17,000,000	17,700,000
Repayments of bonds payable	(4,000,000)	(7,600,000)
Proceeds from long-term borrowings	109,080,398	93,360,559
Repayments of long-term borrowings	(113,775,229)	(97,335,028)
Increase (decrease) in guarantee deposits received	15,545	(45,733)

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended	
	June 30	
	2018	2017
(Decrease) increase in other non-current liabilities	\$ (2,946)	\$ 1,157
Increase in non-controlling interests	577,375	522,663
Cash capital reduction by subsidiaries	(360)	-
Dividends paid to non-controlling interest	(1,710)	(1,178)
Partial acquisition of interest in subsidiaries from non-controlling interests	<u>(171,658)</u>	<u>-</u>
Net cash generated from financing activities	<u>15,137,377</u>	<u>490,143</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>(264,706)</u>	<u>(566,676)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,658,697	2,249,397
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>25,464,223</u>	<u>35,675,422</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 40,122,920</u>	<u>\$ 37,924,819</u>

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

(With Deloitte & Touche review report dated August 10, 2018)

(Concluded)

# **FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)**

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### **1. GENERAL INFORMATION**

Far Eastern New Century Corporation (FENC or the “Company”), which was incorporated in 1954, manufactures and sells polyester materials, semi-finished and finished textiles such as cotton, synthetic or blended fabrics, towels and bed sheets, and woven and knitted garments; PET (polyethylene terephthalate) bottles and sheets; and natural, synthetic or blended yarns and polyester textured yarns. It also does yarn, silk and cloth printing and dyeing.

On October 13, 2009, the shareholders resolved to change the Company’s name from its former name, Far Eastern Textile Ltd., to its current name, Far Eastern New Century Corporation; thus, the original ticker symbol of FETL was changed to FENC.

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

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were reported to the board of directors on August 10, 2018.

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

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

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

- 1) IFRS 9 “Financial Instruments” and related amendments

IFRS 9 supersedes IAS 39 “Financial Instruments: Recognition and Measurement”, with consequential amendments to IFRS 7 “Financial Instruments: Disclosures” and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

The requirements for classification, measurement and impairment of financial assets have been applied retrospectively starting from January 1, 2018, and the requirements for hedge accounting have been applied prospectively. IFRS 9 is not applicable to items that have already been derecognized at December 31, 2017.

## Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as at January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial assets and financial liabilities as at January 1, 2018.

Financial Assets	Measurement Category		Carrying Amount		Remark
	IAS 39	IFRS 9	IAS 39	IFRS 9	
Cash and cash equivalents	Loans and receivables	Amortized cost	\$ 25,464,223	\$ 25,464,223	c)
Derivatives	Hedging instruments	Hedging instruments	37,244	37,244	e)
	Held-for-trading	Mandatorily at fair value through profit or loss (i.e. FVTPL)	26,216	26,216	a)
Equity securities	Held-for-trading	Mandatorily at FVTPL	418,496	418,496	a)
	Available-for-sale	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	1,602,575	1,576,077	b)
Mutual funds	Available-for-sale	Mandatorily at FVTPL	246,088	246,088	a)
	Held-for-trading	Mandatorily at FVTPL	3,764,926	3,764,926	a)
Time deposits with original maturity of more than 3 months	Loans and receivables	Amortized cost	2,044,153	2,044,153	c)
Notes receivable, accounts receivables and other receivables	Loans and receivables	Amortized cost	30,294,635	30,283,964	c)
Refundable deposits	Loans and receivables	Amortized cost	892,283	892,283	c)
Long-term receivables	Loans and receivables	Amortized cost	1,312,111	1,312,111	c)
Others financial assets	Loans and receivables	Amortized cost	7,380,333	7,380,333	c)

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifications	Remeasurements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Non-controlling Interests Effect on January 1, 2018	Remark
Financial assets at fair value through profit or loss	\$ 4,209,638	\$ -	\$ -	\$ 4,209,638	\$ -	\$ -	\$ -	a)
Add: Reclassification from available-for-sale (IAS 39)	-	246,088	-	246,088	8,008	(8,008)	-	a)
Financial assets at fair value through profit or loss	4,209,638	246,088	-	4,455,726	-	-	-	
Financial assets at fair value through other comprehensive income - equity instruments	-	-	-	-	-	-	-	
Add: Reclassification from available-for-sale (IAS 39)	-	424,396	-	424,396	-	-	-	b)
Add: Reclassification and remeasurement from financial assets measured at cost (IAS 39)	-	1,178,179	(26,498)	1,151,681	252,132	(266,207)	(12,423)	b)
Financial assets at fair value through other comprehensive income - equity instruments	-	1,602,575	(26,498)	1,576,077	-	-	-	
Amortized cost	-	-	-	-	-	-	-	
Add: Reclassification and remeasurement from loans and receivables (IAS 39)	-	67,387,738	(10,671)	67,377,067	(10,650)	-	(21)	c)
Amortized cost	-	67,387,738	(10,671)	67,377,067	-	-	-	
	<u>\$ 4,209,638</u>	<u>\$ 69,236,401</u>	<u>\$ (37,169)</u>	<u>\$ 73,408,870</u>	<u>\$ 249,490</u>	<u>\$ (274,215)</u>	<u>\$ (12,444)</u>	

- a) Investments previously classified as financial assets held for trading - equity instruments and derivative financial assets not for hedging under IAS 39 have been designated as at financial assets at fair value through profit or loss under IFRS 9.

Mutual funds previously classified as financial assets held for trading and available-for-sale under IAS 39 were classified mandatorily as at FVTPL under IFRS 9, because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments. As a result, the related other equity - unrealized gain (loss) on available-for-sale financial assets of \$8,008 thousand was reclassified to retained earnings.

- b) The Group elected to designate all its investments in equity securities previously classified as available-for-sale and measured at cost under IAS 39 as at FVTOCI under IFRS 9.

Investments in shares previously measured at cost under IAS 39 have been designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, a decrease of \$26,498 thousand, \$14,075 thousand, and \$12,423 thousand were recognized in financial assets at FVTOCI, other equity - unrealized gain (loss) on financial assets at FVTOCI, and non-controlling interests on January 1, 2018.

The Group recognized under IAS 39 impairment loss on certain investments in equity securities previously measured at cost and the loss was accumulated in retained earnings. Since those investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, an adjustment was made that resulted in a decrease of \$252,132 thousand in other equity - unrealized gain (loss) on financial assets at FVTOCI and an increase of \$252,132 thousand in retained earnings on January 1, 2018.

- c) Debt investments (time deposits with original maturity of more than 3 months) previously classified as loans and receivables with no active market and measured at amortized cost under IAS 39 were classified as measured at amortized cost with an assessment of expected credit losses under IFRS 9, because on January 1, 2018, the contractual cash flows were solely payments of principal and interest on the principal outstanding and these investments were held within a business model whose objective is to collect contractual cash flows.

Cash and cash equivalents, notes receivables, account receivables, other receivables, refundable deposits, long-term receivables and other financial assets that were previously classified as loans and receivables under IAS 39 were classified as measured at amortized cost with an assessment of expected credit losses under IFRS 9. As a result of retrospective application, the adjustments comprised an increase in the loss allowance of \$10,671 thousand, a decrease in retained earnings of \$10,650 thousand, and a decrease in non-controlling interests of \$21 thousand on January 1, 2018.

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Adjustments Arising from Initial Application	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Non-controlling Interests Effect on January 1, 2018	Remark
Investments accounted for using the equity method	\$ 61,532,483	\$ 297,645	\$ 61,830,128	\$ 391,077	\$ (94,332)	\$ 900	(d)

- d) As a result of retrospective application of affiliates, the adjustments comprised an increase in the investments accounted for using the equity method of \$297,645 thousand, an increase in retained earnings of \$391,077 thousand, a decrease in other equity - unrealized gain on financial assets at FVTOCI of \$94,332 thousand and an increase in non-controlling interests of \$900 thousand.

#### Classification, measurement and impairment of financial liabilities

On the basis of the facts and circumstances that existed as at January 1, 2018, the Group has performed an assessment of the classification of recognized financial liabilities and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial liabilities as at January 1, 2018.

Financial Liabilities	Measurement Category		Carrying Amount		Remark
	IAS 39	IFRS 9	IAS 39	IFRS 9	
Derivatives	Held-for-trading	Mandatorily at fair value through profit or loss (i.e. FVTPL)	\$ 12,987	\$ 12,987	*

- \* Investments previously classified as financial liabilities held for trading - derivative financial liabilities not for hedging under IAS 39 have been designated as at financial liabilities at fair value through profit or loss under IFRS 9.

### Hedge accounting

Under the Group's previous hedge accounting policy of IAS 39, the foreign exchange swap contracts and the interest rate swap contracts were designated as a fair value hedging instrument for the foreign currency risk and a cash flow hedging instruments for the exposure of floating interest rate risk for loans, the related changes in fair value were recognized directly in profit or loss for foreign exchange swap contracts, and recognized directly in other equities for the interest rate swap contracts, and reclassified the deferred amounts which recognized in equity to profit or loss when recognizing the profit or loss of interest expenses in floating rates. Furthermore, due to the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, all derivative and non-derivative financial assets and financial liabilities which are designated as hedging instruments are presented as financial assets and financial liabilities for hedging starting from January 1, 2018.

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

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Refer to Note 4 for the related accounting policies.

In identifying performance obligations, IFRS 15 and the related amendments require that a good or service is distinct if it is capable of being distinct (for example, the Group regularly sells it separately) and the promise to transfer it is distinct within the context of the contract (i.e. the nature of the promise in the contract is to transfer each good or service individually rather than to transfer a combined output).

If the customer has retained a portion of payment to the Group in accordance with the term of the contract in order to protect the customer from the contractor's possible failure to adequately complete its obligations under the contract, such payment arrangement does not include a significant financing component and is recognized as a contract asset before the contractual obligation is completed under IFRS 15. Prior to the application of IFRS 15, retention receivables under construction contract was recognized as a receivable and was discounted to reflect time value of money in accordance with IAS 39.

Under IFRS 15, the Group allocates the transaction price to each performance obligation identified in the contract on a relative stand-alone selling price basis. Prior to the application of IFRS 15, the Group enters into transactions that involve the bundling of the service of air time with goods, resulting in the recognition of the revenue for service and goods based on the allocation of the total consideration received from customers using the relative fair values, and the sales of goods are limited to the amount for which customers pay.

Incremental costs of obtaining a contract are recognized as assets to the extent that the Group expects to recover those costs. Such assets are amortized on a basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. Prior to the application of IFRS 15, related costs were recognized as expenses immediately.

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

Under IFRS 15, the Group obtains control of the specified goods or services before they are transferred to the customers and, therefore, is acting as a principal in the transaction. Prior to the application of IFRS 15, the Group determined whether it was a principal or an agent based on its exposure to the significant risks and rewards of the goods or services and considered itself a principal in the transaction.

Under IFRS 15, the net effect of revenue recognized and consideration received and receivable is recognized as a contract asset or a contract liability. Prior to the application of IFRS 15, the net effect of the progress billings, cost incurred and recognized profit (loss) of a construction contract was recognized as amount due from (to) customer for construction contract under IAS 11/receivable was recognized. Deferred revenue was reduced when revenue was recognized for the contract under IAS 18/receivable and deferred revenue were recognized when revenue was recognized for the contract under IAS 18.

If a contract with a customer becomes onerous, the Group recognizes impairment of related inventories or provisions for onerous contracts. Prior to the application of IFRS 15, expected loss on construction contract was recognized and adjusted to amounts due from (to) customers for construction contracts.

The Group elected only to retrospectively apply IFRS 15 to contracts that were not complete on January 1, 2018 and recognize the cumulative effect of the change in the retained earnings on January 1, 2018.

For all contract modifications that occurred on or before December 31, 2017, the Group did not apply the requirements in IFRS 15 individually to each of the modifications, and identified the performance obligations, determined and allocated transaction price in the manner that reflected the aggregate effect of all modifications that occurred before December 31, 2017. This reduced the complexity and cost of retrospective application, and resulted in financial information that closely aligns with the financial information that would be available under IFRS 15 without the expedient.

Impact on assets, liabilities and equity for current period

	<b>As Originally Stated</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated</b>
<u>Current assets</u>			
Amounts due from customers for construction contracts	\$ 1,591,619	\$ (1,591,619)	\$ -
Contract assets - current	-	6,031,158	6,031,158
Notes and accounts receivables, net	25,709,039	(406,259)	25,302,780
			(Continued)



	As Originally Stated	Adjustments Arising from Initial Application	Restated
<u>Non-current assets</u>			
Contract assets - non-current	\$ -	\$ 1,997,827	\$ 1,997,827
Incremental costs of obtaining a contract - non-current	-	1,566,190	1,566,190
Total effect on assets	516,766,280	7,597,297	524,363,577
<u>Current liabilities</u>			
Contract liabilities - current	-	4,815,955	4,815,955
Notes and accounts payable (include related parties)	20,253,228	(730,107)	19,523,121
Amounts due to customers for construction contracts	63,549	(63,549)	-
Current tax liabilities	2,202,099	1,357,917	3,560,016
Receipts in advance	1,201,255	(1,201,255)	-
Unearned revenue	2,972,547	(2,972,547)	-
Provisions - current	1,169,476	26,610	1,196,086
<u>Non-current liabilities</u>			
Deferred revenue - non-current	185,766	(185,766)	-
Contract liabilities - non-current	-	185,766	185,766
Total effect on liabilities	261,227,187	1,233,024	262,460,211
<u>Equity</u>			
Retained earnings	141,693,400	2,426,666	144,120,066
Non-controlling interests	61,178,706	3,937,607	65,116,313
Total effect on equity	255,539,093	6,364,273	261,903,366 (Concluded)

The impact of applying the previous standards (IAS 18 "Revenue") as of June 30, 2018 and for the six months ended June 30, 2018 is summarized below:

Impact on assets, liabilities and equity for current period

	<b>June 30, 2018</b>
Increase in amounts due from customers for construction contracts	\$ 1,649,961
Decrease in contract assets - current	(5,663,022)
Increase notes and accounts receivable, net	457,395
Decrease in contract assets - non-current	(1,582,287)
Decrease in incremental costs of obtaining a contract - non-current	<u>(1,421,216)</u>
Decrease in assets	<u>\$ (6,559,169)</u> (Continued)

	<b>June 30, 2018</b>
Decrease in contract liability - current	\$ (5,822,139)
Increase in notes and accounts payable (including payable to related parties)	815,016
Increase in amounts due to customers for construction contracts	678,208
Decrease in current tax liabilities	(1,166,936)
Increase in receipts in advance and unearned revenue	4,596,739
Decrease in provisions	(36,416)
Increase in deferred revenue - non-current	220,696
Decrease in contract liability - non-current	<u>(220,696)</u>
 Decrease in liabilities	 <u>\$ (935,528)</u>
 Decrease in retained earnings	 \$ (2,144,266)
Decrease in non-controlling interests	<u>(3,479,375)</u>
 Decrease in equity	 <u>\$ (5,623,641)</u>
	(Concluded)

Impact on total comprehensive income for current period

	<b>For the Three Months Ended June 30, 2018</b>	<b>For the Six Months Ended June 30, 2018</b>
Increase in operating revenue	\$ 1,301,988	\$ 2,582,056
Increase in operating expense	739,716	1,650,443
Increase in income tax expense	<u>115,266</u>	<u>190,981</u>
Increase in net income for the period	<u>447,006</u>	<u>740,632</u>
 Increase in total comprehensive income for the period	 <u>\$ 447,006</u>	 <u>\$ 740,632</u>
 Increase in net income attributable to:		
Owners of the Company	\$ 170,441	\$ 282,399
Non-controlling interests	<u>276,565</u>	<u>458,233</u>
	<u>\$ 447,006</u>	<u>\$ 740,632</u>
 Increase in total comprehensive income attributable to:		
Owners of the Company	\$ 170,441	\$ 282,399
Non-controlling interests	<u>276,565</u>	<u>458,233</u>
	<u>\$ 447,006</u>	<u>\$ 740,632</u>
 Impact on earnings per share:		
Increase in basic earnings per share	<u>\$0.03</u>	<u>\$0.06</u>

3) IFRIC 22 “Foreign Currency Transactions and Advance Consideration”

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Group applied IFRIC 22 prospectively to all assets, expenses and income recognized on or after January 1, 2018 within the scope of the Interpretation.

- b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC) and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed by the FSC for application starting from 2019

<b>New, Amended or Revised Standards and Interpretations (the “New IFRSs”)</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019 (Note 2)
IFRS 16 “Leases”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 3)
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019

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

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

IFRS 16 “Leases”

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

Definition of a lease

Upon initial application of IFRS 16, the Group will elect to apply IFRS 16 only to contracts entered into (or changed) on or after January 1, 2019 in order to determine whether those contracts are, or contain, a lease. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

### The Group as lessee

Upon initial application of IFRS 16, the Group will recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value and short-term leases will be recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within operating activities. Currently, payments under operating lease contracts are recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights of land located in China are recognized as prepayments for leases. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows.

The Group is evaluating the way to apply IFRS 16 retrospectively.

### The Group as lessor

Except for sublease transactions, the Group will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

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

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021

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

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

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and investment properties that are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

c. Basis of consolidation

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

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

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

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

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

See Note 16, Table 14 and Table 15 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2017. For the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2017.

1) Assets related to contract costs

When a sales contract is obtained, commission and subsidies paid to dealers under sale agreements are recognized as assets (incremental costs of obtaining a contract) to the extent that the costs are expected to be recovered and are amortized in a manner which is consistent with the recognition of

telecommunication service revenue. However, the Group elects not to capitalize the incremental costs of obtaining a contract if the amortization period of such assets, which the Group otherwise would have recognized, is expected to be one year or less.

## 2) Impairment of tangible and intangible assets other than goodwill

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

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

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

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

## 3) Financial instruments

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

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

### a) Financial assets

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

i. Measurement categories

2018

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

i) Financial assets at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily measured as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

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

ii) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, debt investments with no active market, account receivables at amortized cost and other financial assets, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

- Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

## 2017

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

- i) Financial assets at fair value through profit or loss

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

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

The financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in profit or loss.

- ii) Available-for-sale financial assets

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

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

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



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

iii) Loans and receivables

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

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

ii. Impairment of financial assets

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including account receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Group always recognizes lifetime Expected Credit Loss (i.e. ECL) for account receivables, lease receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. For the financial instruments and contract assets, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

## 2017

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

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

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

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

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

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

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

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

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

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

iii. Derecognition of financial assets

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

Before 2018, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. From 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b) Equity instruments

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

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

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

c) Financial liabilities

i. Subsequent measurement

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading.

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

Fair value is determined in the manner described in Note 35.

ii. Derecognition of financial liabilities

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

d) Derivative financial instruments

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

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

4) Hedge accounting

The Group designates certain hedging instruments, which include derivatives, as either fair value hedges or cash flow hedges.

a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

Before 2018, hedge accounting was discontinued prospectively when the Group revoked the designated hedging relationship; when the hedging instrument expired or was sold, terminated, or exercised; or when the hedging instrument no longer met the criteria for hedge accounting. From 2018, the Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

b) Cash flow hedges

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

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

Before 2018, hedge accounting was discontinued prospectively when the Group revoked the designated hedging relationship; when the hedging instrument expired or was sold, terminated, or exercised; or when the hedging instrument no longer met the criteria for hedge accounting. From 2018, the Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

## 5) Revenue recognition

### 2018

The Group identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

For contract where the period between the date the Group transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

#### a) Revenue from sale of goods

Revenue from sale of goods comes from sales of petrochemical, chemical fiber, textile goods, mobile telecommunication devices and related accessories. Sales of goods are recognized as revenue when the goods are shipped or delivered because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Revenue and accounts receivable are recognized concurrently. For internet sales of general goods, revenue is recognized when the goods are delivered to the customer's specific location. When the customer initially purchases the goods online, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

A bundle sale contract consists of the rendering of air time services and sales of goods. The rendering of services and sales of goods are accounted for as distinct performance obligations. The Group allocates the transaction price to each performance obligation identified in a bundle sale contract on a relative stand-alone selling price basis.

Under the Group's Customer Loyalty Programme, the Group offers award credits when customers purchase goods. The award credits provide a material right to customers. Transaction price allocated to the award credits is recognized as a contract liability when collected and will be recognized as revenue when the award credits are redeemed or have expired.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

For the contracts to sell properties in the course of ordinary activities, fixed transaction price is received in instalment and recognized as a contract liability. The transaction price, after adjusting for the effect of the significant financing component, is recognized as revenue when the construction is completed and the property is transferred to the buyer.

b) Revenue from rendering of services

Revenue from rendering of services comes from telecommunication services, value-added services and enterprise project services.

Usage revenue from fixed network services, cellular services and interconnection and call transfer fees from other telecommunications companies and carriers are billed in arrears and are recognized based upon minutes of traffic processed when the services are provided in accordance with contract terms.

Other telecommunication revenue is recognized as follows: (a) monthly fees are recognized as income when services are rendered at the amount allocated from the transaction price of the related contracts on a relative stand-alone selling price basis, and (b) prepaid and recharge services are recognized as income based upon actual usage by customers.

As the Group provides telecommunication value-added services, the customer simultaneously receives and consumes the benefits provided by the Group's performance. Consequently, related revenue is recognized when services are rendered. The effort of technical personnel is required to perform enterprise project services, and therefore, the Group measures progress on the basis of costs incurred relative to the total expected costs. The Group recognizes revenue over time based on the progress of the project. Payments for enterprise project services are made at several time points specified in the service contract. A contract asset is recognized over the period in which the enterprise project services are performed and is reclassified to accounts receivable when each milestone payment is due.

c) Construction contract revenue

The Group recognizes revenue over time as it is constructed in progress. The Group measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligation. A contract asset is recognized during the construction and is reclassified to account receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognized to date, then the Group recognizes a contract liability for the difference. Certain payment retained by the customer as specified in the contract is intended to ensure that the Group adequately completes all its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance.

d) Service concession revenue

The terms of operation of freeway electric toll collection system concession arrangement require the Group to construct and operate freeway electric toll collection system public infrastructure. The Group recognizes construction revenue and contract assets over time with reference to the stand-alone selling price of the construction services. The contract assets are transferred to intangible assets - concession when the construction is complete. During the operation phase, the Group recognizes revenue when the public uses the freeway electric toll collection system and obtains benefit.

2017

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

a) Sale of goods

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

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

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

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

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

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

b) Rendering of services

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

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

- i. Installation fees are recognized by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- ii. Servicing fees included in the price of products sold are recognized by reference to the proportion of the total cost of providing the servicing for the product sold; and
- iii. Revenue from time and material contracts is recognized at the contractual rates as labor hours and direct expenses are incurred.

- iv. Usage revenues from fixed network service, cellular services and interconnection and call transfer fees from other telecommunications companies and carriers are billed in arrears and are recognized based upon minutes of traffic processed when the services are provided in accordance with contract terms.

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

As the Group provides telecommunication value-added services, the customer simultaneously receives and consumes the benefits provided by the Group's performance. Consequently, related revenue is recognized when services are rendered. The effort of technical personnel is required to perform enterprise project services, and therefore, the Group measures progress on the basis of costs incurred relative to the total expected costs. The Group recognizes revenue over time based on the progress of the project. Payments for enterprise project services are made at several time points specified in the service contract. A contract asset is recognized over the period in which the enterprise project services are performed and is reclassified to accounts receivable when each milestone payment is due.

- c) Handling service revenue

The handling service revenue is the service charge recognized as revenue as car owners pass electronic toll collection ETC points and recognizes the service charge as revenue on the basis of specified ETC rates.

- d) Dividend and interest income

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

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

- e) Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized with reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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



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

6) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

7) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized in a manner which is consistent with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

**5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Except for the following, the same critical accounting judgments and key sources of estimation uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2017.

**Useful lives of Property, Plant and Equipment**

The Group reviews the estimated useful lives of property, plant and equipment at each balance sheet date. During the current period, management determined that the useful lives of certain items of equipment should be extended, due to stable product quality and equipment performance. Furthermore, it is not necessary to have a significant replacement for the major production equipment.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is an (decrease) increased consolidated depreciation expense for the year ended December 31, 2018, and for the next 3 years, by the following amounts:

Year ended 2018	\$ (207,049)
Year ended 2019	(137,170)
Year ended 2020	72,467
Year ended 2021	72,467

## 6. CASH AND CASH EQUIVALENTS

	June 30, 2018	December 31, 2017	June 30, 2017
Cash			
Cash on hand and petty cash	\$ 34,550	\$ 35,493	\$ 34,728
Demand and checking accounts	<u>27,398,080</u>	<u>22,316,975</u>	<u>23,365,326</u>
	<u>27,432,630</u>	<u>22,352,468</u>	<u>23,400,054</u>
Cash equivalents (investments with original maturities less than three months)			
Time deposits	7,933,956	1,167,395	8,133,165
Commercial paper and corporate bonds purchased under resell agreements	<u>4,490,574</u>	<u>1,856,129</u>	<u>6,252,200</u>
	<u>12,424,530</u>	<u>3,023,524</u>	<u>14,385,365</u>
Management discretionary accounts			
Demand accounts	<u>265,760</u>	<u>88,231</u>	<u>139,400</u>
	<u>\$ 40,122,920</u>	<u>\$ 25,464,223</u>	<u>\$ 37,924,819</u>

The Group's members individually contracted and fully authorized an "other related party", Oriental Securities Investment Advisory Co., Ltd. (OSIAC, trustee) to manage discretionary funds. Deposits that were entrusted to OSIAC's full management amounted to NT\$265,760 thousand, NT\$88,231 thousand and NT\$139,400 thousand as of June 30, 2018, December 31, 2017 and June 30, 2017, respectively.

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

	June 30, 2018	December 31, 2017	June 30, 2017
Time deposits	0.07%-3.95%	0.10%-3.65%	0.14%-1.89%
Commercial paper and corporate bonds purchased under resale agreements	0.38%-1.50%	0.28%-1.10%	0.35%-0.90%

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

	June 30, 2018	December 31, 2017	June 30, 2017
<u>Financial assets - current</u>			
Held for trading			
Mutual funds - beneficial certificates	\$ -	\$ 3,764,926	\$ 2,961,755
Listed shares	-	418,496	398,679
Guarantee deposits - cotton futures contracts	-	17,867	39,941
Guarantee deposits - PTA futures contracts	-	-	12,045
Forward exchange contracts	-	5,005	3,936
Combined foreign exchange options	<u>-</u>	<u>3,344</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 4,209,638</u>	<u>\$ 3,416,356</u>

(Continued)

	June 30, 2018	December 31, 2017	June 30, 2017
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds - beneficial certificates	\$ 4,542,484	\$ -	\$ -
Listed shares	334,737	-	-
Derivative financial assets (not under hedge accounting)			
Guarantee deposits - cotton futures contracts	18,298	-	-
Forward exchange contracts	<u>5,061</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,900,580</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Financial liabilities - current</u>			
Held for trading			
Forward exchange contracts	\$ 31,241	\$ 12,987	\$ 6,818
Option contracts	1,868	-	815
Combined foreign exchange options	<u>50,984</u>	<u>-</u>	<u>6,585</u>
	<u>\$ 84,093</u>	<u>\$ 12,987</u>	<u>\$ 14,218</u> (Concluded)

a. Cotton futures contracts

The Group entered into cotton futures contracts mainly to hedge against the adverse fluctuation of cotton prices. Since these transactions did not meet the criteria for hedge accounting, they were classified as financial instruments at fair value through profit or loss.

The Group had no outstanding cotton futures contracts as of June 30, 2018, December 31, 2017 and June 30, 2017.

b. PTA futures contracts

The Group entered into PTA futures contracts mainly to hedge against the adverse fluctuation to PTA prices. Since these transactions did not meet the criteria for hedge accounting, they were classified as financial instruments at fair value through profit or loss.

The Group had no outstanding PTA futures contracts as of June 30, 2018, December 31, 2017 and June 30, 2017.

c. Forward exchange contracts

The Group entered into forward exchange contracts to hedge against the exchange risks on foreign currency assets and liabilities. Since these transactions did not meet the criteria for hedge accounting, they were classified as financial instruments at fair value through profit or loss.

As of June 30, 2018, December 31, 2017 and June 30, 2017, the Group had outstanding forward exchange contracts, as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<u>June 30, 2018</u>			
Buy	USD/RMB	2018.07.27-2018.08.28	USD5,000/RMB32,829
Sell	USD/RMB	2018.07.12-2018.07.24	USD5,000/RMB31,813
Buy	USD/NTD	2018.07.05-2018.08.01	USD5,350/NTD159,806
Sell	USD/NTD	2018.07.06-2018.08.24	USD34,803/NTD1,034,755
Buy	USD/JPY	2018.07.25-2018.08.29	USD17,000/JPY1,862,850
Sell	USD/JPY	2018.07.25-2018.09.27	USD9,600/JPY1,049,478
Sell	EUR/USD	2018.07.24-2018.09.26	EUR13,000/USD15,150
Sell	EUR/RMB	2018.07.12	EUR500/RMB3,757
<u>December 31, 2017</u>			
Buy	USD/RMB	2018.02.26	USD2,000/RMB13,240
Sell	USD/RMB	2018.01.24-2018.01.28	USD12,000/RMB79,623
Buy	USD/NTD	2018.01.02-2018.02.26	USD48,750/NTD1,459,740
Sell	USD/NTD	2018.01.18-2018.01.31	USD8,000/NTD237,716
Buy	USD/JPY	2018.01.26-2018.02.26	USD6,000/JPY676,010
Sell	USD/JPY	2018.01.26-2018.04.27	USD5,960/JPY665,211
Sell	EUR/USD	2018.01.29-2018.02.26	EUR4,000/USD4,690
<u>June 30, 2017</u>			
Buy	USD/NTD	2017.07.03-2017.08.07	USD36,150/NTD1,093,907
Buy	USD/JPY	2017.08.28	USD5,000/JPY558,740
Sell	USD/JPY	2017.07.28	USD2,025/JPY223,940
Sell	EUR/USD	2017.07.07-2017.08.28	EUR6,000/USD6,694
Sell	EUR/RMB	2017.07.25-2017.08.24	EUR1,300/RMB9,865

d. Option contracts

The Group sold option contracts to profit on royalties and prevent the exchange rate fluctuation risks.

As of June 30, 2018 and June 30, 2017, the Group had outstanding option contracts, as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<u>June 30, 2018</u>			
Sell USD call options	USD/NTD	2018.07.12	USD6,000/NTD181,150
<u>June 30, 2017</u>			
Sell USD call options	USD/NTD	2017.07.03-2017.07.06	USD14,000/NTD426,820

The Group had no outstanding option contracts as of December 31, 2017.

e. Combined foreign exchange options

The Group entered into combined foreign exchange options to hedge against the exchange risks on foreign currency assets or liabilities. Since these transactions did not meet the criteria for hedge accounting, they were classified as financial instruments at fair value through profit or loss.

As of June 30, 2018, December 31, 2017 and June 30, 2017, the Group had outstanding combined foreign exchange options, as follows:

	Currency	Maturity	Contract Amount (Thousands)
<u>June 30, 2018</u>			
Buy USD put options	USD/NTD	2018.07.13-2018.07.31	USD52,000/NTD1,557,984
Sell USD call options	USD/NTD	2018.07.13-2018.07.31	USD104,000/NTD3,115,968
<u>December 31, 2017</u>			
Buy USD put options	USD/NTD	2018.01.03-2018.02.13	USD87,500/NTD2,632,404
Sell USD call options	USD/NTD	2018.01.03-2018.02.13	USD175,000/NTD5,264,807
<u>June 30, 2017</u>			
Buy EUR put options	EUR/USD	2017.07.05	EUR100/USD111
Sell EUR call options	EUR/USD	2017.07.05	EUR300/USD332
Buy USD put options	USD/NTD	2017.07.06-2017.08.07	USD28,500/NTD865,850
Sell USD call options	USD/NTD	2017.07.06-2017.08.07	USD57,000/NTD1,731,700

**8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - 2018**

	<b>June 30, 2018</b>
<u>Financial assets at fair value through other comprehensive income</u>	
Domestic listed shares	\$ 396,215
Domestic unlisted shares	774,810
Oversea shares	<u>341,627</u>
	<u>\$ 1,512,652</u>
Current	\$ 78,266
Non-current	<u>1,434,386</u>
	<u>\$ 1,512,652</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale financial assets and financial assets measured at cost under IAS 39. Refer to Note 3, Note 10 and Note 11 for information relating to their reclassification and comparative information for 2017.

Kaohsiung Rapid Transit Corporation, the entity in which the Group invested, is the BOT Concession Company under the BOT concession contract that it entered into with the Kaohsiung City Government. When the concession period expires (concession expires in October 2037), the assets shall be transferred to the Kaohsiung City Government and the BOT Concession Company will be eliminated.

## 9. FINANCIAL ASSETS AT AMORTIZED COST - 2018

**June 30, 2018**

### Current

Time deposits with original maturity of more than 3 months \$ 3,161,546

The interest rates for time deposits with original maturity of more than 3 months were from 0.22% to 2.30% as at the end of the reporting period. The time deposits were classified as debt investments with no active market under IAS 39. Refer to Note 3 and Note 12 for information relating to their reclassification and comparative information for 2017.

## 10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	<b>December 31, 2017</b>	<b>June 30, 2017</b>
<u>Equity investments</u>		
Marketable equity securities	\$ 424,396	\$ 4,572,585
Oversea mutual funds - beneficial certificates	246,088	611,083
Oversea shares	<u>-</u>	<u>94,436</u>
	<u>\$ 670,484</u>	<u>\$ 5,278,104</u>
Current		
Non-current	\$ 331,362	\$ 685,376
	<u>339,122</u>	<u>4,592,728</u>
	<u>\$ 670,484</u>	<u>\$ 5,278,104</u>

On August 18, 2017, the Group acquired 79,875 thousand shares of Far Eastern International Commercial Bank (FEIB) from associate with a total amount of \$791,550 thousand, representing a new total shareholding of 16.37% of the shares of FEIB, including 13.8% of the original shares held by the Group. The Group evaluated that it has significant influence over FEIB. Therefore, the Group reclassified the investments from available-for-sale financial assets to investments accounted for using the equity method at a fair value of \$5,041,614 thousand and recognized the gain on the sale of securities amounting to \$1,486,081 thousand.

## 11. FINANCIAL ASSETS MEASURED AT COST - 2017

	December 31, 2017	June 30, 2017
<u>Non-current</u>		
Domestic unlisted common shares	\$ 931,400	\$ 932,668
Overseas unlisted common shares	<u>246,779</u>	<u>248,304</u>
	<u>\$ 1,178,179</u>	<u>\$ 1,180,972</u>
<u>Distinguish from the type of measurement</u>		
Available-for-sale	<u>\$ 1,178,179</u>	<u>\$ 1,180,972</u>

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

Kaohsiung Rapid Transit Corporation, the entity in which the Group invested, is the BOT Concession Company under the BOT concession contract that it entered into with the Kaohsiung City Government. When the concession period expires (concession expires in October 2037), the assets shall be transferred to the Kaohsiung City Government and the BOT Concession Company will be eliminated. For the three months and six months ended June 30, 2017 the amortization were NT\$635 thousand and NT\$1,148 thousand, respectively, recognized as impairment loss.

## 12. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31, 2017	June 30, 2017
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 2,044,153</u>	<u>\$ 1,662,934</u>

The market interest rates of the time deposits with original maturity more than 3 months were 0.07%-3.15% and 0.33%-3.10% per annum respectively as of December 31, 2017 and June 30, 2017.

## 13. NOTES AND ACCOUNTS RECEIVABLE

	June 30, 2018	December 31, 2017	June 30, 2017
<u>Notes and accounts receivable</u>			
At amortized cost			
Notes and accounts receivable	\$ 31,716,343	\$ 27,124,528	\$ 26,035,981
Less: Allowance for doubtful accounts	(1,220,547)	(1,414,582)	(1,403,099)
Less: Unrealized interest income	<u>(838)</u>	<u>(907)</u>	<u>-</u>
	<u>\$ 30,494,958</u>	<u>\$ 25,709,039</u>	<u>\$ 24,632,882</u>

At the end of the reporting period, accounts receivable from sales with payment by installments of the Group were as follows:

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Gross amounts of accounts receivable	\$ 59,322	\$ 64,068	\$ -
Unrealized interest income	<u>(2,902)</u>	<u>(3,373)</u>	<u>-</u>
	<u>\$ 56,420</u>	<u>\$ 60,695</u>	<u>\$ -</u>

Accounts receivable expected to be recovered over one year are classified as non-current assets. The above accounts receivable are expected to be recovered before 2024.

For the six months ended June 30, 2018

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivables. The expected credit losses on accounts receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The Group recognizes 100% of an allowance for doubtful accounts when there is information indicating that a debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivable. Furthermore, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivables.

June 30, 2018

	<b>1 to 90 Days</b>	<b>91 to 180 Days</b>	<b>181 to 365 Days</b>	<b>Over 365 Days</b>	<b>Total</b>
Gross carrying amount	\$ 28,905,308	\$ 2,323,565	\$ 144,495	\$ 342,137	\$ 31,715,505
Loss allowance (Lifetime ECL)	<u>(496,116)</u>	<u>(376,950)</u>	<u>(46,018)</u>	<u>(301,463)</u>	<u>(1,220,547)</u>
Amortized cost	<u>\$ 28,409,192</u>	<u>\$ 1,946,615</u>	<u>\$ 98,477</u>	<u>\$ 40,674</u>	<u>\$ 30,494,958</u>

The above aging schedule was based on the invoice date.



The movements of the loss allowance of accounts receivables were as follows:

	<b>June 30, 2018</b>
Balance at January 1, 2018 per IAS 39	\$ 1,414,582
Adjustment on initial application of IFRS 9	<u>10,671</u>
Balance at January 1, 2018 per IFRS 9	1,425,253
Add: Bad debt recovered	136,207
Less: Amounts written off	(320,209)
Less: Net remeasurement of loss allowance	(20,663)
Foreign exchange gains and losses	<u>(41)</u>
 Balance at June 30, 2018	 <u><u>\$ 1,220,547</u></u>

For the six months ended June 30, 2017

The Group applied the same credit policy in 2018 and 2017. When deciding the recoverability of accounts receivable, the Group considers any changes in the credit quality from the date credit was initially granted up to the end of the reporting period. Allowance for doubtful accounts is recognized against accounts receivable on the basis of estimated irrecoverable amounts determined by reference to past defaults by the respective counterparties and an analysis of their current financial positions.

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

The aging of receivables was as follows:

	<b>December 31, 2017</b>	<b>June 30, 2017</b>
1-90 days	\$ 23,362,829	\$ 21,758,671
91-180 days	1,893,096	2,374,933
181-365 days	120,965	192,011
More than 365 days	<u>332,149</u>	<u>307,267</u>
	<u><u>\$ 25,709,039</u></u>	<u><u>\$ 24,632,882</u></u>

The above aging schedule was based on the invoice date.

Movements of allowance for doubtful accounts were as follows:

	<b>Individually Assessed for Impairment</b>	<b>Collectively Assessed for Impairment</b>	<b>Total</b>
Balance at January 1, 2017	\$ 245,426	\$ 1,097,301	\$ 1,342,727
Add: Accounts recovered during the period	-	122,922	122,922
Add: (Reversal of) impairment losses/bad debts	(1,456)	254,304	252,848
Deduct: Amounts written off during the period as uncollectible	(269)	(312,591)	(312,860)
Effect of exchange rate differences	<u>-</u>	<u>(2,538)</u>	<u>(2,538)</u>
 Balance at June 30, 2017	 <u><u>\$ 243,701</u></u>	 <u><u>\$ 1,159,398</u></u>	 <u><u>\$ 1,403,099</u></u>

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

	<b>December 31, 2017</b>	<b>June 30, 2017</b>
<u>Amount due from customers for construction contracts</u>		
Construction costs incurred plus recognized profits less recognized losses to date	\$ 22,571,407	\$ 19,656,446
Less: Progress billings	<u>20,979,788</u>	<u>18,232,370</u>
Amount due from customers for construction contracts	<u>\$ 1,591,619</u>	<u>\$ 1,424,076</u>
<u>Amounts due to customers for construction contracts</u>		
Progress billings	\$ 980,714	\$ 1,362,768
Less: Construction costs incurred plus recognized profits less recognized losses to date	<u>917,165</u>	<u>1,331,967</u>
Amount due to customers for construction contracts	<u>\$ 63,549</u>	<u>\$ 30,801</u>
Retentions receivable	<u>\$ 406,259</u>	<u>\$ 337,618</u>
Retentions payable	<u>\$ 730,107</u>	<u>\$ 699,938</u>

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

#### 15. INVENTORIES

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Merchandise inventories	\$ 4,277,558	\$ 3,897,319	\$ 3,897,319
Finished goods	6,548,517	5,553,629	5,553,629
Work in progress	3,318,683	3,044,137	3,044,137
Raw materials	7,031,530	5,823,060	5,823,060
Supplies	1,081,639	808,864	808,864
Available-for-sale - buildings and land	1,542,808	2,314,084	2,314,084
Available-for-construction - land	208,384	2,523,844	2,523,844
Construction in progress	<u>2,652,582</u>	<u>2,383,213</u>	<u>-</u>
	<u>\$ 26,661,701</u>	<u>\$ 26,582,952</u>	<u>\$ 23,964,937</u>

For the three months and six months ended June 30, 2018 and 2017, the costs of goods sold were NT\$32,224,737 thousand, NT\$31,922,742 thousand, NT\$64,567,420 thousand and NT\$61,339,542 thousand, respectively. The cost of goods sold included reversal of write-downs (inventory write-downs) NT\$69,842 thousand, NT\$64,918 thousand, NT\$(73,892) thousand and NT\$1,751 thousand for the three months and six months ended June 30, 2018 and 2017. Previous write-downs were reversed as a result of increased selling prices in certain markets.

## 16. SUBSIDIARIES

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

Investor	No	Investee	Nature of Activities	Proportion of Ownership		
				June 30, 2018	December 31, 2017	June 30, 2017
Far Eastern New Century Corporation	1	Far EasTone Telecommunications Co., Ltd. (Note 1)	Telecommunications	38.29	38.29	38.29
	2	Yuan Ding Investment Co., Ltd.	Investment	99.70	99.70	99.70
	3	Far Eastern Resources Development Co., Ltd.	Real estate leasing and development service	100.00	100.00	100.00
	4	Yuan Tong Investment Co., Ltd.	Investment	100.00	100.00	100.00
	5	Far Eastern Polychem Industries Ltd. (FEPI)	Investment	100.00	100.00	100.00
	6	Oriental Petrochemical (Taiwan) Corporation	Petrochemical materials production	80.76	80.76	80.76
	7	Far Eastern Investment (Holding) Ltd.	Investment	100.00	100.00	100.00
	8	PET Far Eastern (Holding) Ltd. (PETH)	Investment	100.00	100.00	100.00
	9	Kai Yuan International Investment Co., Ltd.	Investment	100.00	100.00	100.00
	10	Far Eastern Polytex (Holding) Ltd.	Investment	100.00	100.00	100.00
	11	Yuan Ding Co., Ltd. (Note 2)	Real estate leasing and hotel	49.99	49.99	49.99
	12	Far Eastern Construction Co., Ltd.	Real estate construction and sale	65.11	65.11	65.11
	13	Ding Yuan International Investment Co., Ltd.	Investment	100.00	100.00	100.00
	14	An Ho Garment Co., Ltd.	Garment production and investment	100.00	100.00	100.00
	15	FEDP (Holding) Ltd. (FEDP)	Investment	100.00	100.00	100.00
	16	Fu Kwok Garment Manufacturing Co., Ltd. (Note 6)	Garment production	100.00	100.00	99.99
	17	Far Eastern Textile Ltd.	Textile production	100.00	100.00	100.00
	18	Far Eastern Electronic Toll Collection Co., Ltd.	Electronic toll collection service	66.33	66.33	66.33
	19	Yuan Hsin Digital Payment Co., Ltd.	Digital payment	65.01	65.01	65.01
	20	Malaysia Garment Manufactures Pte. Ltd.	Clothing production and investment	50.92	50.92	50.92
Yuan Ding Investment Co., Ltd.	21	Oriental Textile (Holding) Ltd. (OTTI)	Investment	100.00	100.00	100.00
	22	Far Eastern Apparel (Holding) Ltd. (FEAH)	Investment	100.00	100.00	100.00
	23	Far Eastern Fibertech Ltd.	Nylon production	100.00	100.00	100.00
	24	Far Eastern Apparel Co., Ltd.	Sale of textile, garments, and clothing	100.00	100.00	100.00
	25	Oriental Resources Development Co., Ltd. (Note 8)	Production and wholesale of medical supplies; waste recycling and re-processing	100.00	70.00	70.00
Far Eastern Investment (Holding) Ltd. (FEIH)	26	Yuan Faun Co., Ltd.	Consulting	100.00	100.00	100.00
	27	FETG Investment Antilles N.V.	Investment	100.00	100.00	100.00
	28	PET Far Eastern (M) Sdn. Bhd.	Bottle production	100.00	100.00	100.00
	29	Far Eastern Apparel (Vietnam) Ltd.	Clothing production	100.00	100.00	100.00
	30	Worldwide Polychem (HK) Ltd. (WWPI)	Foreign trade	100.00	100.00	100.00
	31	Far Eastern Polytex (Vietnam) Ltd.	Chemical fiber and textile production	100.00	100.00	100.00
	32	Far Eastern New Apparel (Vietnam) Ltd.	Clothing production	100.00	100.00	100.00
	33	Magna View Sdn. Bhd.	Investment	100.00	100.00	100.00
34	APG Polytech USA Holdings, Inc. (Note 10)	Investment	100.00	-	-	
Far Eastern Polychem Industries Ltd. (FEPI)	35	Far Eastern Industries (Shanghai) Ltd.	Chemical fiber production	100.00	100.00	100.00
	36	Far Eastern Industries (Yangzhou) Ltd.	Production and sales of polyester products	100.00	100.00	100.00
	37	Far Eastern Ishizuka Green Pet Corporation (FEIGP)	Recycled PET production and sales	90.00	90.00	90.00
Far Eastern Construction Co., Ltd.	38	Far Eastern General Contractor Inc.	Construction	99.95	99.95	99.95
Far Eastern Apparel (Holding) Ltd. (FEAH)	39	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Dyeing and finishing	100.00	100.00	100.00
FETG Investment Antilles N.V.	40	Waldorf Services B.V.	Investment	100.00	100.00	100.00
Yuan Faun Co., Ltd.	41	Yuan Cheng Human Resources Consultant Corporation	Personnel recruitment	55.19	55.19	55.19
Yuan Tong Investment Co., Ltd.	42	Sino Belgium (Holding) Ltd.	Investment	90.88	90.88	90.88

(Continued)

Investor	No	Investee	Nature of Activities	Proportion of Ownership		
				June 30, 2018	December 31, 2017	June 30, 2017
Far Eastern Electronic Toll Collection Co., Ltd.	43	FETC International Co., Ltd (Note 3)	Human services and equipment procurement and product sales agency services	100.00	100.00	-
Far Eastern Apparel (Suzhou) Co., Ltd.	44	Suzhou An Ho Apparel Ltd.	Garment production	100.00	100.00	100.00
PET Far Eastern (Holding) Ltd. (PETH)	45	Oriental Petrochemical (Shanghai) Corporation	PTA production and sale	61.35	61.35	61.35
Oriental Textile (Holding) Ltd. (OTTI)	46	Far Eastern Industries (Wuxi) Ltd.	Fiber and textile production	100.00	100.00	100.00
	47	Oriental Industries (Suzhou) Ltd.	Production and sales of polyester resins and industrial fabrics	100.00	100.00	100.00
FEDP (Holding) Ltd. (FEDP)	48	Far Eastern Industries (Suzhou) Ltd.	Production and sales of polyester products	100.00	100.00	100.00
Far Eastern Polytex (Holding) Ltd.	49	Wuhan Far Eastern New Material Ltd.	Production and sales of PET sheet, chip, filament, staple fibers, and apparel	100.00	100.00	100.00
	50	Far Eastern Apparel (Suzhou) Ltd.	Garment production	100.00	100.00	100.00
	51	Far Eastern Yihua Petrochemical (Yangzhou) Corporation	PTA and by-product production and sale	60.00	60.00	60.00
	52	Far Eastern New Century (China) Investment Co., Ltd.	Investment	100.00	100.00	100.00
Far Eastern New Century (China) Investment Co., Ltd.	53	Shanghai Yuan Zi Information Technology Co., Ltd.	Software development, equipment maintenance and consulting	100.00	100.00	100.00
	54	Yuan Ding Enterprise (Shanghai) Limited	Chemical products; wholesale of machineries and lubricants; agency commission; importing, exporting of goods and other complimentary businesses	100.00	100.00	100.00
Sino Belgium (Holding) Ltd.	55	Sino Belgium Beer (Suzhou) Ltd.	Beer brewing	100.00	100.00	100.00
	56	Martens Beers Trading (Shanghai) Ltd.	Beer sale	100.00	100.00	100.00
Oriental Petrochemical (Shanghai) Corporation Yuan Ding Co., Ltd.	57	Shanghai Far Eastern Petrochemical Logistic Corporation	Transportation	100.00	100.00	100.00
	58	Ding Ding Hotel Co., Ltd. (Note 4)	Hotel	99.26	99.26	80.99
	59	YDT Technology International Co., Ltd.	Electronic materials and by-product sale	100.00	100.00	100.00
	60	Far Eastern Technical Consultants Co., Ltd.	Real estate development business consulting and management	100.00	100.00	100.00
	61	FET Consulting Engineers Co., Ltd.	Corporate management consulting, pipe & cable installment and replacement	100.00	100.00	100.00
FET Consulting Engineers Co., Ltd.	62	Ding Ding Integrated Marketing Services Co., Ltd.	Market research and general advertisement	80.00	80.00	80.00
	63	Far Eastern Electronic Commerce Co., Ltd. (Note 5)	Online retail service	-	-	73.42
	64	DDIM (Virgin Islands) Ltd.	Investment	100.00	100.00	100.00
YDT Technology International Co., Ltd.	65	YDC (Virgin Islands) Ltd.	Investment	100.00	100.00	100.00
YDC (Virgin Islands) Ltd.	66	Speedy (Shanghai) Digital Tech. Co., Ltd.	Intelligent control equipment and security monitoring products	100.00	100.00	100.00
DDIM (Virgin Islands) Ltd.	67	Yuan Ding Integrated Information Service (Shanghai) Inc.	Internet software development services	100.00	100.00	100.00
Malaysia Garment Manufactures Pte. Ltd.	68	PT Malaysia Garment Bintan (PTMG)	Clothing production	99.00	99.00	99.00
APG Polytech USA Holdings, Inc.	69	APG Polytech, LLC (Note 10)	Chemical fiber production	100.00	-	-
Far EasTone Telecommunications Co., Ltd.	70	New Century InfoComm Tech Co., Ltd.	Types I and II telecommunications services	100.00	100.00	100.00
	71	ARCOA Communication Co., Ltd.	Sale of communications products and office equipment	61.63	61.63	61.63
	72	KGEx.com Co., Ltd.	Type II telecommunications services	99.99	99.99	99.99
	73	Yuan Cing Co., Ltd.	Call center services	100.00	100.00	100.00
	74	Far Eastern Info Service Holding Ltd. (FEIS)	Investment	100.00	100.00	100.00

(Continued)

Investor	No	Investee	Nature of Activities	Proportion of Ownership		
				June 30, 2018	December 31, 2017	June 30, 2017
	75	O-music Co., Ltd.	Electronic information providing services	50.00	50.00	50.00
	76	Q-Ware Communication Corporation (Note 9)	Type II telecommunications services	-	81.46	81.46
	77	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.) (Note 5)	Electronic information providing services	93.62	93.62	89.54
ARCOA Communication Co., Ltd.	78	DataExpress Infotech Co., Ltd.	Sale of communications products	70.00	70.00	70.00
New Century InfoComm Tech Co., Ltd.	79	New Diligent Co., Ltd.	Investment	100.00	100.00	100.00
	80	Information Security Service Digital United Inc.	Security and monitoring service via Internet	100.00	100.00	100.00
Digital United (Cayman) Ltd.	81	Digital United (Cayman) Ltd.	Investment	100.00	100.00	100.00
	82	Digital United Information Technology (Shanghai) Ltd.	Design and research of computer system	100.00	100.00	100.00
New Diligent Co., Ltd.	83	Sino Lead Enterprise Limited	Telecommunications services	100.00	100.00	100.00
	84	Far East New Diligent Company Ltd.	Investment	100.00	100.00	100.00
	85	New Diligent Hong Kong Co., Ltd.	Investment	100.00	100.00	100.00
Far Eastern New Diligent Company Ltd.	86	Far Eastern Tech-info Ltd. (Shanghai)	Computer software, data processing and network information providing services	100.00	100.00	100.00
	87	Far Eastern New Century Information Technology (Beijing) Limited (Note 7)	Electronic information providing services	-	90.52	90.52
DataExpress Infotech Co., Ltd.	88	Linkwell Tech. Co., Ltd.	Sale of communications products	100.00	100.00	100.00
	89	Home Master Technology Ltd.	Sale of communications products	100.00	100.00	100.00

(Concluded)

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

Note 2: Even though the Company and its subsidiaries' consolidated ownership of Yuan Ding Company Ltd. was not over 50%, the president of Yuan Ding Company Ltd. was appointed by the Group. Thus, Yuan Ding Company Ltd. is included in the consolidated financial statements.

Note 3: This is a subsidiary of Far Eastern Electronic Toll Collection Co., Ltd., which is a newly established subsidiary of an overseas business borne from the resolution of the shareholders of Far Eastern Electronic Toll Collection Co., Ltd. on April 27, 2017 under the Enterprises Mergers and Acquisitions Act (the date of the partition was April 30, 2017).

Note 4: From the shareholders resolution on June 28, 2017, Ding Ding Hotel Co., Ltd. issued 100,000 thousand new common shares on October 13, 2017 at a par value of \$10. The Group subscribed for additional new shares at a different percentage from its existing ownership percentage, which increased its continuing interest from 80.99% to 99.26%.

Note 5: In order to integrate the Group's e-commerce businesses and resources and enhance its competitiveness, the board of directors of Hiiir Digital Marketing Co., Ltd. and Far Eastern Electronic Commerce Co., Ltd. (FEEC) both resolved to approve the merger on June 27, 2017 with Hiiir Digital Marketing Co., Ltd. as the surviving company. Upon the completion of the aforesaid merger, the surviving company will be renamed as Yuanshi Digital Technology Co., Ltd. The merger record date was set on August 1, 2017. Hiiir Digital Marketing Co., Ltd. will issue 9,167,468 new shares in exchange for FEEC's 14,253,321 shares.

Note 6: On December 30, 2017, the Group acquired shares of Fu Kwok Knitting & Garment Co., Ltd. from non-controlling interests, which increased its continuing interest from 99.99% to 100%.

Note 7: The subsidiary was dissolved on February 9, 2018 which approved by local government.

Note 8: On March 2, 2018, the Group acquired shares of Oriental Resources Development Co., Ltd. from non-controlling interests, which increased its continuing interest from 70% to 100%. Refer to Note 32.

Note 9: In order to simplify Far EasTone Telecommunications Co., Ltd.'s investment structure and to integrate wireless network services and mobile virtual network services, Far EasTone's board of directors resolved on May 4, 2018 that Far EasTone Telecommunications Co., Ltd will proceed with a cash merger with Q-ware Communications Corporation. Far EasTone Telecommunications Co., Ltd will become the surviving company and Q-ware Communications Corporation will merge into Far EasTone Telecommunications Co., Ltd. The record date of the merger was set on June 30, 2018.

Note 10: From the board of directors resolution on February 26, 2018, the Group established APG Polytech USA Holdings, Inc. (former name was FE Polytech USA Holdings, Inc., changed its name to APG Polytech USA Holdings, Inc. on April 25, 2018) for US\$30,000 thousand, and then APG Polytech USA Holdings, Inc. established a new company, APG Polytech, LLC (former name was FE Polytech, LLC, changed its name to APG Polytech, LLC on March 23, 2018), which the percentage of shareholding were both 100%.

Except for the financial statements of Yuan Ding Investment Co., Ltd., Far Eastern Construction Co., Ltd., Far Eastern General Contractor Inc., Oriental Industries (Suzhou) Co., Ltd., Far EasTone Telecommunications Co., Ltd. (Far EasTone), New Century InfoComm Tech Co., Ltd. (NCIC) and ARCOA Communication Co., Ltd. (ARCOA) for the six months ended June 30, 2018 and 2017, all the financial statements of insignificant subsidiaries were unreviewed.

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

Name of Subsidiary	Profit Allocated to Non-controlling Interests				Accumulated Non-controlling Interests		
	For the Three Months Ended		For the Six Months Ended		June 30,	December 31,	June 30,
	2018	2017	2018	2017	2018	2017	2017
Far EasTone	\$ 1,657,586	\$ 1,801,421	\$ 3,175,924	\$ 3,559,077	\$ 43,275,040	\$ 43,735,717	\$ 40,564,978

The summarized financial information below represents amounts before intragroup eliminations.

Far EasTone and Far EasTone's subsidiaries:

	June 30, 2018	December 31, 2017	June 30, 2017
Current assets	\$ 33,023,358	\$ 26,284,153	\$ 29,425,893
Non-current assets	105,428,033	106,422,202	102,916,311
Current liabilities	(39,153,056)	(30,391,974)	(39,240,448)
Non-current liabilities	<u>(29,596,507)</u>	<u>(31,868,168)</u>	<u>(27,798,881)</u>
Equity	\$ <u>69,701,828</u>	\$ <u>70,446,213</u>	\$ <u>65,302,875</u>
Equity attributable to:			
Owners of the Group	\$ 26,426,788	\$ 26,710,496	\$ 24,737,897
Non-controlling interests of Far EasTone	42,590,679	43,047,916	39,868,780
Non-controlling interests of Far EasTone's subsidiaries	<u>684,361</u>	<u>687,801</u>	<u>696,198</u>
	\$ <u>69,701,828</u>	\$ <u>70,446,213</u>	\$ <u>65,302,875</u>

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Revenue	<u>\$ 21,620,613</u>	<u>\$ 21,935,841</u>	<u>\$ 43,287,173</u>	<u>\$ 44,146,228</u>
Net income for the period	\$ 2,683,030	\$ 2,918,468	\$ 5,140,698	\$ 5,762,123
Other comprehensive income for the period	<u>32,223</u>	<u>78,081</u>	<u>28,747</u>	<u>103,832</u>
Total comprehensive income for the period	<u>\$ 2,715,253</u>	<u>\$ 2,996,549</u>	<u>\$ 5,169,445</u>	<u>\$ 5,865,955</u>
Net income attributable to:				
Owners of the Group	\$ 1,025,444	\$ 1,117,047	\$ 1,964,774	\$ 2,203,046
Non-controlling interests of Far EasTone	1,652,656	1,800,288	3,166,524	3,550,535
Non-controlling interests of Far EasTone's subsidiaries	<u>4,930</u>	<u>1,133</u>	<u>9,400</u>	<u>8,542</u>
	<u>\$ 2,683,030</u>	<u>\$ 2,918,468</u>	<u>\$ 5,140,698</u>	<u>\$ 5,762,123</u>
Total comprehensive income attributable to:				
Owners of the Group	\$ 1,037,717	\$ 1,146,945	\$ 1,975,713	\$ 2,242,771
Non-controlling interests of Far EasTone	1,672,434	1,848,471	3,184,153	3,614,558
Non-controlling interests of Far EasTone's subsidiaries	<u>5,102</u>	<u>1,133</u>	<u>9,579</u>	<u>8,626</u>
	<u>\$ 2,715,253</u>	<u>\$ 2,996,549</u>	<u>\$ 5,169,445</u>	<u>\$ 5,865,955</u>
			<b>For the Six Months Ended June 30</b>	
			<b>2018</b>	<b>2017</b>
Net cash inflow from:				
Operating activities			\$ 13,947,140	\$ 12,952,327
Investing activities			(2,300,676)	(5,569,877)
Financing activities			(5,669,227)	(5,163,670)
Effect of exchange rate changes			<u>221</u>	<u>(964)</u>
Net cash inflow			<u>\$ 5,977,458</u>	<u>\$ 2,217,816</u>

## 17. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

### Investments in Associates

	June 30, 2018		December 31, 2017		June 30, 2017	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Material associate						
Listed companies						
Asia Cement Corporation	<u>\$ 21,480,995</u>	26	<u>\$ 20,205,365</u>	26	<u>\$ 18,646,577</u>	26
Associate that are not individually material						
Listed companies						
Far Eastern Department Stores Co., Ltd.	7,126,004	24	7,181,591	24	6,953,411	23
Oriental Union Chemical Corporation	5,893,231	31	6,027,848	31	5,702,022	31
Far Eastern International Bank (Note 10)	5,818,946	16	5,456,496	16	-	-
Everest Textile Corporation	<u>1,180,428</u>	26	<u>1,141,919</u>	26	<u>1,111,718</u>	26
	<u>20,018,609</u>		<u>19,807,854</u>		<u>13,767,151</u>	
Unlisted companies						
Oriental Securities Corporation	4,781,856	47	4,730,989	47	4,665,654	47
Pacific Liu Tong Investment Co., Ltd.	4,241,454	40	4,231,574	40	4,142,757	40
Far Eastern Union Petrochemical (Yangzhou) Corporation	2,289,674	50	2,028,774	50	1,793,676	50
Yu Yuan Investment Co., Ltd.	1,942,415	44	1,799,752	44	1,331,195	44
Far Eastern International Leasing Corporation	1,848,167	34	1,862,319	34	1,849,005	34
Da Ju Fiber Co., Ltd.	1,847,250	42	1,714,916	42	1,619,392	42
Liquid Air Far East Co., Ltd.	1,703,741	35	1,912,746	35	1,634,540	35
Corpus Christi Polymers, LLC	1,370,700	33	-	-	-	-
Tong Da Air Industry (Yangzhou) Co., Ltd.	1,115,418	50	1,083,569	50	992,710	50
Yu Ding Industry Co., Ltd.	757,944	31	728,273	31	657,175	31
Kowloon Cement Corporation	438,527	49	444,941	49	464,780	49
Yuan Ding Leasing Corporation	386,050	46	388,327	46	384,929	46
Freudenberg Far Eastern Spunweb Co., Ltd.	365,872	30	370,377	30	275,507	30
FEDS Asia Pacific Development Co., Ltd.	134,702	5	131,033	5	133,258	5
Yue Ming Corporation	69,394	47	62,743	47	\$ 62,543	47
Alliance Digital Technology Co., Ltd.	13,232	14	14,451	14	29,569	14
Com 2B Corporation	12,685	20	12,392	20	12,576	20
Opas Fund Segregated Portfolio Company	1,628	34	1,582	34	1,610	34
Catalyst_207 SPC	<u>518</u>	34	<u>506</u>	34	-	-
	<u>23,321,227</u>		<u>21,519,264</u>		<u>20,050,876</u>	
	<u>\$ 64,820,831</u>		<u>\$ 61,532,483</u>		<u>\$ 52,464,604</u>	

Material associates:

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights		
			June 30, 2018	December 31, 2017	June 30, 2017
Asia Cement Corporation	Cement production	Taiwan	25.69%	25.67%	25.67%

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

Name of Associate	June 30, 2018	December 31, 2017	June 30, 2017
	Asia Cement Corporation	<u>\$ 28,933,863</u>	<u>\$ 24,342,166</u>

On August 18, 2017, the Group has significant influence on Far Eastern International Bank (Note 10). Therefore, starting from August 18, 2017, the investment in Far Eastern International Bank was recognized as investments accounted for using the equity method.

Investments in FEDS Asia Pacific Development Corporation and Alliance Digital Technology Corporation were accounted for using the equity method because the Group had significant influence over them even though the Group owned less than 20% of each investee's voting shares.



On March 21, 2018, the Group formed a joint venture with Indorama Ventures Holdings LP and Alpek S.A.B. de C.V. to establish a new associate, Corpus Christi Polymers LLC. As of June 30, 2018, the Group had invested US\$45,000 thousand.

The calculation of the investments which were accounted for using the equity method and the share of profit or loss and other comprehensive income of the investments were based on the associates' unreviewed financial statements, except those of Asia Cement Corporation (ACC), Far Eastern Department Stores Co., Ltd., Oriental Union Chemical Corporation, Everest Textile Corporation, Oriental Securities Corporation and Pacific Liu Tong Investment Co., Ltd. for the six months ended June 30, 2018 and 2017, and Far Eastern International Bank for the six months ended June 30, 2018. The independent auditors expressed a qualified reviewed report on the financial statements of the associates above because the financial statements of some of the investees of these associates are unreviewed.

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

	June 30, 2018	December 31, 2017	June 30, 2017
Total property, plant and equipment	\$ 151,902,038	\$ 152,732,987	\$ 149,374,917
Prepayments for equipment	<u>2,229,863</u>	<u>1,632,368</u>	<u>2,176,609</u>
	<u>\$ 154,131,901</u>	<u>\$ 154,365,355</u>	<u>\$ 151,551,526</u>

	Land	Buildings	Machinery and Equipment	Telecommuni- cations Equipment	Computer Equipment	Leasehold Improvements	Operating and Miscellaneous Equipment	Construction-in- progress and Prepayment for Equipment	Total
<b>Cost</b>									
Balance at January 1, 2018	\$ 20,127,035	\$ 32,621,935	\$ 119,938,249	\$ 85,270,255	\$ 14,905,752	\$ 4,671,413	\$ 21,131,983	\$ 43,660,793	\$ 342,327,415
Additions	-	20,065	331,122	41,549	4,572	2,925	179,922	8,188,311	8,768,466
Disposals	-	(626,066)	(2,846,458)	(2,833,778)	(294,790)	(41,838)	(626,316)	(11,456)	(7,280,702)
Adjustments and reclassification	4,600	283,649	1,627,449	1,671,951	471,205	43,885	520,959	(4,602,813)	20,885
Effect of exchange rate difference	3,990	103,393	328,932	-	1,372	-	33,390	271,581	742,658
Balance at June 30, 2018	<u>\$ 20,135,625</u>	<u>\$ 32,402,976</u>	<u>\$ 119,379,294</u>	<u>\$ 84,149,977</u>	<u>\$ 15,088,111</u>	<u>\$ 4,676,385</u>	<u>\$ 21,239,938</u>	<u>\$ 47,506,416</u>	<u>\$ 344,578,722</u>
<b>Accumulated depreciation and impairment</b>									
Balance at January 1, 2018	\$ (95,894)	\$ (14,970,401)	\$ (86,288,802)	\$ (54,007,064)	\$ (12,673,745)	\$ (3,863,838)	\$ (15,868,911)	\$ (193,405)	\$ (187,962,060)
Disposals	-	251,973	2,260,662	2,573,701	294,743	27,695	594,660	-	6,003,434
Impairment losses	-	(87,563)	(283,140)	-	-	-	(793)	-	(371,496)
Depreciation expense	-	(431,171)	(1,841,453)	(4,154,869)	(628,621)	(161,081)	(684,341)	-	(7,901,536)
Adjustments and reclassification	-	2,442	(116)	176,436	(176,436)	(21,382)	18,415	-	(641)
Effect of exchange rate differences	-	(27,903)	(166,692)	-	(169)	-	(19,758)	-	(214,522)
Balance at June 30, 2018	<u>\$ (95,894)</u>	<u>\$ (15,262,623)</u>	<u>\$ (86,319,541)</u>	<u>\$ (55,411,796)</u>	<u>\$ (13,184,228)</u>	<u>\$ (4,018,606)</u>	<u>\$ (15,960,728)</u>	<u>\$ (193,405)</u>	<u>\$ (190,446,821)</u>
<b>Cost</b>									
Balance at January 1, 2017	\$ 18,445,818	\$ 31,531,905	\$ 119,190,973	\$ 127,805,053	\$ 15,295,038	\$ 4,662,292	\$ 20,917,820	\$ 33,727,717	\$ 371,576,616
Additions	2,360	12,160	214,593	16,146	5,360	6,456	156,243	9,126,306	9,539,624
Disposals	-	(61,304)	(952,702)	(1,954,880)	(66,805)	(42,742)	(220,529)	(12,845)	(3,311,807)
Adjustments and reclassification	1,749,577	369,160	547,109	3,034,489	684,048	45,937	332,666	(5,233,865)	1,529,121
Effect of exchange rate difference	(9,475)	(261,183)	(1,200,147)	(3)	(514)	(18)	(97,010)	(284,691)	(1,853,041)
Balance at June 30, 2017	<u>\$ 20,188,280</u>	<u>\$ 31,590,738</u>	<u>\$ 117,799,826</u>	<u>\$ 128,900,805</u>	<u>\$ 15,917,127</u>	<u>\$ 4,671,925</u>	<u>\$ 21,089,190</u>	<u>\$ 37,322,622</u>	<u>\$ 377,480,513</u>
<b>Accumulated depreciation and impairment</b>									
Balance at January 1, 2017	\$ (96,557)	\$ (14,181,156)	\$ (82,531,268)	\$ (93,211,884)	\$ (12,825,382)	\$ (3,575,769)	\$ (15,158,386)	\$ (66,856)	\$ (221,647,258)
Disposals	-	44,749	891,242	1,562,201	65,425	35,008	171,112	-	2,769,737
Depreciation expense	-	(417,216)	(1,925,639)	(3,931,727)	(626,297)	(199,410)	(681,262)	-	(7,781,551)
Adjustments and reclassification	-	(3,534)	22,509	(5,666)	(2,763)	87	(11,606)	-	(973)
Effect of exchange rate differences	-	86,595	586,417	3	177	17	57,849	-	731,058
Balance at June 30, 2017	<u>\$ (96,557)</u>	<u>\$ (14,470,562)</u>	<u>\$ (82,956,739)</u>	<u>\$ (95,587,073)</u>	<u>\$ (13,388,840)</u>	<u>\$ (3,740,067)</u>	<u>\$ (15,622,293)</u>	<u>\$ (66,856)</u>	<u>\$ (225,928,987)</u>

The Group expects the future cash flows of the machinery equipment which produce the certain products from chemical fiber department will decrease. As a result, the recoverable amount \$9,961,168 thousand was less than the book value. Therefore, the Group recognized the impairment loss all amounting to \$371,496 thousand for the three months and six months ended June 30, 2018. The recoverable amounts of the machinery equipment was based on the usable value with the discount rate of 5.2397%. The impairment loss was recognized in the comprehensive income statements under the impairment loss account.

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

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

As of June 30, 2018, December 31, 2017 and June 30, 2017, farmland was reclassified to property, plant and equipment all amounting to NT\$238,430 thousand and to investment properties amounting to NT\$36,095 thousand, NT\$36,095 thousand and NT\$34,956 thousand, respectively. The titles to the land are temporarily registered in the name of trustees who have either signed an agreement showing the farmlands belong to the Group or have pledged the land to the Group.

## 19. INVESTMENT PROPERTIES

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

	<b>Completed Investment Properties</b>
Balance at January 1, 2018	\$ 124,148,885
Disposals	(6,608)
Reclassification	267,202
Recognized in profit (gain arising from the change in fair value of investment property)	296,595
Recognized in other comprehensive income (exchange differences on translating foreign operations)	<u>5,813</u>
Balance at June 30, 2018	<u>\$ 124,711,887</u>
Balance at January 1, 2017	\$ 124,758,539
Reclassification	(1,694,903)
Recognized in profit (gain arising from the change in fair value of investment property)	854,472
Recognized in other comprehensive income (exchange differences on translating foreign operations)	<u>(19,212)</u>
Balance at June 30, 2017	<u>\$ 123,898,896</u>

The Group and Asia Cement Corporation (ACC) co-own land located on Dunhua South Road in Taipei. Under an agreement between the Group and ACC, Yuan Ding paid for the construction of a multifunctional building on this land and owned the 30-year right of superficies. According to the agreement, the 30-year right of superficies have started on November 15, 1993. However, the ownership of the building was registered in the name of the Group, ACC and Yuan Ding at 12%, 12% and 76%, respectively. Upon expiration of the agreement, the Group and ACC will equally acquire Yuan Ding's 76% ownership of the building based on the carrying amount of the building.

The construction of a building (Mega City) located in the Banqiao district, Xin Ban section was completed in 2011, and the building was leased to Far Eastern Department Stores Co., Ltd. (FEDS) as its department store space. A portion of the rental income generated from the operating lease was recognized over the lease term on a straight-line basis and the rest of the income was recognized as a percentage of FEDS's gross operating income. The lease of FEDS will expire in December 2026. The construction of Banqiao Zhong Ben commercial building (Mega Tower) was completed in the first quarter of 2015 and recognized as inventories (available-for-sale - buildings and land). For the six months ended June 30, 2018, a portion of the floors which had been rented out to others were reclassified from inventories to investment properties at their fair value of \$264,071 thousand and a gain on the transfers from inventories to investment properties amounting to \$145,257 thousand (recognized as gain on change in fair value of investment properties) was recognized, and a portion of the floors which had been rented out to the Group were reclassified from inventories to property, plant and equipment at their carrying amount of \$47,525 thousand.

The construction project - Taipei Far Eastern Telecom Park, investment property located in Banqiao, was in accordance with the enforcement rules of the Act for Promotion of Private Participation in Infrastructure Projects, and the market rentals were valued at between \$0.4 thousand and \$3.5 thousand per ping (i.e. 1 ping = 3.3 square meters).

The fair values of investment properties were as follows:

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Independent valuation	<u>\$ 124,711,887</u>	<u>\$ 124,148,885</u>	<u>\$ 123,898,896</u>

The fair value of the investment properties as of December 31, 2017 was based on the valuations carried out at February 23, 2018 by independent qualified professional valuers, Mr. Chia-ho Tsai and Ms. Chun-Chun Hu, from Debenham Tie Leung Real Estate Appraiser Office, a member of certified ROC real estate appraisers. The fair value of the investment properties as of January 1, 2017 was based on the valuations carried out at February 6 2017 by independent qualified professional valuers, Mr. Chia-ho Tsai, Ms. Chun-Chun Hu and Mr. Ken Yuan Li, from Debenham Tie Leung Real Estate Appraiser Office, a member of certified ROC real estate appraisers. In consultation with the appraisers, except for some investment properties were adjusted in accordance with fair value movement, the Group determined that the fair values reported as of December 31, 2017 and January 1, 2017 were still valid as of June 30, 2018 and 2017.

The fair value of investment properties, except for undeveloped land, was measured using the income approach. The significant assumptions used were as follows. An increase in estimated future net cash inflows, or a decrease in discount rates will result in an increase in the fair value.

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Expected future cash inflows	\$ 59,383,399	\$ 58,854,858	\$ 59,228,185
Expected future cash outflows	<u>(2,563,428)</u>	<u>(2,260,679)</u>	<u>(2,209,833)</u>
Expected future cash inflows, net	<u>\$ 56,819,971</u>	<u>\$ 56,594,179</u>	<u>\$ 57,018,352</u>
Discount rate	1.845%-2.39%	1.845%-2.36%	1.845%-2.25%

The expected future cash inflows/outflows disclosed above was based on parts of different types of investment properties located in Banqiao. The fair value of the Group's investment properties in Banqiao was calculated based on the expected future cash inflows/outflows of different types of investment properties to extrapolate the total area of the Group's investment properties in Banqiao.

Part of the investment properties had been leased out under operating leases. The rental income generated for the three months and six months ended June 30, 2018 and 2017, were NT\$245,658 thousand, NT\$257,466 thousand, NT\$501,374 thousand and NT\$518,281 thousand, respectively.

The expected future cash inflows generated by investment properties referred to rental income, loss on vacancy rate of space and disposal value. The rental income was extrapolated using the comparative market rentals covering 10 years, excluding too-high and too-low values, taking into account the annual rental growth rate. However, when the investment properties had a specific rental period, the rental income was extrapolated on that rental period with no more than 10 years. Loss on vacancy rate of space was extrapolated using the vacancy rates of the neighboring stores and factories, and the disposal value was determined using the direct capitalization method under the income approach. The expected future cash outflows on investment property included expenditures such as land value taxes, house taxes, insurance premium, maintenance costs, replacement allowance and depreciation. These expenditures were extrapolated on the basis of the current level of expenditures, taking into account the future adjustment to the government-announced land value and the tax rate promulgated under the House Tax Act.

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

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

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Estimated total sale price	<u>\$ 21,861,268</u>	<u>\$ 21,861,268</u>	<u>\$ 26,831,445</u>
Rate of return	15%	15%	15%
Overall capital interest rate	1.04%-2.41%	1.04%-2.41%	1.04%-2.20%

The estimated amount from Zhongli, Taoyuan which has been disclosed in the total sale price above is the sum of the amount from partial investment properties in Zhongli, Taoyuan. It is calculated by reference to any existing lease, local rentals, or market rentals for similar comparable subjects. The total fair value of investment properties in Zhongli, Taoyuan is calculated by extrapolating the fair value from its estimation of the sale price of partial investment properties in Zhongli, Taoyuan.

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

## 20. GOODWILL

	<b>For the Six Months Ended June 30</b>	
	<b>2018</b>	<b>2017</b>
<u>Cost</u>		
Balance at June 30	<u>\$ 11,865,515</u>	<u>\$ 11,865,515</u>

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

Refer to Note 19 of the consolidated financial statements for the year ended December 31, 2017 for related information on goodwill.

## 21. CONCESSIONS AND OTHER INTANGIBLE ASSETS

	June 30, 2018	December 31, 2017	June 30, 2017	
<u>Carrying amounts</u>				
Concessions	\$ 42,851,069	\$ 44,561,464	\$ 39,787,461	
Other intangible assets				
Computer software	3,477,443	3,421,047	3,223,016	
Others	<u>729,142</u>	<u>463,638</u>	<u>505,057</u>	
	<u>4,206,585</u>	<u>3,884,685</u>	<u>3,728,073</u>	
	<u>\$ 47,057,654</u>	<u>\$ 48,446,149</u>	<u>\$ 43,515,534</u>	
	<b>Concessions</b>	<b>Computer Software</b>	<b>Others</b>	<b>Total</b>
Balance at January 1, 2018	\$ 44,561,464	\$ 3,421,047	\$ 463,638	\$ 48,446,149
Additions	59,697	503,972	363,571	927,240
Amortization	(1,765,248)	(472,836)	(109,895)	(2,347,979)
Disposals	(3,274)	(693)	-	(3,967)
Reclassifications	(1,570)	24,310	1,410	24,150
Effect of exchange rate differences	<u>-</u>	<u>1,643</u>	<u>10,418</u>	<u>12,061</u>
Balance at June 30, 2018	<u>\$ 42,851,069</u>	<u>\$ 3,477,443</u>	<u>\$ 729,142</u>	<u>\$ 47,057,654</u>
Balance at January 1, 2017	\$ 41,422,996	\$ 3,177,633	\$ 499,143	\$ 45,099,772
Additions	-	449,114	-	449,114
Amortization	(1,702,429)	(435,405)	(58,298)	(2,196,132)
Disposals	-	(56)	-	(56)
Reclassifications	66,894	33,887	65,974	166,755
Effect of exchange rate differences	<u>-</u>	<u>(2,157)</u>	<u>(1,762)</u>	<u>(3,919)</u>
Balance at June 30, 2017	<u>\$ 39,787,461</u>	<u>\$ 3,223,016</u>	<u>\$ 505,057</u>	<u>\$ 43,515,534</u>

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

Concessions	17.75 years
Computer software	10 years
Others	16 years

## 22. BORROWINGS

### a. Short-term borrowings

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Bank credit loans	\$ 34,957,279	\$ 26,851,641	\$ 27,541,881
Secured and pledged borrowings	65,000	360,000	480,580
Loans from related parties	<u>3,773,270</u>	<u>3,732,946</u>	<u>3,689,157</u>
	<u>\$ 38,795,549</u>	<u>\$ 30,944,587</u>	<u>\$ 31,711,618</u>

- 1) The range of interest rates for bank loans were from 0.90%-4.98%, 0.50%-5.00% and 0.53%-5.45% as of June 30, 2018, December 31, 2017 and June 30, 2017, respectively.
- 2) Loans from related parties were the Group's repayments to related parties. Interest rates were all 0% as of June 30, 2018, December 31, 2017 and June 30, 2017.

### b. Short-term bills payable

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Commercial paper	\$ 6,212,000	\$ 7,647,000	\$ 5,925,000
Less: Unamortized discount on commercial paper	<u>3,015</u>	<u>3,225</u>	<u>2,828</u>
	<u>\$ 6,208,985</u>	<u>\$ 7,643,775</u>	<u>\$ 5,922,172</u>

The short-term bills payable outstanding were issued at interest rates ranging from 0.878%-1.68%, 0.40%-1.788% and 0.848%-1.79%, as of June 30, 2018, December 31, 2017 and June 30, 2017, respectively.

### c. Long-term borrowings

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Bank loans	\$ 57,977,448	\$ 61,980,785	\$ 68,025,138
Long-term commercial paper	6,980,000	7,762,000	600,000
Less: Unamortized discount on commercial paper	<u>3,355</u>	<u>8,281</u>	<u>445</u>
	<u>6,976,645</u>	<u>7,753,719</u>	<u>599,555</u>
	64,954,093	69,734,504	68,624,693
Less: Current portion	<u>4,718,035</u>	<u>3,193,951</u>	<u>3,347,742</u>
	<u>\$ 60,236,058</u>	<u>\$ 66,540,553</u>	<u>\$ 65,276,951</u>

The foregoing loans are repayable through a lump sum payment on maturity and payments of interest monthly; a lump sum of capital and interest on maturity; a lump sum of capital on maturity and prepaid interest which are in New Taiwan dollars, Japanese yen, Euros, RMB, and U.S. dollars. As some of the loans are revolving credit loans, which can be revolved within the credit line limitation. The maturity dates of revolving credit loans are based on the maturity dates of the credit line limit contracts. The maturity dates and bank interest rates of the Group's borrowings were as follows:

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Maturity	January 2019 - April 2031	December 2018 - April 2031	July 2017 - April 2031
Bank interest rate intervals	0.58%-4.75%	0.60%-4.75%	0.60%-5.55%

On March 22, 2011, a FENC's subsidiary, FECC, entered into a credit agreement with Hua Nan Bank and update the credit agreement into \$5,600,000 thousand on January 3, 2017. FECC pledged its land and construction pertaining to the Xin Ban project (Banqiao - New Section No. 8) and amounting to \$8,880,000 thousand as first mortgage to the creditor banks. Other agreement terms were as follows:

	<b>Credit Line</b>	<b>Maturity Period</b>	<b>Interest Rate</b>	<b>Repayment</b>
A	NT\$ 1,660,000 thousand	20 years after use of the credit	Hua Nan Bank's periodic savings interest rate plus 0.4% then divided by 0.946%	No revolving credit but batch employed available within 5 years; No repayment in the first 5 years; quarterly repayments of NT\$30,000 thousand quarterly from the sixth year and redemption of rest on maturity
B	NT\$ 1,000,000 thousand	5 years after approve of the credit	Reference interest rate plus 0.69544% (negotiated by each loan)	Revolving credit within the period; no longer than 6 months; lump sum repayment on maturity
D	NT\$ 2,750,000 thousand	7 years after draw down of the credit	Reference interest rate plus 0.804% (negotiated by each loan, but no less than 1.5%)	No revolving credit but be partly draw down available within March 30, 2021; credit will be paid every 6 months from 3 years after each drawdown date. The first 8 installments should repay 5% of the loan, and the last installment should repay 60% of loan.
	<hr/> NT\$ 5,410,000 thousand <hr/>			

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

Note 2: On January 3, 2017, FECC updated the content of the contract for reducing the amount of credit line A \$160,000 thousand, credit line B \$400,000 thousand and credit line D \$240,000 thousand, and the cancelation of credit line C.

On July 19, 2017, a FENC's subsidiary, Oriental Petrochemicals (Taiwan) Corporation (OPTC), got a five-year syndicated loan in a total amount of \$16,800,000 thousand from bank groups which Mega International Commercial Bank is the leading bank. During the contract period, OPTC needs to keep its liability ratio within a certain range calculated based on the recent audited non-consolidated financial statements. If OPTC fails to meet the requirement, it should readjusts the liability ratio to within the required range in 5 months from June 1 next year. Otherwise, starting from November 1, OPTC has to pay extra 0.125% interest of the outstanding amounts until the day before the liability ratio has met the range requirement. The repayment method of this credit is divided into two lines. Line A: The first period is 2 years after the first drawdown date, and then every half of a year is a period. It is divided into seven installments. The repayment amount from the first period to the sixth period is 5% of the loan amount, and the full amount will be repaid on the expiration date. Line B: The loan can be revolve within the credit amount, the first period of decreasing date is 48 days after the first drawdown date, and then every 6 months is a period, the credit will decrease 500,000 thousand each in the first two period, and the full amount will be repaid on the expiration date.

In 2012, a FENC subsidiary, Oriental Petrochemicals (Taiwan) Corporation (OPTC), got a five-year and seven-year syndicated loan in a total amount of \$11,000,000 thousand from bank groups which Mega International Commercial Bank is the leading bank. During the contract period, OPTC needs to keep its liability ratio within a certain range calculated based on the recent audited non-consolidated financial statements. If OPTC fails to meet the requirement, it should readjusts the liability ratio to within the required range in 5 months from June 1 next year. Otherwise, starting from November 1, OPTC has to pay extra 0.125% interest of the outstanding amounts until the day before the liability ratio has met the range requirement. OPTC does not violate the contract above. On July 19, 2017, OPTC got a new syndicated loan from bank groups which Mega International Commercial Bank is the leading bank, and terminated this syndicated loan in advance.

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

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

<b>Project</b>	<b>Credit</b>	<b>Fixed dial Date</b>	<b>Expected Repayment Period</b>
Syndicated loan borrowings			
A	NT\$ 2,906,000 thousand	2012.05.10	2014.11-2019.02
B	3,294,000 thousand	2012.05.10	2019.08-2025.11
C	220,000 thousand	2012.05.10	The first drawdown to 6 months after completing the transfer of assets by the borrower based on the building operation contract

Another requirement in the syndicated loan agreement was for FETC to open special bank accounts and to place appropriate payments to these bank accounts through deposits and time deposits. The bank accounts pertaining to the loan reserve and time deposits that had been pledged to Cathy United Bank were accounted for under other financial assets - non-current (Note 37). The terms of loans A and B further included a requirement for FETC to keep its loan capital and interest coverage ratio at more than 1.10 during the interest accrual period after November 10, 2014. In addition, FETC should get prior written consent from Cathy United Bank based on the schedule and amount of the ETC project shown in FETC's annual budget before FETC disposes of the pledged deposits and should replace these deposits with other operating assets as collateral. The value of the operating assets should be the



lower of the value of newly built operating assets for ETC's operations or the value of other assets that had not been provided to Cathay United Bank as collateral. As of June 30, 2018, December 31, 2017 and June 30, 2017, the amount of operating assets with pledged rights was \$3,756,000 (refer to Note 37). ETC had already repaid the credit line A \$600,000 thousand in advance in December 2017 and are expected to change the repayment date of the credit amount from February 2021 to February 2019.

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

## 23. BONDS PAYABLE

	June 30, 2018	December 31, 2017	June 30, 2017
Nonconvertible domestic bonds	\$ 98,300,000	\$ 85,300,000	\$ 89,150,000
Discount of nonconvertible domestic bonds	<u>(100,795)</u>	<u>(93,053)</u>	<u>(96,146)</u>
	98,199,205	85,206,947	89,053,854
Less: Current portion	<u>16,294,203</u>	<u>13,495,529</u>	<u>12,846,372</u>
	<u>\$ 81,905,002</u>	<u>\$ 71,711,418</u>	<u>\$ 76,207,482</u>

### Bonds

Period	Maturity	Annual Rate (%)	Issued Amount	Outstanding Balance			Repayment
				June 30, 2018	December 31, 2017	June 30, 2017	
<u>Parent company</u>							
Unsecured bonds							
101-2	2012.11.26-2017.11.26	1.30	\$ 4,200,000	\$ -	\$ -	\$ 2,100,000	(Note 1)
102-3	2013.12.23-2018.12.23	1.45	2,800,000	2,800,000	2,800,000	2,800,000	(Note 2)
103-1	2014.08.21-2019.08.21	1.47	3,200,000	3,200,000	3,200,000	3,200,000	(Note 1)
103-2	2014.12.04-2019.12.04	1.47	2,200,000	2,200,000	2,200,000	2,200,000	(Note 1)
103-3	2015.02.06-2020.02.06	1.38	2,600,000	2,600,000	2,600,000	2,600,000	(Note 1)
104-1	2015.05.25-2020.05.25	1.39	8,000,000	8,000,000	8,000,000	8,000,000	(Note 1)
104-2	2015.10.02-2020.10.02	1.28	5,200,000	5,200,000	5,200,000	5,200,000	(Note 1)
104-3	2015.11.16-2020.11.16	1.25	2,800,000	2,800,000	2,800,000	2,800,000	(Note 2)
105-1-A	2016.04.29-2021.04.29	0.88	6,000,000	6,000,000	6,000,000	6,000,000	(Note 1)
105-1-B	2016.04.29-2021.04.29	-	2,000,000	2,000,000	2,000,000	2,000,000	(Note 4)
105-2	2016.09.20-2021.09.20	0.72	3,800,000	3,800,000	3,800,000	3,800,000	(Note 2)
106-1	2017.05.17-2022.05.17	1.15	5,000,000	5,000,000	5,000,000	5,000,000	(Note 1)
106-2	2018.01.08-2023.01.08	0.95	3,000,000	3,000,000	-	-	(Note 2)
107-1	2018.05.18-2023.05.18	0.92	6,000,000	6,000,000	-	-	(Note 1)
<u>Subsidiary Yuan Ding Investment</u>							
Unsecured bonds							
101-1-B	2012.08.06-2017.08.06	1.40	1,100,000	-	-	550,000	(Note 1)
103-1	2014.05.26-2019.05.26	1.35	3,000,000	1,500,000	3,000,000	3,000,000	(Note 1)
104-1	2015.07.10-2020.07.10	1.43	3,000,000	3,000,000	3,000,000	3,000,000	(Note 1)
104-2	2015.11.09-2020.11.09	1.28	2,000,000	2,000,000	2,000,000	2,000,000	(Note 1)
105-1	2016.05.30-2021.05.30	0.90	3,800,000	3,800,000	3,800,000	3,800,000	(Note 1)
106-1	2017.06.30-2022.06.30	1.15	3,000,000	3,000,000	3,000,000	3,000,000	(Note 2)
107-1	2018.06.29-2023.06.29	0.92	3,000,000	3,000,000	-	-	(Note 2)

(Continued)

Period	Maturity	Annual Rate (%)	Issued Amount	Outstanding Balance			Repayment
				June 30, 2018	December 31, 2017	June 30, 2017	
Subsidiary Far							
EasTone							
Unsecured bonds							
102-4	2013.06.27-2020.06.27	1.33	\$ 5,000,000	\$ 2,500,000	\$ 5,000,000	\$ 5,000,000	(Note 3)
102-5-A	2013.10.15-2017.10.15	1.46	1,000,000	-	-	1,000,000	(Note 2)
102-5-B	2013.10.15-2018.10.15	1.58	4,000,000	4,000,000	4,000,000	4,000,000	(Note 2)
102-6-B	2013.12.24-2017.12.24	1.27	5,200,000	-	-	5,200,000	(Note 2)
102-6-C	2013.12.24-2019.12.24	1.58	3,200,000	3,200,000	3,200,000	3,200,000	(Note 2)
105-1	2017.01.05-2022.01.05	1.17	5,200,000	5,200,000	5,200,000	5,200,000	(Note 2)
106-1	2017.04.26-2022.04.26	1.17	4,500,000	4,500,000	4,500,000	4,500,000	(Note 2)
106-2	2017.09.04-2024.09.04	1.17	2,000,000	2,000,000	2,000,000	-	(Note 2)
106-3-A	2017.12.20-2023.06.20	0.95	1,500,000	1,500,000	1,500,000	-	(Note 2)
106-3-B	2017.12.20-2024.12.20	1.09	1,500,000	1,500,000	1,500,000	-	(Note 2)
107-1-A	2018.05.07-2023.05.07	0.85	1,500,000	1,500,000	-	-	(Note 2)
107-2-B	2018.05.07-2025.05.07	1.01	3,500,000	3,500,000	-	-	(Note 2)
Total outstanding balance				<u>\$ 98,300,000</u>	<u>\$ 85,300,000</u>	<u>\$ 89,150,000</u>	

(Concluded)

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

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

Note 3: These bonds are repayable at 50% and 50% of the total amount at the end of fifth and seventh years, respectively. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

Note 4: This bond is repayable in lump sum at the 104.8411% of total amount on maturity.

## 24. PROVISIONS

	June 30, 2018	December 31, 2017	June 30, 2017
Dismantling obligation	\$ 1,032,677	\$ 1,022,012	\$ 983,233
Warranties	153,141	147,464	151,425
Onerous contract	<u>36,416</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,222,234</u>	<u>\$ 1,169,476</u>	<u>\$ 1,134,658</u>
Current	\$ 379,372	\$ 282,035	\$ 266,118
Non-current	<u>842,862</u>	<u>887,441</u>	<u>868,540</u>
	<u>\$ 1,222,234</u>	<u>\$ 1,169,476</u>	<u>\$ 1,134,658</u>

	<b>Dismantling Obligation</b>	<b>Warranties</b>	<b>Onerous Contracts</b>	<b>Total</b>
Balance at January 1, 2018	\$ 1,022,012	\$ 147,464	\$ -	\$ 1,169,476
Adjustment on initial application of IFRS 15	-	-	26,610	26,610
Balance at January 1, 2018 per IFRS 15	1,022,012	147,464	26,610	1,196,086
Additions	49,309	15,558	12,333	77,200
Reductions	(38,644)	(9,881)	(2,527)	(51,052)
Balance at June 30, 2018	<u>\$ 1,032,677</u>	<u>\$ 153,141</u>	<u>\$ 36,416</u>	<u>\$ 1,222,234</u>
Balance at January 1, 2017	\$ 975,571	\$ 154,846	\$ -	\$ 1,130,417
Additions	21,289	18,675	-	39,964
Reductions	(13,627)	(22,096)	-	(35,723)
Balance at June 30, 2017	<u>\$ 983,233</u>	<u>\$ 151,425</u>	<u>\$ -</u>	<u>\$ 1,134,658</u>

## 25. RETIREMENT BENEFIT PLANS

For defined benefit plans, employee benefit expenses for the three months and six months ended June 30, 2018 and 2017 were calculated as NT\$33,470 thousand, NT\$39,491 thousand, NT\$64,704 thousand and NT\$82,620 thousand by the actuarially determined pension cost discount rate as of December 31, 2017 and 2016. The Group transferred defined benefit costs NT\$125 thousand, NT\$236, NT\$273 thousand and NT\$478 thousand to related parties for the three months and six months ended June 30, 2018 and 2017, respectively.

## 26. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

	<b>June 30, 2018</b>		
	<b>Within One Year</b>	<b>Over One Year</b>	<b>Total</b>
<u>Assets</u>			
Notes and accounts receivable	\$ 405,024	\$ 299,201	\$ 704,225
Inventories - construction and real estate	2,243,044	2,160,730	4,403,774
Contract assets - current	330,063	1,813,602	2,143,665
Other financial assets - current	27,529	876,188	903,717
Refundable deposits - current	806	13,068	13,874
<u>Liabilities</u>			
Notes and accounts payable	1,068,734	-	1,068,734
Notes and accounts payable to related parties	121,914	-	121,914
Contract liabilities - current	254,134	1,255,037	1,509,171
Provisions - current	607	90,039	90,646

	<b>December 31, 2017</b>		
	<b>Within One Year</b>	<b>Over One Year</b>	<b>Total</b>
<u>Assets</u>			
Notes and accounts receivable	\$ 438,890	\$ 332,149	\$ 771,039
Inventories - construction and real estate	1,996,228	2,591,597	4,587,825
Amounts due from customers for construction contracts	268,901	1,322,718	1,591,619
Other financial assets - current	212,112	1,076,509	1,288,621
Refundable deposits - current	-	12,861	12,861
<u>Liabilities</u>			
Notes and accounts payable	1,648,369	730,107	2,378,476
Notes and accounts payable to related parties	90,323	-	90,323
Amounts due to customers for construction contracts	454	63,095	63,549
Provisions - current	1,200	53,299	54,499
Advance real estate receipts	56,975	-	56,975
	<b>June 30, 2017</b>		
	<b>Within One Year</b>	<b>Over One Year</b>	<b>Total</b>
<u>Assets</u>			
Notes and accounts receivable	\$ 226,479	\$ 337,630	\$ 564,109
Inventories - construction and real estate	2,314,084	2,523,844	4,837,928
Amounts due from customers for construction contracts	175,551	1,248,525	1,424,076
Other financial assets - current	211,333	643,733	855,066
Refundable deposits - current	88,600	9,261	97,861
<u>Liabilities</u>			
Notes and accounts payable	845,182	699,938	1,545,120
Notes and accounts payable to related parties	123,861	-	123,861
Amounts due to customers for construction contracts	4,701	26,100	30,801
Advance real estate receipts	12,215	-	12,215
Provisions - current	-	50,733	50,733

## 27. EQUITY

### a. Share capital

#### 1) Common shares

	June 30, 2018	December 31, 2017	June 30, 2017
Number of shares authorized (in thousands)	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
Shares authorized	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>5,352,875</u>	<u>5,352,875</u>	<u>5,352,875</u>
Shares issued	<u>\$ 53,528,751</u>	<u>\$ 53,528,751</u>	<u>\$ 53,528,751</u>

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

#### 2) Global depositary receipt

The Company issued global depositary receipts (GDRs) since 1999, one GDRs unit represents 10 common shares of the Company. The GDRs were traded and listed on the Luxembourg Stock Exchange. As of June 30, 2018, December 31, 2017 and June 30, 2017, there are 101 thousand units, 101 thousand units and 33 thousand units outstanding, which were equal to 1,007 thousand, 1,007 thousand and 327 thousand common shares of the Company.

### b. Capital surplus

	June 30, 2018	December 31, 2017	June 30, 2017
May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)			
Difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ 2,654,932	\$ 2,654,932	\$ 2,654,932
<u>May be used to offset a deficit only</u>			
Arising from changes in percentage of ownership interest in subsidiaries (2)	148,783	148,783	148,775
Treasury shares transaction	13,131	13,131	12,508
<u>May not be used for any purpose</u>			
Changes in equity-method associates capital surplus	<u>43,475</u>	<u>42,723</u>	<u>41,606</u>
	<u>\$ 2,860,321</u>	<u>\$ 2,859,569</u>	<u>\$ 2,857,821</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital.

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

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used as the basis for proposing a distribution plan. After adding prior years' unappropriated earnings, the Company would retain a certain amount for expansion plans and then make the distribution of dividends evenly by all of the shares. When capital increase, the amount of dividend for new shares of that year would be according to resolution of the shareholders' meeting. For the policies on distribution of employees' compensation and remuneration to directors before and after amendment, please refer to Note 29, d. "Employees' compensation and remuneration of directors".

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

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

Under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve.

The appropriations from the 2017 and 2016 earnings were approved in the shareholders' meetings on June 29, 2018 and June 28, 2017, respectively. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For Year 2017</b>	<b>For Year 2016</b>	<b>For Year 2017</b>	<b>For Year 2016</b>
Legal reserve	\$ 806,614	\$ 630,779		
Special reserve	1,523,136	2,662,006		
Reversals on elimination of the original mandatorily appropriated special reserve	(2,643)	-		
Cash dividends	6,423,450	4,282,300	\$ 1.2	\$ 0.8

d. Special reserves

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

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

	<b>For the Six Months Ended June 30</b>	
	<b>2018</b>	<b>2017</b>
Balance at January 1	\$ 21,552,496	\$ 21,565,171
Reversed on elimination of the original need to appropriate a special reserves:		
Disposal of associates	<u>-</u>	<u>(8,442)</u>
Balance at June 30	<u>\$ 21,552,496</u>	<u>\$ 21,556,729</u>

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

	<b>For the Six Months Ended June 30</b>	
	<b>2018</b>	<b>2017</b>
Balance at January 1	\$ 88,196,319	\$ 85,554,383
Appropriation in respect of:		
Application of the fair value method for investment properties	1,520,493	2,662,006
Reversed on elimination of the original need to appropriate a special reserves:		
Disposal of associates	-	(11,076)
Disposal of investment properties	<u>(5,678)</u>	<u>-</u>
Balance at June 30	<u>\$ 89,711,134</u>	<u>\$ 88,205,313</u>

e. Other equity items

The changes in other equity items were as follow:

	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available- for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Cash Flow Hedges	Gain (Loss) on Hedging Instruments	Unrealized Revaluation Increments	Total
Balance at January 1, 2018	\$ (3,077,371)	\$ (1,357,319)	\$ -	\$ 35,642	\$ -	\$ 702,778	\$ (3,696,270)
Adjustment on initial application of IFRS 9 and 15	<u>-</u>	<u>1,357,319</u>	<u>(1,725,866)</u>	<u>(35,642)</u>	<u>35,642</u>	<u>-</u>	<u>(368,547)</u>
Balance at January 1 per IFRS 9 and 15	(3,077,371)	-	(1,725,866)	-	35,642	702,778	(4,064,817)
Exchange differences arising on translation of foreign operations	425,783	-	-	-	-	-	425,783
Unrealized gain (loss) on financial assets at FVTOCI	-	-	(12,978)	-	-	-	(12,978)
Gain (loss) on hedging instruments	-	-	-	-	8,073	-	8,073
Share of the other comprehensive gain (loss) of associates	<u>220,984</u>	<u>-</u>	<u>977,405</u>	<u>-</u>	<u>(970)</u>	<u>-</u>	<u>1,197,419</u>
Balance at June 30, 2018	<u>\$ (2,430,604)</u>	<u>\$ -</u>	<u>\$ (761,439)</u>	<u>\$ -</u>	<u>\$ 42,745</u>	<u>\$ 702,778</u>	<u>\$ (2,446,520)</u>
Balance at January 1, 2017	\$ (1,577,812)	\$ (1,947,657)	\$ -	\$ (47,514)	\$ -	\$ 702,778	\$ (2,870,205)
Exchange differences arising on translation of foreign operations	(1,322,996)	-	-	-	-	-	(1,322,996)
Unrealized gain (loss) on available-for-sale financial assets	-	364,052	-	-	-	-	364,052
Gain on hedging instruments in cash flow hedges arising from fair value changes	-	-	-	50,051	-	-	50,041
Share of the other comprehensive gain (loss) of associates	<u>(587,132)</u>	<u>352,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(234,226)</u>
Balance at June 30, 2017	<u>\$ (3,487,940)</u>	<u>\$ (1,230,699)</u>	<u>\$ -</u>	<u>\$ (2,527)</u>	<u>\$ -</u>	<u>\$ 702,778</u>	<u>\$ (4,013,334)</u>

f. Non-controlling interests

	<b>For the Six Months Ended June 30</b>	
	<b>2018</b>	<b>2017</b>
Beginning at January 1	\$ 61,178,706	\$ 61,306,197
Adjustment on initial application of IFRS 9 and 15	<u>3,926,063</u>	<u>-</u>
Balance at January 1 per IFRS 9 and 15	65,104,769	61,306,197
Attributable to non-controlling interests:		
Net income	3,437,435	3,127,581
Income tax relating to items that will not be reclassified subsequently to profit or loss	6,667	-
Cash dividends distributed by subsidiaries	(7,794,632)	(7,783,681)
Exchange differences on translating foreign operations	58,051	(152,863)
Unrealized gain (loss) on available-for-sale financial assets	-	16,071
Unrealized gain on financial assets at fair value through other comprehensive income	1,300	-
Cash flow hedges	-	117,054
Gain (loss) on hedging instruments	15,354	-
Share of other comprehensive loss of associates accounted for using the equity method	10,413	(2,306)
Changes in capital surplus of associates accounted for using the equity method	13	(5)
Changes in unappropriated earnings of associates accounted for using the equity method	198	(16)
Acquisition of partial interests of subsidiaries	(153,820)	-
Non-controlling interests arising from subsidiaries' issuance of new share capital for cash	577,375	384,917
Effect on changes in percentage of ownership in subsidiaries	12,556	158,764
Remittance of cash due to the liquidation of subsidiaries	(360)	-
Disposal of the investments accounted for using the equity method	<u>-</u>	<u>(4)</u>
Beginning at June 30	<u>\$ 61,275,319</u>	<u>\$ 57,171,709</u>

g. Treasury shares

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

Name of Subsidiary	Number of Shares Held (In Thousands)	Carrying Amount	Market Price
<u>June 30, 2018</u>			
Yuan Ding	779	<u>\$ 25,063</u>	<u>\$ 22,524</u>
<u>December 31, 2017</u>			
Yuan Ding	779	<u>\$ 25,063</u>	<u>\$ 20,887</u>
<u>June 30, 2017</u>			
Yuan Ding	779	<u>\$ 25,063</u>	<u>\$ 19,289</u>



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

The Group's shares held by the subsidiary are recognized as treasury shares. The subsidiaries which hold treasury shares, can, retain shareholders' rights except the rights to participate in any share issuance for cash and to vote.

## 28. REVENUE

	For the Three Months Ended		For the Six Months Ended	
	June 30		June 30	
	2018	2017	2018	2017
Revenue from contracts with customers				
Revenue from sale of goods	\$ 36,104,452	\$ 32,784,730	\$ 70,867,317	\$ 63,306,597
Telecommunications service revenue	12,696,285	15,962,340	26,013,330	32,056,097
Construction revenue	1,564,648	1,253,891	2,255,436	1,956,708
Other operating revenue	<u>3,573,200</u>	<u>2,907,302</u>	<u>6,260,386</u>	<u>5,858,742</u>
	53,938,585	52,908,263	105,396,469	103,178,144
Other operating revenue				
Gain on disposal of investments, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,854</u>
	<u>\$ 53,938,585</u>	<u>\$ 52,908,263</u>	<u>\$ 105,396,469</u>	<u>\$ 103,289,998</u>

### a. Description of customer contract

Refer to Note 4(d) revenue recognition from the summary of significant accounting policies.

### b. Contact balances

	June 30, 2018
Contract assets	
Bundle sale of goods	\$ 5,254,351
Real estate construction	1,686,270
Retentions receivable	457,395
Less: Allowance for impairment loss	<u>(152,707)</u>
	<u>\$ 7,245,309</u>
Current	\$ 5,663,022
Non-current	<u>1,582,287</u>
	<u>\$ 7,245,309</u>

(Continued)

	<b>June 30, 2018</b>
Contract liabilities	
Sale of goods and services	\$ 4,549,718
Real estate construction	678,101
Retentions payable	<u>815,016</u>
	<u>\$ 6,042,835</u>
Current	\$ 5,822,139
Non-current	<u>220,696</u>
	<u>\$ 6,042,835</u>
	(Concluded)

For notes and accounts receivable, refer to Note 13.

From January 1 to June 30 in 2018, the changes in the contract asset and the contract liability balances primarily result from the timing difference between the Group's performance and the customer's payment, and there did not have other significant changes other than the amount decided above.

c. Assets related to contract costs

	<b>June 30, 2018</b>
Non-current	
Incremental costs of obtaining a contract	<u>\$ 1,421,216</u>

The Group considered its past experience and believes the commission and subsidies paid for obtaining contracts are wholly recoverable. Amortization recognized in the three months and six months ended June 30, 2018 is \$491,464 thousand and \$951,946 thousand.

d. Disaggregation of revenue

Refer to Note 42 for information about disaggregation of revenue.

## 29 NET PROFIT FROM CONTINUING OPERATIONS

a. Interest expenses

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Capitalized interests on properties	\$ 134,770	\$ 100,420	\$ 249,293	\$ 196,944
Capitalization rates	1.02%-4.75%	0.84%-4.57%	1.02%-4.75%	0.76%-4.57%

b. Depreciation and amortization

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Property, plant and equipment	\$ 3,946,342	\$ 3,927,544	\$ 7,901,536	\$ 7,781,551
Intangible assets	1,214,334	1,097,717	2,347,979	2,196,132
Long-term prepayments for lease	<u>52,067</u>	<u>47,394</u>	<u>104,110</u>	<u>96,654</u>
	<u>\$ 5,212,743</u>	<u>\$ 5,072,655</u>	<u>\$ 10,353,625</u>	<u>\$ 10,074,337</u>
An analysis of deprecation by function				
Operating costs	\$ 3,525,685	\$ 3,467,438	\$ 7,035,727	\$ 6,867,500
Operating expenses	408,959	445,115	841,718	884,031
Other expense	<u>11,698</u>	<u>14,991</u>	<u>24,091</u>	<u>30,020</u>
	<u>\$ 3,946,342</u>	<u>\$ 3,927,544</u>	<u>\$ 7,901,536</u>	<u>\$ 7,781,551</u>
An analysis of amortization by function				
Operating costs	\$ 961,785	\$ 935,518	\$ 1,925,231	\$ 1,876,077
Operating expenses	<u>304,616</u>	<u>209,593</u>	<u>526,858</u>	<u>416,709</u>
	<u>\$ 1,266,401</u>	<u>\$ 1,145,111</u>	<u>\$ 2,452,089</u>	<u>\$ 2,292,786</u>

c. Employee benefits expense

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Post-employment benefits				
Defined contribution plans	\$ 203,076	\$ 212,714	\$ 404,714	\$ 422,379
Defined benefit plans	33,345	39,255	64,431	82,142
Other employee benefits	<u>5,057,941</u>	<u>4,769,135</u>	<u>10,169,795</u>	<u>9,664,539</u>
Total employee benefit expense	<u>\$ 5,294,362</u>	<u>\$ 5,021,104</u>	<u>\$ 10,638,940</u>	<u>\$ 10,169,060</u>
Analysis of employee benefit expense by function				
Operating costs	\$ 2,698,775	\$ 2,303,668	\$ 5,206,440	\$ 4,752,599
Operating expenses	<u>2,595,587</u>	<u>2,717,436</u>	<u>5,432,500</u>	<u>5,416,461</u>
	<u>\$ 5,294,362</u>	<u>\$ 5,021,104</u>	<u>\$ 10,638,940</u>	<u>\$ 10,169,060</u>

d. Employees' compensation and remuneration of directors

The amendments stipulate distribution of employees' compensation and remuneration of directors at the rates of 2.0% to 3.5% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. However, the Company has to first offset losses from the previous years. The employees' compensation and remuneration of directors for the six months ended June 30, 2018 and 2017 were as follows:

Accrual rate

	<b>For the Six Months Ended June 30</b>	
	<b>2018</b>	<b>2017</b>
Employees' compensation	2.76%	3.31%
Remuneration of directors	2.07%	2.36%

Amount

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Employees' compensation	\$ 161,162	\$ 55,985	\$ 230,231	\$ 98,541
Remuneration of directors	120,871	38,211	172,673	70,351

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

The employees' compensation and remuneration of directors for the years ended December 31, 2017 and 2016 which have been approved by the Company's board of directors on March 22, 2018 and March 23, 2017, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2017</b>	<b>2016</b>
Employees' compensation	\$ 276,277	\$ 184,185
Remuneration of directors	151,591	116,156

There was no difference between the actual appropriated amounts of employees' compensation and remuneration of directors and the amounts recognized in the consolidated financial statements for the year ended December 31, 2017 and 2016. The Company offered to settle employee's compensation in cash.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2018 and 2017 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

### 30. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of tax recognized in profit or loss

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Current tax	\$ 1,163,501	\$ 739,722	\$ 1,666,649	\$ 1,434,357
Deferred tax				
In respect of the current period	455,494	27,517	345,291	15,578
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>-</u>	<u>-</u>	<u>132,630</u>	<u>-</u>
	<u>455,494</u>	<u>27,517</u>	<u>477,921</u>	<u>15,578</u>
Adjustments for prior years	<u>12,689</u>	<u>9,013</u>	<u>12,689</u>	<u>9,013</u>
Income tax expense recognized in profit or loss	<u>\$ 1,631,684</u>	<u>\$ 776,252</u>	<u>\$ 2,157,259</u>	<u>\$ 1,458,948</u>

The Income Tax Act in the ROC was amended in 2018 and the corporate income tax rate was adjusted from 17% to 20% effective in 2018. The effect of the change in tax rate on deferred tax expense to be recognized in profit or loss is recognized in full in the period in which the change in tax rate occurs. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Deferred tax				
Effect of change in tax rate	<u>\$ 10,790</u>	<u>\$ -</u>	<u>\$ 22,473</u>	<u>\$ -</u>

c. Income tax assessments

	<b>Latest Year of Income Tax Return That Tax Authorities Had Examined and Cleared</b>
Far Eastern New Century Corporation	2014
Far Eastern Resources Development Co., Ltd.	2014
Far Eastern Fibertech Co., Ltd.	2016
Oriental Petrochemical (Taiwan) Corporation	2016
Yuan Tong Investment Co., Ltd.	2016
Ding Ding Integrated Marketing Service Co., Ltd.	2015
Ding Ding Hotel Co., Ltd.	2016
Fu Kwok Knitting & Garment Co., Ltd.	2016
Far Eastern Apparel Co., Ltd.	2016
Yuan Cheng Human Resources Consultant Corporation	2016

(Continued)

**Latest Year of Income  
Tax Return That Tax  
Authorities Had  
Examined and Cleared**

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Yuan Ding Investment Co., Ltd.	2016
Oriental Resources Development Co., Ltd.	2016
Yuan Faun Co., Ltd.	2016
Kai Yuan International Investment Co., Ltd.	2016
Ding Yuan International Investment Co., Ltd.	2016
An Ho Garment Co., Ltd.	2016
Far Eastern Electronic Toll Collection Co., Ltd.	2016
Yuan Hsin Digital Payment Co., Ltd.	2016
Far Eastern Textile Ltd.	2016
Far Eastern Construction Co., Ltd.	2016
Far Eastern General Contractor Inc.	2015
Yuan Ding Co., Ltd.	2015
FET Consulting Engineers Co., Ltd.	2016
Far Eastern Technical Consultants Co., Ltd.	2016
YDT Technology International Co., Ltd.	2016
Far EasTone Telecommunications Co., Ltd.	2015
New Century InfoComm Tech Co., Ltd.	2014
ARCOA Communication Co., Ltd.	2015
Simple InfoComm Co., Ltd.	2015
Q-ware Communications Corporation	2015
Information Security Service Digital United Inc.	2016
Linkwell Tech. Co., Ltd.	2016
DataExpress Infotech Co., Ltd.	2015
Yuan Cing Co., Ltd.	2016
O-music Co., Ltd.	2016
New Diligent Co., Ltd.	2016
KGEx.com Co., Ltd.	2016
Home Master Technology Ltd.	2016
Yuanshi Digital Technology Co., Ltd.	2016

(Concluded)

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

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

New Century InfoComm Tech Co., Ltd.

New Century InfoComm Tech Co., Ltd. disagreed with the tax authorities' assessment of its 2013 and 2014 return and thus applied for reexamination. Nevertheless, New Century InfoComm Tech Co., Ltd. accrued the related tax expense.

### 31. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Basic earnings per share	<u>\$ 0.98</u>	<u>\$ 0.31</u>	<u>\$ 1.48</u>	<u>\$ 0.57</u>
Diluted earnings per share	<u>\$ 0.98</u>	<u>\$ 0.31</u>	<u>\$ 1.47</u>	<u>\$ 0.57</u>

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

#### Net Income for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Net income for the period attributable to owners of the Company	<u>\$ 4,906,169</u>	<u>\$ 1,547,554</u>	<u>\$ 7,375,615</u>	<u>\$ 2,833,349</u>

#### Weighted Average Number of Common Shares Outstanding

Unit: In Thousand Shares

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Weighted average number of common shares used in the calculation of basic earnings per share	4,998,166	4,999,130	4,998,304	4,999,130
Effect of potentially dilutive common stock: Employees' compensation	<u>8,312</u>	<u>4,114</u>	<u>13,859</u>	<u>7,570</u>
Weighted average number of common shares used in the calculation of diluted earnings per share	<u>5,006,478</u>	<u>5,003,244</u>	<u>5,012,163</u>	<u>5,006,700</u>

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

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

The Company calculated basic EPS with the weighted average number of actual outstanding shares in the current period. Based on the calculation, for the three months and six months ended June 30, 2018 and 2017, the Company's EPS were NT\$0.92, NT\$0.29, NT\$1.38 and NT\$0.53.

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

#### For the six months ended June 30, 2018

On March 2, 2018, the Group paid \$171,260 thousand to acquired for additional shares of Oriental Resources Development Co., Ltd. from associate, Oriental Union Chemical Corporation at a percentage different from its existing ownership percentage, increasing its continuing interest from 70% to 100%.

The transaction above was recognized as equity transaction as it did not have effect on the Group's control over the subsidiary. Cash consideration paid and equity transactions were as follows:

	<b>Oriental Resources Development Co., Ltd.</b>
Cash consideration paid	\$ (171,260)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>153,820</u>
Differences recognized from equity transactions	<u>\$ (17,440)</u>
<u>Line items adjusted for equity transactions</u>	
Unappropriated earnings	<u>\$ (17,440)</u>

In April and June 2018, the Group subscribed for additional new shares and acquired remaining non-controlling interest shares of Q-ware Communications Corporation in cash respectively at a percentage different from its existing ownership percentage, increasing its continuing interest from 81.63% to 100%.

	<b>Q-ware Communication s Corporation</b>
Cash consideration paid	\$ (5,398)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>(7,556)</u>
Differences recognized from equity transactions	<u>\$ (12,954)</u>
<u>Line items adjusted for equity transactions</u>	
Unappropriated earnings	<u>\$ (12,954)</u>



For the six months ended June 30, 2017

On April 26, 2017, the Group subscribed for additional new shares of Far Eastern Electronic Commerce Co., Ltd in cash at a percentage different from its existing ownership percentage, increasing its continuing interest from 73.42% to 75.35%.

	<b>Far Eastern Electronic Commerce Co., Ltd</b>
Cash consideration paid	\$ (453,345)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>444,569</u>
Differences recognized from equity transactions	<u>\$ (8,776)</u>
<u>Line items adjusted for equity transactions</u>	
Unappropriated earning	<u>\$ (8,776)</u>

In June 2017, the Group subscribed for additional new shares of Hiiir Digital Marketing Co., Ltd in cash at a percentage different from its existing ownership percentage, increasing its continuing interest from 89.54% to 93.28%.

	<b>Hiiir Digital Marketing Co., Ltd</b>
Cash consideration paid	\$ (348,909)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>336,667</u>
Differences recognized from equity transactions	<u>\$ (12,242)</u>
<u>Line items adjusted for equity transactions</u>	
Unappropriated earning	<u>\$ (12,242)</u>

### 33. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

The operating lease were main related to lease of land, buildings, cell sites and office space.

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

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Not later than 1 year	\$ 3,458,468	\$ 3,515,281	\$ 3,359,471
Later than 1 year and not later than 5 years	6,095,315	5,967,168	5,605,723
Later than 5 years	<u>727,512</u>	<u>793,689</u>	<u>917,855</u>
	<u>\$ 10,281,295</u>	<u>\$ 10,276,138</u>	<u>\$ 9,883,049</u>

b. The Group as lessor

The operating lease were main related to lease of investment properties owned by the Group.

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

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Not later than 1 year	\$ 785,440	\$ 852,719	\$ 667,884
Later than 1 year and not later than 5 years	2,663,481	2,797,637	2,485,047
Later than 5 years	<u>1,491,603</u>	<u>1,665,155</u>	<u>981,450</u>
	<u>\$ 4,940,524</u>	<u>\$ 5,315,511</u>	<u>\$ 4,134,381</u>

### 34. CAPITAL MANAGEMENT

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

### 35. FINANCIAL INSTRUMENTS

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

1) The financial assets and financial liabilities which have significant difference from their fair values.

	<u>June 30, 2018</u>		<u>December 31, 2017</u>		<u>June 30, 2017</u>	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>						
Financial liabilities measured at amortized cost						
Bonds payable	\$ 98,199,205	\$ 98,830,665	\$ 85,206,947	\$ 85,794,642	\$ 89,053,854	\$ 89,628,241

2) Fair value hierarchy

June 30, 2018

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial liabilities</u>				
Bonds payable	<u>\$ 98,830,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,830,665</u>

December 31, 2017

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial liabilities</u>				
Bonds payable	<u>\$ 85,794,642</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,794,642</u>

June 30, 2017

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial liabilities</u>				
Bonds payable	\$ 89,628,241	\$ _____ -	\$ _____ -	\$ 89,628,241

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

## 1) Fair value hierarchy

June 30, 2018

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at fair value through profit or loss (FVTPL)</u>				
Open-end mutual funds - beneficial certificates	\$ 3,171,359	\$ -	\$ -	\$ 3,171,359
Overseas mutual funds - benefit certificates	-	1,371,125	-	1,371,125
Domestic listed shares	334,737	-	-	334,737
Guarantee deposits - cotton futures contracts	-	-	18,298	18,298
Forward exchange contracts	-	-	5,061	5,061
	<u>\$ 3,506,096</u>	<u>\$ 1,371,125</u>	<u>\$ 23,359</u>	<u>\$ 4,900,580</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Domestic listed shares	\$ 396,215	\$ -	\$ -	\$ 396,215
Unlisted shares	-	-	774,810	774,810
Overseas unlisted shares	-	-	341,627	341,627
	<u>\$ 396,215</u>	<u>\$ -</u>	<u>\$ 1,116,437</u>	<u>\$ 1,512,652</u>
<u>Financial assets for hedging</u>				
Cash flow hedges - interest rate swaps	\$ -	\$ -	\$ 58,971	\$ 58,971
<u>Financial liabilities at FVTPL</u>				
Forward exchange contracts	\$ -	\$ -	\$ 31,241	\$ 31,241
Option contracts	-	-	1,868	1,868
Combined exchange options	-	-	50,984	50,984
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,093</u>	<u>\$ 84,093</u>
<u>Financial liabilities for hedging</u>				
Fair value hedge - foreign exchange swap contracts	\$ -	\$ -	\$ 4,013	\$ 4,013

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVTPL)				
Open-end mutual funds - beneficial certificates	\$ 3,169,726	\$ -	\$ -	\$ 3,169,726
Oversea mutual funds benefit certificates	-	595,200	-	595,200
Listed shares	418,496	-	-	418,496
Guarantee deposits - cotton futures contracts	-	-	17,867	17,867
Forward exchange contracts	-	-	5,005	5,005
Combined exchange options	-	-	3,344	3,344
	<u>\$ 3,588,222</u>	<u>\$ 595,200</u>	<u>\$ 26,216</u>	<u>\$ 4,209,638</u>
Available-for-sale financial assets				
Domestic Listed shares	\$ 424,396	\$ -	\$ -	\$ 424,396
Oversea mutual funds - beneficial certificates	-	246,088	-	246,088
	<u>\$ 424,396</u>	<u>\$ 246,088</u>	<u>\$ -</u>	<u>\$ 670,484</u>
Hedging derivative financial assets				
Fair value hedges - foreign exchange swap contracts	\$ -	\$ -	\$ 1,700	\$ 1,700
Cash flow hedges - interest rate swaps	-	-	35,544	35,544
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,244</u>	<u>\$ 37,244</u>
Financial liabilities at fair value through profit or loss (FVTPL)				
Forward exchange contracts	\$ -	\$ -	\$ 12,987	\$ 12,987

June 30, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (FVTPL)				
Open-end mutual funds - beneficial certificates	\$ 2,961,755	\$ -	\$ -	\$ 2,961,755
Listed shares	398,679	-	-	398,679
Guarantee deposits - cotton futures contracts	-	-	39,941	39,941
Guarantee deposits - PTA futures contracts	-	-	12,045	12,045
Forward exchange contracts	-	-	3,936	3,936
	<u>\$ 3,360,434</u>	<u>\$ -</u>	<u>\$ 55,922</u>	<u>\$ 3,416,356</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed shares	\$ 4,572,586	\$ -	\$ -	\$ 4,572,586
Oversea mutual funds - beneficial certificates	-	611,083	-	611,083
Oversea shares	<u>94,435</u>	<u>-</u>	<u>-</u>	<u>94,435</u>
	<u>\$ 4,667,021</u>	<u>\$ 611,083</u>	<u>\$ -</u>	<u>\$ 5,278,104</u>
Hedging derivative financial assets				
Forward exchange contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,338</u>	<u>\$ 6,338</u>
Financial liabilities at FVTPL				
Forward exchange contracts	\$ -	\$ -	\$ 6,818	\$ 6,818
Option contracts	-	-	815	815
Combined exchange options	<u>-</u>	<u>-</u>	<u>6,585</u>	<u>6,585</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,218</u>	<u>\$ 14,218</u>
Hedging derivative financial liabilities				
Forward exchange contracts	\$ -	\$ -	\$ 2,437	\$ 2,437
Foreign exchange swap contracts	-	-	3,650	3,650
Interest rate swaps	<u>-</u>	<u>-</u>	<u>98,341</u>	<u>98,341</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,428</u>	<u>\$ 104,428</u>

(Concluded)

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2018 and 2017.

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

For the six months ended June 30, 2018

	Financial Assets at Fair Value Through Profit or Loss - Held for Trading	Financial Assets at Fair Value Through Other Comprehensive Income	Financial Instruments for Hedging	Total
Balance at January 1, 2018	\$ 13,229	\$ -	\$ 37,244	\$ 50,473
Adjustment on initial application of IFRS 9	<u>-</u>	<u>1,151,681</u>	<u>-</u>	<u>1,151,681</u>
Balance at January 1, 2018 after adjustment	13,229	1,151,681	37,244	1,202,154
Recognized in profit or loss				
Realized	(27,090)	-	(5,631)	(32,721)
Unrealized	(60,734)	-	-	(60,734)
Recognized in other comprehensive income	-	23,205	23,427	46,632
Return on the capital reduction	-	(61,500)	-	(61,500)
Settlements and affect of exchange rate differences	<u>13,861</u>	<u>3,051</u>	<u>(82)</u>	<u>16,830</u>
Balance at March 31, 2018	<u>\$ (60,734)</u>	<u>\$ 1,116,437</u>	<u>\$ 54,958</u>	<u>\$ 1,110,661</u>

For the six months ended June 30, 2017

	<b>Financial Instruments at Fair Value Through Profit or Loss - Held for Trading</b>	<b>Hedging Derivative Financial Instruments</b>	<b>Total</b>
Balance at January 1, 2017	\$ 71,440	\$ (217,060)	\$ (145,620)
Recognized in profit or loss			
Realized	(86,364)	(56,781)	(143,145)
Unrealized	41,704	-	41,704
Recognized in other comprehensive income	-	167,095	167,095
Settlements	<u>14,924</u>	<u>8,656</u>	<u>23,580</u>
Balance at June 30, 2017	<u>\$ 41,704</u>	<u>\$ (98,090)</u>	<u>\$ (56,386)</u>

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

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

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Unlisted shares	<p>a) Asset-based approach. Valuation is based on the fair value of an investee, calculated through each investment of the investee using the income approach, market approach or a combination of the two approaches, while also taking the liquidity premium into consideration.</p> <p>b) Transaction method of market approach. The approach is a valuation strategy that looks at market ratios of companies with similar profitability at the end of the reporting period, while taking the liquidity premium into consideration.</p>
Future contracts	<p>Futures contract pricing model</p> <p>The fair values of futures contracts are determined using futures contract pricing models where the significant unobservable inputs are historical volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value.</p>

(Continued)

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Forward exchange contracts, option contracts, combined exchange options, foreign exchange contracts, and interest rate swaps	Discounted cash flow. Future cash flows are estimated based on observable spot exchange rates at the end of the reporting period and contract rates and discounted at a rate that reflect the credit risk and value of the currency.
	(Concluded)

c. Categories of financial instruments

	June 30, 2018	December 31, 2017	June 30, 2017
<u>Financial assets</u>			
Financial assets at FVTPL	\$ 4,900,580	\$ 4,209,638	\$ 3,416,356
Derivative financial assets for hedge	-	37,244	6,338
Financial assets for hedging	58,971	-	-
Loans and receivables (Note 1)	-	67,387,738	82,741,726
Available-for-sale financial assets (Note 2)	-	1,848,663	6,459,076
Financial assets at amortized cost (Note 3)	91,783,365	-	-
Financial assets at FVTOCI	1,512,652	-	-
<u>Financial liabilities</u>			
Financial liabilities at FVTPL	84,093	12,987	14,218
Derivative financial liabilities for hedge	-	-	104,428
Financial liabilities for hedging	4,013	-	-
Amortized cost (Note 4)	259,584,181	232,327,152	241,609,626

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

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

Note 3: The balances included financial assets measured at amortized cost, which comprised cash and cash equivalents, debt investments, notes and accounts receivable (including those from related parties), other receivables (including those from related parties), long-term receivables from related parties, refundable deposits and other financial assets.

Note 4: The balances included financial liabilities measured at amortized cost, which comprised short-term borrowings, short-term bills payable, notes and accounts payable (including those to related parties), other payables (including those to related parties), payables to suppliers of machinery and equipment, provisions, bonds payable, long-term borrowings and guarantee deposits received.

d. Financial risk management objectives and policies

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

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

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

1) Market risk

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
5% change in profit or loss			
USD	<u>\$ (575,826)</u>	<u>\$ (179,280)</u>	<u>\$ (202,602)</u>



## Hedge accounting

### For the six months ended June 30, 2018

The Group hedged exposure to changes in fair value by using foreign exchange swap contracts to minimize currency exposure to changes in the fair value of certain assets in foreign currencies.

The following tables summarize the information relating to the hedges of foreign currency risk:

### June 30, 2018

Hedging Instruments	Currency	Notional Amount	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Ineffectiveness
						Asset	Liability	
Fair value hedge Foreign exchange swap contracts	USD/NTD	US\$10,000 thousand	August 20, 2018 - September 28, 2018	\$29.7815/ \$30.255	Financial assets (liabilities) for hedging	\$ -	\$ 4,013	\$ -

Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Hedge Adjustments		Change in Value Used for Calculating Hedge Ineffectiveness	Accumulated Amount of Fair Value Hedge Adjustments for Hedged Items That Have Ceased to Be Adjusted for Hedging Gains And Losses
	Asset	Liability	Asset	Liability		
Fair value hedge Overseas mutual funds - beneficial certificates	\$ 299,596	\$ -	\$ (5,300)	\$ -	\$ -	\$ -

The Group invested in overseas mutual funds, whose fair value are exposed to the changes of net asset value and exchange rates. Thus, the Group used foreign exchange swap contracts to minimize the currency risk.

### December 31, 2017

The hedging policy for foreign currency risk is the same in 2018 and 2017 which used the following hedging instruments.

**December 31,  
2017**

### Derivative financial assets under hedge accounting - current

Fair value hedges - foreign exchange swap contracts \$ 1,700

These contracts were negotiated in accordance with contracts on hedged items. The outstanding contracts of the Group at December 31, 2017 were as follow:

Hedging Instruments	Currency	Maturity	Notional Amount
Fair value hedge Foreign exchange swap contracts	USD/NTD	February 26, 2018	US\$10,000 thousand

The foreign exchange swap contracts were used to minimize the currency exposure to changes in the fair value for the year ended December 31, 2017. The gains related to foreign exchange swap contracts were \$1,700 thousand for the year ended December 31, 2017. The losses related to the hedged items due to the fluctuations of foreign currency exchange rates were \$1,700 thousand for the year ended December 31, 2017.

For the six months ended June 30, 2017

The Group used foreign exchange swap contracts hedge against adverse cash flow fluctuations, and the foreign exchange agreements were designated as cash flow hedges. The Group also used forward exchange contracts to hedge against fluctuations of exchange rates for expected future purchases, and the forward exchange contracts were designated as cash flow hedges. The hedging instruments used by the Group were as follow:

	<b>June 30, 2017</b>
<u>Financial assets - current</u>	
Cash flow hedge - foreign exchange swap contracts	<u>\$ 6,338</u>
<u>Financial liabilities - current</u>	
Cash flow hedge	
Forward exchange contracts	\$ 2,437
Foreign exchange swap contracts	<u>3,650</u>
	<u>\$ 6,087</u>

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

	<b>Currency</b>	<b>Maturity Date</b>	<b>Contract Amount (Thousands)</b>
<u>June 30, 2017</u>			
Forward exchange contracts	NTD/EUR	2017.07.25-2017.10.25	EUR10,000
Foreign exchange swap contracts	USD/NTD	2017.07.10-2017.07.31	US\$20,000

For the three months and six months ended June 30, 2017, expected future trading exposures on the above contracts, amounting to \$48,344 thousand and \$65,286 thousand, were recognized in other comprehensive income. The expected cash flows occur when the hedge target is sold or expected future purchase transactions take place, and such cash flows will be reclassified from equity to profit or loss.

For the three months and six months ended June 30, 2017, gains and losses of hedging instruments reclassified from equity to profit or loss were included in the following line items in the consolidated statements of comprehensive income:

	<b>For the Three Months Ended June 30, 2017</b>	<b>For the Six Months Ended June 30, 2017</b>
Loss on disposal of investments	<u>\$ 25,754</u>	<u>\$ 47,006</u>

b) Interest rate risk

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

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

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Fair value interest rate risk			
Financial assets	\$ 22,813,179	\$ 14,407,035	\$ 27,716,127
Financial liabilities	162,392,667	139,760,943	144,629,163
Cash flow interest rate risk			
Financial assets	16,306,061	13,086,498	13,738,270
Financial liabilities	41,991,895	50,035,924	47,092,358

Sensitivity analysis

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

As of June 30, 2018, December 31, 2017 and June 30, 2017, had interest rates been 0.25% higher/lower and all other variables had been held constant, the fair value of the Group's financial assets with fixed interest rate would have decreased by NT\$56,891 thousand, NT\$35,928 thousand and NT\$69,118 thousand, respectively, and the cash flows on the Group's financial assets with floating interest rate would have increased/decreased by NT\$40,765 thousand, NT\$32,716 thousand and NT\$34,346 thousand, respectively.

As of June 30, 2018, December 31, 2017 and June 30, 2017, had interest rates been 0.25% higher/lower and all other variables had been held constant, the fair value of the Group's financial liabilities with fixed interest rate would have decreased by NT\$404,969 thousand, NT\$348,531 thousand and NT\$360,671 thousand, respectively, and the cash flows on the Group's financial liabilities with floating interest rate would have increased/decreased by NT\$104,980 thousand, NT\$125,090 thousand and NT\$117,731 thousand, respectively.

Hedge accounting

For the six months ended June 30, 2018

The Group entered into interest rate swap contracts to mitigate the risk of changes in floating interest rates on cash flow exposure related to its outstanding variable rate debt.

All interest rate swap contracts that exchange floating rate interest amounts with fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on loans occur simultaneously, and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss. The following tables summarize the information relating to the hedges for interest rate risk.

The following tables summarize the information relating to the hedges for interest rate risk.

June 30, 2018

Hedging Instruments	Notional Amount	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Line Item in Balance Sheet	Carrying Amount		Change In Value Used for Calculating Hedge Ineffectiveness
						Asset	Liability	
Cash flow hedge								
Interest rate swaps	NT\$327,918 thousand	February 10, 2019	0%-4.8%	3m TIBOR+1.10% (Note)	Financial assets (liabilities) for hedging	\$ 58,971	\$ -	\$ 23,427
	NT\$3,294,000 thousand	November 10, 2025	0%-4.8%	0.60%-4.90%				

Note: The reference interest rate refers to the "Taiwan Financial Industry Disposal Fixed Rate (TIBOR)" announcement by the Republic of China Banking Association for a three-month interest rate (90 days).

Hedged Items	Change in Value Used for Calculating Hedge Ineffectiveness	Balance in Other Equity Hedge	
		Continuing Hedges	Accounting No Longer Applied
Cash flow hedge			
Long-term debt in floating rate	\$ 23,427	\$ 58,971	\$ -

For the three months ended June 30, 2018

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item
				Due to Hedged Item Affecting P/L
Cash flow hedge				
Interest expense from long-term debt	\$ 49,394	\$ -	-	\$959 Decrease in interest expense

For the six months ended June 30, 2018

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item
				Due to Hedged Item Affecting P/L
Cash flow hedge				
Interest expense from long-term debt	\$ 23,427	\$ -	-	\$82 Decrease in interest expense

December 31, 2017

The hedging policy for foreign currency risk is the same in 2018 and December 2017 which used the following hedging instruments.

**December 31,  
2017**

Financial assets - non-current

Cash flow hedges - interest rate swaps \$ 35,544

The outstanding interest rate swaps at the end of the reporting period were as follows:

December 31, 2017

<b>Notional Amount (In Thousands)</b>	<b>Maturity Date</b>	<b>Range of Interest Rates Paid</b>	<b>Range of Interest Rates Received</b>
NT\$ 585,644	February 10, 2019	0%-4.8%	3m TIBOR+1.10% (Note)
NT\$ 3,294,000	November 10, 2025	0%-4.8%	0.60%-4.90%

Note: The reference interest rate refers to the “Taiwan Financial Industry Disposal Fixed Rate (TIBOR)” announcement by the Republic of China Banking Association for a three-month interest rate (90 days).

Gains and losses of hedging instruments in 2017 reclassified from equity to profit or loss were included in the following line items in the consolidated statements of comprehensive income:

**2017**

Increase in interest expense \$ 42,875

June 30, 2017

The hedging policy for interest rate risk is the same on June 30, 2018 and 2017 which used the following hedging instruments.

**June 30, 2017**

Financial liabilities - non-current

Cash flow hedges - interest rate swaps \$ 98,341

The outstanding interest rate swaps at the end of the reporting period were as follows:

June 30, 2017

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
NT\$ 1,413,703	February 10, 2021	0%-4.8%	3m TIBOR+1.10% (Note)
NT\$ 3,294,000	November 10, 2025	0%-4.8%	0.60%-4.90%

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

Gains and losses of hedging instruments for the six months ended June 30, 2017 reclassified from equity to profit or loss were included in the following line items in the consolidated statements of comprehensive income:

	<b>For the Six Months Ended June 30, 2017</b>
Increase in interest expense	<u>\$ 9,775</u>

c) Other price risks

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

Sensitivity analysis

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

If equity prices had been 5% lower, the fair value of financial assets at FVTPL and fair value of financial assets at FVTOCI as of June 30, 2018 would have decreased by NT\$319,494 thousand. If equity prices had been 5% lower, the fair value of held-for-trading and available-for-sale financial assets as of December 31, 2017 and June 30, 2017 would have decreased by \$242,695 thousand and \$431,927 thousand, respectively.

2) Credit risk

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

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

The Group has a policy of dealing with only creditworthy counter-parties and obtaining sufficient collateral, where appropriate, to mitigate the risk of financial loss from defaults.

The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continually monitored.

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

### 3) Liquidity risk

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

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

	<b>1-2 Years</b>	<b>2-3 Years</b>	<b>Over 3 Years</b>	<b>Total</b>
<u>June 30, 2018</u>				
Long-term borrowings	\$ 30,864,563	\$ 6,723,008	\$ 22,648,487	\$ 60,236,058
Bonds payable	<u>23,700,000</u>	<u>17,300,000</u>	<u>41,000,000</u>	<u>82,000,000</u>
	<u>\$ 54,564,563</u>	<u>\$ 24,023,008</u>	<u>\$ 63,648,487</u>	<u>\$ 142,236,058</u>
<u>December 31, 2017</u>				
Long-term borrowings	\$ 40,605,608	\$ 6,186,000	\$ 19,748,945	\$ 66,540,553
Bonds payable	<u>17,800,000</u>	<u>20,600,000</u>	<u>33,400,000</u>	<u>71,800,000</u>
	<u>\$ 58,405,608</u>	<u>\$ 26,786,000</u>	<u>\$ 53,148,945</u>	<u>\$ 138,340,553</u>
<u>June 30, 2017</u>				
Long-term borrowings	\$ 36,327,029	\$ 21,964,519	\$ 6,985,403	\$ 65,276,951
Bonds payable	<u>16,300,000</u>	<u>23,700,000</u>	<u>36,300,000</u>	<u>76,300,000</u>
	<u>\$ 52,627,029</u>	<u>\$ 45,664,519</u>	<u>\$ 43,285,403</u>	<u>\$ 141,576,951</u>

## 36. TRANSACTIONS WITH RELATED PARTIES

The Group had significant transactions with related parties. Besides the transactions mentioned in the other notes, the transactions for the three months and six months ended June 30, 2018 and 2017 and the related balances as of the balance sheet dates are summarized in the accompanying Tables 2, 3 and 4.

### 37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	June 30, 2018	December 31, 2017	June 30, 2017
Financial assets at fair value through profit or loss			
- current	\$ 26,177	\$ 26,119	\$ 26,064
Other financial assets - current	2,795,718	3,466,376	4,164,861
Inventories - available for construction	200,654	200,654	693,157
Inventories - construction in progress	492,503	492,503	-
Property, plant and equipment, net	31,555,254	9,907,458	12,634,400
Investment properties	35,733,200	35,921,262	33,633,573
Available-for-sale financial assets - current and non-current	-	-	146,700
Investment accounted for using the equity method	2,858,267	2,829,731	2,416,312
Concession - cost	3,756,000	3,756,000	3,756,000
Other financial assets - non-current	<u>2,025,115</u>	<u>2,997,088</u>	<u>3,446,207</u>
	<u>\$ 79,442,888</u>	<u>\$ 59,597,191</u>	<u>\$ 60,917,274</u>

As of June 30, 2018, December 31, 2017 and June 30, 2017, FENC and some of its subsidiaries had provided 87,520 thousand shares, 87,520 thousand shares and 96,895 thousand shares, respectively, of the common shares of Far EasTone Telecommunications Co., Ltd. and 10,000 thousand, 16,500 thousand and 16,500 thousand common shares of Yuan Ding Co., Ltd. as collaterals for short-term borrowings, short-term bills payable and long-term borrowings.

### 38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of June 30, 2018, December 31, 2017 and June 30, 2017 were as follows:

- a. The Group issued but unused letters of credit aggregated at approximately NT\$503,206 thousand, NT\$1,155,496 thousand and NT\$438,600 thousand as of June 30, 2018, December 31, 2017 and June 30, 2017, respectively.
- b. The Group (except for Far EasTone and its subsidiaries) had unpaid building construction and equipment installation contracts amounting to approximately NT\$4,749,301 thousand, NT\$6,037,104 thousand and NT\$6,221,207 thousand as of June 30, 2018, December 31, 2017 and June 30, 2017, respectively.



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

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Acquisition of property, plant and equipment under contracts	\$ 6,657,995	\$ 7,841,219	\$ 6,377,641
Less: Payments for acquisition of property, plant and equipment	<u>3,402,349</u>	<u>2,809,176</u>	<u>1,874,996</u>
	<u>\$ 3,255,646</u>	<u>\$ 5,032,043</u>	<u>\$ 4,502,645</u>
Acquisition of cellular phone equipment under contract	\$ 10,792,042	\$ 14,004,339	\$ 7,656,553
Less: Payments for acquisition of cellular phone equipment	<u>5,025,782</u>	<u>5,233,512</u>	<u>3,273,731</u>
	<u>\$ 5,766,260</u>	<u>\$ 8,770,827</u>	<u>\$ 4,382,822</u>

- c. There were undelivered cotton contracts which were unable to cancelled amounting to NT\$308,461 thousand, NT\$197,924 thousand and NT\$326,074 thousand as of June 30, 2018, December 31, 2017 and June 30, 2017, respectively.
- d. Project contracts cost already signed by Far Eastern General Contractor Inc. (FEGC) amounted to NT\$46,971,830 thousand, NT\$38,255,654 thousand and NT\$28,488,047 thousand as of June 30, 2018, December 31, 2017 and June 30, 2017, respectively.
- e. Far Eastern Electronic Toll Collection Co., Ltd. (FETC) was entrusted by the Taiwan Area National Freeway Bureau (TANFB) to collect electronic tolls on freeways and had signed a third-party benefit trust contract with Far Eastern International Bank Corporation (FEIB) to manage the tolls collected. The trust property for this agreement had amounted to NT\$3,843,898 thousand, NT\$3,776,739 thousand and NT\$3,720,631 thousand as of June 30, 2018, December 31, 2017 and June 30, 2017, respectively.
- f. Endorsements and guarantees provided to the related parties are shown in Table 6 (attached).
- g. A subsidiary of FENC, Far Eastern General Contractor Inc. (FEGC), contracted the Southern Taiwan Science Park (STSP) to do underground cable construction. During the construction period, material costs rose because of adverse economic factors and the rising prices of stainless steel and cable materials. Although the contract amount had been adjusted for price inflation, FEGC still incurred a great loss and got no indemnification. Thus, FEGC filed a lawsuit for indemnification with the Supreme Court. As of August 10, 2018, the result of the lawsuit was still being awaited.

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

- h. A Company subsidiary, FECC, and Far Eastern Department Store Corporation (FEDS) had jointly developed Banqiao Zhong Ben (Construction License Number: Year 2010 Letter Chang No. 00135) in line with the Directions for the Urban Land Development Application (the “Directions”). Under the Directions, for the joint developers to be entitled to larger floor area and have a building occupancy permit, they should complete the construction within four years after passing an urban design review. If this deadline is unmet the joint developers should either donate the building or remit a certain amount to the New Taipei City Government (NTCG). Later, the NTCG claimed the construction was not completed on time, but the joint developers disagreed with the NTCG’s claim. Thus, a dispute on this issue arose. Steps have been taken to settle this dispute, and while the settlement is being negotiated, FECC had placed in the Far Eastern International Bank a negotiable certificate of deposit amounting to NT\$109,995 thousand as a pledge based on the NTCG’s requirement. Latter, due to NTCG had confiscated certificate of deposit, FECC had filed an appeal against NTCG, and FECC has accrued related construction cost. The Ministry of the Interior had dismissed the administrative appeal. FECC disagree the administrative appeal decision, and thus filed an administrative litigation with Taipei High Administrative Court. As of August 10, 2018, the Taipei High Administrative Court dismissed the appeal.
- i. A Company subsidiary, Far Eastern Electronic Toll Collection Co., Ltd. (FETC), has cooperated with government authorities to establish an electronic toll collection system based on the “Establishment and Operating Contract” with Taiwan Area National Freeway Bureau (TANFB). However, on the basis of the system usage rate and the manner of system implementation, TANFB claimed it had the right to penalize FETC for the latter’s failing to achieve the requirements for the electronic toll collection (ETC) system stated in the contract. However, FETC disagreed with the bureau’s interpretation of the contract terms and filed for arbitration with the Negotiation Committee. Nevertheless, both the FETC and TANFB did not agree with the Negotiation Committee’s arbitration. FETC filed a lawsuit against TANFB. The contract terms were as follow:

1) Usage rate

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

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

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

2) Taximeter system infrastructure

TANFB stated FETC breached the contract when FETC was unable to complete the ETC driveway infrastructure by September 21, 2012 as required in the contract. But after FETC negotiated with TANFB through the Negotiation Committee, both the FETC and TANFB agreed to extend the construction period by four months until January 21, 2013. Thus, TANFB should reset the contract expiry date according to the agreement. However, TANFB has not reset the expiry date but instead set the date on which FETC had been informed of its violation of the contract on February 3, 2013 and obligated FETC to complete the ETC driveway infrastructure and taximeter system infrastructure by April 21, 2013. After FETC's conciliation with TANFB through the Negotiation Committee in July 2013, the Negotiation Committee suggested that TANFB recheck the construction results and determine if after four months after the original contract expiry date of September 21, 2012, FETC violated the contract. Nevertheless, TANFB did not agree with the Negotiation Committee's decision and filed a lawsuit against FETC and imposed a penalty of \$142,500 thousand on FETC. On May 20, 2016, the Taiwan Taipei District Court made a judgment that FETC should compensate TANFB with a penalty. FETC appealed against this judgment to the Taipei High Court on May 31, 2016. FETC had completed the ETC driveway infrastructure and taximeter system infrastructure as promised and accrued a proper provision.

### 39. SUBSEQUENT EVENTS

- a. From the board of directors resolution on July 27, 2018, Far Eastern Investment (Holding) Limited subscribed 20,000 units of Opas Fund Segregated Portfolio Company-Opas Fund Segregated Portfolio Tranche D from other related party, Opas Fund Segregated Portfolio Company. The total purchase price was US\$20,000 thousand with US\$1 thousand per an unit.
- b. To fulfill the needs for long-term working capital or the repayment of short-term borrowings, on August 1, 2018, the board of directors of Far EastTone resolved to issue domestic unsecured corporate bonds not exceeding \$5,000,000 thousand and to be issued separately within one year after the date of being approved. The chairman or his appointed deputy is authorized to decide on all matters pertaining to the issuance of bonds or the requirements of the government authority and to amend or to improve the plan.

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

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

June 30, 2017

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (NT\$)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 464,848	30.46 (USD:NTD)	\$ 14,159,270
USD	117,314	6.632 (USD:RMB)	3,573,384
USD	76,983	7.800 (USD:HKD)	2,344,902
USD	1,243	4.192 (USD:MYR)	<u>37,862</u>
			<u>\$ 20,115,418</u>
<u>Financial liabilities</u>			
Monetary items			
USD	173,950	30.46 (USD:NTD)	\$ 5,298,517
USD	63,932	6.632 (USD:RMB)	1,947,369
USD	38,102	7.800 (USD:HKD)	1,160,587
USD	6,317	4.192 (USD:MYR)	<u>192,416</u>
			<u>\$ 8,598,889</u>

December 31, 2016

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (NT\$)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 296,381	29.76 (USD:NTD)	\$ 8,820,299
USD	93,996	6.519 (USD:RMB)	2,797,321
USD	62,893	7.800 (USD:HKD)	1,871,696
USD	797	4.208 (USD:MYR)	<u>23,719</u>
			<u>\$ 13,513,035</u>
<u>Financial liabilities</u>			
Monetary items			
USD	187,567	29.76 (USD:NTD)	\$ 5,581,994
USD	106,984	6.519 (USD:RMB)	3,183,844
USD	32,800	7.800 (USD:HKD)	976,128
USD	6,232	4.208 (USD:MYR)	<u>185,464</u>
			<u>\$ 9,927,430</u>

June 30, 2016

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (NT\$)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 299,949	30.420 (USD:NTD)	\$ 9,124,449
USD	84,996	6.781 (USD:RMB)	2,585,578
USD	40,340	7.800 (USD:HKD)	1,227,143
USD	1,717	4.473 (USD:MYR)	<u>52,231</u>
			<u>\$ 12,989,401</u>
<u>Financial liabilities</u>			
Monetary items			
USD	199,242	30.420 (USD:NTD)	\$ 6,060,942
USD	59,340	6.781 (USD:RMB)	1,805,123
USD	33,722	7.800 (USD:HKD)	1,025,823
USD	1,495	4.473 (USD:MYR)	<u>45,478</u>
			<u>\$ 8,937,366</u>

For the three months and six months ended June 30, 2018 and 2017, (realized and unrealized) net foreign exchange gains (losses) were \$258,717 thousand, \$74,178 thousand, \$374,043 thousand and \$(224,940) thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the functional currencies of the Group entities.

#### **41. SEPARATELY DISCLOSED ITEMS**

a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 5 (attached)
- 2) Endorsement/guarantee provided: Table 6 (attached)
- 3) Marketable securities held: Table 7 (attached)
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: Table 8 (attached)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 9 (attached)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: Table 10 (attached)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 11 (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 12 (attached)

- 9) Trading in derivative instruments: Notes 7 and 10
  - 10) Intercompany relationships and significant intercompany transactions: Table 13 (attached)
  - 11) Information on investees: Table 14 (attached)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 15 and 15-1 (attached)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 3, 4, 5, 6, 11, 12, 13 and 14 (attached)
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

## 42. SEGMENT INFORMATION

### Industry Information

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

Segment operating income is the profit generated by each operating segment, which excludes interest revenue, revaluation gain on investment properties, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of concessions, gain or loss on disposal of intangible assets, exchange gain or loss, interest expense and income tax expense. It is the measure reported to the chief operating decision maker to allocate resources to the segments and assess their performance.

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments.

	<u>Segments Revenue</u>		<u>Segments Profit</u>	
	<u>For the Six Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Petrochemical business			\$ 144,625	\$ (1,057,977)
Revenues generated from external customers	\$ 8,339,246	\$ 7,393,599		
Intersegment revenue	<u>6,866,258</u>	<u>7,360,331</u>		
	<u>15,205,504</u>	<u>14,753,930</u>		
Chemical fiber business			1,874,026	126,513
Revenues generated from external customers	31,106,195	29,247,036		
Intersegment revenue	<u>1,367,648</u>	<u>486,722</u>		
	<u>32,473,843</u>	<u>29,733,758</u>		
Textile business			497,770	476,149
Revenues generated from external customers	16,716,565	16,195,559		
Intersegment revenue	<u>78,020</u>	<u>51,996</u>		
	<u>16,794,585</u>	<u>16,247,555</u>		
Mobile services business			6,832,084	7,566,788
Revenues generated from external customers	43,150,380	44,296,211		
Intersegment revenue	<u>136,793</u>	<u>120,017</u>		
	<u>43,287,173</u>	<u>44,416,228</u>		
Real estate development			443,271	379,855
Revenues generated from external customers	3,333,561	3,178,854		
Intersegment revenue	<u>374,987</u>	<u>346,013</u>		
	<u>3,708,548</u>	<u>3,524,867</u>		
Investment and other			1,876,109	747,980
Revenues generated from external customers	5,865,122	4,483,741		
Intersegment revenue	<u>159,251</u>	<u>146,044</u>		
	<u>6,024,373</u>	<u>4,629,785</u>		
Adjustment and elimination	<u>(8,851,544)</u>	<u>(8,364,524)</u>	<u>75,051</u>	<u>10,965</u>
	<u>\$ 108,642,482</u>	<u>\$ 104,941,599</u>	<u>11,742,936</u>	<u>8,250,273</u>
Interest revenue			126,732	154,720
Exchange gain (loss)			374,043	(224,940)
Interest expense			(1,223,792)	(1,241,307)
Other revenue and income			<u>1,950,390</u>	<u>481,132</u>
Profit before tax			<u>\$ 12,970,309</u>	<u>\$ 7,419,878</u>

Note: For the six months ended June 30, 2018 and 2017, the main differences between the total reportable segment revenue and consolidated operating revenue and differences between the total reportable segment profit and consolidated operating income were due to the share of the associates' profit of \$3,232,802 thousand and \$1,456,134, respectively, and dividend income from associates, which amounted to \$13,211 thousand, and \$195,467 thousand, respectively.

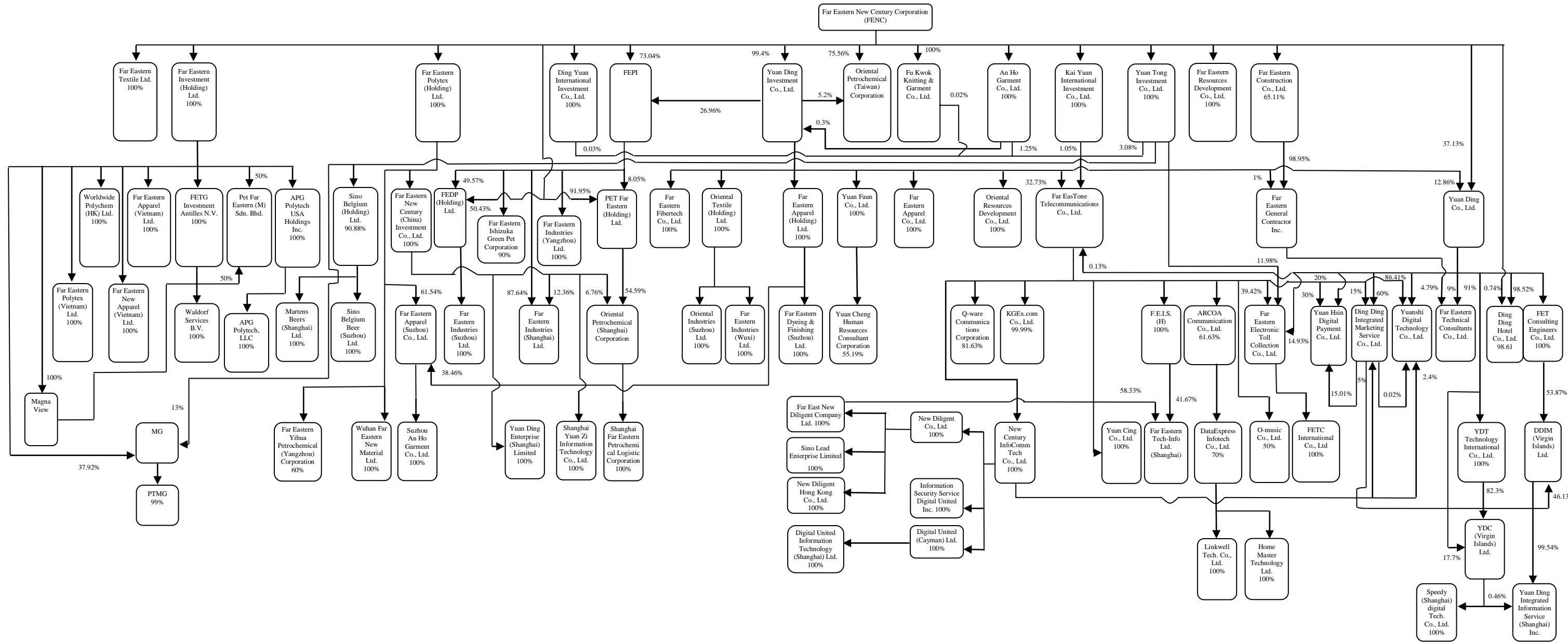
b. Segment total assets and liabilities

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

**TABLE 1**

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND PERCENTAGES OF OWNERSHIP  
JUNE 30, 2018**





**TABLE 2****FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES****RELATED PARTY NAME AND CATEGORIES  
JUNE 30, 2018**

Related Party Name	Related Party Categories
Da Ju Fiber Co., Ltd.	Associates
Pacific Liu Tong Investment Co., Ltd. (Note G)	Associates
Everest Textile Corporation	Associates
Liquid Air Far East Co., Ltd.	Associates
Oriental Securities Corporation	Associates
Asia Cement Corporation	Associates
Oriental Union Chemical Corporation	Associates
Freudenberg Far Eastern Spunweb Co., Ltd.	Associates
Tong Da Air Industry (Yangzhou) Co., Ltd.	Associates
Alliance Digital Technology Co., Ltd.	Associates
Yu Yuan Investment Co., Ltd.	Associates
Yue Ming Corporation	Associates
Yu Ding Industry Co., Ltd.	Associates
Far Eastern Department Stores Co., Ltd.	Associates
Far Eastern International Bank	Associates
Far Eastern Union Petrochemical (Yangzhou) Corporation	Associates
Yuan Ding Leasing Corporation	Associates
Far Eastern International Leasing Corporation	Associates
Eagle Investment Pte. Ltd.	Other related party (the subsidiary of FENC's associate)
Everest Textile USA, LLC	Other related party (the subsidiary of FENC's associate)
Pacific Petrochemical (Holding) Ltd. (PPL)	Other related party (the subsidiary of FENC's associate)
Shanghai Pacific Department Store Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Pacific Dept Stores (Dalian) Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Pacific SOGO Department Stores Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chengdu Beicheng FEDS Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chengdu Quanxing Masion Pacific Department Store Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Pacific (China) Investment Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Shanghai BaiDing Business Management Consulting Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chubei New Century Shopping Mall Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Everest Textile (Shanghai) Ltd.	Other related party (the subsidiary of FENC's associate)
Shanghai Yali Concrete Produce Ltd.	Other related party (the subsidiary of FENC's associate)
Ya-Li Precast Prestressed Concrete Industries Corporation	Other related party (the subsidiary of FENC's associate)
Sichuan Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Jiangxi Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Wuhan Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Yangzhou Young Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Hubei Young Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)

(Continued)

Related Party Name	Related Party Categories
Hanging Young Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Oriental Petrochemical (YangZhou) Corporation	Other related party (the subsidiary of FENC's associate)
Ya Tung Department Store Ltd.	Other related party (the subsidiary of FENC's associate)
Ya Tung Ready-mixed Concrete Corporation	Other related party (the subsidiary of FENC's associate)
Oriental Securities Investment Consultant Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Asia Engineering Enterprise Corporation	Other related party (the subsidiary of FENC's associate)
Asia Cement (China) Holdings Corporation	Other related party (the subsidiary of FENC's associate)
Asia Investment Corporation	Other related party (the subsidiary of FENC's associate)
Ya Sing Ready-Mixed Concrete Corporation	Other related party (the subsidiary of FENC's associate)
Wuhan Yaxin Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Nan Hwa Cement Corporation	Other related party (the subsidiary of FENC's associate)
FEDS Development Ltd.	Other related party (the subsidiary of FENC's associate)
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Fu Ming Transport Corporation	Other related party (the subsidiary of FENC's associate)
Fu-Da Transport Corporation	Other related party (the subsidiary of FENC's associate)
Chiahui Power Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Far Eastern Ai Mai Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Far Eastern Big City Shopping Malls Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chengdu FEDS Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chongqing FEDS Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Wuxi FEDS Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Yuan Bo Asset Management Corporation	Other related party (the subsidiary of FENC's associate)
Far Eastern Leasing Corporation	Other related party (the subsidiary of FENC's associate)
Chubei New Century Shopping Mall Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Far Eastern Property Insurance Agency Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Far Eastern Asset Management Corporation	Other related party (the subsidiary of FENC's associate)
Der Ching Investment Corporation	Other related party (the subsidiary of FENC's associate)
TECO Electric & Machinery Co., Ltd.	Other related party (related party in substance)
Kaohsiung Rapid Transit Corporation	Other related party (related party in substance)
U-Ming Marine Transport (Singapore) Private Limited	Other related party (related party in substance)
Ding&Ding Mangement Consultants Co., Ltd.	Other related party (related party in substance)
SYSTEX Corporation	Other related party (related party in substance)
Far Eastern Polyclinic	Other related party (related party in substance)
Tranquil Enterprise Ltd.	Other related party (related party in substance)
Opas Fund Segregated Portfolio Company	Other related party (related party in substance)
Deutsche Far Eastern Asset Management Co., Ltd.(DFEAMC)	Other related party (related party in substance)
U-Ming Marine Transport (Hong Kong) Corporation	Other related party (related party in substance)
Oriental Institute of Technology	Other related parties (The same chairman)
Far Eastern Memorial Hospital	Other related parties (The same chairman)
Mr. Xu Yuanzhi Memorial Foundation	Other related parties (The same chairman)
Far Eastern Medical Foundation	Other related parties (The same chairman)
Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	Other related parties (The same chairman)
U-Ming Marine Transport Corporation	Other related parties (The same chairman)
Far Eastern City Super Ltd.	Other related parties (The subsidiary of FENC which accounted for using the equity method)
Telecommunication & Transportation Foundation	Other related parties (Far EasTone's donation is over one third of the foundation's fund)

(Continued)

Related Party Name	Related Party Categories
Uni-President Enterprise Corporation	Other related party (supervisor of the subsidiary)
Him International Music Incorporated	Other related party (supervisor of the subsidiary)
Sony Music Entertainment Taiwan Ltd.	Other related party (corporate director of the subsidiary)
Mitac Incorporated	Other related party (corporate director of the subsidiary)
President Chain Store Corporation	Other related party (corporate director of the subsidiary)
Universal Music Taiwan Ltd.	Other related party (corporate director of the subsidiary)
Forward Music Co., Ltd.	Other related party (corporate director of the subsidiary)

(Concluded)

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Operating revenue				
Associates	\$ 578,089	\$ 389,651	\$ 992,979	\$ 738,514
Other related parties	<u>173,034</u>	<u>254,405</u>	<u>360,639</u>	<u>461,928</u>
	<u>\$ 751,123</u>	<u>\$ 644,056</u>	<u>\$ 1,353,618</u>	<u>\$ 1,200,442</u>
Operating cost				
Associates	\$ 722,846	\$ 388,461	\$ 1,507,970	\$ 809,050
Other related parties	<u>274,497</u>	<u>216,817</u>	<u>407,846</u>	<u>337,025</u>
	<u>\$ 997,343</u>	<u>\$ 605,278</u>	<u>\$ 1,915,816</u>	<u>\$ 1,146,075</u>
Operating expense				
Associates	\$ 9,193	\$ 8,912	\$ 18,586	\$ 17,956
Other related parties	<u>116,438</u>	<u>105,393</u>	<u>235,844</u>	<u>218,396</u>
	<u>\$ 125,631</u>	<u>\$ 114,305</u>	<u>\$ 254,430</u>	<u>\$ 236,352</u>
Rental revenue (recognized as operating revenue)				
Associates	\$ 80,789	\$ 58,539	\$ 161,557	\$ 117,005
Other related parties	<u>67,664</u>	<u>87,224</u>	<u>135,337</u>	<u>174,322</u>
	<u>\$ 148,453</u>	<u>\$ 145,763</u>	<u>\$ 296,894</u>	<u>\$ 291,327</u>
Rental expense (recognized as operating cost and expense)				
Associates	\$ 19,511	\$ 16,928	\$ 37,830	\$ 33,547
Other related parties	<u>45,410</u>	<u>43,353</u>	<u>92,179</u>	<u>88,400</u>
	<u>\$ 64,921</u>	<u>\$ 60,281</u>	<u>\$ 130,009</u>	<u>\$ 121,947</u>

The Group had purchased the software equipment, construction contracts, machinery equipment and securities from other related parties amounted to \$210,202 thousand for the three months ended June 30, 2018 and \$219,403 thousand for the six months ended June 30, 2018. The Group had purchased the software equipment, machinery equipment and construction contracts from the other related parties amounted to \$35,602 thousand for the three months ended June 30, 2017 and \$109,188 thousand for the six months ended June 30, 2017. The Group had purchased the shares of subsidiaries from associates on March 2, 2018, refer to Note 32.

(Continued)

The fund transaction between the Group and Opas Fund Segregated Portfolio Company (“Opas Company”) was carrying out investment to acquisition and disposal the overseas fund including Opas Fund Segregated Portfolio Tranche “A”, “B”, “C”, through the trading platform of Opas Company. The decisions on overseas mutual funds with different tranches were made by the investment committee which is formed with the Group and other investors. For the three months ended June 30, 2018, the Group acquired funds with carrying amounts of \$498,109 thousand.

The rental expense incurred for rental agreements on factories in Hukou, Hsinchu, hotel, office and equipment rooms in Tainan, base stations and departments around Taiwan. The term of the rental agreements was from January 2009 to January 2029. The revenue generated from renting out some of the floors of the Taipei Metro Tower building and buildings in Chen-Chung Section in Taipei City, Hsin-ban Section in New Taipei City and Xinhua development zone in Shanghai City; the related lease term was from November 2006 to January 2035. Rent is received or paid quarterly or monthly, and the amount of rent was based on market conditions in nearby locations.

Compensation of key management personnel:

	<b>For the Three Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Short-term benefits	\$ 138,320	\$ 60,903	\$ 226,620	\$ 126,377
Post-employment benefits	<u>539</u>	<u>675</u>	<u>1,080</u>	<u>1,350</u>
	<u>\$ 138,859</u>	<u>\$ 61,578</u>	<u>\$ 227,700</u>	<u>\$ 127,727</u>

Note: The terms of sales to and purchases from the related parties were based on agreements.

(Concluded)

**TABLE 4****FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES****CONSOLIDATED RELATED-PARTY TRANSACTIONS****AS OF JUNE 30, 2018 AND 2017****(In Thousands of New Taiwan Dollars)**

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Notes and accounts receivable			
Associates	\$ 562,524	\$ 622,606	\$ 381,420
Other related parties	<u>390,748</u>	<u>465,356</u>	<u>484,954</u>
	<u>\$ 953,272</u>	<u>\$ 1,087,962</u>	<u>\$ 866,374</u>
Notes and accounts payable - related parties (Note 1)			
Associates	\$ 229,899	\$ 190,432	\$ 194,596
Other related parties	<u>240,749</u>	<u>149,286</u>	<u>261,506</u>
	<u>\$ 470,648</u>	<u>\$ 339,718</u>	<u>\$ 456,102</u>
Progress billings (Note 2)			
Associates	\$ 716,907	\$ 429,779	\$ 194,985
Other related parties	<u>882,733</u>	<u>783,806</u>	<u>783,806</u>
	<u>\$ 1,599,640</u>	<u>\$ 1,213,585</u>	<u>\$ 978,791</u>
Guarantee deposits received			
Associates	\$ 58,998	\$ 50,427	\$ 10,899
Other related parties	<u>71,810</u>	<u>64,459</u>	<u>123,850</u>
	<u>\$ 130,808</u>	<u>\$ 114,886</u>	<u>\$ 134,749</u>
Deferred credit - gains on related - party transactions			
Associates			
Oriental Securities Corporation	\$ 111,428	\$ 111,705	\$ 111,982
Others	2,810	2,810	2,594
Other related parties	<u>9,122</u>	<u>9,122</u>	<u>9,338</u>
	<u>\$ 123,360</u>	<u>\$ 123,637</u>	<u>\$ 123,914</u>

Note 1: Including retentions payable, which was recognized as contract liabilities

Note 2: The amount was recognized as contract assets (liabilities) on June 30, 2018, and recognized as amounts due from (to) customers for construction contracts on December 31, 2017 and June 30, 2017.

(Continued)

## Financing to related parties

Loans to related parties (recognized as other receivables):

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Associates			
Yu Ding Industry Co., Ltd.	\$ 340,000	\$ 510,000	\$ 440,000
Far Eastern Union Petrochemical (Yangzhou) Corporation	1,469,760	1,460,800	2,736,460
Da Ju Fiber Corporation	275,000	550,000	656,000
Other related parties	<u>321,510</u>	<u>319,550</u>	<u>224,300</u>
	<u>\$ 2,406,270</u>	<u>\$ 2,840,350</u>	<u>\$ 4,056,760</u>

Interests income from loans to related parties:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Associates				
Far Eastern Union Petrochemical (Yangzhou) Corporation	\$ 2,947	\$ 15,169	\$ 18,116	\$ 32,012
Others	740	3,724	4,464	8,188
Other related parties	<u>6,515</u>	<u>1,052</u>	<u>7,567</u>	<u>2,120</u>
	<u>\$ 10,202</u>	<u>\$ 19,945</u>	<u>\$ 30,147</u>	<u>\$ 42,320</u>

Loans from related parties:

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Other related parties (recognized as short-term borrowings - loans from related parties)	\$ 3,773,270	\$ 3,732,946	\$ 3,689,157
Other related parties (recognized as long-term borrowings - bank loans)	<u>-</u>	<u>-</u>	<u>200,000</u>
	<u>\$ 3,773,270</u>	<u>\$ 3,732,946</u>	<u>\$ 3,889,157</u>

Interests expense from loans from associates:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Far Eastern International Bank	<u>\$ 2,203</u>	<u>\$ 2,189</u>	<u>\$ 4,392</u>	<u>\$ 4,289</u>

(Continued)

Bank deposits, time deposits and other financial assets

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Far Eastern International Bank	<u>\$ 15,954,578</u>	<u>\$ 12,833,826</u>	<u>\$ 13,843,783</u>

The Group had bank deposits and time deposits (recognized as cash and cash equivalents and financial assets at amortized cost - current/debt investments with no active market) in Far Eastern International Bank. In addition, the deposits included the proceeds of Far EastOne's sale of prepaid cards, sale of international calling cards and highway toll fees, which were consigned to Far Eastern International Bank as trust fund, which were recognized as other financial assets. The interests income were \$24,065 thousand and \$13,168 thousand for the three months ended June 30, 2018 and 2017; \$38,600 thousand and \$35,737 thousand for the six months ended June 30, 2018 and 2017, respectively.

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

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Far Eastern International Bank	<u>\$ 1,897</u>	<u>\$ (4,440)</u>	<u>\$ (4,762)</u>

The Group signed forward exchange contracts, option contracts, and combined exchange options with Far Eastern International Bank. The gain or (loss) of financial assets (liabilities) at fair value through profit or loss were \$16,182 thousand and \$33 thousand for the three months ended June 30, 2018 and 2017; \$20,324 thousand and \$(8,982) thousand for the six months ended June 30, 2018 and 2017, respectively.

Financial assets (liabilities) for hedging - current

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Far Eastern International Bank	<u>\$ (4,013)</u>	<u>\$ -</u>	<u>\$ -</u>

The Group signed foreign exchange swap contracts with Far Eastern International Bank and recognized as financial assets for hedging. As of June 30, 2018, the notional amount was US\$10,000 thousand.

Derivative financial assets (liabilities) for hedging - current

	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>June 30, 2017</b>
Far Eastern International Bank	<u>\$ -</u>	<u>\$ 1,700</u>	<u>\$ (3,650)</u>

The Group signed foreign exchange swap contracts with Far Eastern International Bank and recognized as derivative financial assets for hedging. As of December 31, 2017 and June 30, 2017, the notional amounts were US\$10,000 thousand and US\$20,000 thousand, respectively.

Note:

- a. The terms of sales to and purchases from other related parties were based on the agreements.
- b. The rent receivables (recognized as other receivables) from renting out the factories to other related parties were \$186,670 thousand, \$64,924 thousand and \$280,406 thousand as of June 30, 2018, December 31, 2017 and June 30, 2017, respectively.



- c. The Group had sold investment properties - land to Far Eastern Medical Foundation in 2015. As of June 30, 2018, December 31, 2017 and June 30, 2017, the unreceived amount which recognized as other receivables from related parties were \$180,000 thousand, \$360,000 thousand and \$180,000 thousand, respectively. And other receivables from related parties - noncurrent were \$1,260,000 thousand, \$1,260,000 thousand, and \$1,440,000 thousand, respectively.
- d. The Group purchased the materials and other inventories for an associate, Far Eastern Union Petrochemical (Yangzhou) Corporation, and recognized other revenue \$51,439 thousand for the three months ended March 31, 2018. As of March 31, 2018, the amount which recognized as other receivables and long-term receivables were \$528,635 thousand and \$7,384 thousand, respectively.

(Concluded)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE SIX MONTHS ENDED JUNE 30, 2018  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
0	Far Eastern New Century Corporation	Far Eastern Resources Development Co., Ltd.	Receivables from related parties	Yes	\$ 1,500,000	\$ 1,500,000	\$ -	1.045	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 9,981,981	\$ 99,819,809	Amounts allowed for ending period (Note B); Maximum amounts allowed for the period (Note E)
1	Yuan Ding Investment Co., Ltd.	Far Eastern Apparel Co., Ltd.	Receivables from related parties	Yes	50,000	50,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,140,059	20,700,297	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note E)
		Ding Yuan International Investment Co., Ltd.	Receivables from related parties	Yes	400,000	400,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,140,059	20,700,297	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note E)
		Far Eastern Resources Development Co., Ltd.	Receivables from related parties	Yes	1,000,000	500,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,140,059	20,700,297	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note E)
		Oriental Resources Development Co., Ltd.	Receivables from related parties	Yes	600,000	600,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,140,059	20,700,297	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note E)
		Yuan Tong Investment Co., Ltd.	Receivables from related parties	Yes	750,000	750,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,140,059	20,700,297	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note E)
		Oriental Petrochemical (Taiwan) Corporation	Receivables from related parties	Yes	1,500,000	1,500,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,140,059	20,700,297	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note E)
		An Ho Garment Co., Ltd.	Receivables from related parties	Yes	800,000	800,000	166,000	1.32-1.42	2	-	For revolving fund	-	Promissory note	-	4,140,059	20,700,297	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note E)
		Kai Yuan International Investment Co., Ltd.	Receivables from related parties	Yes	1,200,000	1,200,000	266,000	1.32-1.42	2	-	For revolving fund	-	Promissory note	-	4,140,059	20,700,297	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note E)
		Da Ju Fiber Co., Ltd.	Receivables from related parties	Yes	1,100,000	1,050,000	275,000	1.32-1.42	2	-	For revolving fund	-	Promissory note	-	4,140,059	20,700,297	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note E)
		Yu Ding Industry Co., Ltd.	Receivables from related parties	Yes	680,000	510,000	340,000	1.32-1.42	2	-	For revolving fund	-	Promissory note	-	4,140,059	20,700,297	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note E)
2	Far Eastern Resources Development Co., Ltd.	An Ho Garment Co., Ltd.	Receivables from related parties	Yes	250,000	250,000	250,000	1.25	2	-	For revolving fund	-	Promissory note	-	2,614,232	13,071,161	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note K)
		Kai Yuan International Investment Co., Ltd.	Receivables from related parties	Yes	250,000	250,000	250,000	1.25	2	-	For revolving fund	-	Promissory note	-	2,614,232	13,071,161	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note K)
3	Far EasTone Telecommunications Co., Ltd.	Q-ware Communications Corporation	Receivables from related parties	Yes	250,000	-	-	1.47-1.58	2	-	For revolving fund	-	-	-	6,901,747	34,508,734	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note E)
4	New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Receivables from related parties	Yes	2,500,000	2,500,000	-	0.83	1	3,125,076	-	-	-	-	3,125,076	11,725,004	Amounts allowed for ending period (Note R); Maximum amounts allowed for the period (Note E)
		Far EasTone Telecommunications Co., Ltd.	Receivables from related parties	Yes	7,500,000	7,500,000	-	0.83	2	-	For revolving fund	-	-	-	8,207,503	11,725,004	Amounts allowed for ending period (Note D); Maximum amounts allowed for the period (Note E)
		Q-ware Communications Corporation	Receivables from related parties	Yes	150,000	150,000	130,000	1.33	2	-	For revolving fund	-	-	-	8,207,503	11,725,004	Amounts allowed for ending period (Note D); Maximum amounts allowed for the period (Note E)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
5	Yuan Ding Co., Ltd.	Ding Ding Hotel Co., Ltd.	Receivables from related parties	Yes	\$ 400,000	\$ 400,000	\$ -	-	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 1,484,410	\$ 3,711,026	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note K) Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note K)
		Yuan Ding Integrated Information Service (Shanghai) Inc.	Receivables from related parties	Yes	151,776	-	-	2.25-2.40	2	-	For revolving fund	-	Promissory note	-	1,484,410	3,711,026	
6	FET Consulting Engineers Co., Ltd.	Yuan Ding Co., Ltd.	Receivables from related parties	Yes	180,000	-	-	0.9983-1.0555	2	-	For revolving fund	-	Promissory note	-	199,833	249,791	Amounts allowed for ending period (Note J); Maximum amounts allowed for the period (Note K)
7	Ding Ding Integrated Marketing Service Co., Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	Receivables from related parties	Yes	29,950	-	-	2.25-2.40	2	-	For revolving fund	-	Promissory note	-	135,303	169,129	Amounts allowed for ending period (Note J); Maximum amounts allowed for the period (Note K)
8	Far Eastern Investment (Holding) Ltd.	M&G Polymers USA, LLC	Other receivables	No	152,300	-	-	-	2	-	For revolving fund	-	-	-	3,677,690	36,777	Amounts allowed for ending period (Note J); Maximum amounts allowed for the period (Note J)
		Worldwide Polychem (HK) Ltd.	Receivables from affiliates	Yes	304,600	304,600	-	-	2	-	For revolving fund	-	Promissory note	-	4,597,113	13,791,338	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Far Eastern Polytex (Holding) Ltd.	Receivables from affiliates	Yes	304,600	304,600	-	-	2	-	For revolving fund	-	Promissory note	-	4,597,113	13,791,338	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Far Eastern Apparel (Holding) Ltd.	Receivables from affiliates	Yes	913,800	913,800	-	-	2	-	For revolving fund	-	Promissory note	-	4,597,113	13,791,338	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		PET Far Eastern (Holding) Ltd.	Receivables from affiliates	Yes	913,800	913,800	-	5.95300	2	-	For revolving fund	-	Promissory note	-	4,597,113	13,791,338	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Far Eastern Polytex (Vietnam) Ltd.	Receivables from affiliates	Yes	1,523,000	1,523,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,597,113	13,791,338	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Far Eastern Polychem Industries Ltd.	Receivables from affiliates	Yes	1,827,600	1,827,600	-	-	2	-	For revolving fund	-	Promissory note	-	4,597,113	13,791,338	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		APG Polytech, LLC	Receivables from affiliates	Yes	304,600	304,600	106,610	2.83707	2	-	For revolving fund	-	Promissory note	-	4,597,113	13,791,338	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Sino Belgium (Holding) Ltd.	Receivables from affiliates	Yes	456,900	456,900	155,346	2.83707	2	-	For revolving fund	-	Promissory note	-	3,677,690	3,677,690	Amounts allowed for ending period (Note J); Maximum amounts allowed for the period (Note J)
		PET Far Eastern (M) Sdn. Bhd.	Receivables from affiliates	Yes	304,600	304,600	163,328	-	2	-	For revolving fund	-	Promissory note	-	4,597,113	13,791,338	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Far Eastern Apparel (Vietnam) Ltd.	Receivables from affiliates	Yes	609,200	609,200	228,450	-	2	-	For revolving fund	-	Promissory note	-	4,597,113	13,791,338	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Oriental Textile (Holding) Ltd.	Receivables from affiliates	Yes	1,827,600	1,827,600	356,382	2.83707	2	-	For revolving fund	-	Promissory note	-	4,597,113	13,791,338	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
Far Eastern New Apparel (Vietnam) Ltd.	Receivables from affiliates	Yes	913,800	913,800	517,820	-	2	-	For revolving fund	-	Promissory note	-	4,597,113	13,791,338	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)		
Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	1,896,909	1,896,909	1,791,590	-	2	-	For revolving fund	-	Promissory note	-	4,597,113	13,791,338	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)		

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
9	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Co., Ltd.	Receivables from affiliates	Yes	\$ 609,200	\$ 609,200	\$ -	-	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 1,745,753	\$ 5,237,258	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Receivables from affiliates	Yes	1,218,400	1,218,400	-	-	2	-	For revolving fund	-	Promissory note	-	1,745,753	5,237,258	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Far Eastern Polychem Industries Ltd.	Receivables from affiliates	Yes	609,200	609,200	286,324	2.83707	2	-	For revolving fund	-	Promissory note	-	1,745,753	5,237,258	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	1,218,400	1,218,400	533,050	2.83707	2	-	For revolving fund	-	Promissory note	-	1,745,753	5,237,258	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
10	Oriental Textile (Holding) Ltd.	Sino Belgium Beer (Suzhou) Ltd.	Receivables from affiliates	Yes	182,760	182,760	-	-	2	-	For revolving fund	-	Promissory note	-	4,101,785	12,305,355	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Far Eastern Industries (Wuxi) Ltd.	Receivables from affiliates	Yes	609,200	609,200	-	-	2	-	For revolving fund	-	Promissory note	-	4,101,785	12,305,355	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Oriental Industries (Suzhou) Ltd.	Receivables from affiliates	Yes	1,827,600	1,827,600	-	-	2	-	For revolving fund	-	Promissory note	-	4,101,785	12,305,355	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Far Eastern Polytex (Vietnam) Ltd.	Receivables from affiliates	Yes	2,132,200	2,132,200	-	-	2	-	For revolving fund	-	Promissory note	-	4,101,785	12,305,355	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	2,020,920	2,020,920	-	1.265	2	-	For revolving fund	-	Promissory note	-	4,101,785	12,305,355	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	2,680,480	2,680,480	551,160	2.83707-5.95300	2	-	For revolving fund	-	Promissory note	-	4,101,785	12,305,355	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
11	Far Eastern Polychem Industries Ltd.	Far Eastern Ishizuka Green Pet Corporation	Receivables from affiliates	Yes	413,100	413,100	-	-	2	-	For revolving fund	-	Promissory note	-	3,830,874	3,830,874	Amounts allowed for ending period (Note J); Maximum amounts allowed for the period (Note J)
		Wuhan Far Eastern New Material Ltd.	Receivables from affiliates	Yes	121,840	121,840	-	-	2	-	For revolving fund	-	Promissory note	-	4,788,593	14,365,779	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Far Eastern Industries (Suzhou) Ltd.	Receivables from affiliates	Yes	1,431,620	1,431,620	-	-	2	-	For revolving fund	-	Promissory note	-	4,788,593	14,365,779	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Far Eastern Industries (Shanghai) Ltd.	Receivables from affiliates	Yes	1,827,600	1,827,600	-	-	2	-	For revolving fund	-	Promissory note	-	4,788,593	14,365,779	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	2,709,870	2,709,870	-	1.265	2	-	For revolving fund	-	Promissory note	-	4,788,593	14,365,779	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	4,416,700	4,416,700	1,050,870	2.83707-5.95300	2	-	For revolving fund	-	Promissory note	-	4,788,593	14,365,779	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
12	PET Far Eastern (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	761,500	761,500	-	-	2	-	For revolving fund	-	Promissory note	-	2,940,485	8,821,456	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	2,158,710	2,158,710	151,569	1.265	2	-	For revolving fund	-	Promissory note	-	2,940,485	8,821,456	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Oriental Petrochemical (Shanghai) Corporation	Receivables from affiliates	Yes	548,280	517,820	213,220	-	2	-	For revolving fund	-	Promissory note	-	2,352,388	2,352,388	Amounts allowed for ending period (Note J); Maximum amounts allowed for the period (Note J)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
13	FEDP (Holding) Ltd.	Far Eastern Polychem Industries Ltd.	Receivables from affiliates	Yes	\$ 152,300	\$ 121,840	\$ 85,288	2.83707	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 121,727	\$ 365,182	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N) Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note N)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	152,300	121,840	121,840	2.83707	2	-	For revolving fund	-	Promissory note	-	121,727	365,182	
14	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	918,600	459,300	165,348	3.75-4.00	2	-	For revolving fund	-	Promissory note	-	2,593,458	5,763,239	Amounts allowed for ending period (Note L); Maximum amounts allowed for the period (Note O) Amounts allowed for ending period (Note J); Maximum amounts allowed for the period (Note J) Amounts allowed for ending period (Note L); Maximum amounts allowed for the period (Note O)
		Oriental Petrochemical (YangZhou) Corporation	Other receivables - loans to related parties	Yes	321,510	321,510	321,510	3.68	2	-	For revolving fund	-	Promissory note	-	1,152,648	1,152,648	
		Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	2,066,850	2,066,850	1,826,976	3.40659-3.90291	2	-	For revolving fund	-	Promissory note	-	2,593,458	5,763,239	
15	Far Eastern Apparel (Suzhou) Co., Ltd.	Far Eastern Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	459,300	459,300	252,615	3.75	2	-	For revolving fund	-	Promissory note	-	1,380,571	3,067,936	Amounts allowed for ending period (Note L); Maximum amounts allowed for the period (Note O) Amounts allowed for ending period (Note L); Maximum amounts allowed for the period (Note O)
		Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	1,240,110	1,240,110	715,488	3.40659-3.90291	2	-	For revolving fund	-	Promissory note	-	1,380,571	3,067,936	
16	Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	45,930	22,965	-	-	2	-	For revolving fund	-	Promissory note	-	28,450	63,222	Amounts allowed for ending period (Note L); Maximum amounts allowed for the period (Note O)
17	Oriental Industries (Suzhou) Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	229,650	229,650	-	1.265	2	-	For revolving fund	-	Promissory note	-	5,272,636	11,716,968	Amounts allowed for ending period (Note L); Maximum amounts allowed for the period (Note O) Amounts allowed for ending period (Note L); Maximum amounts allowed for the period (Note O) Amounts allowed for ending period (Note L); Maximum amounts allowed for the period (Note O) Amounts allowed for ending period (Note L); Maximum amounts allowed for the period (Note O) Amounts allowed for ending period (Note L); Maximum amounts allowed for the period (Note O) Amounts allowed for ending period (Note L); Maximum amounts allowed for the period (Note O)
		Far Eastern Apparel (Suzhou) Co., Ltd.	Other receivables - loans to related parties	Yes	459,300	459,300	-	-	2	-	For revolving fund	-	Promissory note	-	5,272,636	11,716,968	
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	459,300	459,300	-	-	2	-	For revolving fund	-	Promissory note	-	5,272,636	11,716,968	
		Far Eastern Industries (Wuxi) Ltd.	Other receivables - loans to related parties	Yes	918,600	918,600	32,992	3.75064-4.17745	2	-	For revolving fund	-	Promissory note	-	5,272,636	11,716,968	
		Far Eastern Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	1,837,200	1,837,200	493,591	3.75064-4.17745	2	-	For revolving fund	-	Promissory note	-	5,272,636	11,716,968	
		Sino Belgium Beer (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	1,148,250	1,148,250	928,645	3.75064-4.17745	2	-	For revolving fund	-	Promissory note	-	5,272,636	11,716,968	
18	Far Eastern Industries (Wuxi) Ltd.	Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	918,600	918,600	-	-	2	-	For revolving fund	-	Promissory note	-	2,701,441	6,003,203	Amounts allowed for ending period (Note L); Maximum amounts allowed for the period (Note O)
19	Suzhou An Ho Apparel Ltd.	Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	41,337	41,337	41,337	3.5	2	-	For revolving fund	-	Promissory note	-	49,681	110,403	Amounts allowed for ending period (Note L); Maximum amounts allowed for the period (Note O)
20	Oriental Petrochemical (Shanghai) Corporation	Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	229,650	229,650	-	-	2	-	For revolving fund	-	Promissory note	-	258,146	774,437	Amounts allowed for ending period (Note F); Maximum amounts allowed for the period (Note H)

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
21	Far Eastern Industries (Shanghai) Ltd.	Oriental Petrochemical (Shanghai) Corporation	Other receivables - loans to related parties	Yes	\$ 459,300	\$ -	\$ -	4.35	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 3,284,133	\$ 3,284,133	Amounts allowed for ending period (Note J); Maximum amounts allowed for the period (Note J)
		Far Eastern Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	114,825	114,825	-	-	2	-	For revolving fund	-	Promissory note	-	4,105,166	7,389,299	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note L)
		Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	688,950	688,950	-	-	2	-	For revolving fund	-	Promissory note	-	4,105,166	7,389,299	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note L)
		Far Eastern Union Petrochemical (Yangzhou) Corporation	Other receivables - loans to related parties	Yes	918,600	918,600	918,600	2.00	2	-	For revolving fund	-	Promissory note	-	3,284,133	3,284,133	Amounts allowed for ending period (Note J); Maximum amounts allowed for the period (Note J)
		Oriental Petrochemical (Shanghai) Corporation	Other receivables - loans to related parties	Yes	1,607,550	1,148,250	1,148,250	4.35	1	5,192,901	-	Promissory note	-	Promissory note	-	4,105,166	4,105,166
22	Wuhan Far Eastern New Material Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	137,790	137,790	-	1.265-4.35	2	-	For revolving fund	-	Promissory note	-	480,157	864,282	Amounts allowed for ending period (Note K); Maximum amounts allowed for the period (Note L)
23	Far Eastern New Century (China) Investment Co., Ltd.	Shanghai Yuan Zi Information Technology Co., Ltd.	Other receivables - loans to related parties	Yes	45,930	45,930	-	-	2	-	For revolving fund	-	Promissory note	-	6,062,652	8,487,713	Amounts allowed for ending period (Note P); Maximum amounts allowed for the period (Note Q)
		Oriental Textile (Holding) Ltd.	Other receivables - loans to related parties	Yes	91,860	91,860	-	-	2	-	For revolving fund	-	Promissory note	-	6,062,652	8,487,713	Amounts allowed for ending period (Note P); Maximum amounts allowed for the period (Note Q)
		Far Eastern Polychem Industries Ltd.	Other receivables - loans to related parties	Yes	91,860	91,860	-	-	2	-	For revolving fund	-	Promissory note	-	6,062,652	8,487,713	Amounts allowed for ending period (Note P); Maximum amounts allowed for the period (Note Q)
		PET Far Eastern (Holding) Ltd.	Other receivables - loans to related parties	Yes	91,860	91,860	-	-	2	-	For revolving fund	-	Promissory note	-	6,062,652	8,487,713	Amounts allowed for ending period (Note P); Maximum amounts allowed for the period (Note Q)
		Wuhan Far Eastern New Material Ltd.	Other receivables - loans to related parties	Yes	137,790	137,790	-	4.35	2	-	For revolving fund	-	Promissory note	-	6,062,652	8,487,713	Amounts allowed for ending period (Note P); Maximum amounts allowed for the period (Note Q)
		Shanghai Far Eastern Petrochemical Logistic Corporation	Other receivables - loans to related parties	Yes	55,116	55,116	9,076	1.265-4.35	2	-	For revolving fund	-	Promissory note	-	6,062,652	8,487,713	Amounts allowed for ending period (Note P); Maximum amounts allowed for the period (Note Q)
		Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	1,148,250	1,148,250	151,569	4.35	2	-	For revolving fund	-	Promissory note	-	6,062,652	8,487,713	Amounts allowed for ending period (Note P); Maximum amounts allowed for the period (Note Q)
		Oriental Petrochemical (Shanghai) Corporation	Other receivables - loans to related parties	Yes	505,230	505,230	228,598	1.265-4.35	2	-	For revolving fund	-	Promissory note	-	970,024	970,024	Amounts allowed for ending period (Note J); Maximum amounts allowed for the period (Note J)
Far Eastern Industries (Shanghai) Ltd.	Other receivables - loans to related parties	Yes	3,215,100	3,215,100	565,003	1.265-4.35	2	-	For revolving fund	-	Promissory note	-	6,062,652	8,487,713	Amounts allowed for ending period (Note P); Maximum amounts allowed for the period (Note Q)		
24	Shanghai Yuan Zi Information Technology Co., Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	45,930	45,930	-	-	2	-	For revolving fund	-	Promissory note	-	62,273	93,410	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)
25	Far Eastern Industries (Yangzhou) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	321,510	321,510	321,510	3.60	2	-	For revolving fund	-	Promissory note	-	1,291,907	2,870,903	Amounts allowed for ending period (Note L); Maximum amounts allowed for the period (Note O)
		Far Eastern Union Petrochemical (Yangzhou) Corporation	Other receivables - loans to related parties	Yes	551,160	551,160	551,160	2.0-3.60	2	-	For revolving fund	-	Promissory note	-	574,181	574,181	Amounts allowed for ending period (Note J); Maximum amounts allowed for the period (Note J)

(Continued)

- Notes: A. Reasons for financing are as follows:
1. Business relationship.
  2. For short-term financing.
- B. The limitation is 5% of the net value of the financier based on reviewed financial statements as of June 30, 2018.
- C. The limitation is 10% of the net value of the financier based on reviewed financial statements as of June 30, 2018.
- D. The limitation is 35% of the net value of the financier based on reviewed financial statements as of June 30, 2018.
- E. The limitation is 50% of the net value of the financier based on reviewed financial statements as of June 30, 2018.
- F. The limitation is 5% of the net value of the financier based on audited financial statements as of December 31, 2017.
- G. The limitation is 10% of the net value of the financier based on audited financial statements as of December 31, 2017.
- H. The limitation is 15% of the net value of the financier based on audited financial statements as of December 31, 2017.
- I. The limitation is 20% of the net value of the financier based on audited financial statements as of December 31, 2017.
- J. The limitation is 40% of the net value of the financier based on audited financial statements as of December 31, 2017.
- K. The limitation is 50% of the net value of the financier based on audited financial statements as of December 31, 2017.
- L. The limitation is 90% of the net value of the financier based on audited financial statements as of December 31, 2017.
- M. The limitation is 100% of the net value of the financier based on audited financial statements as of December 31, 2017.
- N. The limitation is 150% of the net value of the financier based on audited financial statements as of December 31, 2017.
- O. The limitation is 200% of the net value of the financier based on audited financial statements as of December 31, 2017.
- P. The limitation is 250% of the net value of the financier based on audited financial statements as of December 31, 2017.
- Q. The limitation is 350% of the net value of the financier based on audited financial statements as of December 31, 2017.
- R. The limitation is business transaction amount.

(Concluded)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2018  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Each Counterparty's Endorsement/ Guarantee Amounts	Maximum Amounts Allowed for the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsements/ Guarantees Given by Parent on Behalf of Subsidiaries (Note O)	Endorsements/ Guarantees Given by Subsidiaries on Behalf of Parent (Note O)	Endorsements/ Guarantees Given on Behalf of Companies in Mainland China (Note O)	Note
		Name	Relationship											
0	Far Eastern New Century Corporation	Far Eastern Investment (Holding) Ltd.	(Note A)	\$ 99,819,809	\$ 23,684,000	\$ -	\$ -	\$ -	-	\$ 199,639,618	Yes	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
1	Yuan Ding Investment Co., Ltd.	Far Eastern Ishizuka Green Pet Corporation	(Note C)	19,963,962	660,960	660,960	660,960	-	1.60	19,963,962	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note I); maximum amounts allowed for the period (Note J)
		Oriental Resources Development Co., Ltd.	(Note A)	20,700,297	100,000	-	-	-	-	41,400,593	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
		Da Ju Fiber Co., Ltd.	(Note B)	20,700,297	280,000	280,000	72,000	-	0.68	41,400,593	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
		PET Far Eastern (Holding) Ltd.	(Note C)	19,963,962	609,200	609,200	-	-	1.47	19,963,962	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note I); maximum amounts allowed for the period (Note J)
		Oriental Textile (Holding) Ltd.	(Note A)	20,700,297	609,200	609,200	-	-	1.47	41,400,593	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
		Far Eastern Polychem Industries Ltd.	(Note C)	19,963,962	913,800	913,800	-	-	2.21	19,963,962	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note I); maximum amounts allowed for the period (Note J)
		Far Eastern Investment (Holding) Ltd.	(Note C)	19,963,962	1,523,000	1,523,000	1,523,000	-	3.68	19,963,962	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note I); maximum amounts allowed for the period (Note J)
		Oriental Industries (Suzhou) Ltd.	(Note A)	20,700,297	1,523,000	1,523,000	1,065,881	-	3.68	41,400,593	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
2	Far Eastern Resources Development Co., Ltd.	Far Eastern New Century Corporation	(Note D)	13,071,162	5,708,448	5,708,448	2,746,448	5,708,448	2.86	26,142,323	-	Yes	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H)

(Continued)



No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Each Counterparty's Endorsement/ Guarantee Amounts	Maximum Amounts Allowed for the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsements/ Guarantees Given by Parent on Behalf of Subsidiaries (Note O)	Endorsements/ Guarantees Given by Subsidiaries on Behalf of Parent (Note O)	Endorsements/ Guarantees Given on Behalf of Companies in Mainland China (Note O)	Note
		Name	Relationship											
3	Yuan Ding Co., Ltd.	Ding Ding Hotel Co., Ltd.	(Note A)	\$ 3,711,026	\$ 2,173,000	\$ 2,173,000	\$ 915,000	\$ 650,000	1.09	\$ 7,422,051	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H)
4	FET Consulting Engineers Co., Ltd.	Yuan Ding Co., Ltd.	(Note D)	249,791	230,000	-	-	-	-	499,581	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H)
5	Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	(Note A)	40,347,546	154,300	77,150	77,150	-	0.57	40,347,546	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note K); maximum amounts allowed for the period (Note K)
6	PET Far Eastern (Holding) Ltd.	Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note B)	99,819,809	1,191,470	732,336	575,657	-	0.37	199,639,618	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note M); maximum amounts allowed for the period (Note N)
		Oriental Petrochemical (Shanghai) Corporation	(Note A)	99,819,809	761,500	761,500	346,542	-	0.38	199,639,618	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note M); maximum amounts allowed for the period (Note N)
7	Far Eastern Investment (Holding) Ltd.	APG Polytech, LLC	(Note A)	99,819,809	1,005,180	1,005,180	-	-	0.50	199,639,618	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note M); maximum amounts allowed for the period (Note N)
8	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note C)	99,819,809	502,830	502,830	-	-	0.25	199,639,618	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note M); maximum amounts allowed for the period (Note N)
9	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note C)	99,819,809	328,020	321,510	-	-	0.16	199,639,618	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note M); maximum amounts allowed for the period (Note N)
10	Far Eastern New Century (China) Investment Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note C)	19,963,962	937,200	918,600	-	-	0.46	19,963,962	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note L); maximum amounts allowed for the period (Note L)

- Notes:
- A. Subsidiary.
  - B. Equity-method investee.
  - C. The guarantee provider and counterparty have the same ultimate parent company.
  - D. Parent company.
  - E. The amount of the collateral/guarantees is based on 50% of the net value of the guarantor from the latest reviewed financial statements.

(Continued)

- F. The amount of the collateral/guarantees is based on the net value of the guarantor from the latest reviewed financial statements.
- G. The amount of the collateral/guarantees is based on 50% of the net value of the guarantor from the latest audited financial statements.
- H. The amount of the collateral/guarantees is based on the net value of the guarantor from the latest audited financial statements.
- I. The amount of the collateral/guarantees is based on the lower of 10% of the net value of the ultimate parent company from the reviewed financial statements as of June 30, 2018, and 50% of the net value of Yuan Ding Investment Co., Ltd. from the audited financial statements as of December 31, 2017.
- J. The amount of the collateral/guarantees is based on the lower of 10% of the net value of the ultimate parent company from the reviewed financial statements as of June 30, 2018, and the net value of Yuan Ding Investment Co., Ltd. from the audited financial statements as of December 31, 2017.
- J. The amount of the collateral/guarantees is based on 300% of the net value of the guarantor from latest audited financial statements.
- K. The amount of the collateral/guarantees is based on 10% of the net value of the ultimate parent company from the latest reviewed financial statements.
- L. The amount of the collateral/guarantees is based on 50% of the net value of the ultimate parent company from the latest reviewed financial statements.
- M. The amount of the collateral/guarantees is based on the net value of the ultimate parent company from the latest reviewed financial statements.
- N. The ratio of accumulated endorsements/guarantees to net equity in latest financial statements is calculated in accordance with Regulations Governing Loaning of Funds and Marketing of Endorsements/Guarantees by Public Companies.
- O. There will be a “Yes” if the situation meets any with endorsement/guarantee given by parent on behalf of subsidiaries, endorsement/guarantee given by subsidiaries on behalf of parent and endorsement/guarantee given on behalf of companies in mainland China.
- P. The tariff guarantee maximum amounts allowed for a subsidiary in mainland China for the period and the actual appropriation as of period end are as follows: Oriental Industries (Suzhou) Ltd.: RMB5,000 thousand (NT\$22,965 thousand), the actual remittance: RMB5,000 thousand (NT\$22,965 thousand). Far Eastern Apparel (Suzhou) Co., Ltd.: RMB2,000 thousand (NT\$9,186 thousand), the actual remittance: RMB2,000 thousand (NT\$9,186 thousand).

(Concluded)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

JUNE 30, 2018

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2018				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note I)	
Far Eastern New Century Corporation	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	750,511	\$ 17,511,877	22.33	\$ 25,142,129	19,900 thousand shares pledged or mortgaged as collateral for loans.
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	241,770	4,657,435	17.06	4,726,598	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	81,216	1,290,788	9.17	2,672,007	
	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	134	1,579	0.03	1,767	
	Oriental Securities Corporation	(Note A)	Investments accounted for using the equity method	140,278	1,966,295	19.65	-	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	135,000	1,860,946	16.83	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	83,245	930,068	2.62	840,776	
	Yuan Ding Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	1,822,822	40,825,511	99.40	-	
	Far Eastern Resources Development Co., Ltd.	(Note A)	Investments accounted for using the equity method	667,242	102,521,941	100.00	-	
	Far Eastern Polytex (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	135	7,770,410	100.00	-	
	Far Eastern Polychem Industries Ltd.	(Note A)	Investments accounted for using the equity method	830,815	7,843,881	73.04	-	
	Yuan Tong Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	705,147	8,292,181	100.00	-	
	Kai Yuan International Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	302,843	5,213,221	100.00	-	
	Far Eastern Investment (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	1,700	9,092,847	100.00	-	
	PET Far Eastern (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	397	5,711,790	91.95	-	
	Oriental Petrochemical (Taiwan) Corporation	(Note A)	Investments accounted for using the equity method	1,561,102	9,627,697	75.56	-	
	Far Eastern Construction Co., Ltd.	(Note A)	Investments accounted for using the equity method	198,791	8,335,203	65.11	-	
	Yuan Ding Co., Ltd.	(Note A)	Investments accounted for using the equity method	186,929	3,105,131	37.13	-	
	An Ho Garment Co., Ltd.	(Note A)	Investments accounted for using the equity method	66,346	1,985,843	100.00	-	
	Ding Yuan International Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	205,000	2,839,660	100.00	-	
FEDP (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	244	940,453	50.43	-		
Fu Kwok Knitting & Garment Co., Ltd.	(Note A)	Investments accounted for using the equity method	4,000	200,948	100.00	-		
Ding Ding Hotel Co., Ltd.	(Note A)	Investments accounted for using the equity method	769	9,672	0.74	-		
Far Eastern Textile Ltd.	(Note A)	Investments accounted for using the equity method	100	1,544	100.00	-		
Yuan Ding Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	21,500	691,038	0.64	720,234	30,455 thousand shares pledged or mortgaged as collateral for loans.
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	70,818	1,301,605	8.00	2,329,902	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	22,808	461,394	1.61	445,896	
	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	123,624	1,168,018	25.23	1,625,656	
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	1,066,658	22,526,464	32.73	84,052,620	
	Far Eastern Polychem Industries Ltd.	(Note A)	Investments accounted for using the equity method	306,644	2,895,277	26.96	-	
	Far Eastern Apparel (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	111	3,659,565	100.00	-	
	Da Ju Fiber Co., Ltd.	(Note A)	Investments accounted for using the equity method	48,692	1,847,250	41.86	-	
	Far Eastern Apparel Co., Ltd.	(Note A)	Investments accounted for using the equity method	24,772	204,577	100.00	-	
	Yuan Faun Co., Ltd.	(Note A)	Investments accounted for using the equity method	5,000	146,896	100.00	-	
	Yue Ming Corporation	(Note A)	Investments accounted for using the equity method	4,684	68,695	45.50	-	
	Yuan Ding Leasing Corporation	(Note A)	Investments accounted for using the equity method	36,706	386,050	46.20	-	
	Far Eastern Fibertech Co., Ltd.	(Note A)	Investments accounted for using the equity method	91,000	1,154,355	100.00	-	
	Oriental Resources Development Co., Ltd.	(Note A)	Investments accounted for using the equity method	48,918	525,716	100.00	-	
	Liquid Air Far East Co., Ltd.	(Note A)	Investments accounted for using the equity method	86,615	1,703,717	35.00	-	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note A)	Investments accounted for using the equity method	13,052	365,835	29.80	-	
	Oriental Securities Corporation	(Note A)	Investments accounted for using the equity method	185,247	2,703,234	25.96	-	
							51,600 thousand shares pledged or mortgaged as collateral for loans.	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2018				Note	
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note I)		
Far Eastern Investment (Holding) Ltd.	Yuan Ding Co., Ltd.	(Note A)	Investments accounted for using the equity method	64,759	\$ 1,098,307	12.86	\$ -	10,000 thousand shares pledged or mortgaged as collateral for loans.	
	Far Eastern International Leasing Corporation	(Note A)	Investments accounted for using the equity method	75,268	923,556	16.87	-		
	Oriental Textile (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	110	8,273,187	100.00	-		
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	119,653	1,563,131	14.92	-		
	Yu Yuan Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	98,198	518,009	18.96	-		
	Far Eastern General Contractor Inc.	(Note A)	Investments accounted for using the equity method	1,490	21,593	1.00	-		
	Oriental Petrochemical (Taiwan) Corporation	(Note A)	Investments accounted for using the equity method	107,354	675,961	5.20	-		
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	113,251	1,265,186	3.56	1,143,839		
	Chung Nan Textile Co., Ltd.	(Note L)	Financial assets at fair value through other comprehensive income - non-current	2,985	81,307	5.27	81,307		
	Overseas Investment and Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,000	6,810	1.11	6,810		
	Universal Venture Capital Investment Corporation	(Note M)	Financial assets at fair value through other comprehensive income - non-current	1,400	12,670	1.16	12,670		
	China Investment and Development Co., Ltd.	(Note L)	Financial assets at fair value through other comprehensive income - non-current	1,287	9,858	0.80	9,858		
	Taiwan Stock Exchange Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,081	22,338	0.16	22,338		
	Oriental Securities Investment Consultant Co., Ltd.	(Note I)	Financial assets at fair value through other comprehensive income - non-current	1	11	0.00	11		
	Dah Chung Bills Finance Corporation	(Note L)	Financial assets at fair value through other comprehensive income - non-current	2,254	30,246	0.50	30,246		
	U-Ming Marine Transport Corporation	(Note B)	Financial assets at fair value through other comprehensive income - non-current	8,869	297,112	1.05	297,112		
	Financial assets under asset management contracts (Note E)								
	W.I.S.E. Polaris CSI 300 Securities Investment Trust Fund	-	Financial assets at fair value through profit or loss - current	650	11,005	-	11,005		
	Taiwan Semiconductor Manufacturing Company Limited	-	Financial assets at fair value through profit or loss - current	180	38,970	-	38,970		
	Inventec Corporation	-	Financial assets at fair value through profit or loss - current	1,100	26,345	-	26,345		
	Nanya Technology Corporation	-	Financial assets at fair value through profit or loss - current	160	13,312	-	13,312		
	Media Tek Inc.	-	Financial assets at fair value through profit or loss - current	110	33,000	-	33,000		
	Chilisin Electronics Corporation	-	Financial assets at fair value through profit or loss - current	183	32,666	-	32,666		
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	125	6,388	-	6,388		
	Shin Zu Shing Co., Ltd.	-	Financial assets at fair value through profit or loss - current	90	8,100	-	8,100		
	Filsyn Corporation	(Note A)	Investments accounted for using the equity method	45,066	-	21.85	-		
	FETG Investment Antilles N.V.	(Note A)	Investments accounted for using the equity method	6	45,442	100.00	-		
	PET Far Eastern (M) Sdn. Bhd.	(Note A)	Investments accounted for using the equity method	Common shares 5,000 Preferred shares 3,000	230,782	50.00	-		
	Com2B	(Note A)	Investments accounted for using the equity method	9,000	12,685	20.00	-		
	Far Eastern Apparel (Vietnam) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	905,000	100.00	-		
	Worldwide Polychem (HK) Ltd.	(Note A)	Investments accounted for using the equity method	2,700	66,627	100.00	-		
	Opas Fund Segregated Portfolio Company	(Note A)	Investments accounted for using the equity method	(Note G)	1,628	34.00	-		
Far Eastern Polytex (Vietnam) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	5,740,583	100.00	-			
Far Eastern New Apparel (Vietnam) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	245,765	100.00	-			
Magna View Sdn. Bhd.	(Note A)	Investments accounted for using the equity method	3,000	229,032	100.00	-			
Malaysia Garment Manufactures Pte. Ltd.	(Note A)	Investments accounted for using the equity method	30	482,728	37.92	-			
Catalyst_207 SPC	-	Investments accounted for using the equity method	(Note G)	518	34.00	-			
APG Polytech USA Holdings, Inc	(Note A)	Investments accounted for using the equity method	(Note G)	759,865	100.00	-			
Corpus Christi Polymers LLC	(Note A)	Investments accounted for using the equity method	(Note G)	1,370,700	33.33	-			

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2018				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note I)	
Magna View Sdn. Bhd.	Far Eastern International Garments	(Note A)	Other liabilities - non-current	59	\$ (12,547)	41.00	\$ -	15,000 thousand shares pledged or mortgaged as collateral for loans.
	Cemtex Apparel Inc.	(Note A)	Other liabilities - non-current	90	(11,643)	50.00	-	
	Opas Fund Segregated Portfolio Tranche C	(Note K)	Financial assets at fair value through profit or loss - current	6	264,402	-	264,402	
	PET Far Eastern (M) Sdn. Bhd.	(Note A)	Investments accounted for using the equity method	Common shares 5,000 Preferred shares 3,000	230,782	50.00	-	
Ding Yuan International Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	13,222	464,592	0.39	442,927	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	5,903	121,145	0.42	115,404	
	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	1,137	9,613	0.23	14,949	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	27,365	671,124	3.09	900,325	
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	920	41,137	0.03	72,469	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	18,000	229,766	2.24	-	
	Yu Ding Industry Co., Ltd.	(Note A)	Investments accounted for using the equity method	12,844	366,212	13.20	-	
Kai Yuan International Investment Co., Ltd.	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	84,155	939,971	2.64	849,961	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	20,207	699,912	0.60	676,951	
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	34,149	1,115,709	1.05	2,690,944	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	32,473	676,471	3.67	1,068,367	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	20,672	561,134	1.46	404,141	
	Kowloon Cement Corporation	(Note A)	Investments accounted for using the equity method	1,127	438,527	49.00	-	
	Far Eastern International Leasing Corporation	(Note A)	Investments accounted for using the equity method	74,970	924,611	16.80	-	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	18,000	229,967	2.24	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	102,167	1,141,311	3.21	1,031,888	
	U-Ming Marine Transport Corporation	(Note C)	Financial assets at fair value through other comprehensive income - non-current	622	20,837	0.07	20,837	
Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	7,700,766	87.64	-	
	PET Far Eastern (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	35	502,537	8.05	-	
	FEDP (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	240	924,415	49.57	-	
	Far Eastern Industries (Yangzhou) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	1,441,968	100.00	-	
	Far Eastern Ishizuka Green Pet Corporation	(Note A)	Investments accounted for using the equity method	3,578	729,525	90.00	-	
	Nippon Parison Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	4	160,049	10.00	160,049	
Far Eastern Construction Co., Ltd.	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	17,726	564,763	0.53	593,825	
	Far Eastern General Contractor Inc.	(Note A)	Investments accounted for using the equity method	147,413	1,981,831	98.95	-	
	U-Ming Marine Transport Corporation	(Note C)	Financial assets at fair value through other comprehensive income - current	1,590	53,258	0.19	53,258	
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	599,776	38.46	-	
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	2,898,203	100.00	-	
	Opas Fund Segregated Portfolio Tranche C	(Note K)	Financial assets at fair value through profit or loss - current	5	236,199	-	236,199	
Far Eastern Apparel Co., Ltd.	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	469	14,405	0.01	15,712	
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	90	6,079	-	7,092	
	Yu Ding Industry Co., Ltd.	(Note A)	Investments accounted for using the equity method	8	123	0.01	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2018				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note I)	
Far Eastern General Contractor Inc.	Far Eastern Technical Consultants Co., Ltd.	(Note A)	Investments accounted for using the equity method	450	\$ 5,497	9.00	\$ -	2,246 thousand shares pledged or mortgaged as collateral for loans.
	U-Ming Marine Transport Corporation	(Note C)	Financial assets at fair value through other comprehensive income - current	746	25,008	0.09	25,008	
	Kaohsiung Rapid Transit Corporation	(Note K)	Financial assets at fair value through other comprehensive income - non-current	9,687	40,580	3.48	40,580	
	Ya-Li Precast Prestressed Concrete Industries Corporation	(Note I)	Financial assets at fair value through other comprehensive income - non-current	3,106	11,367	16.03	11,367	
	DFE DWS Taiwan Money Market	(Note K)	Financial assets at fair value through profit or loss - current	2,246	26,177	-	26,177	
	CTBC Hwa-Win Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,223	68,316	-	68,316	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss - current	4,070	60,067	-	60,067	
	Hua Nan Kirin Fund	-	Financial assets at fair value through profit or loss - current	3,354	40,010	-	40,010	
	Shin Kong Chi-Shin Money-Market Fund	-	Financial assets at fair value through profit or loss - current	1,620	25,000	-	25,000	
	Union Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,433	32,001	-	32,001	
FETG Investment Antilles N.V.	Waldorf Services B.V.	(Note A)	Investments accounted for using the equity method	2	42,269	100.00	-	
Malaysia Garment Manufactures Pte. Ltd.	Filsyn Corporation	(Note A)	Investments accounted for using the equity method	20,513	-	9.95	-	
	PT Malaysia Garment Bintan	(Note A)	Other liabilities - non-current	(Note G)	(43)	99.00	-	
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	40,818	1,040,492	1.25	3,216,426	10,950 thousand shares pledged or mortgaged as collateral for loans.
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	6,094	240,678	0.18	204,138	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	11,204	262,805	1.26	368,612	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	370	11,163	0.03	7,230	
	Oriental Securities Corporation	(Note A)	Investments accounted for using the equity method	8,193	112,327	1.15	-	
	Yu Ding Industry Co., Ltd.	(Note A)	Investments accounted for using the equity method	15,247	336,350	15.66	-	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	9,681	128,875	1.21	-	
	Yuan Ding Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	5,502	166,864	0.30	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	20,956	234,145	0.66	211,654	
Yuan Faun Co., Ltd.	Yuan Cheng Human Resources Consultant Corporation	(Note A)	Investments accounted for using the equity method	745	12,636	55.19	-	
	Yi Tong Fiber Co., Ltd.	(Note K)	Financial assets at fair value through other comprehensive income - non-current	3,154	59,198	3.56	59,198	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	4,441	49,620	0.14	44,850	
Fu Kwok Knitting & Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	520	20,684	0.02	40,976	
Yuan Tong Investment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	100,237	2,724,846	3.08	7,898,678	30,015 thousand shares pledged or mortgaged as collateral for loans.
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	39,619	1,219,857	2.80	774,542	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	49,705	1,690,438	5.61	1,635,308	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	28,579	1,092,035	0.85	957,410	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	18,000	228,769	2.24	-	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Investments accounted for using the equity method	35,934	391,577	11.98	-	
	Liquid Air Far East Co., Ltd.	(Note A)	Investments accounted for using the equity method	1	24	-	-	
	Sino Belgium (Holding) Ltd.	(Note A)	Other liabilities - non-current	36	(537,096)	90.88	-	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note A)	Investments accounted for using the equity method	1	37	-	-	
	Malaysia Garment Manufactures Pte. Ltd.	(Note A)	Investments accounted for using the equity method	10	165,492	13.00	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	101,963	1,138,921	3.20	1,029,823	
	Ding Shen Investment Co., Ltd.	(Note M)	Financial assets at fair value through other comprehensive income - non-current	39,600	293,832	18.00	293,832	

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Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2018				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note I)	
	Bockhold N.V - stock	-	Financial assets at fair value through other comprehensive income - non-current	1	\$ 181,578	12.51	\$ 181,578	
	Financial assets under asset management contracts (Note E)	-						
	Taiwan Semiconductor Manufacturing Company Limited	-	Financial assets at fair value through profit or loss - current	185	40,053	-	40,053	
	China Develoment Financial	-	Financial assets at fair value through profit or loss - current	3,300	36,795	-	36,795	
	Nanya Technology Corporation	-	Financial assets at fair value through profit or loss - current	80	6,976	-	6,976	
	Media Tek Inc.	-	Financial assets at fair value through profit or loss - current	60	18,000	-	18,000	
	Chilisin Electronics Corporation	-	Financial assets at fair value through profit or loss - current	170	30,345	-	30,345	
	Tripod Technology Corporation	-	Financial assets at fair value through profit or loss - current	100	8,380	-	8,380	
	Global Unichip Corporation	-	Financial assets at fair value through profit or loss - current	30	8,204	-	8,204	
	Taimide Technology Inc.	-	Financial assets at fair value through profit or loss - current	194	16,198	-	16,198	
Far Eastern Apparel (Suzhou) Co., Ltd.	Suzhou An Ho Apparel Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	55,803	100.00	-	
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corporation	(Note A)	Investments accounted for using the equity method	(Note G)	2,891,191	54.72	-	
	Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note G)	2,292,360	50.00	-	
	Tong Da Air Industry (Yangzhou) Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	1,116,739	50.00	-	
Oriental Textile (Holding) Ltd.	Far Eastern Industries (Wuxi) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	3,041,257	100.00	-	
	Oriental Industries (Suzhou) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	5,991,205	100.00	-	
	Opas Fund Segregated Portfolio Tranche A	(Note K)	Financial assets at fair value through profit or loss - current	8	271,332	-	271,332	
FEDP (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	1,648,419	100.00	-	
Far Eastern Polytex (Holding) Ltd.	Wuhan Far Eastern New Material Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	967,947	100.00	-	
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	959,705	61.54	-	
	Far Eastern New Century (China) Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	1,792,430	100.00	-	
	Far Eastern Yihua Petrochemical (Yangzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note G)	4,023,365	60.00	-	
Far Eastern New Century (China) Investment Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	1,086,050	12.36	-	
	Shanghai Yuan Zi Information Technology Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	65,997	100.00	-	
	Oriental Petrochemical (Shanghai) Corporation	(Note A)	Investments accounted for using the equity method	(Note G)	314,914	6.63	-	
	Yuan Ding Enterprise (Shanghai) Limited	(Note A)	Investments accounted for using the equity method	(Note G)	668,334	100.00	-	
Sino Belgium (Holding) Ltd.	Sino Belgium Beer (Suzhou) Ltd.	(Note A)	Other liabilities - non-current	(Note G)	(453,831)	100.00	-	
	Martens Beers (Shanghai) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	15,698	100.00	-	
Oriental Petrochemical (Shanghai) Corporation	Shanghai Far Eastern Petrochemical Logistic Corporation	(Note A)	Investments accounted for using the equity method	(Note G)	134,718	100.00	-	
Far Eastern Industries (Yangzhou) Ltd.	Harvest Money Market A	-	Financial assets at fair value through profit or loss - current	226	1,038	-	1,038	
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	Harvest Money Market A	-	Financial assets at fair value through profit or loss - current	593,729	2,726,999	-	2,726,999	

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Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2018				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note I)	
Yuan Ding Co., Ltd.	YDT Technology International Co., Ltd.	(Note A)	Investments accounted for using the equity method	13,992	\$ 231,505	100.00	\$ -	119,000 thousand shares pledged or mortgaged as collateral for loans.
	Ding Ding Integrated Marketing Service Co., Ltd.	(Note A)	Investments accounted for using the equity method	20,393	212,861	60.00	-	
	Far Eastern Technical Consultants Co., Ltd.	(Note A)	Investments accounted for using the equity method	4,550	54,373	91.00	-	
	YDC (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	9,414	17.70	-	
	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	(Note A)	Other liabilities - non-current	4,995	(16,790)	4.79	-	
	FET Consulting Engineers Co., Ltd.	(Note A)	Investments accounted for using the equity method	37,000	62,432	100.00	-	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	5,329	199,438	0.16	178,509	
	Far Eastone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	4,164	109,377	0.13	328,084	
	Yu Yuan Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	129,637	1,464,068	25.02	-	
	Yue Ming Corporation	(Note A)	Investments accounted for using the equity method	103	699	1.00	-	
	Yu Ding Industry Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,523	55,259	2.59	-	
	FEDS Asia Pacific Development Co., Ltd.	(Note A)	Investments accounted for using the equity method	10,650	134,702	5.00	-	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Investments accounted for using the equity method	44,796	482,706	14.93	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	7,922	88,530	0.25	80,012	
	Yuan Hsin Digital Payment Co., Ltd.	(Note A)	Investments accounted for using the equity method	24,955	180,434	20.00	-	
	Ding Ding Hotel Co., Ltd.	(Note A)	Investments accounted for using the equity method	102,509	343,306	98.52	-	
	Far Eastern New Century Corporation	(Note D)	Financial assets at fair value through profit or loss - current	779	22,524	-	22,524	
Ding Ding Integrated Marketing Service Co., Ltd.	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	(Note A)	Other liabilities - non-current	17	(58)	0.02	-	
	Yuan Hsin Digital Payment Co., Ltd.	(Note A)	Investments accounted for using the equity method	18,729	135,412	15.01	-	
	DDIM (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	33,398	46.13	-	
	Pacific SOGO Department Stores Co., Ltd.	(Note J)	Financial assets at fair value through other comprehensive income - non-current	1	48	-	48	
	DFFE DWS Taiwan Money Market	(Note K)	Financial assets at fair value through profit or loss - current	3,577	41,686	-	41,686	
Far Eastern Technical Consultants Co., Ltd.	Cosmos Foreign Exchange Intl. Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	480	9,605	4.00	9,605	
FET Consulting Engineers Co., Ltd.	DDIM (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	39,002	53.87	-	
YDC (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	(Note A)	Investments accounted for using the equity method	(Note G)	333	0.46	-	
	Speedy (Shanghai) digital Tech. Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	51,361	100.00	-	
DDIM (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	(Note A)	Investments accounted for using the equity method	(Note G)	72,011	99.54	-	
YDT Technology International Co., Ltd.	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	125	1,218	0.03	1,647	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,764	93,876	0.20	54,034	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	61	2,257	-	2,028	
	YDC (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	43,774	82.30	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	2,786	31,194	0.09	28,137	
	Oriental Securities Investment Consultant Co., Ltd.	(Note J)	Financial assets at fair value through other comprehensive income - non-current	1	11	-	11	
Far Eastern Electronic Toll Collection Co., Ltd.	FETC International Co., Ltd.	(Note A)	Investments accounted for using the equity method	20,000	161,582	100.00	-	

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Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2018				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note I)	
Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,100,000	\$ 26,193,180	100.00	\$ -	
	ARCOA Communication Co., Ltd.	(Note A)	Investments accounted for using the equity method	82,762	999,496	61.63	-	
	KGEx.com Co., Ltd.	(Note A)	Investments accounted for using the equity method	68,897	746,979	99.99	-	
	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	(Note A)	Other liabilities - non-current	90,014	(296,586)	86.41	-	
	Yuan Cing Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,000	29,648	100.00	-	
	Far Eastern Info Service (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	1	5,135	100.00	-	
	O-music Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,500	9,371	50.00	-	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Investments accounted for using the equity method	118,251	867,434	39.42	-	
	Yuan Hsin Digital Payment Co., Ltd.	(Note A)	Investments accounted for using the equity method	37,433	270,646	30.00	-	
	Ding Ding Integrated Marketing Service Co., Ltd.	(Note A)	Investments accounted for using the equity method	5,098	53,106	15.00	-	
	Alliance Digital Technology Co., Ltd.	(Note A)	Investments accounted for using the equity method	6,000	13,232	14.40	-	
	App Works Fund II Co., Ltd.	(Note L)	Financial assets at fair value through other comprehensive income - non-current	8,850	95,354	11.11	95,354	
	CDIB Capital Innovation Accelerator Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	4,500	45,000	10.71	45,000	
	ARCOA Communication Co., Ltd.	DataExpress Infotech Co., Ltd.	(Note A)	Investments accounted for using the equity method	12,866	174,375	70.00	-
THI consultants		(Note L)	Financial assets at fair value through other comprehensive income - non-current	1,214	12,190	18.32	12,190	
Web Point Co., Ltd.		-	Financial assets at fair value through other comprehensive income - non-current	161	1,618	0.63	1,618	
New Century InfoComm Tech Co., Ltd.	New Diligent Co., Ltd.	(Note A)	Investments accounted for using the equity method	54,000	87,044	100.00	-	
	Information Security Service Digital United Inc.	(Note A)	Investments accounted for using the equity method	10,249	115,353	100.00	-	
	Digital United (Cayman) Ltd.	(Note A)	Investments accounted for using the equity method	4,320	14,113	100.00	-	
	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	(Note A)	Other liabilities - non-current	2,500	(8,236)	2.40	-	
	Ding Ding Integrated Marketing Service Co., Ltd.	(Note A)	Investments accounted for using the equity method	1,699	17,702	5.00	-	
	Opas Fund Segregated Portfolio Tranche A	(Note K)	Financial assets at fair value through profit or loss - current	13	447,541	-	447,541	
	Opas Fund Segregated Portfolio Tranche B	(Note K)	Financial assets at fair value through profit or loss - current	5	151,651	-	151,651	
	DFE DWS Taiwan Money Market	(Note K)	Financial assets at fair value through profit or loss - current	12,877	150,065	-	150,065	
Kaohsiung Rapid Transit Corporation	Bank Pro E-service Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	8,858	38,267	3.18	38,267	
			Financial assets at fair value through other comprehensive income - non-current	450	4,500	3.33	4,500	
New Diligent Co., Ltd.	Sino Lead Enterprise Limited	(Note A)	Investments accounted for using the equity method	30	254	100.00	-	
	Far East New Diligent Company Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	25,046	100.00	-	
	New Diligent Hong Kong Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	2,932	100.00	-	
DataExpress Infotech Co., Ltd.	Linkwell Tech. Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	42,722	100.00	-	
	Home Master Technology Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	18,373	100.00	-	
Digital United (Cayman) Ltd.	Digital United Information Technology (Shanghai) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	2,018	100.00	-	
Far East New Diligent Company Ltd.	Far Eastern Tech-Info Ltd. (Shanghai)	(Note A)	Investments accounted for using the equity method	(Note G)	6,928	58.33	-	
Far Eastern Info Service (Holding) Ltd.	Far Eastern Tech-Info Ltd. (Shanghai)	(Note A)	Investments accounted for using the equity method	(Note G)	4,949	41.67	-	
APG Polytech USA Holdings, Inc	APG Polytech, LLC	(Note A)	Investments accounted for using the equity method	(Note G)	759,865	100.00	-	

(Continued)

- Notes:
- A. Equity-method investee.
  - B. Investor and investee have the same chairman.
  - C. The vice chairman of investee is the chairman of FENC.
  - D. Parent company.
  - E. Financial assets under asset management contracts can be sold in the open market investee, Oriental Securities Investment Consultant Co., Ltd.
  - F. The investor opened a trust account in Shanghai Bank in Taipei on September 26, 2002 to acquire the ownership of Pacific Liu Tung Investment Co., Ltd.
  - G. Company limited.
  - H. The Fair value of unlisted equity investments held by the Group was not disclosed due to it cannot be reliably measured.
  - I. The subsidiary of the invested company accounted for using the equity method.
  - J. The subsidiary of FENC's associate.
  - K. Related party in substance.
  - L. The investor is the corporate director of the investee.
  - M. The investor is the corporate supervisor of the investee.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2018  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Investment Income under the Equity Method	Ending Balance	
					Shares (Thousands)/ Thousand Units	Amount	Shares (Thousands)/ Thousand Units	Amount	Shares (Thousands)/ Thousand Units	Price	Book Value	Disposal Gain		Shares (Thousands)/ Thousand Units	Amount
Far Eastern New Century Corporation	Oriental Petrochemical (Taiwan) Corporation	Investments accounted for using the equity method	Cash capital increase	(Note A)	1,334,427	\$ 7,492,270	226,675	\$ 2,266,745	-	\$ -	\$ -	\$ -	\$ (131,318)	1,561,102	\$ 9,627,697
Far Eastern General Contractor Inc.	Paradigm Pion Money Market	Financial assets at fair value through profit or loss - current	-	-	16,015	184,005	17,916	206,000	33,931	390,119	390,005	114	-	-	-
	Hua Nan Kirin Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	26,526	316,000	23,172	276,053	276,000	53	10 (Note D)	3,354	40,000 (Note E)
Far Eastern Investment (Holding) Ltd.	Far Eastern Polytex (Vietnam) Ltd.	Investments accounted for using the equity method	Cash capital increase	(Note A)	(Note B)	US\$ 162,948	(Note B)	US\$ 30,000	-	-	-	-	US\$ (4,485)	(Note B)	US\$ 188,463
	APG Polytech USA Holdings, Inc	Investments accounted for using the equity method	Cash capital increase	(Note A)	(Note B)	-	(Note B)	US\$ 30,000	-	-	-	-	US\$ (5,054)	(Note B)	US\$ 24,946
	Corpus Christi Polymers LLC	Investments accounted for using the equity method	Cash capital increase	(Note C)	(Note B)	-	(Note B)	US\$ 45,000	-	-	-	-	-	(Note B)	US\$ 45,000
Yuan Ding Co., Ltd.	FET Consulting Engineers Co., Ltd.	Investments accounted for using the equity method	Cash capital increase	(Note A)	85,000	510,638	-	-	48,000	480,000	480,000	-	31,794	37,000	62,432
APG Polytech USA Holdings, Inc	APG Polytech, LLC	Investments accounted for using the equity method	Cash capital increase	(Note A)	(Note B)	-	(Note B)	US\$ 30,000	-	-	-	-	US\$ (5,054)	(Note B)	US\$ 24,946

Notes: A. Subsidiary.

B. Company limited.

C. Equity-method investee.

D. The amount is gain or loss on financial assets at fair value through profit or loss.

E. The ending balance is disclosed as the carrying amount which was unadjusted by the market value.

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE SIX MONTHS ENDED JUNE 30, 2018**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
New Century InfoComm Tech Co., Ltd.	Land located in New Taipei City, Banqiao district, Ya-Tong section	May 4, 2017	\$ 1,749,577	The payment \$1,749,577 thousand has been made	Far Eastern Resources Development Co., Ltd.	Fellow subsidiary	Far Eastern New Century Corporation	Ultimate parent company	September 2, 2003	The ultimate parent company, Far Eastern New Century, established by partition the real estate.	Elite Appraisers Firm REPro Real Estate Joint Appraisers Firm Debenham Tie Leung Real Estate Appraiser Office Sinyi Real Estate Appraisers Firm	Integrated the office in Banqiao for expanding the telecommunication facilities	No

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2018**

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

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Far Eastern Resources Development Co., Ltd.	Land located in New Taipei City, Banqiao district, Ya-Tong section	May 4, 2017	September 2, 2003	\$ 1,749,577	\$ 1,749,577	The payment \$1,749,577 thousand has been received.	-	New Century InfoComm Tech Co., Ltd.	Fellow subsidiary	For New Century InfoComm Tech Co., Ltd. to establish business facilities and offices	Elite Appraisers Firm REPro Real Estate Joint Appraisers Firm Debenham Tie Leung Real Estate Appraiser Office Sinyi Real Estate Appraisers Firm	-

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE SIX MONTHS ENDED JUNE 30, 2018  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	% to Total	
Far Eastern New Century Corporation	Far Eastern Apparel (Vietnam) Ltd.	(Note A)	Sale	\$ (397,242)	(1)	Based on contract	-	-	\$ -	-	\$ 157,945	2	
	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Sale	(1,545,311)	(6)	Based on contract	-	-	-	-	768,379	8	
	Worldwide Polychem (HK) Ltd.	(Note A)	Sale	(1,313,251)	(5)	Based on contract	-	-	-	-	1,003,195	11	
	Far Eastern Polytex (Vietnam) Ltd.	(Note A)	Sale	(146,135)	(1)	Based on contract	-	-	-	-	121,113	1	
	Far Eastern Industries (Wuxi) Ltd.	(Note A)	Sale	(162,228)	(1)	Based on contract	-	-	-	-	55,347	1	
	Oriental Petrochemical (Taiwan) Corporation	(Note A)	Purchase	7,662,434	31	Based on contract	-	-	-	-	(1,407,068)	(36)	
	Oriental Resources Development Co., Ltd.	(Note A)	Purchase	333,610	1	Based on contract	-	-	-	-	(63,961)	(2)	
	Oriental Union Chemical Corporation	(Note D)	Purchase	1,191,864	5	Based on contract	-	-	-	-	(159,856)	(4)	
Oriental Petrochemical (Taiwan) Corporation	Far Eastern New Century Corporation	(Note B)	Sale	(7,662,434)	(73)	Based on contract	-	-	-	-	1,407,068	30	
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Sale	(613,063)	(6)	Based on contract	-	-	-	-	236,129	5	
Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note C)	Sale	(284,859)	(91)	Based on contract	-	-	-	-	-	-	
Oriental Resources Development Co., Ltd.	Far Eastern New Century Corporation	(Note B)	Sale	(333,610)	(69)	Based on contract	-	-	-	-	63,961	60	
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Vietnam) Ltd.	(Note C)	Sale	(165,702)	(5)	Based on contract	-	-	-	-	53,952	5	
	Far Eastern Apparel (Vietnam) Ltd.	(Note C)	Purchase	1,866,014	54	Based on contract	-	-	-	-	(874,458)	(63)	
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note C)	Purchase	469,716	14	Based on contract	-	-	-	-	(120,190)	(9)	
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Purchase	1,113,039	32	Based on contract	-	-	-	-	(372,676)	(27)	
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(1,113,039)	(51)	Based on contract	-	-	-	-	372,676	48	
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note C)	Sale	(196,898)	(9)	Based on contract	-	-	-	-	25,044	3	
	Far Eastern Industries (Wuxi) Ltd.	(Note C)	Purchase	219,995	26	Based on contract	-	-	-	-	(88,558)	(16)	
Oriental Textile (Holding) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note C)	Purchase	1,979,986	97	Based on contract	-	-	-	-	(760,077)	(95)	
Far Eastern Industries (Wuxi) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Sale	(219,995)	(13)	Based on contract	-	-	-	-	88,558	28	
	Far Eastern New Century Corporation	(Note B)	Purchase	162,228	10	Based on contract	-	-	-	-	(55,347)	(11)	
Oriental Industries (Suzhou) Ltd.	Oriental Textile (Holding) Ltd.	(Note C)	Sale	(1,979,986)	(47)	Based on contract	-	-	-	-	760,077	47	
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	964,873	26	Based on contract	-	-	-	-	(475,030)	(46)	
	Far Eastern Industries (Suzhou) Ltd.	(Note C)	Purchase	284,859	8	Based on contract	-	-	-	-	-	-	
Far Eastern Polychem Industries Ltd.	Pet Far Eastern (M) Sdn. Bhd.	(Note C)	Sale	(521,266)	(16)	Based on contract	-	-	-	-	304,161	35	
	Wuhan Far Eastern New Material Ltd.	(Note C)	Sale	(193,895)	(6)	Based on contract	-	-	-	-	71,393	8	
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	2,997,413	92	Based on contract	-	-	-	-	(247,823)	(32)	
	Wuhan Far Eastern New Material Ltd.	(Note C)	Purchase	214,290	7	Based on contract	-	-	-	-	(47,804)	(6)	
Far Eastern Industries (Shanghai) Ltd.	Far Eastern Polychem Industries Ltd.	(Note C)	Sale	(2,997,413)	(21)	Based on contract	-	-	-	-	247,823	8	
	Wuhan Far Eastern New Material Ltd.	(Note C)	Sale	(424,079)	(3)	Based on contract	-	-	-	-	275,172	9	
	Oriental Industries (Suzhou) Ltd.	(Note C)	Sale	(964,873)	(7)	Based on contract	-	-	-	-	475,030	15	
	Far Eastern New Century Corporation	(Note B)	Purchase	1,545,311	11	Based on contract	-	-	-	-	(768,379)	(18)	
	Oriental Petrochemical (Shanghai) Corporation	(Note C)	Purchase	3,940,027	29	Based on contract	-	-	(849,705)	80	(340,462)	(8)	
	Oriental Petrochemical (Taiwan) Corporation	(Note C)	Purchase	613,063	5	Based on contract	-	-	-	-	(236,129)	(6)	
	Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note D)	Purchase	211,191	2	Based on contract	-	-	-	-	(36,756)	(1)	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note	
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	% to Total		
Oriental Petrochemical (Shanghai) Corporation	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Sale	\$ (3,940,027)	(44)	Based on contract	-	-	\$ 849,705	45	\$ 340,462	100		
Wuhan Far Eastern New Material Ltd.	Far Eastern Polychem Industries Ltd.	(Note C)	Sale	(214,290)	(28)	Based on contract	-	-	-	-	47,804	57		
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	424,079	60	Based on contract	-	-	-	-	(275,172)	(77)		
	Far Eastern Polychem Industries Ltd.	(Note C)	Purchase	193,895	27	Based on contract	-	-	-	-	(71,393)	(20)		
Far Eastern Apparel (Suzhou) Co., Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(469,716)	(36)	Based on contract	-	-	-	-	120,190	26		
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Purchase	196,898	16	Based on contract	-	-	-	-	(25,044)	(5)		
Pet Far Eastern (M) Sdn. Bhd.	Far Eastern Polychem Industries Ltd.	(Note C)	Purchase	521,266	85	Based on contract	-	-	-	-	(304,161)	(60)		
Far Eastern Apparel (Vietnam) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(1,866,014)	(84)	Based on contract	-	-	-	-	874,458	91		
	Far Eastern Apparel (Holding) Ltd.	(Note C)	Purchase	165,702	9	Based on contract	-	-	-	-	(53,952)	(15)		
	Far Eastern New Century Corporation	(Note B)	Purchase	397,242	21	Based on contract	-	-	-	-	(157,945)	(43)		
Far Eastern Polytex (Vietnam) Ltd.	Far Eastern New Century Corporation	(Note B)	Purchase	146,135	36	Based on contract	-	-	-	-	(121,113)	(22)		
Worldwide Polychem (HK) Ltd.	Far Eastern New Century Corporation	(Note B)	Purchase	1,313,251	81	Based on contract	-	-	-	-	(1,003,195)	(98)		
Far EasTone Telecommunications Co., Ltd.	ARCOA Communication Co., Ltd.	(Note A)	Operating revenue	(149,662)	-	Based on contract	-	-	-	-	140,800	2		
		(Note A)	Cost of telecommunications services, marketing expenses and cost of sales	4,183,981	15	Based on contract	-	-	-	-	(963,662)	(4)		
	New Century InfoComm Tech Co., Ltd.	(Note A)	Operating revenue	(157,976)	(1)	Based on contract	-	-	-	-	1,300	-		
		(Note A)	Cost of telecommunications services	1,404,562	7	Based on contract	-	-	-	-	(697,318)	(3)	Note E	
	DataExpress Infotech Co., Ltd.	Yuanshi Digital Technology Co., Ltd.	(Note A)	Operating revenue	(174,178)	(1)	Based on contract	-	-	-	-	35,921	1	
			(Note A)	Operating revenue	(210,973)	(1)	Based on contract	-	-	-	-	66,118	1	
New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note B)	Operating revenue	(1,404,562)	(25)	Based on contract	-	-	-	-	697,318	43	Note F	
		(Note B)	Operating cost	157,976	4	Based on contract	-	-	-	-	1,300	-		
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note B)	Operating revenue	(4,183,981)	(51)	Based on contract	-	-	-	-	963,662	58		
		(Note B)	Operating cost	149,662	2	Based on contract	-	-	-	-	(140,800)	(8)		
	Home Master Technology Ltd.	(Note C)	Operating revenue	(294,960)	(4)	Based on contract	-	-	-	-	116,989	7		
DataExpress Infotech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note B)	Cost of sales	174,178	8	Based on contract	-	-	-	-	(35,921)	(14)		
		(Note C)	Operating revenue	(404,498)	(17)	Based on contract	-	-	-	-	126,126	28		
Yuanshi Digital Technology Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note B)	Cost of sales	210,973	16	Based on contract	-	-	-	-	(66,118)	(21)		
Home Master Technology Ltd.	ARCOA Communication Co., Ltd.	(Note C)	Operating cost	294,960	40	Based on contract	-	-	-	-	(116,989)	(46)		
		(Note C)	Operating cost	404,498	55	Based on contract	-	-	-	-	(126,126)	(50)		

Notes: A. Subsidiary.

B. Parent company.

C. The guarantee provider and counterparty have the same ultimate parent company.

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

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

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

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**FOR THE SIX MONTHS ENDED JUNE 30, 2018**

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Actions Taken		
Far Eastern New Century Corporation	Worldwide Polychem (HK) Ltd.	(Note B)	\$ 1,003,195	2.76	\$ -	-	\$ 119,789	\$ -
	Far Eastern Industries (Shanghai) Ltd.	(Note B)	768,379	4.97	-	-	336,202	-
	Far Eastern Apparel (Vietnam) Ltd.	(Note B)	157,945	7.83	-	-	94,271	-
	Far Eastern Polytex (Vietnam) Ltd.	(Note B)	121,113	4.82	-	-	9,110	-
Oriental Petrochemical (Taiwan) Corporation	Far Eastern New Century Corporation	(Note C)	1,407,068	13.62	-	-	1,399,621	-
	Far Eastern Industries (Shanghai) Ltd.	(Note D)	236,129	9.52	-	-	65,859	-
	Oriental Petrochemical (Shanghai) Corporation	(Note D)	178,664	(Note K)	-	-	178,664	-
Far Eastern Polychem Industries Ltd.	Pet Far Eastern (M) Sdn. Bhd.	(Note D)	304,161	4.10	-	-	55,176	-
Far Eastern Apparel (Vietnam) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note D)	874,458	4.87	-	-	404,552	-
Far Eastern Industries (Shanghai) Ltd.	Far Eastern Polychem Industries Ltd.	(Note D)	247,823	24.89	-	-	247,823	-
	Wuhan Far Eastern New Material Ltd.	(Note D)	275,172	2.76	-	-	220,002	-
	Oriental Industries (Suzhou) Ltd.	(Note D)	475,030	7.36	-	-	68,895	-
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note D)	372,676	5.51	-	-	182,921	-
Oriental Petrochemical (Shanghai) Corporation	Far Eastern Industries (Shanghai) Ltd.	(Note D)	1,190,167	8.68	-	-	340,462	-
Oriental Industries (Suzhou) Ltd.	Oriental Textile (Holding) Ltd.	(Note D)	760,077	5.82	-	-	339,934	-
Far Eastern Apparel (Suzhou) Co., Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note D)	120,190	7.75	-	-	98,864	-
Far Eastern Construction Co., Ltd.	Far Eastern Department Stores Co., Ltd.	(Note E)	115,565	(Note G)	-	-	-	-
Ding Ding Integrated Marketing Service Co., Ltd.	Far Eastern International Bank	(Note E)	107,416	0.37	-	-	7,460	-
	Pacific SOGO Department Stores Co., Ltd.	(Note F)	116,675	(Note H)	-	-	-	-
Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note D)	104,098	(Note I)	-	-	86,483	-
	ARCOA Communication Co., Ltd.	(Note D)	142,807	13.15	-	-	108,083	-
New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note D)	902,893	(Note J)	-	-	473,716	-
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note D)	963,662	6.59	-	-	633,841	-
	Home Master Technology Ltd.	(Note D)	117,064	8.83	-	-	66,241	-
DataExpress Infotech Co., Ltd.	Home Master Technology Ltd.	(Note D)	128,174	8.11	-	-	27,608	-

(Continued)



- Notes: A. This table does not include the receivables from financier. For more details, refer to Table 5. This table also does not include the other receivables from non-operating projects. For more details, refer to Table 4 and Table 13.
- B. Subsidiary.
  - C. Parent company.
  - D. The guarantee provider and counterparty have the same ultimate parent company.
  - E. The consolidated company's investee which was accounted for using the equity method.
  - F. The subsidiary of the consolidated company's investee which was accounted for using the equity method.
  - G. The turnover rate was unavailable due to the main component of receivables from related parties was rental equalization.
  - H. The turnover rate was unavailable due to the receivables were points collections and payments on behalf of others.
  - I. The turnover rate was unavailable as the receivables from related parties were mainly due to the advance payments made for NCIC's daily operating expenditures and the operating management service charges to NCIC.
  - J. The turnover rate was unavailable due to the receivables from related parties were mainly from the advance payments made for NCIC's daily operating expenditures, and the operating management service revenue from NCIC, the collection of telecommunications bills by Far EasTone for NCIC and other receivables from related parties which was the financing provided by NCIC to Far EasTone.
  - K. The turnover rate was unavailable due to the receivables were raw materials collections and payments on behalf of others.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS BETWEEN FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES  
FOR THE SIX MONTHS ENDED JUNE 30, 2018  
(In Thousands of New Taiwan Dollars)**

No. (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note C)
0	Far Eastern New Century Corporation	Far Eastern Apparel (Vietnam) Ltd.	1	Accounts receivable	\$ 157,945	Based on contract	-
		Far Eastern Apparel (Vietnam) Ltd.	1	Sales	397,242	Based on contract	-
		Worldwide Polychem (HK) Ltd.	1	Accounts receivable	1,103,195	Based on contract	-
		Worldwide Polychem (HK) Ltd.	1	Sales	1,313,251	Based on contract	1
		Far Eastern Resources Development Co., Ltd.	1	Interest revenue	649	Based on contract	-
		Far Eastern Industries (Shanghai) Ltd.	1	Accounts receivable	768,379	Based on contract	-
		Far Eastern Industries (Shanghai) Ltd.	1	Sales	1,545,311	Based on contract	1
		Far Eastern Polytex (Vietnam) Ltd.	1	Accounts receivable	121,113	Based on contract	-
		Far Eastern Polytex (Vietnam) Ltd.	1	Sales	146,135	Based on contract	-
		Far Eastern Industries (Wuxi) Ltd.	1	Sales	162,228	Based on contract	-
		PET Far Eastern (Holding) Ltd.	1	Other receivables	455,728	Based on contract	-
1	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Vietnam) Ltd.	3	Sales	165,702	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Other receivables	533,050	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Interest revenue	9,647	Based on contract	-
		Far Eastern Polychem Industries Ltd.	3	Other receivables	286,324	Based on contract	-
		Far Eastern Polychem Industries Ltd.	3	Interest revenue	3,384	Based on contract	-
2	Far Eastern Apparel (Vietnam) Ltd.	Far Eastern Apparel (Holding) Ltd.	3	Accounts receivable	874,458	Based on contract	-
		Far Eastern Apparel (Holding) Ltd.	3	Sales	1,866,014	Based on contract	2
3	Far Eastern Investment (Holding) Ltd.	PET Far Eastern (Holding) Ltd.	3	Interest revenue	143	Based on contract	-
		Far Eastern Apparel (Vietnam) Ltd.	3	Other receivables	228,450	Based on contract	-
		Far Eastern New Apparel (Vietnam) Ltd.	3	Other receivables	517,820	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Other receivables	1,791,590	Based on contract	-
		Oriental Textile (Holding) Ltd.	3	Other receivables	356,382	Based on contract	-
		Oriental Textile (Holding) Ltd.	3	Interest revenue	4,112	Based on contract	-
		Oriental Textile (Holding) Ltd.	3	Interest receivables	112	Based on contract	-
		PET Far Eastern (Holding) Ltd.	3	Other receivables	163,328	Based on contract	-
		PET Far Eastern (Holding) Ltd.	3	Interest receivables	75,620	Based on contract	-
		Sino Belgium (Holding) Ltd.	3	Other receivables	155,346	Based on contract	-
		Sino Belgium (Holding) Ltd.	3	Interest revenue	2,130	Based on contract	-
		Sino Belgium (Holding) Ltd.	3	Interest receivables	1,249	Based on contract	-
		APG Polytech, LLC	3	Other receivables	106,610	Based on contract	-
		APG Polytech, LLC	3	Interest revenue	1,018	Based on contract	-
		APG Polytech, LLC	3	Interest receivables	1,050	Based on contract	-
Far Eastern Polychem Industries Ltd.	3	Other receivables	383,499	Based on contract	-		

(Continued)

No. (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note C)
4	Far Eastern Polychem Industries Ltd.	Far Eastern Investment (Holding) Ltd.	3	Other receivables	\$ 1,050,870	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Interest revenue	16,111	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Interest receivables	1,386	Based on contract	-
		PET Far Eastern (M) Sdn. Bhd.	3	Accounts receivable	340,161	Based on contract	-
		PET Far Eastern (M) Sdn. Bhd.	3	Sales	521,266	Based on contract	-
		Wuhan Far Eastern New Material Ltd.	3	Sales	193,895	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Interest receivables	6	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Interest revenue	342	Based on contract	-
5	FEDP (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Other receivables	121,840	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Interest revenue	1,892	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Interest receivables	881	Based on contract	-
		Far Eastern Polychem Industries Ltd.	3	Other receivables	85,288	Based on contract	-
		Far Eastern Polychem Industries Ltd.	3	Interest revenue	989	Based on contract	-
		Far Eastern Polychem Industries Ltd.	3	Interest receivables	654	Based on contract	-
6	Oriental Textile (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Other receivables	551,160	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Interest revenue	13,428	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Interest revenue	925	Based on contract	-
7	PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corporation	3	Other receivables	213,220	Based on contract	-
		Oriental Petrochemical (Shanghai) Corporation	3	Other receivables	301,059	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Other receivables	151,569	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Interest revenue	825	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Interest receivables	32	Based on contract	-
8	Oriental Industries (Suzhou) Ltd.	Oriental Textile (Holding) Ltd.	3	Accounts receivable	760,077	Based on contract	-
		Oriental Textile (Holding) Ltd.	3	Sales	1,979,986	Based on contract	2
		Sino Belgium Beer (Suzhou) Ltd.	3	Other receivables	928,645	Based on contract	-
		Sino Belgium Beer (Suzhou) Ltd.	3	Interest revenue	16,688	Based on contract	-
		Sino Belgium Beer (Suzhou) Ltd.	3	Interest receivables	3,036	Based on contract	-
		Far Eastern Industries (Wuxi) Ltd.	3	Other receivables	32,992	Based on contract	-
		Far Eastern Industries (Wuxi) Ltd.	3	Interest revenue	416	Based on contract	-
		Far Eastern Industries (Wuxi) Ltd.	3	Interest receivables	263	Based on contract	-
		Far Eastern Industries (Suzhou) Ltd.	3	Other receivables	493,591	Based on contract	-
		Far Eastern Industries (Suzhou) Ltd.	3	Interest revenue	15,166	Based on contract	-
		Far Eastern Industries (Suzhou) Ltd.	3	Interest receivables	1,621	Based on contract	-
9	Suzhou An Ho Apparel Ltd.	Oriental Industries (Suzhou) Ltd.	3	Other receivables	41,337	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Interest revenue	735	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Interest receivables	719	Based on contract	-
10	Oriental Petrochemical (Shanghai) Corporation	Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	340,462	Based on contract	-
		Far Eastern Industries (Shanghai) Ltd.	3	Notes receivable	849,705	Based on contract	1
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	3,940,027	Based on contract	4

(Continued)

No. (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note C)
11	Oriental Petrochemical (Taiwan) Corporation	Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	\$ 236,129	Based on contract	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	613,063	Based on contract	1
		Far Eastern New Century Corporation	2	Accounts receivable	1,407,068	Based on contract	-
		Far Eastern New Century Corporation	2	Sales	7,662,434	Based on contract	7
		Oriental Petrochemical (Shanghai) Corporation	3	Other receivables	178,664	Based on contract	-
12	Oriental Resources Development Co., Ltd.	Far Eastern New Century Corporation	2	Sales	333,610	Based on contract	-
13	Wuhan Far Eastern New Material Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	3	Interest revenue	1	Based on contract	-
		Far Eastern Polychem Industries Ltd.	3	Sales	214,290	Based on contract	-
14	Ding Ding Integrated Marketing Service Co., Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	3	Interest revenue	380	Based on contract	-
15	Far Eastern Apparel (Suzhou) Co., Ltd.	Far Eastern Industries (Suzhou) Ltd.	3	Other receivables	252,615	Based on contract	-
		Far Eastern Industries (Suzhou) Ltd.	3	Interest revenue	2,763	Based on contract	-
		Far Eastern Industries (Suzhou) Ltd.	3	Interest receivables	2,735	Based on contract	-
		Far Eastern Apparel (Holding) Ltd.	3	Accounts receivable	120,190	Based on contract	-
		Far Eastern Apparel (Holding) Ltd.	3	Sales	469,716	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Other receivables	715,488	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Interest revenue	15,949	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Interest receivables	2,324	Based on contract	-
16	Far Eastern New Century (China) Investment Co., Ltd.	Shanghai Far Eastern Petrochemical Logistic Corporation	3	Other receivables	9,076	Based on contract	-
		Shanghai Far Eastern Petrochemical Logistic Corporation	3	Interest revenue	88	Based on contract	-
		Far Eastern Industries (Shanghai) Ltd.	3	Other receivables	565,003	Based on contract	-
		Far Eastern Industries (Shanghai) Ltd.	3	Interest revenue	5,959	Based on contract	-
		Oriental Petrochemical (Shanghai) Corporation	3	Other receivables	228,598	Based on contract	-
		Oriental Petrochemical (Shanghai) Corporation	3	Interest revenue	1,748	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Other receivables	151,569	Based on contract	-
		Wuhan Far Eastern New Material Ltd.	3	Other receivables	1	Based on contract	-
		Wuhan Far Eastern New Material Ltd.	3	Interest revenue	1	Based on contract	-
		Yuan Ding Enterprise (Shanghai) Limited	3	Other receivables	3,821,376	Based on contract	1
17	Far Eastern Industries (Shanghai) Ltd.	Oriental Petrochemical (Shanghai) Corporation	3	Other receivables	1,148,250	Based on contract	-
		Oriental Petrochemical (Shanghai) Corporation	3	Interest revenue	34,567	Based on contract	-
		Far Eastern Polychem Industries Ltd.	3	Accounts receivable	247,823	Based on contract	-
		Far Eastern Polychem Industries Ltd.	3	Sales	2,997,413	Based on contract	3
		Oriental Industries (Suzhou) Ltd.	3	Accounts receivable	475,030	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Sales	964,873	Based on contract	1
		Wuhan Far Eastern New Material Ltd.	3	Accounts receivable	275,172	Based on contract	-
		Wuhan Far Eastern New Material Ltd.	3	Sales	424,079	Based on contract	-
18	Far Eastern Industries (Yangzhou) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Other receivables	321,510	Based on contract	-
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Interest revenue	5,546	Based on contract	-
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Interest receivables	7,808	Based on contract	-
19	Far Eastern Industries (Wuxi) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Sales	219,995	Based on contract	-

(Continued)

No. (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note C)
20	Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	3	Sales	\$ 284,859	Based on contract	-
21	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	3	Other receivables	1,826,976	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Interest revenue	34,318	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Interest receivables	5,763	Based on contract	-
		Far Eastern Apparel (Holding) Ltd.	3	Accounts receivable	372,676	Based on contract	-
		Far Eastern Apparel (Holding) Ltd.	3	Sales	1,113,039	Based on contract	1
		Far Eastern Apparel (Suzhou) Co., Ltd.	3	Sales	196,898	Based on contract	-
		Far Eastern Industries (Suzhou) Ltd.	3	Other receivables	165,348	Based on contract	-
		Far Eastern Industries (Suzhou) Ltd.	3	Interest revenue	1,366	Based on contract	-
22	Far Eastern Electronic Toll Collection Co., Ltd.	Yuan Ding Co., Ltd.	3	Interest revenue	27	Based on contract	-
23	FETC International Co., Ltd.	Yuan Ding Co., Ltd.	3	Interest revenue	771	Based on contract	-
24	Yuan Ding Co., Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	3	Interest revenue	386	Based on contract	-
25	Yuan Ding Investment Co., Ltd.	Kai Yuan International Investment Co., Ltd.	3	Other receivables	266,000	Based on contract	-
		Kai Yuan International Investment Co., Ltd.	3	Interest revenue	2,052	Based on contract	-
		An Ho Garment Co., Ltd.	3	Other receivables	166,000	Based on contract	-
		An Ho Garment Co., Ltd.	3	Interest revenue	1,534	Based on contract	-
26	FET Consulting Engineers Co., Ltd.	Yuan Ding Co., Ltd.	3	Interest revenue	450	Based on contract	-
27	FET Consulting Engineers Co., Ltd.	Yuan Ding Co., Ltd.	3	Interest receivables	125	Based on contract	-
		Yuan Ding Co., Ltd.	3	Interest revenue	876	Based on contract	-
28	Far Eastern Resources Development Co., Ltd.	Kai Yuan International Investment Co., Ltd.	3	Other receivables	250,000	Based on contract	-
		Kai Yuan International Investment Co., Ltd.	3	Interest revenue	771	Based on contract	-
		An Ho Garment Co., Ltd.	3	Other receivables	250,000	Based on contract	-
		An Ho Garment Co., Ltd.	3	Interest revenue	694	Based on contract	-
29	Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	3	Dividends receivables	1,596,000	Based on contract	2
		New Century InfoComm Tech Co., Ltd.	3	Telecommunications service revenue	157,976	Based on contract	-
		New Century InfoComm Tech Co., Ltd.	3	Other receivables	102,798	Based on contract	-
		ARCOA Communication Co., Ltd.	3	Accounts receivable	140,800	Based on contract	-
		ARCOA Communication Co., Ltd.	3	Sales	147,813	Based on contract	-
		DataExpress Infotech Co., Ltd.	3	Sales	173,874	Based on contract	-
		Yuanshi Digital Technology Co., Ltd.	3	Sales	204,012	Based on contract	-
30	New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	3	Other receivables	868,849	Based on contract	1
		Far EasTone Telecommunications Co., Ltd.	3	Telecommunications service revenue	1,404,514	Based on contract	1
		Q-ware Communications Corporation (Note D)	3	Other receivables	130,000	Based on contract	-

(Continued)

No. (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note C)
31	ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	3	Accounts receivable	\$ 919,542	Based on contract	1
		Far EasTone Telecommunications Co., Ltd.	3	Sales	3,891,751	Based on contract	4
		Far EasTone Telecommunications Co., Ltd.	3	Operating revenue	270,409	Based on contract	-
		Home Master Technology Ltd.	3	Accounts receivable	116,989	Based on contract	-
		Home Master Technology Ltd.	3	Sales	294,499	Based on contract	-
32	DataExpress Infotech Co., Ltd.	Home Master Technology Ltd.	3	Accounts receivable	126,126	Based on contract	-
		Home Master Technology Ltd.	3	Sales	404,498	Based on contract	-

Note A: The intercompany transactions between each companies are identified and numbered as follow:

1. Parent company: 0.
2. Subsidiaries are started from 1 consecutively.

Note B: The types of transactions between related - parties are as follow:

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

Note C: The percentage to total asset or sales is the ratio of ending balance to consolidated asset or cumulative income amount to consolidated revenue.

Note D: Far EasTone Telecommunications Co., Ltd. and Q-ware Communications Corporation were merged on June 30, 2018. Far EasTone Telecommunications Co., Ltd. was the surviving company while Q-ware Communications Corporation was dissolved.

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
FOR THE SIX MONTHS ENDED JUNE 30, 2018  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2018			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				June 30, 2018	December 31, 2017	Shares (Note F)	Percentage of Ownership	Carrying Value			
Far Eastern New Century Corporation	Asia Cement Corporation	Taiwan	Cement production	\$ 2,652,282	\$ 2,652,282	750,511	22.33	\$ 17,511,877	\$ 6,222,749	\$ 1,013,388	Investment gain or loss recognized under the treasury shares method (Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	1,254,158	1,254,158	241,770	17.06	4,657,435	576,553	98,360	(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,176,211	1,176,211	81,216	9.17	1,290,788	1,092,080	98,405	Including the adjustments of the transactions between subsidiaries (\$1,739) (Note A)
	Everest Textile Corporation	Taiwan	Chemical fiber production	1,689	1,689	134	0.03	1,579	116,569	35	(Note A)
	Oriental Securities Corporation	Taiwan	Brokering	159,823	159,823	140,278	19.65	1,966,295	120,681	23,714	(Note A)
	Pacific Liu Tong Investment Co., Ltd. (Note E)	Taiwan	Investment	810,000	810,000	135,000	16.83	1,860,946	218,053	36,698	(Note A)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	805,598	805,598	83,245	2.62	930,068	1,703,613	95,371	(Notes A and L)
	Yuan Ding Investment Co., Ltd.	Taiwan	Investment	100,052	100,052	1,822,822	99.40	40,825,511	2,785,840	2,769,735	Including the adjustments of the difference between individual and consolidated investment properties, and the transactions between subsidiaries \$610 (Notes B and H)
	Far Eastern Resources Development Co., Ltd.	Taiwan	Real estate construction and sales	14,931,733	14,931,733	667,242	100.00	102,521,941	385,828	410,618	Including the adjustments of the transactions between subsidiaries \$24,790 (Note B)
	Far Eastern Polytex (Holding) Ltd.	Bermuda	Investment	8,384,209	8,384,209	135	100.00	7,770,410	23,335	23,335	(Note B)
	Far Eastern Polychem Industries Ltd.	Bermuda	Investment	7,318,312	7,318,312	830,815	73.04	7,843,881	1,189,215	868,603	(Note B)
	Yuan Tong Investment Co., Ltd.	Taiwan	Investment	5,850,000	5,850,000	705,147	100.00	8,292,181	450,180	455,133	Including the adjustments of the transactions between subsidiaries \$4,953 (Note B)
	Kai Yuan International Investment Co., Ltd.	Taiwan	Investment	999,993	999,993	302,843	100.00	5,213,221	232,530	232,530	(Note B)
	Far Eastern Investment (Holding) Ltd.	Bermuda	Investment	5,833,333	5,833,333	1,700	100.00	9,092,847	109,618	109,618	(Note B)
	PET Far Eastern (Holding) Ltd.	Bermuda	Investment	6,626,110	6,626,110	397	91.95	5,711,790	365,447	340,892	Including the adjustments of the transactions between subsidiaries \$4,863 (Note B)
	Oriental Petrochemical (Taiwan) Corporation	Taiwan	Petrochemical materials production	14,697,875	12,431,130	1,561,102	75.56	9,627,697	(170,172)	(131,846)	Including the adjustments of the difference between individual and consolidated investment properties (\$3,264) (Notes B and H)
	Far Eastern Construction Co., Ltd.	Taiwan	Real estate construction and sales	143,450	143,450	198,791	65.11	8,335,203	521,965	339,851	(Note B)
	Yuan Ding Co., Ltd.	Taiwan	Real estate leasing and hotels	857,511	857,511	186,929	37.13	3,105,131	100,928	41,221	(Notes B and D)
	An Ho Garment Co., Ltd.	Taiwan	Garment production and investment	1,023	1,023	66,346	100.00	1,985,843	121,150	121,201	Including the adjustments of the transactions between subsidiaries \$51 (Note B)
	Ding Yuan International Investment Co., Ltd.	Taiwan	Investment	2,000,062	2,000,062	205,000	100.00	2,839,660	157,514	157,553	Including the adjustments of the transactions between subsidiaries \$39 (Note B)
	FEDP (Holding) Ltd.	Bermuda	Investment	676,315	676,315	244	50.43	940,453	1,637,853	825,969	(Note B)
	Fu Kwok Knitting & Garment Co., Ltd.	Taiwan	Garment production	9,205	9,205	4,000	100.00	200,948	10,744	10,744	(Note B)
	Ding Ding Hotel Co., Ltd.	Taiwan	Hotel	393,651	393,651	769	0.74	9,672	(163,503)	(1,210)	(Note B)
Far Eastern Textile Ltd.	Taiwan	Textile production	1,000	1,000	100	100.00	1,544	20	20	(Note B)	
Yuan Ding Investment Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	600,883	587,269	21,500	0.64	691,038	6,222,749	-	(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,085,488	1,085,488	70,818	8.00	1,301,605	1,092,080	-	(Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	458,484	454,530	22,808	1.61	461,394	576,553	-	(Note A)
	Everest Textile Corporation	Taiwan	Chemical fiber production	470,103	470,103	123,624	25.23	1,168,018	116,569	-	(Note A)
	Far Eastone Telecommunications Co., Ltd.	Taiwan	Telecommunications	2,723,598	2,723,598	1,066,658	32.73	22,526,464	5,131,298	-	(Note B)
	Far Eastern Polychem Industries Ltd.	Bermuda	Investment	1,392,692	1,392,692	306,644	26.96	2,895,277	1,189,215	-	(Note B)
	Far Eastern Apparel (Holding) Ltd.	Bermuda	Investment	2,179,442	2,179,442	111	100.00	3,659,565	101,664	-	(Note B)
	Da Ju Fiber Co., Ltd.	Taiwan	Sale of polychemical products	263,790	263,790	48,692	41.86	1,847,250	19,828	-	(Note A)
	Far Eastern Apparel Co., Ltd.	Taiwan	Sale of textiles, garments, and clothing	387,984	387,984	24,772	100.00	204,577	(41,494)	-	(Note B)
	Yuan Faun Co., Ltd.	Taiwan	Production management consulting	51,671	51,671	5,000	100.00	146,896	7,549	-	(Note B)
	Yue Ming Corporation	Taiwan	Trading	97,852	97,852	4,684	45.50	68,695	569	-	(Note A)
	Yuan Ding Leasing Corporation	Taiwan	Real estate construction and sales	319,380	319,380	36,706	46.20	386,050	5,797	-	(Note A)
	Far Eastern Fibertech Co., Ltd.	Taiwan	Nylon production	585,000	585,000	91,000	100.00	1,154,355	99,313	-	(Note B)
	Oriental Resources Development Co., Ltd.	Taiwan	Medical materials manufacturing and wholesale and waste recycling and processing	509,448	338,188	48,918	100.00	525,716	24,110	-	(Note B)

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2018			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				June 30, 2018	December 31, 2017	Shares (Note F)	Percentage of Ownership	Carrying Value			
	Liquid Air Far East Co., Ltd.	Taiwan	Industrial gas production and sales	\$ 504,806	\$ 504,806	86,615	35.00	\$ 1,703,717	\$ 797,707	\$ -	(Note A)
	Freudenberg Far Eastern Spunweb Co., Ltd.	Taiwan	Production of nonwoven industrial fabrics	144,786	144,786	13,052	29.80	365,835	237,654	-	(Note A)
	Oriental Securities Corporation	Taiwan	Brokering	255,424	255,424	185,247	25.96	2,703,234	120,681	-	(Note A)
	Yuan Ding Co., Ltd.	Taiwan	Real estate leasing and hotels	188,846	188,846	64,759	12.86	1,098,307	100,928	-	(Note B)
	Far Eastern International Leasing Corporation	Taiwan	Leasing	1,012,057	1,012,057	75,268	16.87	923,556	34,270	-	(Note A)
	Oriental Textile (Holding) Ltd.	Bermuda	Investment	7,142,602	7,142,602	110	100.00	8,273,187	117,638	-	(Note B)
	Pacific Liu Tong Investment Co., Ltd. (Note E)	Taiwan	Investment	796,491	796,491	119,653	14.92	1,563,131	218,053	-	(Note A)
	Yu Yuan Investment Co., Ltd.	Taiwan	Investment	673,704	673,704	98,198	18.96	518,009	332,706	-	(Note A)
	Far Eastern General Contractor Inc.	Taiwan	Real estate construction	14,682	14,682	1,490	1.00	21,593	31,319	-	(Note B)
	Oriental Petrochemical (Taiwan) Corporation	Taiwan	Petrochemical materials production	675,479	519,599	107,354	5.20	675,961	(170,172)	-	(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	1,095,981	1,095,981	113,251	3.56	1,265,186	1,703,613	-	(Notes A and L)
Far Eastern Investment (Holding) Ltd.	Filsyn Corporation	Philippines	Polychemical products	PESO 225,324	PESO 225,324	45,066	21.85	-	-	-	(Note A)
	FETG Investment Antilles N.V.	Antilles	Investment	US\$ 6	US\$ 6	6	100.00	45,442	(19,914)	-	(Note B)
	PET Far Eastern (M) Sdn. Bhd.	Malaysia	Bottle production	MYR 8,000	MYR 8,000	(Note C)	50.00	230,782	30,951	-	(Note B)
	Com2B	Cayman Islands	E-business	US\$ 3,375	US\$ 3,375	9,000	20.00	12,685	-	-	(Note A)
	Far Eastern Apparel (Vietnam) Ltd.	Vietnam	Clothing production	US\$ 9,000	US\$ 9,000	(Note D)	100.00	905,000	142,495	-	(Note B)
	Worldwide Polychem (HK) Ltd.	Hong Kong	Foreign trade	US\$ 3,500	US\$ 3,500	2,700	100.00	66,627	9,167	-	(Note B)
	Opas Fund Segregated Portfolio Company	Cayman Islands	Investment	US\$ 51	US\$ 51	(Note D)	34.00	1,628	-	-	(Note A)
	Far Eastern Polytex (Vietnam) Ltd.	Vietnam	Chemical fiber and textile production	US\$ 200,000	US\$ 170,000	(Note D)	100.00	5,740,583	(132,475)	-	(Note B)
	Far Eastern New Apparel (Vietnam) Ltd.	Vietnam	Garment production	US\$ 18,000	US\$ 18,000	(Note D)	100.00	245,765	(6,544)	-	(Note B)
	Magna View Sdn. Bhd.	Malaysia	Investment	US\$ 3,465	US\$ 3,465	3,000	100.00	229,032	15,476	-	(Note B)
	Malaysia Garment Manufactures Pte. Ltd.	Singapore	Garment production and investment	US\$ 15,849	US\$ 15,849	30	37.92	482,728	4,990	-	(Note B)
	Catalyst_207 SPC	Cayman Islands	Investment	US\$ 17	US\$ 17	(Note D)	34.00	518	-	-	(Note A)
	APG Polytech USA Holdings, Inc	America	Investment	US\$ 30,000	US\$ -	(Note D)	100.00	759,865	(149,271)	-	(Note A)
	Corpus Christi Polymers LLC	America	-	US\$ 45,000	US\$ -	(Note D)	33.33	1,370,700	-	-	(Note A)
	Far Eastern International Garments	Philippines	Garment production	US\$ 1	US\$ 1	59	41.00	(12,547)	-	-	(Note B)
	Cemtex Apparel Inc.	Philippines	Clothing O.E.M.	US\$ 1	US\$ 1	90	50.00	(11,643)	-	-	(Note B)
Magna View Sdn. Bhd.	PET Far Eastern (M) Sdn. Bhd.	Malaysia	Bottle production	MYR 8,000	MYR 8,000	(Note C)	50.00	230,782	30,951	-	(Note B)
Ding Yuan International Investment Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	375,512	375,512	13,222	0.39	464,592	6,222,749	-	(Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	110,306	105,561	5,903	0.42	121,145	576,553	-	(Note A)
	Everest Textile Corporation	Taiwan	Chemical fiber production	34,561	34,561	1,137	0.23	9,613	116,569	-	(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	677,665	677,665	27,365	3.09	671,124	1,092,080	-	(Note A)
	Far EasTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	38,457	38,457	920	0.03	41,137	5,131,298	-	(Note B)
	Pacific Liu Tong Investment Co., Ltd. (Note E)	Taiwan	Investment	90,000	90,000	18,000	2.24	229,766	218,053	-	(Note A)
	Yu Ding Industry Co., Ltd.	Taiwan	Department store operations	95,624	95,624	12,844	13.20	366,212	9,698	-	(Note A)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	814,399	814,399	84,155	2.64	939,971	1,703,613	-	(Notes A and L)
Kai Yuan International Investment Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	483,448	483,448	20,207	0.60	699,912	6,222,749	-	(Note A)
	Far EasTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	793,702	793,702	34,149	1.05	1,115,709	5,131,298	-	(Note B)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	742,686	737,170	32,473	3.67	676,471	1,092,080	-	(Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	519,473	519,473	20,672	1.46	561,134	576,553	-	(Note A)
	Kowloon Cement Corporation	Hong Kong	Cement production	226,896	226,896	1,127	49.00	438,527	(13,091)	-	(Note A)
	Far Eastern International Leasing Corporation	Taiwan	Leasing	1,026,489	1,026,489	74,970	16.80	924,611	34,270	-	(Note A)
	Pacific Liu Tong Investment Co., Ltd. (Note E)	Taiwan	Investment	90,000	90,000	18,000	2.24	229,967	218,053	-	(Note A)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	988,714	988,714	102,167	3.21	1,141,311	1,703,613	-	(Notes A and L)
Far Eastern Polychem Industries Ltd.	PET Far Eastern (Holding) Ltd.	Bermuda	Investment	US\$ 17,622	US\$ 17,622	35	8.05	502,537	365,447	-	(Note B)
	FEDP (Holding) Ltd.	Bermuda	Investment	US\$ 29,240	US\$ 29,240	240	49.57	924,415	1,637,853	-	(Note B)
	Far Eastern Ishizuka Green Pet Corporation	Japan	Production and sale of recycled plastic resins and their waste and general industrial waste handling	JPY 2,991,678	JPY 2,991,678	3,578	90.00	729,525	69,260	-	(Note B)
Far Eastern Construction Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	216,959	216,959	17,726	0.53	564,763	6,222,749	-	(Note A)
	Far Eastern General Contractor Inc.	Taiwan	Real estate construction	271,587	271,587	147,413	98.95	1,981,831	31,319	-	(Note B)
Far Eastern Apparel Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	16,246	16,246	469	0.01	14,405	6,222,749	-	(Note A)
	Far EasTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	6,353	6,353	90	-	6,079	5,131,298	-	(Note B)
	Yu Ding Industry Co., Ltd.	Taiwan	Department store operations	29	29	8	0.01	123	9,698	-	(Note A)
Far Eastern General Contractor Inc.	Far Eastern Technical Consultants Co., Ltd.	Taiwan	Real estate development business consulting and management	3,864	3,864	450	9.00	5,497	(1,723)	-	(Note B)
FETG Investment Antilles N.V.	Waldorf Services B.V.	The Netherlands	Investment	US\$ 19	US\$ 19	2	100.00	42,269	(19,965)	-	(Note B)
Malaysia Garment Manufactures Pte. Ltd.	Filsyn Corporation	Philippines	Polychemical products	PESO 102,565	PESO 102,565	20,513	9.95	-	-	-	(Note A)
	PT Malaysia Garment Bintan	Malaysia	Garment production	SGD -	SGD -	(Note D)	99.00	(43)	-	-	(Note B)

(Continued)



Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2018			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				June 30, 2018	December 31, 2017	Shares (Note F)	Percentage of Ownership	Carrying Value			
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	\$ 748,158	\$ 748,158	40,818	1.25	\$ 1,040,492	\$ 5,131,298	\$ -	(Note B)
	Asia Cement Corporation	Taiwan	Cement production	206,551	206,551	6,094	0.18	240,678	6,222,749	-	(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	287,121	287,121	11,204	1.26	262,805	1,092,080	-	(Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	10,483	10,483	370	0.03	11,163	576,553	-	(Note A)
	Oriental Securities Corporation	Taiwan	Brokering	118,125	118,125	8,193	1.15	112,327	120,681	-	(Note A)
	Yu Ding Industry Co., Ltd.	Taiwan	Department store operations	111,997	111,997	15,247	15.66	336,350	9,698	-	(Note A)
	Pacific Liu Tong Investment Co., Ltd. (Note E)	Taiwan	Investment	67,285	67,285	9,681	1.21	128,875	218,053	-	(Note A)
	Yuan Ding Investment Co., Ltd.	Taiwan	Investment	148,994	148,994	5,502	0.30	166,864	2,785,840	-	(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	202,798	202,798	20,956	0.66	234,145	1,703,613	-	(Notes A and L)
	Yuan Faun Co., Ltd.	Yuan Cheng Human Resources Consultant Corporation	Taiwan	Personnel recruitment	7,214	7,214	745	55.19	12,636	3,091	-
Far Eastern International Bank		Taiwan	Deposit, loan and guarantee services	42,973	42,973	4,441	0.14	49,620	1,703,613	-	(Notes A and L)
Fu Kwok Knitting & Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	19,663	19,663	520	0.02	20,684	5,131,298	-	(Note B)
Yuan Tong Investment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	2,246,035	2,246,035	100,237	3.08	2,724,846	5,131,298	-	(Note B)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	1,159,521	1,159,521	39,619	2.80	1,219,857	576,553	-	(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,755,017	1,755,017	49,705	5.61	1,690,438	1,092,080	-	(Note A)
	Asia Cement Corporation	Taiwan	Cement production	888,648	888,648	28,579	0.85	1,092,035	6,222,749	-	(Note A)
	Pacific Liu Tong Investment Co., Ltd. (Note E)	Taiwan	Investment	90,000	90,000	18,000	2.24	228,769	218,053	-	(Note A)
	Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan	Electronic toll collection services	787,104	787,104	35,934	11.98	391,577	99,840	-	(Note B)
	Liquid Air Far East Co., Ltd.	Taiwan	Industrial gas production and sales	20	20	1	-	24	797,707	-	(Note A)
	Sino Belgium (Holding) Ltd.	Bermuda	Investment	2,255,510	2,255,510	36	90.88	(537,096)	75,026	-	(Note B)
	Freudenberg Far Eastern Spunweb Co., Ltd.	Taiwan	Production of nonwoven industrial fabrics	34	34	1	-	37	237,654	-	(Note A)
	Malaysia Garment Manufactures Pte. Ltd.	Singapore	Garment production and investment	SGD 7,354	SGD 7,354	10	13.00	165,492	4,990	-	(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	986,735	986,735	101,963	3.20	1,138,921	1,703,613	-	(Notes A and L)
Yuan Ding Co., Ltd.	YDT Technology International Co., Ltd.	Taiwan	Electronic material and relevant by-product sales	100,000	100,000	13,992	100.00	231,505	(13,434)	-	(Note B)
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	558,000	558,000	20,393	60.00	212,861	15,779	-	(Note B)
	Far Eastern Technical Consultants Co., Ltd.	Taiwan	Real estate development business consulting and management	45,182	45,182	4,550	91.00	54,373	(1,723)	-	(Note B)
	YDC (Virgin Islands) Ltd.	British Virgin Islands	Investment	US\$ 200	US\$ 200	(Note D)	17.70	9,414	998	-	(Note B)
	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	Taiwan	Electronic information providing services	566,896	566,896	4,995	4.79	(16,790)	(209,970)	-	(Notes B and K)
	FET Consulting Engineers Co., Ltd.	Taiwan	Business management consultants, piping engineering, cable installation, automatic equipment installation and investment business	342,701	822,701	37,000	100.00	62,432	(1,324)	-	(Note B)
	Asia Cement Corporation	Taiwan	Cement production	136,037	136,037	5,329	0.16	199,438	6,222,749	-	(Note A)
	Far EasTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	100,412	100,412	4,164	0.13	109,377	5,131,298	-	(Note B)
	Yu Yuan Investment Co., Ltd.	Taiwan	Investment	411,187	411,187	129,637	25.02	1,464,068	332,706	-	(Note A)
	Yue Ming Corporation	Taiwan	Trading	787	787	103	1.00	699	569	-	(Note A)
	Yu Ding Industry Co., Ltd.	Taiwan	Department store operations	22,676	22,676	2,523	2.59	55,259	9,698	-	(Note A)
	FEDS Asia Pacific Development Co., Ltd.	Taiwan	Department store operations	100,000	100,000	10,650	5.00	134,702	73,375	-	(Note A)
	Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan	Electronic toll collection services	977,650	977,650	44,796	14.93	482,706	99,840	-	(Note B)
Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	76,665	76,665	7,922	0.25	88,530	1,703,613	-	(Notes A and L)	
Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Electronic stored value cards	400,000	400,000	24,955	20.00	180,434	(118,731)	-	(Note B)	
Ding Ding Hotel Co., Ltd.	Taiwan	Hotel	1,645,021	1,645,021	102,509	98.52	343,306	(163,503)	-	(Note B)	
Ding Ding Integrated Marketing Service Co., Ltd.	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	Taiwan	Electronic information providing services	1,828	1,828	17	0.02	(58)	(209,970)	-	(Notes B and K)
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Electronic stored value cards	300,200	300,200	18,729	15.01	135,412	(118,731)	-	(Note B)
	DDIM (Virgin Islands) Ltd.	British Virgin Islands	Investment	US\$ 11,000	US\$ 11,000	(Note D)	46.13	33,398	(5,050)	-	(Note B)
FET Consulting Engineers Co., Ltd.	DDIM (Virgin Islands) Ltd.	British Virgin Islands	Investment	384,970	384,970	(Note D)	53.87	39,002	(5,050)	-	(Note B)
YDT Technology International Co., Ltd.	Everest Textile Corporation	Taiwan	Chemical fiber production	2,451	2,451	125	0.03	1,218	116,569	-	(Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	51,673	51,673	2,764	0.20	93,876	576,553	-	(Note A)
	Asia Cement Corporation	Taiwan	Cement production	862	862	61	-	2,257	6,222,749	-	(Note A)
	YDC (Virgin Islands) Ltd.	British Virgin Islands	Investment	US\$ 930	US\$ 930	(Note D)	82.30	43,774	998	-	(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	26,960	26,960	2,786	0.09	31,194	1,703,613	-	(Notes A and L)
Far Eastern Electronic Toll Collection Co., Ltd.	FETC International Co., Ltd.	Taiwan	Dispatched labor, procuring equipment, and sales agent services	200,000	200,000	20,000	100.00	161,582	(16,706)	-	(Note B)

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2018			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				June 30, 2018	December 31, 2017	Shares (Note F)	Percentage of Ownership	Carrying Value			
Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd. ARCOA Communication Co., Ltd.	Taiwan	Type I, II telecommunications services	\$ 22,249,283	\$ 22,249,283	2,100,000	100.00	\$ 26,193,180	\$ 1,036,965	-	(Note B)
		Taiwan	Telecommunications services, sales of communications products and office equipment	1,305,802	1,305,802	82,762	61.63	999,496	65,602	-	(Note B)
	KGEx.com Co., Ltd. Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	Taiwan	Type II telecommunications services	2,340,472	2,340,472	68,897	99.99	746,979	34,431	-	(Note B)
		Taiwan	Electronic information providing services	886,169	886,169	90,014	86.41	(296,586)	(209,970)	-	(Notes B and K)
	Yuan Cing Co., Ltd. Far Eastern Info Service (Holding) Ltd.	Taiwan	Call center services	-	-	2,000	100.00	29,648	7,238	-	(Notes B and J)
		Bermuda	Investment	92,616	92,616	1	100.00	5,135	(37,539)	-	(Note B)
	O-music Co., Ltd. Q-ware Communications Corporation	Taiwan	Electronic information providing services	25,000	25,000	2,500	50.00	9,371	(189)	-	(Note B)
		Taiwan	Type II telecommunications services	-	832,038	-	-	-	(19,602)	-	(Notes B and M)
	Far Eastern Electronic Toll Collection Co., Ltd. Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Electronic toll collection services	2,542,396	2,542,396	118,251	39.42	867,434	99,840	-	(Note B)
		Taiwan	Electronic stored value cards	600,000	600,000	37,433	30.00	270,646	(118,731)	-	(Note B)
	Ding Ding Integrated Marketing Service Co., Ltd. Alliance Digital Technology Co., Ltd.	Taiwan	Marketing	139,500	139,500	5,098	15.00	53,106	15,774	-	(Note B)
Taiwan		Electronic information providing services	60,000	60,000	6,000	14.40	13,232	(34,489)	-	(Note A)	
ARCOA Communication Co., Ltd.	DataExpress Infotech Co., Ltd.	Taiwan	Electronic information providing services	141,750	141,750	12,866	70.00	174,375	24,686	-	(Note B)
New Century InfoComm Tech Co., Ltd.	New Diligent Co., Ltd. Information Security Service Digital United Inc. Digital United (Cayman) Ltd.	Taiwan	Investment	540,000	540,000	54,000	100.00	87,044	(52,989)	-	(Note B)
		Taiwan	Security and monitoring service via internet	148,777	148,777	10,249	100.00	115,353	10,750	-	(Note B)
	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.) Ding Ding Integrated Marketing Service Co., Ltd.	Cayman Islands	Investment	132,406	132,406	4,320	100.00	14,113	61	-	(Note B)
		Taiwan	Electronic information providing services	20,000	20,000	2,500	2.40	(8,236)	(209,970)	-	(Notes B and K)
New Diligent Co., Ltd.	Sino Lead Enterprise Limited Far East New Diligent Company Ltd.	Hong Kong	Telecommunications services	125	125	30	100.00	254	28	-	(Note B)
		British Virgin Islands	Investment	330,598	330,598	(Note D)	100.00	25,046	(53,286)	-	(Note B)
	New Diligent Hong Kong Co., Ltd.	Hong Kong	Investment	3,051	3,051	(Note D)	100.00	2,932	67	-	(Note B)
DataExpress Infotech Co., Ltd.	Linkwell Tech. Co., Ltd. Home Master Technology Ltd.	Taiwan	Sale of communications products	10,000	10,000	(Note D)	100.00	42,722	1,047	-	(Note B)
		Taiwan	Sale of communications products	10,000	10,000	(Note D)	100.00	18,373	19,747	-	(Note B)
APG Polytech USA Holdings, Inc	APG Polytech, LLC	America	Chemical fiber production	US\$ 30,000	US\$ -	(Note D)	100.00	759,865	(149,271)	-	(Note B)

Notes: A. Equity-method investee.

B. Subsidiary.

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

D. Company limited.

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

F. Shares in thousands.

G. For investments in mainland China, refer to Table 15.

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

I. The effects from the adjustments of FENC shares which are held by Yuan Ding Co., Ltd. and the transactions between subsidiaries amounted to \$3,746 thousand.

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

K. Hiiir Digital Marketing Co., Ltd. and Far Eastern Electronic Commerce Co., Ltd. were merged on August 1, 2017. Hiiir Digital Marketing Co., Ltd. was the surviving company while Far Eastern Electronic Commerce Co., Ltd. was dissolved. The surviving company was renamed as Yuanshi Digital Technology Corporation.

L. The adjustment of the difference between the acquisition cost and net value was included in the investment gain or loss in current period.

M. Far EasTone Telecommunications Co., Ltd. and Q-ware Communications Corporation were merged on June 30, 2018. Far EasTone Telecommunications Co., Ltd. was the surviving company while Q-ware Communications Corporation was dissolved.

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2018  
(In Thousands of New Taiwan Dollars, Renminbi and U.S. Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note A)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Amount as of June 30, 2018 (Note C)	Accumulated Repatriation of Investment Income as of June 30, 2018	Note
					Outflow	Inflow							
Far Eastern Industries (Shanghai) Ltd.	Manufacture and sales of PET staple, PET filament, polyester top, PET performs, draw textured yarn, spinning yarn, knit fabrics, woven fabrics, knit garments and woven garments	\$ 8,636,674	2	\$ 3,700,967	\$ -	\$ -	\$ 3,700,967	\$ 369,680	100.00	\$ 369,680	\$ 8,786,816	\$ 853,493	Notes D and E
Far Eastern Apparel (Suzhou) Co., Ltd.	Production and marketing of knit garments, woven garments, non-knit garments, and nonwoven garments and accessories	939,623	2	1,010,901	-	-	1,010,901	25,776	100.00	25,776	1,559,481	233,172	Notes F and G
Far Eastern Industries (Wuxi) Ltd.	Production and marketing of combed cotton yarn, 60/40 poly/cotton blended yarn, 65/35 poly/cotton blended yarn, spun yarn, woven fabrics, grieve woven fabrics, print woven fabrics, piece dyed woven fabrics and bleached woven fabrics	2,211,394	2	2,018,430	-	-	2,018,430	40,064	100.00	40,064	3,041,257	246,378	Notes H and I
Oriental Petrochemical (Shanghai) Corporation	Manufacture and distribution of PTA and its by-products	8,237,957	2	3,791,007	-	-	3,791,007	59,965	61.35	36,789	3,206,105	1,064,005	Note J
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Manufacture and sales of weaving, dyeing and finishing of novelty fabrics, high-value engineered textiles industrial woven fabrics and scraps	1,696,071	2	1,342,854	-	-	1,342,854	16,754	100.00	16,754	2,898,203	92,719	Notes H and S
Far Eastern Industries (Suzhou) Ltd.	Production and marketing of PET staple, PET filament, polyester top, PET performs, draw textured yarn, spinning yarn, knit fabrics, woven fabrics, knit garments and woven garments	1,811,340	2	1,765,319	-	-	1,765,319	1,633,441	100.00	1,633,441	1,648,419	-	Note K
Wuhan Far Eastern New Material Ltd.	Manufacture and sales of PET sheets, chips, and filaments PET performs and garments and its by-products	785,622	2	724,110	-	-	724,110	7,713	100.00	7,713	967,947	-	
Oriental Industries (Suzhou) Ltd.	Production and marketing of polyester chips, partially oriented yarn, fully oriented yarn, and polyester yarn	5,028,630	2	4,957,248	-	-	4,957,248	134,087	100.00	134,087	5,991,205	-	Note H
Far Eastern New Century (China) Investment Co., Ltd.	Investment	2,850,791	2	2,795,325	-	-	2,795,325	5,245	100.00	5,245	1,792,430	-	

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note A)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Amount as of June 30, 2018 (Note C)	Accumulated Repatriation of Investment Income as of June 30, 2018	Note
					Outflow	Inflow							
Sino Belgium Beer (Suzhou) Ltd.	Beer brewing	\$ 1,750,659	2	\$ 1,763,952	\$ -	\$ -	\$ 1,763,952	\$ 61,341	100.00	\$ 61,341	\$ (453,831)	\$ -	Note L
Martens Beers (Shanghai) Ltd.	Beer brewing	360,120	2	231,475	-	-	231,475	17,326	100.00	17,326	15,698	-	Note L
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	PA and its by-product production and sale	6,675,242	2	4,181,323	-	-	4,181,323	(210)	60.00	(126)	4,023,365	-	
Far Eastern Industries (Yangzhou) Ltd.	PA and its by-product production	1,418,789	2	1,436,190	-	-	1,436,190	5,374	100.00	5,374	1,441,968	-	
Far Eastern Union Petrochemical (Yangzhou) Corporation	PA and its by-product production	3,748,396	2	1,962,908	-	-	1,962,908	555,795	50.00	277,898	2,289,674	-	
Shanghai Yuan Zi Information Technology Co., Ltd.	Software development, equipment maintenance and consulting	58,377	3	-	-	-	-	3,762	100.00	3,762	65,997	-	
Shanghai Far Eastern Petrochemical Logistic Corporation	Transportation	87,267	3	-	-	-	-	623	100.00	623	134,718	-	
Suzhou An Ho Apparel Ltd.	Garment production	4,593	3	-	-	-	-	608	100.00	608	55,803	-	
Yuan Ding Enterprise (Shanghai) Limited	Software development	1,175,808	3	-	-	-	-	(53,005)	100.00	(53,005)	668,334	-	
Tong Da Air Industry (Yangzhou) Co., Ltd.	Liquid oxygen, oxygen, nitrogen and hydrogen warehousing	1,889,901	2	1,020,489	-	-	1,020,489	77,368	50.00	38,684	1,115,418	-	
Yuan Ding Integrated Information Service (Shanghai) Inc.	Computer software and internet software design and development	691,928	2	598,270	-	-	598,270	(5,071)	100.00	(5,071)	72,344	-	Note M
Speedy (Shanghai) digital Tech. Co., Ltd.	Intelligent control equipment and security monitoring products and services	30,035	2	24,220	-	-	24,220	1,049	100.00	1,049	51,361	-	Note N
Digital United Information Technology (Shanghai) Ltd.	Research and design of computer systems	94,426	2	94,426	-	-	94,426	(96)	100.00	(96)	2,018	-	Note P
Far Eastern New Century Information Technology (Beijing) Limited	Electronic information providing services	350,290	2	313,738	-	-	313,738	(1,035)	90.52	(937)	-	-	Note Q
Far Eastern Tech-Info Ltd. (Shanghai)	Computer software, data processing and provision of network information services	182,760	2	199,226	-	-	199,226	(90,103)	100.00	(90,103)	11,877	-	Note O
New Diligence Corporation (Shanghai)	Consulting services, supporting services, and wholesale of machinery and equipment	-	1	33,540	-	-	33,540	-	-	-	-	-	Note R

(Continued)

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2018	Investment Amounts Authorized by Investment Commission, MOEA (Note T)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note U)
Far Eastern New Century Corporation	\$ 20,655,177	\$ 23,538,407	\$ -

Notes: A. Investment types are classified as follows:

1. The investment was made directly in China.
  2. The investment was made through a company registered in a third region. Companies which registered in a third region are: Far Eastern Polychem Industries Ltd., PET Far Eastern (Holding) Ltd., Far Eastern Apparel (Holding) Ltd., Oriental Textile (Holding) Ltd., FEDP (Holding) Ltd., Far Eastern Polytex (Holding) Ltd., Sino Belgium (Holding) Ltd., YDC (Virgin Islands) Ltd., DDIM (Virgin Islands) Ltd., Far Eastern Info Service (Holding) Ltd., Digital United (Cayman) Ltd. and Far East New Diligent Company Ltd.
  3. Other types.
- B. Recognition of gains or losses was based on the percentage of holding shares from unreviewed financial statements.
- C. The ending balance of long term investment.
- D. As of June 30, 2018, the accumulated outflow of investment from Taiwan was NT\$3,700,967 thousand which NT\$3,134,807 thousand where from the Company and the other was from Yuan Ding Investment Co., Ltd.
- E. As of June 30, 2018, the remitted amount of profit of investment was the total cash dividend of Far Eastern Polychem Industries Ltd. received by FENC and Yuan Ding Investment Co., Ltd.
- F. As of June 30, 2018, the accumulated outflow of investment from Taiwan was NT\$1,010,901 thousand which NT\$509,725 thousand was remitted by FENC the other was by Yuan Ding Investment Co., Ltd.
- G. As of June 30, 2018, the profit of investment was cash dividend paid by Far Eastern Apparel (Suzhou) Co., Ltd. which remitted through FENC subsidiaries, Far Eastern Polytex (Holding) Ltd. and Far Eastern Apparel (Holding) Ltd.
- H. As of June 30, 2018, the accumulated outflow of investment from Taiwan was remitted by Yuan Ding Investment Co., Ltd.
- I. As of June 30, 2018, the profit of investment was cash dividend paid by Far Eastern Industries (Wuxi) Ltd. remitted through a FENC's subsidiary, Oriental Textile (Holding) Ltd.
- J. As of June 30, 2018, the profit of investment was cash dividend paid by Oriental Petrochemical (Shanghai) Corporation remitted through FENC's subsidiaries, PET Far Eastern (Holding) Ltd. and Far Eastern Polytex (Holding) Ltd.
- K. As of June 30, 2018, the accumulated outflow of investment from Taiwan was NT\$1,765,319 thousand which NT\$1,099,293 thousand was remitted by FENC, and the other was by subsidiaries, Yuan Ding Investment Co., Ltd. and Yuan Tong Investment Co., Ltd.
- L. As of June 30, 2018, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, Yuan Tong Investment Co., Ltd.
- M. As of June 30, 2018, the accumulated outflow of investment from Taiwan was remitted by FENC's subsidiaries, YDT Technology International Co., Ltd., FET Consulting Engineers Co., Ltd. and Ding Ding Integrated Marketing Service Co., Ltd.
- N. As of June 30, 2018, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, YDT Technology International Co., Ltd.
- O. As of June 30, 2018, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, Far EasTone Telecommunications Co., Ltd.
- P. As of June 30, 2018, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, New Century InfoComm Tech Co., Ltd.
- Q. The dissolution of this investment had been approved by the local government on February 9, 2018.
- R. Company dissolution had been approved by the local government on April 13, 2010. New Diligence Corporation (Shanghai) had remitted US\$73 thousand back to Taiwan on June 27, 2012, and wrote off the amount as the investment registered with the Investment Commission of the MOEA.
- S. As of June 30, 2018, the profit from investment was cash dividend paid by Far Eastern Dyeing & Finishing (Suzhou) Ltd. which remitted through a FENC subsidiary, Far Eastern Apparel (Holding) Ltd.
- T. Investment amounts authorized by the Investment Commission of the MOEA include US\$771,755 thousand, and the original investment RMB 6,695 thousand from Far Eastern Polytex (Holding) Ltd. which approved by Investment Commission under the Ministry of Economic Affairs.
- U. Based on MOEA Approval Letter No. 10620430940, there is no limitation on the amount of the parent company's investment in China.
- V. The paid-in capital was calculated based on the ending exchange rate of RMB1:NT\$4.593.

(Concluded)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA - INVESTMENT TYPE  
FOR THE SIX MONTHS ENDED JUNE 30, 2018  
(In Thousands of U.S. Dollars)

Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area (US\$)	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Far Eastern Industries (Shanghai) Ltd.	Far Eastern New Century Corporation	1996.07.09	No. 84015136	Far Eastern Polychem Industries Ltd.	\$ 6,000	\$ 6,000			
	Yuan Ding Investment Co., Ltd.			Far Eastern Polychem Industries Ltd.	24,000	24,000			
	Far Eastern New Century Corporation	2004.12.29	No. 093032400	Far Eastern Polychem Industries Ltd.	1,712		\$ 1,712		
	Far Eastern New Century Corporation	2004.12.30	No. 093032090	Far Eastern Polychem Industries Ltd.	1,540			\$ 1,540	
	Far Eastern New Century Corporation	2004.11.03	No. 093032240	Far Eastern Polychem Industries Ltd.	3,879		3,879		
	Yuan Ding Investment Co., Ltd.	2004.12.29	No. 093032402	Far Eastern Polychem Industries Ltd.	7,014		7,014		
	Yuan Ding Investment Co., Ltd.	2004.11.02	No. 093032239	Far Eastern Polychem Industries Ltd.	15,898		15,898		
	Yuan Ding Investment Co., Ltd.	2004.12.29	No. 093032089	Far Eastern Polychem Industries Ltd.	6,313			6,313	
	Far Eastern New Century Corporation	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Ltd.	31,779	31,779			
	Far Eastern New Century Corporation	2008.06.27	No. 09700163440	Far Eastern Polychem Industries Ltd.	56,000	56,000			
	Far Eastern New Century Corporation	2008.04.18	No. 09700045490	Far Eastern Polychem Industries Ltd.	4,800	4,800			
					8,198 (Note E)				
		Far Eastern New Century Corporation	2010.04.19	No. 09900142680 (Note D)	Far Eastern Polychem Industries Ltd.	11,500	11,500		
Far Eastern Apparel (Suzhou) Co., Ltd.	Yuan Ding Investment Co., Ltd.	1996.10.16	No. 85016219	Far Eastern Apparel (Holding) Ltd.	10,000	10,000			
	Yuan Ding Investment Co., Ltd.	2003.10.30	No. 092033299	Far Eastern Apparel (Holding) Ltd.	5,000	5,000			
	Far Eastern New Century Corporation	2006.05.23	No. 09500112650	Far Eastern Polytex (Holding) Ltd.	11,000	11,000			
	Far Eastern New Century Corporation	2008.03.31	No. 09700038490	Far Eastern Polytex (Holding) Ltd.	5,000	5,000			
Far Eastern Industries (Wuxi) Ltd.	Yuan Ding Investment Co., Ltd.	2002.06.21	No. 091011903	Oriental Textile (Holding) Ltd.	19,960	19,960			
	Yuan Ding Investment Co., Ltd.	2005.11.03	No. 094024169	Oriental Textile (Holding) Ltd.	40,000	40,000			
Oriental Petrochemical (Shanghai) Corporation	Far Eastern New Century Corporation	2009.11.17	No. 09800408170 (Note B)	Far Eastern Polychem Industries Ltd.	1,228				\$ 1,228
	Yuan Ding Investment Co., Ltd.	2009.11.17	No. 09800408160 (Note C)	PET Far Eastern (Holding) Ltd.	6,592				6,592
	Far Eastern New Century Corporation	2008.06.27	No. 09700163430	Far Eastern Polychem Industries Ltd.	49,500	49,500			
	Far Eastern New Century Corporation	2008.04.18	No. 09700045500	PET Far Eastern (Holding) Ltd.	4,800	4,800			
				PET Far Eastern (Holding) Ltd.	2,936 (Note F)				
	Far Eastern New Century Corporation	2009.12.25	No. 09800456740	PET Far Eastern (Holding) Ltd.	41,171	41,171			
	Far Eastern New Century Corporation	2017.09.18	No. 10630056570	PET Far Eastern (Holding) Ltd.	27,000	27,000			
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Yuan Ding Investment Co., Ltd.	2003.10.31	No. 092033525	Far Eastern Apparel (Holding) Ltd.	20,000	20,000			
	Yuan Ding Investment Co., Ltd.	2008.10.13	No. 09700348610	Far Eastern Apparel (Holding) Ltd.	30,000	30,000			
Far Eastern Industries (Suzhou) Ltd.	Yuan Ding Investment Co., Ltd.	2002.11.26	No. 091035216	Far Eastern Polychem Industries Ltd.	9,352				9,352
	Far Eastern New Century Corporation	2004.10.11	No. 093025506	FEDP (Holding) Ltd.	1,569			1,569	
	Far Eastern New Century Corporation	2004.10.14	No. 093030298	Far Eastern Polychem Industries Ltd.	713				713
	Far Eastern New Century Corporation	2010.10.12	No. 09900403430 (Note H)	FEDP (Holding) Ltd.	5,288	5,288			
	Far Eastern New Century Corporation	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Ltd.	4,524	4,524			

(Continued)

Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area (US\$)	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Oriental Industries (Suzhou) Ltd.	Far Eastern New Century Corporation	2008.04.18	No. 09700045510	Far Eastern Polychem Industries Ltd. FEDP (Holding) Ltd.	\$ 4,800 754 (Note G)	\$ 4,800			
	Far Eastern New Century Corporation	2010.12.29	No. 09900470520 (Note I)	FEDP (Holding) Ltd.	18,224	18,224			
	Yuan Ding Investment Co., Ltd.	2005.08.01	No. 094015006	Oriental Textile (Holding) Ltd.	19,800	19,800			
	Yuan Ding Investment Co., Ltd.	2006.02.09	No. 094037416	Oriental Textile (Holding) Ltd.	30,200	30,200			
	Yuan Ding Investment Co., Ltd.	2007.10.02	No. 09600280400	Oriental Textile (Holding) Ltd.	23,000	23,000			
	Yuan Ding Investment Co., Ltd.	2008.09.01	No. 09700172130	Oriental Textile (Holding) Ltd.	32,500	32,500			
	Yuan Ding Investment Co., Ltd.	2013.04.29	No. 10200127470	Oriental Textile (Holding) Ltd.	8,000	8,000			
	Yuan Ding Investment Co., Ltd.	2014.09.11	No. 10300223190 (Note K)	Oriental Textile (Holding) Ltd.	43,000	43,000			
Wuhan Far Eastern New Material Ltd.	Far Eastern New Century Corporation	2006.05.19	No. 09500090070	Far Eastern Polytex (Holding) Ltd.	12,000	12,000			
	Far Eastern New Century Corporation	2009.06.29	No. 09800135640	Far Eastern Polytex (Holding) Ltd.	10,000	10,000			
	Far Eastern New Century Corporation	2010.12.21	No. 09900470530	Far Eastern Polytex (Holding) Ltd.	RMB 6,695				RMB 6,695
Far Eastern New Century (China) Investment Co., Ltd. (Note A)	Far Eastern New Century Corporation	2006.08.01	No. 09500124430	Far Eastern Polytex (Holding) Ltd.	48,000	48,000			
Sino Belgium Beer (Suzhou) Ltd.	Yuan Tong Investment Co., Ltd.	2007.08.02	No. 09600248620	Sino Belgium (Holding) Ltd.	18,000	18,000			
	Yuan Tong Investment Co., Ltd.	2008.02.21	No. 09600451060	Sino Belgium (Holding) Ltd.	12,000	12,000			
	Yuan Tong Investment Co., Ltd.	2014.04.24	No. 10300091010 (Note L)	Sino Belgium (Holding) Ltd.	16,000	16,000			
	Yuan Tong Investment Co., Ltd.	2014.12.19	No. 10300249370 (Note O)	Sino Belgium (Holding) Ltd.	10,000	10,000			
Martens Beers (Shanghai) Ltd.	Yuan Tong Investment Co., Ltd.	2008.12.10	No. 09700456110	Sino Belgium (Holding) Ltd.	3,800	3,800			
	Yuan Tong Investment Co., Ltd.	2010.07.29	No. 09900284200	Bockhold N.V. Martens HK Ltd.	4,304				4,304
	Yuan Tong Investment Co., Ltd.	2014.04.24	No. 10300091010 (Note L)	Sino Belgium (Holding) Ltd.	1,500	1,500			
	Yuan Tong Investment Co., Ltd.	2013.11.28	No. 10200451570 (Note N)	Sino Belgium (Holding) Ltd.	1,100	1,100			
	Yuan Tong Investment Co., Ltd.	2014.12.19	No. 10300249370 (Note O)	Sino Belgium (Holding) Ltd.	1,000	1,000			
Far Eastern Tech-Info Ltd. (Shanghai)	Far Eastone Telecommunications Co., Ltd.	2004.08.26	No. 093018811	Far Eastern Info Service (Holding) Limited	2,500	2,500			
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	Far Eastern New Century Corporation	2011.06.23	No. 10000021360 (Note J)	Far Eastern Polytex (Holding) Ltd.	166,000	166,000			
Far Eastern Industries (Yangzhou) Ltd.	Far Eastern New Century Corporation	2012.03.30	No. 10100043080	Far Eastern Polychem Industries Ltd.	49,000	49,000			
Far Eastern Union Petrochemical (Yangzhou) Corporation	Far Eastern New Century Corporation	2012.08.31	No. 10300210860 (Note M)	PET Far Eastern (Holding) Ltd.	66,000	66,000			
Yuan Ding Enterprise (Shanghai) Limited	Far Eastern New Century Corporation	2013.11.08	No. 10200399280	Far Eastern Polytex (Holding) Ltd. Far Eastern New Century (China) Investment Co., Ltd.	1,000	1,000			
	Far Eastern New Century Corporation	2017.11.17	No. 10600282650 (Note R)	Far Eastern Polytex (Holding) Ltd. Far Eastern New Century (China) Investment Co., Ltd.	82,340	82,340			
Tong Da Air Industry (Yangzhou) Co., Ltd.	Far Eastern New Century Corporation	2014.09.05	No. 10300203670 (Note Q)	PET Far Eastern (Holding) Ltd.	33,500	33,500			
Yuan Ding Integrated Information Service (Shanghai) Inc.	YDT Technology International Co., Ltd.	2011.10.19	No. 10000429550	YDC (Virgin Islands) Ltd.	110	110			
	FET Consulting Engineers Co., Ltd.	2011.11.03	No. 10000439470	DDIM (Virgin Islands) Ltd.	8,100	8,100			
	Ding Ding Integrated Marketing Service Co., Ltd.	2015.08.11	No. 10400179060	DDIM (Virgin Islands) Ltd.	1,100	1,100			
Speedy (Shanghai) digital Tech. Co., Ltd.	YDT Technology International Co., Ltd.	2004.02.11	No. 093003471	YDC (Virgin Islands) Ltd.	300	300			
	YDT Technology International Co., Ltd.	2005.02.05	No. 094003122	YDC (Virgin Islands) Ltd.	500	500			

(Continued)

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

Notes: A. Far Eastern New Century (China) Investment Co., Ltd. invested US\$30,000 thousand in Far Eastern Industries (Shanghai) Ltd. and US\$16,000 thousand in Oriental Petrochemical (Shanghai) Corporation.

B. Document No. 092035971 had been canceled and replaced with document No. 09800408170.

C. Document No. 092035970 had been canceled and replaced with document No. 09800408160.

D. The approved amount of US\$12,000 thousand on September 18, 2009 as stated in document No. 09800283970, had been changed to US\$11,500 thousand and updated to document No. 09900142680 on April 19, 2010 while completed the-review process.

E. The shares offered for the privatization of FEPI had antidilutive effects; thus, FEPI's ownership and amount invested in Far Eastern Industry (Shanghai) Ltd. increased.

F. The shares offered for the privatization of FEPI had antidilutive effects; thus, FEPI's ownership and amount invested in Oriental Petrochemical (Shanghai) Corporation increased.

G. The shares offered for the privatization of FEPI had antidilutive effects; thus, FEPI's ownership and amount invested in Far Eastern Industries (Suzhou) Ltd. increased.

H. Under the original investment scheme, the investment in Far Eastern Industry (Suzhou) Ltd. was made indirectly through Far Eastern Polytex (Holding) Ltd. and FEDP (Holding) Ltd., under the approval stated in Letter No. 09600059830 of the Ministry of Economic Affairs (MOEA). After a scheme modification, this investment was made indirectly only through FEDP (Holding) Ltd. under the MOEA's approval (Letter No. 09900403430).

I. After obtaining MOEA approval (No. 09900470520), FENC received FEDP (Holding) Ltd. from Yuan Tong Investment Co., Ltd., for US\$18,224 thousand (MOEA approval No. 09600243260).

J. After obtaining MOEA approval (No. 10000021360), FENC's subsidiary, Far Eastern Polytex (Holding) Ltd., indirectly invest US\$166,000 thousand in Far Eastern Yihua Petrochemical (Yangzhou) Corporation.

K. After modifying MOEA approval from No. 10300140570 to No. 10300223190, FENC's subsidiary, Yuan Ding Investment Co., Ltd. amended to invest US\$43,000 thousand indirectly or equivalent RMB through its subsidiary, Oriental Textile (Holding) Ltd. in Far Eastern Industries (Suzhou) Ltd.

L. After modifying MOEA approval from No. 10000446910 to No. 10300091010, FENC's subsidiary, Yuan Tong Investment Co., Ltd. amended to invest US\$16,000 and US\$17,500 indirectly through its subsidiary, Sino Belgium (Holding) Corporation, in Sino Belgium Beer (Suzhou) Ltd. and Martens Beers (Shanghai) Ltd.

M. After modifying MOEA approval from No. 10100115020 to No. 10300210860, FENC amended to invest US\$66,000 thousand, and invested through its subsidiary, PET Far Eastern (Holding) Ltd., in Far Eastern Union Petrochemical (Yangzhou) Corporation.

N. After obtaining MOEA approval (No. 10200451570), FENC's subsidiary, Yuan Tong Investment Co., Ltd., indirectly invest US\$1,100 thousand through its subsidiary, Sino Belgium (Holding) Corporation, in Martens Beers (Shanghai) Ltd.

O. After obtaining MOEA approval (No. 10300249370), FENC's subsidiary Yuan Tong Investment Co., Ltd. indirectly invest US\$10,000 thousand and US\$1,000 thousand through its subsidiary, Sino Belgium (Holding) Corporation, in Sino Belgium Beer (Suzhou) Ltd. and Martens Beers (Shanghai) Ltd.

P. Company dissolution had been approved by the local government on April 13, 2010. New Diligence Corporation (Shanghai) had remitted US\$73 thousand back to Taiwan on June 27, 2012, and wrote off the amount as the investment registered with the Investment Commission of the MOEA.

Q. After modifying MOEA approval from No. 10200478110 to No. 10300203670, FENC amended its indirect investment to US\$33,500 thousand, and invested through its subsidiary, PET Far Eastern (Holding) Ltd., indirectly in Tong Da Air Industry (Yangzhou) Co., Ltd.

R. After modifying MOEA approval from No. 10200399290 to No. 10500282440, FENC invested US\$82,340 thousand through its subsidiary, Far Eastern Polytex (Holding) Ltd., indirectly in Far Eastern New Century (China) Investment Co., Ltd., then capitalized to Yuan Ding Enterprise (Shanghai) Limited.

(Concluded)