

**Far Eastern New Century Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2018 and 2017 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2018 are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as of and for the years ended December 31, 2018 and 2017, as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies as of and for the years ended December 31, 2018 and 2017. Hence, we have not prepared a separate set of consolidated financial statements of affiliates for the year ended December 31, 2018.

Very truly yours,

FAR EASTERN NEW CENTURY CORPORATION

By:

DOUGLAS TONG HSU
Chairman

March 22, 2019

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Far Eastern New Century Corporation

Opinion

We have audited the accompanying consolidated financial statements of Far Eastern New Century Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the consolidated financial statements for the year ended December 31, 2018 are as follows:

Fair Value Evaluation of Investment Property

As of December 31, 2018, the Group's total investment property was NT\$124,816,527 thousand, which represented 22% of the consolidated total assets. In 2018, the gain on change in fair value of investment property was NT\$646,390 thousand, which represented 3% of the consolidated income before income tax. The items mentioned above are considered to be significant for consolidated financial statements as a whole. The Group's investment properties were subsequently measured using the fair value model. The fair value evaluation involved significant accounting estimation and judgment. As a result, the fair value evaluation of investment property is considered to be a key audit matter.

For the accounting policies, significant accounting judgment, evaluation, and assumptions on the main source of uncertainty related to investment property, refer to Notes 4 (k) and 5 (c) to the consolidated financial statements. For more information about the Group's investment property, refer to Note 21 to the consolidated financial statements.

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

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

Evaluation of Impairment Loss on Property, Plant and Equipment and Intangible Assets (Including Goodwill) and the Incremental Costs of Obtaining a Contract in Telecommunications Department

The Group's telecommunications segment operates in a highly competitive market with rapid change in the sector. Economic trends, market competition, and technological development influence the management's evaluation of and judgment on the expected economic benefits and recoverable amounts of the cash-generating units to which the assets belong, which in turn is used for the evaluation of such assets' impairment. Thus, the evaluation of impairment of property, plant and equipment and intangible assets (including goodwill) and the incremental costs of obtaining a contract in the telecommunications department is considered as a key audit matter.

For the estimates and judgments related to property, plant and equipment and intangible assets as well as the incremental costs of obtaining a contract, refer to Notes 4 (l and o) and 5 (a and b) to the consolidated financial statements. For other related disclosures, refer to Notes 20 and 22 to the consolidated financial statements.

For the evaluation of impairment loss related to property, plant and equipment and intangible assets (including goodwill) as well as the incremental costs of obtaining a contract in the telecommunications department, we performed the corresponding audit procedures as follows:

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

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

Recognition of Revenue Derived from Mobile Telecommunications Service

The mobile telecommunications service revenue is the main revenue source of the Group's telecommunications segment. The calculation of mobile telecommunications service revenue relies heavily on automated systems and includes complicated and huge amounts of data transmission. In order to meet market demands and remain competitive, the Group often launches different product and service mixes which make the calculation of revenue more complex and directly affects the accuracy and timing of revenue recognition. Therefore, the recognition of mobile telecommunications service revenue is considered as a key audit matter.

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

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

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

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

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

In addition, we evaluated manual journal entries posted to revenue accounts, by sample testing entries with specific risk, and compared details of these journal entries with the relevant underlying documentation to evaluate the reasonableness and accuracy of these selected entries.

Other Matter

We have also audited the parent company only financial statements of the Company for the years ended December 31, 2018 and 2017 on which we have issued unmodified opinions.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2019

Notice to Readers

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

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

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

ASSETS	2018		2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 38)	\$ 35,342,560	6	\$ 25,464,223	5
Financial assets at fair value through profit or loss - current (Notes 4, 7, 38 and 39)	6,075,604	1	4,209,638	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	75,346	-	-	-
Available-for-sale financial assets - current (Notes 4 and 11)	-	-	331,362	-
Derivative financial assets for hedging - current (Notes 4, 37 and 38)	-	-	1,700	-
Financial assets at amortized cost - current (Notes 9 and 38)	2,090,355	-	-	-
Financial assets for hedging - current (Notes 37 and 38)	1,868	-	-	-
Contact assets - current (Note 30)	5,828,641	1	-	-
Debt investments with no active market - current (Notes 4, 13 and 38)	-	-	2,044,153	-
Notes and accounts receivable, net (Notes 4, 14 and 38)	29,347,392	5	25,709,039	5
Amounts due from customers for construction contracts (Notes 4, 15 and 38)	-	-	1,591,619	-
Other receivables (Note 38)	2,507,639	1	4,585,596	1
Current tax assets (Notes 4 and 32)	25,338	-	63,544	-
Inventories (Notes 4, 16 and 39)	34,072,652	6	26,582,952	5
Prepayments	5,082,995	1	3,420,983	1
Other financial assets - current (Notes 38 and 39)	5,746,927	1	4,329,504	1
Refundable deposits - current	65,377	-	31,009	-
Other current assets	2,926,177	1	1,687,875	-
Total current assets	129,188,871	23	100,053,197	19
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,014,802	-	-	-
Available-for-sale financial assets - non-current (Notes 4 and 11)	-	-	339,122	-
Derivative financial assets for hedging - non-current (Notes 4 and 37)	-	-	35,544	-
Financial assets measured at cost - non-current (Notes 4 and 12)	-	-	1,178,179	-
Financial assets at amortized cost - non-current (Notes 9, 10 and 39)	431,290	-	-	-
Financial assets for hedging - non-current (Note 37)	65,356	-	-	-
Investments accounted for using the equity method (Notes 4, 18 and 39)	66,378,437	12	61,532,483	12
Contract assets - non-current (Note 30)	1,535,757	-	-	-
Property, plant and equipment (Notes 4, 5, 20 and 39)	164,557,019	29	152,732,987	30
Investment properties (Notes 4, 5, 20, 21 and 39)	124,816,527	22	124,148,885	24
Concessions (Notes 23 and 39)	41,136,801	7	44,561,464	9
Goodwill (Notes 4, 5 and 22)	11,862,742	2	11,865,515	2
Other intangible assets (Notes 4, 5 and 23)	4,997,476	1	3,884,685	1
Deferred tax assets (Notes 4 and 32)	3,318,140	1	2,204,959	1
Prepayments for equipment (Note 20)	1,406,581	-	1,632,368	-
Refundable deposits - non-current	1,130,010	-	861,274	-
Long-term other receivables (Note 38)	524,861	-	1,312,111	-
Incremental costs of obtaining a contract - non-current (Note 30)	1,802,163	1	-	-
Other financial assets - non-current (Notes 38 and 39)	2,718,063	1	3,050,829	1
Long-term prepayments for lease	7,247,623	1	6,830,254	1
Other non-current assets (Note 27)	456,901	-	542,424	-
Total non-current assets	436,400,549	77	416,713,083	81
TOTAL	\$ 565,589,420	100	\$ 516,766,280	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 24 and 38)	\$ 47,833,445	8	\$ 30,944,587	6
Short-term bills payable (Note 24)	6,717,712	1	7,643,775	2
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 38)	6,848	-	12,987	-
Contract liabilities - current (Notes 30 and 38)	4,647,210	1	-	-
Notes and accounts payable (Note 4)	16,805,506	3	19,913,510	4
Notes and accounts payable to related parties (Notes 4 and 38)	365,517	-	339,718	-
Amounts due to customers for construction contracts (Notes 4, 15 and 38)	-	-	63,549	-
Payables to suppliers of machinery and equipment	7,534,766	1	2,212,726	-
Other payables	16,752,125	3	14,363,744	3
Current tax liabilities (Notes 4 and 32)	3,615,154	1	2,202,099	-
Provisions - current (Notes 4 and 26)	293,364	-	282,035	-
Guarantee deposits received - current (Note 38)	230,984	-	291,998	-
Receipts in advance	-	-	1,201,255	-
Unearned revenue	-	-	2,972,547	1
Current portion of long-term liabilities (Notes 24 and 25)	20,640,059	4	16,689,480	3
Other current liabilities	3,437,413	1	2,506,610	1
Total current liabilities	128,880,103	23	101,640,620	20
NON-CURRENT LIABILITIES				
Contract liabilities - non-current (Notes 30 and 38)	208,272	-	-	-
Bonds payable (Note 25)	78,903,315	14	71,711,418	14
Long-term borrowings (Notes 24 and 38)	68,719,309	12	66,540,553	13
Provisions - non-current (Notes 4 and 26)	911,333	-	887,441	-
Deferred tax liabilities (Notes 4 and 32)	17,552,448	3	16,874,470	3
Net defined benefit liabilities - non-current (Note 27)	1,868,362	1	2,603,463	1
Guarantee deposits received - non-current (Note 38)	555,712	-	506,167	-
Deferred credit-gains on related-party transactions (Note 38)	123,081	-	123,637	-
Other non-current liabilities	138,048	-	339,418	-
Total non-current liabilities	168,979,880	30	159,586,567	31
Total liabilities	297,859,983	53	261,227,187	51
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 29)				
Share capital				
Common stock	53,528,751	9	53,528,751	10
Capital surplus	2,908,631	1	2,859,569	1
Retained earnings				
Legal reserve	16,752,421	3	15,945,807	3
Special reserve	114,443,170	20	112,928,355	22
Unappropriated earnings	17,996,558	3	12,819,238	2
Total retained earnings	149,192,149	26	141,693,400	27
Other equity	(2,069,331)	-	(3,696,270)	(1)
Treasury shares	(25,063)	-	(25,063)	-
Total equity attributable to owners of the Company	203,535,137	36	194,360,387	37
NON-CONTROLLING INTERESTS (Note 29)	64,194,300	11	61,178,706	12
Total equity	267,729,437	47	255,539,093	49
TOTAL	\$ 565,589,420	100	\$ 516,766,280	100

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

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 11, 30, 37 and 38)				
Net sales	\$ 159,436,994	70	\$ 136,468,217	63
Telecommunications service revenue	50,580,903	22	63,590,599	29
Gain on disposal of investments, net	-	-	1,647,132	1
Construction revenue	6,358,851	3	4,976,080	2
Other operating revenue	<u>12,285,185</u>	<u>5</u>	<u>11,164,920</u>	<u>5</u>
Total operating revenue	<u>228,661,933</u>	<u>100</u>	<u>217,846,948</u>	<u>100</u>
OPERATING COSTS (Notes 4, 16 and 38)				
Cost of goods sold	146,690,946	64	130,959,088	60
Cost of telecommunications services	26,148,722	12	26,310,617	12
Loss on disposal of investments, net	16,319	-	-	-
Construction costs	6,135,849	3	4,761,021	2
Other operating costs	<u>5,269,985</u>	<u>2</u>	<u>6,118,017</u>	<u>3</u>
Total operating costs	<u>184,261,821</u>	<u>81</u>	<u>168,148,743</u>	<u>77</u>
GROSS PROFIT	<u>44,400,112</u>	<u>19</u>	<u>49,698,205</u>	<u>23</u>
REALIZED CONSTRUCTION INCOME	<u>556</u>	<u>-</u>	<u>555</u>	<u>-</u>
OPERATING EXPENSES (Notes 4, 14, 30, 31 and 38)				
Selling and marketing	16,793,326	7	22,326,374	10
General and administrative	11,778,207	5	11,124,854	5
Research and development	836,704	1	813,263	1
Expected credit loss	<u>208,489</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>29,616,726</u>	<u>13</u>	<u>34,264,491</u>	<u>16</u>
OPERATING INCOME	<u>14,783,942</u>	<u>6</u>	<u>15,434,269</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Share of the profit or loss of associates	6,224,158	3	4,114,335	2
Interest income	301,957	-	486,339	-
Other income - other	1,428,288	-	1,377,315	1
Gain on disposal of investment properties (Note 21)	12,619	-	2,605	-
Exchange gain (loss), net	566,309	-	(185,372)	-
(Loss) gain on financial (liabilities) assets at fair value through profit or loss, net	(247,749)	-	167,143	-
Gain on change in fair value of investment properties (Note 21)	646,390	-	1,040,128	-

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
Interest expense (Notes 31 and 38)	\$ (2,689,232)	(1)	\$ (2,605,876)	(1)
Other expenses	(959,360)	-	(882,744)	(1)
Gain (loss) on disposal of property, plant and equipment (Note 20)	1,547,167	1	(756,824)	-
Gain on disposal of concessions (Note 23)	-	-	5	-
Loss on disposal of intangible assets (Note 23)	(4,774)	-	(64)	-
Impairment loss (Notes 20 and 22)	<u>(554,585)</u>	<u>-</u>	<u>(1,298,968)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>6,271,188</u>	<u>3</u>	<u>1,458,022</u>	<u>-</u>
INCOME BEFORE INCOME TAX	21,055,130	9	16,892,291	7
INCOME TAX EXPENSE (Notes 4 and 31)	<u>(2,663,528)</u>	<u>(1)</u>	<u>(2,690,954)</u>	<u>(1)</u>
NET INCOME	<u>18,391,602</u>	<u>8</u>	<u>14,201,337</u>	<u>6</u>
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	328,504	-	577,628	-
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income	34,423	-	-	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	1,049,676	-	6,828	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>71,214</u>	<u>-</u>	<u>(8,987)</u>	<u>-</u>
	<u>1,483,817</u>	<u>-</u>	<u>575,469</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(625,668)	-	(1,071,916)	(1)
Unrealized loss on available-for-sale financial assets	-	-	(1,018,683)	-
Cash flow hedges	-	-	231,609	-

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
Gain on hedging instruments	\$ 29,812	-	\$ -	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>17,908</u>	<u>-</u>	<u>1,185,860</u>	<u>1</u>
	<u>(577,948)</u>	<u>-</u>	<u>(673,130)</u>	<u>-</u>
Other comprehensive income (loss), net of income tax	<u>905,869</u>	<u>-</u>	<u>(97,661)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 19,297,471</u>	<u>8</u>	<u>\$ 14,103,676</u>	<u>6</u>
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 12,028,294	5	\$ 8,066,136	4
Non-controlling interests	<u>6,363,308</u>	<u>3</u>	<u>6,135,201</u>	<u>3</u>
	<u>\$ 18,391,602</u>	<u>8</u>	<u>\$ 14,201,337</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 12,883,387	5	\$ 7,808,712	3
Non-controlling interests	<u>6,414,084</u>	<u>3</u>	<u>6,294,964</u>	<u>3</u>
	<u>\$ 19,297,471</u>	<u>8</u>	<u>\$ 14,103,676</u>	<u>6</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 33)				
Basic	<u>\$ 2.41</u>		<u>\$ 1.61</u>	
Diluted	<u>\$ 2.40</u>		<u>\$ 1.61</u>	

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars; Except Dividends Per Share)

	Equity Attributable to Owners of the Company					Other Equity							Total Equity Attributable to Owners of the Company	Non-controlling Interests (Note 29)	Total Equity
	Common Stock (Note 29)	Capital Surplus (Notes 4 and 29)	Legal Reserve (Note 29)	Special Reserve (Note 29)	Unappropriated Earnings (Note 29)	Exchange Differences on Translating Foreign Operations (Notes 4 and 29)	Unrealized Gain (Loss) on Available-for-sale Financial Assets (Notes 4 and 29)	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 29)	Cash Flow Hedges (Notes 4 and 29)	Gain on Hedging Instruments (Notes 4 and 29)	Unrealized Revaluation Increments (Notes 4 and 29)	Treasury Shares (Note 29)			
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	-	-	630,779	-	(630,779)	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	(2,662,006)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	2,662,006	(4,282,300)	-	-	-	-	-	-	-	(4,282,300)	-	(4,282,300)
Cash dividends - NT\$0.8 per share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,282,300)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,783,681)	(7,783,681)
Net income for the year ended December 31, 2017	-	-	-	-	8,066,136	-	-	-	-	-	-	-	8,066,136	6,135,201	14,201,337
Other comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	568,641	(1,499,559)	590,338	-	83,156	-	-	-	(257,424)	159,763	(97,661)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	8,634,777	(1,499,559)	590,338	-	83,156	-	-	-	7,808,712	6,294,964	14,103,676
Change in associates accounted for using the equity method	-	(650)	-	-	(22,116)	-	-	-	-	-	-	-	(22,766)	(233)	(22,999)
Disposal of investments in associates	-	-	-	-	(2,367)	-	-	-	-	-	-	-	(2,367)	(1)	(2,368)
Partial acquisition (disposal) of interests in subsidiaries	-	-	-	-	(6,899)	-	-	-	-	-	-	-	(6,899)	(13,129)	(20,028)
Change in ownership interest of subsidiaries	-	8	-	-	(21,079)	-	-	-	-	-	-	-	(21,071)	158,817	137,746
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	1,215,787	1,215,787
Cash capital reduction by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(15)	(15)
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	623	-	-	-	-	-	-	-	-	-	-	623	-	623
Reversal of special reserve	-	-	-	(26,543)	26,543	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2017	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	-	-	806,614	-	(806,614)	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	(1,520,493)	-	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,520,493	(6,423,450)	-	-	-	-	-	-	-	(6,423,450)	-	(6,423,450)
Cash dividends - NT\$1.2 per share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,423,450)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,760,337)	(7,760,337)
Net income for the year ended December 31, 2018	-	-	-	-	12,028,294	-	-	-	-	-	-	-	12,028,294	6,363,308	18,391,602
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	418,985	(512,530)	-	938,400	-	10,238	-	-	855,093	50,776	905,869
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	12,447,279	(512,530)	-	938,400	-	10,238	-	-	12,883,387	6,414,084	19,297,471
Change in associates accounted for using the equity method	-	48,127	-	-	(2,541)	-	-	-	-	-	-	-	45,586	33	45,619
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
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	935	-	-	-	-	-	-	-	-	-	-	935	-	935
Associate disposed the investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(1,559,378)	-	-	1,559,378	-	-	-	-	-	-	-
Cash capital reduction by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(360)	(360)
Reversal of special reserve	-	-	-	(5,678)	5,678	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2018	\$ 53,528,751	\$ 2,908,631	\$ 16,752,421	\$ 114,443,170	\$ 17,996,558	\$ (3,589,901)	\$ -	\$ 771,912	\$ -	\$ 45,880	\$ 702,778	\$ (25,063)	\$ 203,535,137	\$ 64,194,300	\$ 267,729,437

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

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 21,055,130	\$ 16,892,291
Adjustments for:		
Expected credit loss	208,489	-
Allowance for doubtful accounts	-	487,155
Depreciation	16,283,336	15,851,009
Amortization	4,820,588	4,661,631
Interest expense	2,689,232	2,605,876
Interest income	(301,957)	(486,339)
Dividend income	(44,694)	(259,126)
Share of the profit of associates	(6,224,158)	(4,114,335)
(Gain) loss on disposal of property, plant and equipment	(1,547,167)	756,824
Gain on disposal of investment properties	(12,619)	(2,605)
Loss on disposal of intangible assets	4,774	64
Gain on disposal of concessions	-	(5)
Gain on disposal of investments	-	(1,654,107)
Impairment loss	554,585	1,298,968
Write-down of inventories	634,862	124,714
Realized gain on the transactions with associates	(556)	(555)
Gain on change in fair value of investment properties	(646,390)	(1,040,128)
Deferred loss on derivative assets for hedging	-	30,605
Net changes in operating assets and liabilities		
Financial assets held for trading - current	-	(373,679)
Financial assets at fair value through profit or loss	(1,619,878)	-
Financial assets for hedging	(168)	-
Contract assets	528,662	-
Notes and accounts receivable	(4,128,134)	(1,418,981)
Amounts due from customers for construction contracts	-	(388,995)
Other receivables	(53,510)	285,408
Inventories	(8,338,426)	(4,604,358)
Prepayments	(1,646,548)	(9,264)
Other current assets	(1,238,302)	34,799
Incremental cost of obtaining a contract	(235,973)	-
Financial liabilities held for trading	-	9,566
Financial liabilities at fair value through profit or loss	(6,139)	-
Contract liabilities	(146,239)	-
Notes and accounts payable	(2,377,897)	4,002,590
Notes and accounts payable to related parties	25,799	(79,033)
Amounts due to customers for construction contracts	-	62,121
Other payables	2,287,719	(160,333)
Provisions	8,611	39,059
Receipts in advance	-	26,692
Other current liabilities	930,803	(38,121)

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
Net defined benefit liabilities	\$ (408,121)	\$ (429,429)
Unearned revenue	<u>-</u>	<u>386,824</u>
Cash generated from operations	21,055,714	32,496,803
Interest received	271,495	460,911
Dividends received	2,993,151	2,236,100
Interest paid	(2,585,514)	(2,527,267)
Income tax paid	<u>(2,934,173)</u>	<u>(2,877,477)</u>
Net cash generated from operating activities	<u>18,800,673</u>	<u>29,789,070</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in financial assets at amortized cost	(477,492)	-
Acquisition of financial assets at fair value through other comprehensive income	(536,697)	-
Acquisition of available-for-sale financial assets	-	(1,029,197)
Proceeds from the disposal of available-for-sale financial assets	-	653,919
Cash received by reduction of capital of financial assets at fair value through other comprehensive income	61,500	-
Increase in debt investments with no active market	-	(246,456)
Acquisition of financial assets measured at cost	-	(54,897)
Proceeds from the disposal of financial assets measured at cost	-	945
Return on the capital reduction of financial assets measured at cost	-	3,505
Acquisition of investments accounted for using the equity method	(277,332)	(83,138)
Proceeds from the disposal of investments accounted for using the equity method	-	383,778
Acquisition of property, plant, equipment and prepayments for equipment	(24,539,384)	(23,129,609)
Proceeds from the disposal of property, plant and equipment	3,085,355	1,090,591
Increase in refundable deposits	(303,104)	(48,351)
Decrease in other receivables	2,770,350	1,826,870
Acquisition of intangible assets	(2,117,155)	(1,115,283)
Proceeds on the disposal of intangible assets	72	33,003
Acquisition of investment properties	(17,204)	(1,895)
Proceeds from the disposal of investment properties	199,227	1,330,530
Increase in prepayments for leases	(713,405)	(450,769)
Increase in concessions	(113,684)	(6,515,000)
Proceeds from disposal of concessions	-	5
Decrease (increase) in other financial assets	(1,084,657)	806,204
Decrease (increase) in other non-current assets	<u>103,905</u>	<u>(190,267)</u>
Net cash used in investing activities	<u>(23,959,705)</u>	<u>(26,735,512)</u>

(Continued)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	\$ 16,888,858	\$ (4,186,960)
Decrease in short-term bills payables	(926,000)	(1,635,000)
Proceeds from issue of bonds	25,000,000	22,700,000
Repayments of bonds payables	(13,500,000)	(16,450,000)
Proceeds from long-term borrowings	202,493,083	155,645,199
Repayments of long-term borrowings	(200,696,643)	(158,304,697)
Decrease in guarantee deposits received	(11,469)	(107,123)
Decrease in other non-current liabilities	(15,604)	(1,805)
Cash dividends paid	(6,422,726)	(4,281,644)
Cash capital increase by subsidiaries	577,375	1,353,533
Cash capital reduction by subsidiaries	(360)	(15)
Partial acquisition of interests in subsidiaries from non-controlling interests	(171,658)	(20,028)
Dividends paid to non-controlling interests	<u>(7,760,337)</u>	<u>(7,783,681)</u>
Net cash generated from (used in) financing activities	<u>15,454,519</u>	<u>(13,072,221)</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>(417,150)</u>	<u>(192,536)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,878,337	(10,211,199)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>25,464,223</u>	<u>35,675,422</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 35,342,560</u>	<u>\$ 25,464,223</u>

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Far Eastern New Century Corporation (FENC or the “Company”), which was incorporated in 1954, manufactures and sells polyester materials and 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 approved by the board of directors on March 22, 2019.

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 FVTPL	\$ 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 FVTPL	<u>4,209,638</u>	<u>246,088</u>	<u>-</u>	<u>4,455,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Financial assets at FVTOCI - 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 FVTOCI - 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	<u>-</u>	<u>67,387,738</u>	<u>(10,671)</u>	<u>67,377,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	
	<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 FVTPL 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 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 FVTPL 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

	As Originally Stated	Adjustments Arising from Initial Application	Restated
<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	282,035	26,610	308,645
<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 11 "Construction Contracts" and IAS 18 "Revenue") as of December 31, 2018 is summarized below:

Impact on assets, liabilities and equity for the current year

	December 31, 2018
Increase in amounts due from customers for construction contracts	\$ 1,694,313
Decrease in contract assets - current	(5,828,642)
Increase notes and accounts receivable, net	306,082
Decrease in contract assets - non-current	(1,535,757)
Decrease in incremental costs of obtaining a contract - non-current	<u>(1,802,163)</u>
Decrease in assets	<u>\$ (7,166,167)</u> (Continued)

	December 31, 2018
Decrease in contract liability - current	\$ (4,647,210)
Increase in notes and accounts payable (including payable to related parties)	900,146
Increase in amounts due to customers for construction contracts	114,742
Decrease in current tax liabilities	(1,271,016)
Increase in receipts in advance and unearned revenue	3,830,832
Decrease in provisions	(66,396)
Increase in deferred revenue - non-current	208,272
Decrease in contract liability - non-current	<u>(208,272)</u>
 Decrease in liabilities	 <u>\$ (1,138,902)</u>
 Decrease in retained earnings	 \$ (2,298,165)
Decrease in non-controlling interests	<u>(3,729,100)</u>
 Decrease in equity	 <u>\$ (6,027,265)</u> (Concluded)
 <u>Impact on total comprehensive income for the current year</u>	
	 For the Year Ended December 31, 2018
 Increase in operating revenue	 \$ 3,996,556
Increase in operating expense	3,572,647
Increase in income tax expense	<u>86,901</u>
Increase in net income for the year	<u>337,008</u>
 Increase in total comprehensive income for the year	 <u>\$ 337,008</u>
 Increase in net income attributable to:	
Owners of the Company	\$ 128,500
Non-controlling interests	<u>208,508</u>
	<u>\$ 337,008</u>
 Increase in total comprehensive income attributable to:	
Owners of the Company	\$ 128,500
Non-controlling interests	<u>208,508</u>
	<u>\$ 337,008</u>
 Impact on earnings per share:	
Increase in basic earnings per share	<u>\$0.03</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.

Except for the reclassification in assets, there is no significant impact on the Company’s liabilities and equity items, comprehensive profit and loss items, and cash flow items in the current year of 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.

- b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs and the amendments to IFRS9 for early adoption starting from 2019.

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

1) 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.

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

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. Leased assets and finance lease payables are recognized for contracts classified as finance leases.

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at their carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the aforementioned incremental borrowing rate. The Group will apply IAS 36 to all right-of-use assets.

For leases currently classified as finance leases under IAS 17, the carrying amount of right-of-use assets and lease liabilities on January 1, 2019 will be determined as at the carrying amount of the leased assets and finance lease payables as of December 31, 2018.

The Group expects to apply the following practical expedients:

- a) The Group will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- b) The Group will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- c) The Group will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- d) The Group will use hindsight, such as in determining lease terms, to measure lease liabilities.

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. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

Anticipated impact on assets, liabilities and equity

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
<u>Current assets</u>			
Prepayments	\$ 4,870,309	\$ (388,714)	\$ 4,481,595
Prepayments for leases - current	212,686	(212,686)	-
<u>Non-current assets</u>			
Investments accounted for using the equity method	66,378,437	(81,477)	66,296,960
Property, plant and equipment, net	164,557,019	(218,668)	164,338,351
Prepayments for leases - non-current	7,247,623	(7,247,623)	-
Right-of-use assets	-	<u>17,878,601</u>	<u>17,878,601</u>
Total effect on assets	<u>\$ 565,589,420</u>	<u>\$ 9,729,433</u>	<u>\$ 575,318,853</u>
<u>Current liabilities</u>			
Other payables	\$ 16,752,125	\$ (24,996)	\$ 16,727,129
Current tax liabilities	3,615,154	(13,398)	3,601,756
Lease liabilities - current	-	3,157,844	3,157,844
Other current liabilities	3,437,413	(49,585)	3,387,828
<u>Non-current liabilities</u>			
Lease liabilities - non-current	-	6,955,564	6,955,564
Other non-current liabilities	<u>138,048</u>	<u>(47,260)</u>	<u>90,788</u>
Total effect on liabilities	<u>\$ 297,859,983</u>	<u>\$ 9,978,169</u>	<u>\$ 307,838,152</u>
<u>Equity</u>			
Retained earnings	\$ 149,192,149	\$ (168,035)	\$ 149,024,114
Non-controlling interests	<u>64,194,300</u>	<u>(80,701)</u>	<u>64,113,599</u>
Total effect on equity	<u>\$ 267,729,437</u>	<u>\$ (248,736)</u>	<u>\$ 267,480,701</u>

2) IFRIC 23 “Uncertainty over Income Tax Treatments”

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Group expects to better predict the resolution of the uncertainty.

The Group doesn't have significant impact upon initial application of IFRIC23.

3) Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group will apply the above amendments prospectively.

The Group doesn’t have significant impact upon initial application of IAS19.

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 the 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 1)</u>
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 2)
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
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

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 Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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 the 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.

4. SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and investment properties that are measured at fair value, and net defined benefit assets (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. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

The Group engages in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated 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.

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

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

See Note 17 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Business combinations

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

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

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

f. Foreign currencies

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

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

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

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

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

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

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

g. Inventories

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

h. Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary.

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

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

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

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

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

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

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

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

i. Joint operations

A joint operation is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Any acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business should be treated as a business combination, except when the parties sharing joint control are under the common control of the same ultimate controlling party or parties both before and after the acquisition and that control is not transitory.

The Group recognizes the following items in relation to its interest in a joint operation:

- 1) Its assets, including its share of any assets held jointly;
- 2) Its liabilities, including its share of any liabilities incurred jointly;
- 3) Its revenue from the sale of its share of the output arising from the joint operation;
- 4) Its share of the revenue from the sale of the output of the joint operation; and
- 5) Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenue and expenses.

When the Group sells or contributes assets to its joint operation, it recognizes gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation. When the Group purchases assets from its joint operation, it does not recognize its share of the gain or loss until it resells those assets to a third party.

j. Property, plant and equipment

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

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

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

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

k. Investment properties

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

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

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

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

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

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

l. Goodwill

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

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

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

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

m. Intangible assets

1) Intangible assets acquired separately

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

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

n. 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.

o. Impairment of tangible, intangible assets other than goodwill and assets related to contract costs

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 (subtracted amortization and depreciation). A reversal of an impairment loss is recognized in profit or loss.

p. 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.

1) Financial assets

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

a) 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 does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 37.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) 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:

- i) 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
- ii) 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.

iii. 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 FVTPL, available-for-sale financial assets and loans and receivables.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are held for trading.

Financial assets at FVTPL 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 does not incorporate any dividends or interest earned on the financial asset. Fair value is determined in the manner described in Note 37.

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 FVTPL.

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 notes and 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.

b) Impairment of financial assets and contract 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 FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence, as a result of one or more events that occurred after the initial recognition of the financial 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.

c) Derecognition of financial assets

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

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 a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all 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 does not incorporate any interest or dividend paid on the financial liability.

Fair value is determined in the manner described in Note 37.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

q. Hedge accounting

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

1) 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.

2) 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.

r. Provisions

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

1) Decommissioning, restoration and similar liabilities

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

- a) Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- b) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- c) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

2) Onerous contracts

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

3) Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

s. 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.

1) 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.

2) 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.

3) 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.

4) 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.

1) Sale of goods

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

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

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

2) Rendering of services

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

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

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

Other 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.

3) Handling service revenue

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

4) Dividend and interest income

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

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

5) 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.

t. Leasing

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

Contingent rentals are recognized as expenses in the period in which they are incurred.

3) Leasehold land for own use

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

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

u. Borrowing costs

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

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

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

v. Government grants

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

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

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

w. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

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

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

3) Termination benefits

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

x. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

b. Impairment of goodwill

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

c. Fair value measurements and valuation processes of investment properties

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

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Note 21.

d. 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

	<u>December 31</u>	
	2018	2017
Cash		
Cash on hand and petty cash	\$ 32,854	\$ 35,493
Demand and checking accounts	<u>24,460,700</u>	<u>22,316,975</u>
	<u>24,493,554</u>	<u>22,352,468</u>
Cash equivalents (investments with original maturities of less than three months)		
Time deposits	3,504,987	1,167,395
Commercial paper and corporate bonds purchased under resale agreements	<u>7,188,264</u>	<u>1,856,129</u>
	<u>10,693,251</u>	<u>3,023,524</u>
Management discretionary accounts		
Demand accounts	<u>155,755</u>	<u>88,231</u>
	<u>\$ 35,342,560</u>	<u>\$ 25,464,323</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 \$155,755 thousand and \$88,231 thousand as of December 31, 2018 and 2017, respectively.

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

	<u>December 31</u>	
	2018	2017
Time deposits	0.40%-3.90%	0.10%-3.65%
Commercial paper and corporate bonds purchased under resale agreements	0.33%-2.60%	0.28%-1.10%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<u>Financial assets - current</u>		
Held for trading		
Mutual funds - beneficial certificates	\$ -	\$ 3,764,926
Listed shares	-	418,496
Guarantee deposits - cotton futures contracts	-	17,867
Forward exchange contracts	-	5,005
Combined foreign exchange options	<u>-</u>	<u>3,344</u>
	<u>\$ -</u>	<u>\$ 4,209,638</u>
<u>Financial assets mandatorily classified as at FVTPL</u>		
Non-derivative financial assets		
Mutual funds - beneficial certificates	\$ 5,854,330	\$ -
Listed shares	219,164	-
Derivative financial assets (not under hedge accounting)		
Forward exchange contracts	<u>2,110</u>	<u>-</u>
	<u>\$ 6,075,604</u>	<u>\$ -</u>
<u>Financial liabilities held for trading - current</u>		
Held for trading		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	<u>\$ 6,848</u>	<u>\$ 12,987</u>

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 FVTPL.

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

b. Forward exchange contracts

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

As of December 31, 2018 and 2017, the Group had outstanding forward exchange contracts, which were stated as follows:

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2018</u>			
Sell	USD/NTD	2019.1.7-2019.2.20	USD27,680/NTD850,613
Sell	EUR/USD	2019.2.25-2019.2.26	EUR3,000/USD3,441
Buy	USD/JPY	2019.1.4-2019.2.20	USD13,000/JPY1,459,230
Buy	USD/RMB	2019.2.26-2019.3.27	USD5,000/RMB34,429
Buy	USD/NTD	2019.1.2-2019.2.1	USD6,350/NTD194,798
Sell	USD/JPY	2019.1.28-2019.3.26	USD4,200/JPY469,371
Sell	SGD/MYR	2019.1.28-2019.2.26	SGD400/MYR1,213
<u>December 31, 2017</u>			
Buy	USD/NTD	2018.01.02-2018.02.26	USD48,750/NTD1,459,740
Sell	EUR/USD	2018.01.29-2018.02.26	EUR4,000/USD4,690
Buy	USD/JPY	2018.01.26-2018.02.26	USD6,000/JPY676,010
Buy	USD/RMB	2018.02.26	USD2,000/RMB13,240
Sell	USD/RMB	2018.01.24-2018.01.28	USD12,000/RMB79,623
Sell	USD/JPY	2018.01.26-2018.04.27	USD5,960/JPY665,211
Sell	USD/NTD	2018.01.18-2018.01.31	USD8,000/NTD237,716

c. Option contracts

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

The Group had no outstanding option contracts as of December 31, 2017 and 2018.

d. 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 financial instruments at FVTPL.

As of December 31, 2017, the Group had outstanding combined foreign exchange options, which were stated as follows:

	Currency	Maturity	Contract Amount (Thousands)
<u>December 31, 2017</u>			
Sell USD call options	USD/NTD	2018.01.03-2018.02.13	USD175,000/NTD5,264,807
Buy USD put options	USD/NTD	2018.01.03-2018.02.13	USD87,500/NTD2,632,404

The Group had no outstanding combined foreign exchange options as of December 31, 2018.

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

	December 31, 2018
<u>Financial assets at FVTOCI</u>	
Domestic listed shares	\$ 381,431
Domestic unlisted shares	916,725
Real estate investment trust mutual funds - beneficial certificates	301,500
Oversea shares	<u>490,492</u>
	<u>\$ 2,090,148</u>
Current	\$ 75,346
Non-current	<u>2,014,802</u>
	<u>\$ 2,090,148</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 11 and Note 12 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

	December 31, 2018
<u>Current</u>	
Domestic investments	
Time deposits with original maturities of more than 3 months (a.)	<u>\$ 2,090,355</u>
<u>Non-current</u>	
Domestic investments	
Time deposits with original maturity of more than 3 months (a.)	\$ 28,490
Subordinated corporate bonds of Taiwan Life Insurance Co., Ltd. (b.)	<u>402,800</u>
	<u>\$ 431,290</u>

- a. The interest rates for time deposits with original maturity of more than 3 months were from 0.22% to 3.10% 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 13 for information relating to their reclassification and comparative information for 2017.

- b. In November 2018, the Group purchased corporate bonds which were issued by Taiwan Life Insurance Co., Ltd. The coupon rate is 4.000%, and the effective interest rate is 3.972%.
- c. Refer to Note 39 for information related to investments in financial assets at amortized cost pledged as collateral or for security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS - 2018

The Group invested in subordinated perpetual corporate bonds of Taiwan Life Insurance Co., Ltd., and they were classified as at amortized cost.

	At Amortized Cost
Gross carrying amount	\$ 402,800
Less: Allowance for impairment loss	<u> -</u>
Amortized cost	<u>\$ 402,800</u>

In order to minimize credit risk, the Group has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to degree of risk of default. The credit rating information may be obtained from independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information to rate the debtors.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017
<u>Equity investments</u>	
Listed shares	\$ 424,396
Oversea mutual funds - beneficial certificates	246,088
Oversea shares	<u> -</u>
	<u>\$ 670,484</u>
Current	\$ 331,362
Non-current	<u>339,122</u>
	<u>\$ 670,484</u>

On August 18, 2017, the Group acquired 79,875 thousand shares of Far Eastern International Commercial Bank (FEIB) from an associate with a total amount of \$791,550 thousand. Thus, its shareholding percentage of FEIB amounted to 16.37%, 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.

12. FINANCIAL ASSETS MEASURED AT COST - 2107

	December 31, 2017
<u>Non-current</u>	
Domestic unlisted common stock	\$ 931,400
Overseas unlisted common stock	<u>246,779</u>
	<u>\$ 1,178,179</u>

Categorized by measurement type

Available-for-sale	<u>\$ 1,178,179</u>
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The Group's management believed that the fair value of the unlisted common stock above which were held by the Group cannot be reliably measured as the range of reasonable fair value estimate is 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 year ended December 31, 2017, the amortization was \$2,415 thousand, which was recognized as impairment loss.

13. DEBT INVESTMENTS WITH NO ACTIVE MARKET

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

As of December 31, 2017, the range of market interest rates of the time deposits with original maturity of more than 3 months was 0.07%-3.15%.

14. NOTES AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<u>Notes and accounts receivable</u>		
At amortized cost		
Notes and accounts receivable	\$ 30,458,896	\$ 27,124,528
Less: Allowance for doubtful accounts	(1,110,203)	(1,414,582)
Less: Unrealized interest income	<u>(1,301)</u>	<u>(907)</u>
	<u>\$ 29,347,392</u>	<u>\$ 25,709,039</u>

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

	December 31	
	2018	2017
Gross amounts of accounts receivable	\$ 92,104	\$ 64,068
Unrealized interest income	<u>(5,210)</u>	<u>(3,373)</u>
	<u>\$ 86,894</u>	<u>\$ 60,695</u>

Accounts receivable expected to be recovered after one year are classified as non-current assets. The above accounts receivable are expected to be recovered before 2028.

In 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.

December 31, 2018

	1 to 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days	Total
Gross carrying amount	\$ 27,780,310	\$ 2,175,345	\$ 127,784	\$ 374,157	\$ 30,457,595
Loss allowance (Lifetime ECL)	<u>(551,846)</u>	<u>(207,962)</u>	<u>(29,761)</u>	<u>(320,635)</u>	<u>(1,110,203)</u>
Amortized cost	<u>\$ 27,228,464</u>	<u>\$ 1,967,383</u>	<u>\$ 98,023</u>	<u>\$ 53,522</u>	<u>\$ 29,347,392</u>

The above aging schedule was based on the invoice date.

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

	For the Year Ended December 31, 2018
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	250,027
Add: Impairment losses recognized on receivables	72,564
Less: Amounts written off	(637,534)
Foreign exchange gains and losses	<u>(107)</u>
 Balance at December 31, 2018	 <u><u>\$ 1,110,203</u></u>

In 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:

	December 31, 2017
1-90 days	\$ 23,362,829
91-180 days	1,893,096
181-365 days	120,965
More than 365 days	<u>332,149</u>
	<u><u>\$ 25,709,039</u></u>

The above aging schedule was based on the invoice date.

Movements of allowance for doubtful accounts were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	\$ 245,426	\$ 1,097,301	\$ 1,342,427
Add: Accounts recovered during the period	-	254,465	254,465
Add: Impairment (reversal of) losses/bad debts	(3,699)	490,854	487,155
Deduct: Amounts written off during the period as uncollectible	(597)	(667,121)	(667,718)
Effect of exchange rate differences	<u>-</u>	<u>(2,047)</u>	<u>(2,047)</u>
Balance at December 31, 2017	<u>\$ 241,130</u>	<u>\$ 1,173,452</u>	<u>\$ 1,414,582</u>

Sale of Overdue Accounts Receivable

Under agreements on sales of accounts receivable signed for the years ended December 31, 2018 and 2017, the Group sold the overdue accounts receivable that had been written off to asset management companies. Thus, as of December 31, 2018 and 2017, the Group was not under the risk of uncollectible receivables

Related information as of December 31, 2018 and 2017 is as follows:

Counterparty	Amount of Accounts Receivable Sold	Proceeds from the Sale of Accounts Receivable
<u>For the year ended December 31, 2018</u>		
Good Management Consultant Co., Ltd	<u>\$ 1,523,228</u>	<u>\$ 111,419</u>
<u>For the year ended December 31, 2017</u>		
E-Hao Management Consultant Co., Ltd	<u>\$ 1,499,625</u>	<u>\$ 97,143</u>

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

	December 31, 2017
<u>Amount due from customers for construction contracts</u>	
Construction costs incurred plus recognized profits less recognized losses to date	\$ 22,571,407
Less: Progress billings	<u>20,979,788</u>
Amount due from customers for construction contracts	<u>\$ 1,591,619</u>
<u>Amounts due to customers for construction contracts</u>	
Progress billings	\$ 980,714
Less: Construction costs incurred plus recognized profits less recognized losses to date	<u>917,165</u>
Amount due to customers for construction contracts	<u>\$ 63,549</u>
Retentions receivable	<u>\$ 406,259</u>
Retentions payable	<u>\$ 730,107</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.

16. INVENTORIES

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Merchandise inventories	\$ 6,263,724	\$ 5,963,346
Finished goods	9,144,979	6,022,810
Work in progress	3,404,405	3,135,112
Raw materials	9,588,576	6,149,870
Supplies	1,160,457	723,989
Available-for-sale - buildings and land	1,300,227	1,996,228
Available-for-construction - land	208,384	208,384
Construction in progress	<u>3,001,900</u>	<u>2,383,213</u>
	<u>\$ 34,072,652</u>	<u>\$ 26,582,952</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 was \$146,690,946 thousand and \$130,959,088 thousand, respectively.

The cost of goods sold included inventory write-downs \$634,862 thousand and \$124,714 thousand for the years ended December 2018 and 2017, respectively.

17. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	No.	Investee	Nature of Activities	<u>Proportion of Ownership</u>	
				<u>December 31</u>	
				<u>2018</u>	<u>2017</u>
Far Eastern New Century Corporation	1	Far EasTone Telecommunications Co., Ltd. (Note 1)	Telecommunications	38.29	38.29
	2	Yuan Ding Investment Co., Ltd.	Investment	99.70	99.70
	3	Far Eastern Resources Development Co., Ltd.	Real estate leasing and development service	100.00	100.00
	4	Yuan Tong Investment Co., Ltd.	Investment	100.00	100.00
	5	Far Eastern Polychem Industries Ltd. (FEPI)	Investment	100.00	100.00
	6	Oriental Petrochemical (Taiwan) Corporation	Petrochemical materials production	80.76	80.76
	7	Far Eastern Investment (Holding) Ltd.	Investment	100.00	100.00
	8	PET Far Eastern (Holding) Ltd. (PETH)	Investment	100.00	100.00
	9	Kai Yuan International Investment Co., Ltd.	Investment	100.00	100.00
	10	Far Eastern Polytex (Holding) Ltd.	Investment	100.00	100.00
	11	Yuan Ding Co., Ltd. (Note 2)	Real estate leasing and hotel	49.99	49.99
	12	Far Eastern Construction Co., Ltd.	Real estate construction and sale	65.11	65.11
	13	Ding Yuan International Investment Co., Ltd.	Investment	100.00	100.00
	14	An Ho Garment Co., Ltd.	Garment production and investment	100.00	100.00
	15	FEDP (Holding) Ltd. (FEDP)	Investment	100.00	100.00

(Continued)

Investor	No.	Investee	Nature of Activities	Proportion of Ownership	
				2018	2017
	16	Fu Kwok Knitting & Garment Co., Ltd. (Note 6)	Garment production	100.00	100.00
	17	Far Eastern Textile Ltd.	Textile production	100.00	100.00
	18	Far Eastern Electronic Toll Collection Co., Ltd.	Electronic toll collection service	66.33	66.33
	19	Yuan Hsin Digital Payment Co., Ltd.	Digital payment	65.01	65.01
	20	Malaysia Garment Manufactures Pte. Ltd.	Clothing production and investment	50.92	50.92
Yuan Ding Investment Co., Ltd.	21	Oriental Textile (Holding) Ltd. (OTTI)	Investment	100.00	100.00
	22	Far Eastern Apparel (Holding) Ltd. (FEAH)	Investment	100.00	100.00
	23	Far Eastern Fibertech Ltd.	Nylon production	100.00	100.00
	24	Far Eastern Apparel Co., Ltd.	Sale of textile, garments, and clothing	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
	26	Yuan Faun Co., Ltd.	Consulting	100.00	100.00
Far Eastern Investment (Holding) Ltd. (FEIH)	27	FETG Investment Antilles N.V.	Investment	100.00	100.00
	28	PET Far Eastern (M) Sdn. Bhd.	Bottle production	100.00	100.00
	29	Far Eastern Apparel (Vietnam) Ltd.	Clothing production	100.00	100.00
	30	Worldwide Polychem (HK) Ltd. (WWPI)	Foreign trade	100.00	100.00
	31	Far Eastern Polytex (Vietnam) Ltd.	Chemical fiber and textile production	100.00	100.00
	32	Far Eastern New Apparel (Vietnam) Ltd.	Clothing production	100.00	100.00
	33	Magna View Sdn. Bhd.	Investment	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
	36	Far Eastern Industries (Yangzhou) Ltd.	Production and sales of polyester products	100.00	100.00
	37	Far Eastern Ishizuka Green Pet Corporation (FEIGP)	Recycled PET production and sales	90.00	90.00
Far Eastern Construction Co., Ltd.	38	Far Eastern General Contractor Inc.	Construction	99.95	99.95
Far Eastern Apparel (Holding) Ltd. (FEAH)	39	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Dyeing and finishing	100.00	100.00
	40	Far Eastern Innovation Apparel (Suzhou) Co., Ltd. (Note 3)	Dyeing and finishing	100.00	-
FETG Investment Antilles N.V.	41	Waldorf Services B.V.(Note 11)	Investment	100.00	100.00
Yuan Faun Co., Ltd.	42	Yuan Cheng Human Resources Consultant Corporation	Personnel recruitment	55.19	55.19
Yuan Tong Investment Co., Ltd.	43	Sino Belgium (Holding) Ltd.	Investment	90.88	90.88
Far Eastern Electronic Toll Collection Co., Ltd.	44	FETC International Co., Ltd	Human services and equipment procurement and product sales agency services	100.00	100.00
Far Eastern Apparel (Suzhou) Co., Ltd.	45	Suzhou An Ho Apparel Ltd.	Garment production	100.00	100.00
PET Far Eastern (Holding) Ltd. (PETH)	46	Oriental Petrochemical (Shanghai) Corporation	PTA production and sale	61.35	61.35
Oriental Textile (Holding) Ltd. (OTTI)	47	Far Eastern Industries (Wuxi) Ltd.	Fiber and textile production	100.00	100.00
	48	Oriental Industries (Suzhou) Ltd.	Production and sales of polyester resins and industrial fabrics	100.00	100.00
FEDP (Holding) Ltd. (FEDP)	49	Far Eastern Industries (Suzhou) Ltd.	Production and sales of polyester products	100.00	100.00
Far Eastern Polytex (Holding) Ltd.	50	Wuhan Far Eastern New Material Ltd.	Production and sales of PET sheet, chip, filament, staple fibers, and apparel	100.00	100.00
	51	Far Eastern Apparel (Suzhou) Ltd.	Garment production	100.00	100.00
	52	Far Eastern Yihua Petrochemical (Yangzhou) Corporation	PTA and by-product production and sale	60.00	60.00
	53	Far Eastern New Century (China) Investment Co., Ltd.	Investment	100.00	100.00
Far Eastern New Century (China) Investment Co., Ltd.	54	Shanghai Yuan Zi Information Technology Co., Ltd.	Software development, equipment maintenance and consulting	100.00	100.00
	55	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
Sino Belgium (Holding) Ltd.	56	Sino Belgium Beer (Suzhou) Ltd.	Beer brewing	100.00	100.00
	57	Martens Beers Trading (Shanghai) Ltd.	Beer sale	100.00	100.00
Oriental Petrochemical (Shanghai) Corporation	58	Shanghai Far Eastern Petrochemical Logistic Corporation	Transportation	100.00	100.00

(Continued)

Investor	No.	Investee	Nature of Activities	Proportion of Ownership	
				2018	2017
Yuan Ding Co., Ltd.	59	Ding Ding Hotel Co., Ltd. (Note 4)	Hotel	99.26	99.26
	60	YDT Technology International Co., Ltd.	Electronic materials and by-product sale	100.00	100.00
	61	Far Eastern Technical Consultants Co., Ltd.	Real estate development business consulting and management	100.00	100.00
	62	FET Consulting Engineers Co., Ltd.	Corporate management consulting, pipe & cable installment and replacement	100.00	100.00
FET Consulting Engineers Co., Ltd.	63	Ding Ding Integrated Marketing Services Co., Ltd.	Market research and general advertisement	80.00	80.00
	64	DDIM (Virgin Islands) Ltd.	Investment	100.00	100.00
YDT Technology International Co., Ltd.	65	YDC (Virgin Islands) Ltd.	Investment	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
DDIM (Virgin Islands) Ltd.	67	Yuan Ding Integrated Information Service (Shanghai) Inc.	Internet software development services	100.00	100.00
Malaysia Garment Manufactures Pte. Ltd.	68	PT Malaysia Garment Bintan (PTMG)	Clothing production	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
	71	ARCOA Communication Co., Ltd.	Sale of communications products and office equipment	61.63	61.63
	72	KGEx.com Co., Ltd.	Type II telecommunications services	99.99	99.99
	73	Yuan Cing Co., Ltd.	Call center services	100.00	100.00
	74	Far Eastern Info Service Holding Ltd. (FEIS)	Investment	100.00	100.00
	75	O-music Co., Ltd.	Electronic information providing services	50.00	50.00
	76	Q-Ware Communication Corporation (Note 9)	Type II telecommunications services	-	81.46
	77	Yuanshi Digital Technology Co., Ltd.	Electronic information providing services	93.62	93.62
ARCOA Communication Co., Ltd.	78	DataExpress Infotech Co., Ltd.	Sale of communications products	70.00	70.00
New Century InfoComm Tech Co., Ltd.	79	New Diligent Co., Ltd.	Investment	100.00	100.00
	80	Information Security Service Digital United Inc.	Security and monitoring service via Internet	100.00	100.00
	81	Digital United (Cayman) Ltd.	Investment	100.00	100.00
	82	Prime EcoPower (Note 5)	Energy technology services	100.00	-
Digital United (Cayman) Ltd.	83	Digital United Information Technology (Shanghai) Ltd.	Design and research of computer system	100.00	100.00
New Diligent Co., Ltd.	84	Sino Lead Enterprise Limited	Telecommunications services	100.00	100.00
	85	Far East New Diligent Company Ltd.	Investment	100.00	100.00
Far Eastern New Diligent Company Ltd.	86	New Diligent Hong Kong Co., Ltd.	Investment	100.00	100.00
	87	Far Eastern Tech-info Ltd. (Shanghai)	Computer software, data processing and network information providing services	100.00	100.00
	88	Far Eastern New Century Information Technology (Beijing) Limited (Note 7)	Electronic information providing services	-	90.52
	89	Linkwell Tech. Co., Ltd.	Sale of communications products	100.00	100.00
DataExpress Infotech Co., Ltd.	90	Home Master Technology Ltd.	Sale of communications products	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: On July 16, 2018, the Group established Far Eastern Innovation Apparel (Suzhou) Co., Ltd., for US\$35,000 thousand.

- Note 4: From the shareholders resolution on June 28, 2017, Ding Ding Hotel Co., Ltd. issued 100,000 thousand new common stock 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: From the board of directors resolution on August 1, 2018, the Group established Prime EcoPower.
- Note 6: On December 30, 2017, the Group acquired additional new 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 34.
- Note 9: In order to simplify Far EasTone Telecommunications Co., Ltd.'s investment structure and further integrate the wireless network services and mobile virtual network services, Far EasTone Telecommunications Co., Ltd.'s board of directors resolved on May 4, 2018 to proceed a cash merger with Q-ware Communications Corporation. Far EasTone Telecommunications Co., Ltd became the surviving company and Q-ware Communications Corporation merged into Far EasTone Telecommunications Co., Ltd. The record date of the merger was set on June 30, 2018. Refer to Note 34
- Note 10: Based on the board of directors' resolution on February 26, 2018, the Group established APG Polytech USA Holdings, Inc. (the former name was FE Polytech USA Holdings, Inc., changed its name to APG Polytech USA Holdings, Inc. on April 25, 2018) with the amount of US\$30,000 thousand, and then APG Polytech USA Holdings, Inc. established a new company, APG Polytech, LLC (the former name was FE Polytech, LLC, changed its name to APG Polytech, LLC on March 23, 2018), and the shareholding percentage were both 100%.
- Note 11: Based on the resolution in shareholders' meeting in October 2018, the Group proceeded the liquidation and completed the liquidation on January 3, 2019. FETG Investment Antilles N.V will be responsible for the subsequent obligations.

In line with Far EasTone Telecommunications Co., Ltd.'s overall strategy of entering into the fast growing cloud service market, on November 5, 2018, the board of directors resolved to acquire a 70% shares of Nextlink Technology Co., Ltd. at a price that does not exceed \$420,000 thousand. The chairman of board of directors is authorized to execute the investment plan and decide on all related matters including but not limited to carrying out price negotiations, negotiating and signing the investment agreements, applying for the authority's approval, responding to any amendments required by the authority, and resolving all other matters pertaining to the acquisition. As of March 22, 2019, the Group has spent \$420,000 thousand to acquire 70% shares of Nextink Technology. Co., Ltd.

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

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2018	2017	2018	2017
	Far EasTone	\$ 5,832,657	\$ 6,696,619	\$ 45,962,913

	December 31	
	2018	2017
Current assets	\$ 23,940,125	\$ 26,284,153
Non-current assets	102,876,384	106,422,202
Current liabilities	(25,621,259)	(30,391,974)
Non-current liabilities	<u>(27,159,067)</u>	<u>(31,868,168)</u>
Equity	<u>\$ 74,036,183</u>	<u>\$ 70,446,213</u>
Equity attributable to:		
Owners of the Group	\$ 28,073,270	\$ 26,710,496
Non-controlling interests of Far EasTone	45,244,228	43,047,916
Non-controlling interests of Far EasTone's subsidiaries	<u>718,685</u>	<u>687,801</u>
	<u>\$ 74,036,183</u>	<u>\$ 70,446,213</u>
	For the Year Ended December 31	
	2018	2017
Revenue	<u>\$ 86,634,971</u>	<u>\$ 92,069,681</u>
Net income for the year	\$ 9,424,776	\$ 10,853,643
Other comprehensive income for the year	<u>79,024</u>	<u>171,098</u>
Total comprehensive income for the year	<u>\$ 9,503,800</u>	<u>\$ 11,024,741</u>
Net income attributable to:		
Owners of the Group	\$ 3,592,119	\$ 4,157,024
Non-controlling interests of Far EasTone	5,789,232	6,699,658
Non-controlling interests of Far EasTone's subsidiaries	<u>43,425</u>	<u>(3,039)</u>
	<u>\$ 9,424,776</u>	<u>\$ 10,853,643</u>
Total comprehensive income attributable to:		
Owners of the Group	\$ 3,622,195	\$ 4,222,360
Non-controlling interests of Far EasTone	5,837,702	6,804,959
Non-controlling interests of Far EasTone's subsidiaries	<u>43,903</u>	<u>(2,578)</u>
	<u>\$ 9,503,800</u>	<u>\$ 11,024,741</u>
Net cash inflow from:		
Operating activities	\$ 23,063,487	\$ 24,849,266
Investing activities	(6,145,848)	(14,158,138)
Financing activities	(21,015,491)	(12,602,055)
Effect of exchange rate changes	<u>(1,107)</u>	<u>(512)</u>
Net cash outflow	<u>\$ (4,098,959)</u>	<u>\$ (1,911,439)</u>
Dividends paid to non-controlling interests of:		
Far EasTone	<u>\$ 7,542,998</u>	<u>\$ 7,542,998</u>
Far EasTone's subsidiaries	<u>\$ 46,235</u>	<u>\$ 62,228</u>

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31			
	2018		2017	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Material associate				
Listed company				
Asia Cement Corporation	\$ 21,971,779	26	\$ 20,205,365	26
Associates that are not individually material				
Listed companies				
Far Eastern Department Stores Co., Ltd.	7,320,405	24	7,181,591	24
Far Eastern International Bank (Note 11)	6,412,042	16	5,456,496	16
Oriental Union Chemical Corporation	6,095,187	31	6,027,848	31
Everest Textile Corporation	<u>1,185,430</u>	26	<u>1,141,919</u>	26
	<u>21,013,064</u>		<u>19,807,854</u>	
Unlisted companies				
Oriental Securities Corporation	4,758,461	47	4,730,989	47
Pacific Liu Tong Investment Co., Ltd.	4,382,615	40	4,231,574	40
Far Eastern Union Petrochemical (Yangzhou) Corporation	2,475,596	50	2,028,774	50
Yu Yuan Investment Co., Ltd.	2,216,081	44	1,799,752	44
Da Ju Fiber Co., Ltd.	2,031,256	42	1,714,916	42
Liquid Air Far East Co., Ltd.	1,987,918	35	1,912,746	35
Far Eastern International Leasing Corporation	1,855,912	34	1,862,319	34
Tong Da Air Industry (Yangzhou) Co., Ltd.	1,151,560	50	1,083,569	50
Yu Ding Industry Co., Ltd.	796,837	31	728,273	31
Freudenberg Far Eastern Spunweb Co., Ltd.	446,257	30	370,377	30
Kowloon Cement Corporation	438,159	49	444,941	49
Yuan Ding Leasing Corporation	388,298	46	388,327	46
Catalyst_207 SPC-SP Tranche One	246,082	50	-	-
FEDS Asia Pacific Development Ltd.	131,964	5	131,033	5
Yue Ming Trading Corporation	72,130	47	62,743	47
Com 2B	12,283	20	12,392	20
Opas Fund Segregated Portfolio Company	1,659	34	1,582	34
Catalyst_207 SPC	526	34	506	34
Alliance Digital Technology Corporation	-	14	<u>14,451</u>	14
	<u>23,393,594</u>		<u>21,519,264</u>	
	<u>\$ 66,378,437</u>		<u>\$ 61,532,483</u>	

a. Material associates

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

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

Name of Associate	December 31	
	2018	2017
Asia Cement Corporation	<u>\$ 29,322,527</u>	<u>\$ 24,342,166</u>

Summarized financial information in respect of the Group's material associate is set out below.

The summarized financial information below represents amounts shown in the associate's consolidated financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Asia Cement Corporation

	December 31	
	2018	2017
Current assets	\$ 80,358,506	\$ 50,262,702
Non-current assets	198,829,492	196,801,646
Current liabilities	(62,804,294)	(53,948,167)
Non-current liabilities	<u>(57,335,358)</u>	<u>(47,319,817)</u>
Equity	159,048,346	145,796,364
Non-controlling interests	<u>(21,156,120)</u>	<u>(18,360,799)</u>
	<u>\$ 137,892,226</u>	<u>\$ 127,435,565</u>
Proportion of the Group's ownership	25.69%	25.67%
Equity attributable to the Group	\$ 35,424,513	\$ 32,712,710
Cross shareholdings	<u>(13,452,734)</u>	<u>(12,507,345)</u>
Carrying amount	<u>\$ 21,971,779</u>	<u>\$ 20,205,365</u>
	For the Year Ended December 31	
	2018	2017
Operating revenue	<u>\$ 82,741,004</u>	<u>\$ 64,899,248</u>
Net income for the year	\$ 14,889,197	\$ 6,665,541
Other comprehensive income	<u>1,436,173</u>	<u>2,119,539</u>
Total comprehensive income for the year	<u>\$ 16,325,370</u>	<u>\$ 8,785,080</u>
Dividends received from Asia Cement Corporation	<u>\$ 1,036,436</u>	<u>\$ 776,878</u>

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2018	2017
The Group's share of:		
Net income for the year	\$ 4,030,253	\$ 3,166,691
Other comprehensive income	<u>972,075</u>	<u>471,776</u>
 Total comprehensive income for the year	 <u>\$ 5,002,328</u>	 <u>\$ 3,638,467</u>

On August 18, 2017, the Group has significant influence on Far Eastern International Bank (Note 11). 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. Each company contributed one third of the required capital. As of December 31, 2018, the Group has invested \$12,771,291 thousand (or US\$56,467 thousand). On December 31, 2018, Corpus Christi Polymers LLC acquired M&G Chemicals' PTA and PET plants and other assets in Texas, USA, and the acquisition was approved by the US Federal Trade Commission. The investment in Corpus Christi Polymers LLC met the requirement of joint operation. Therefore, the consolidation began based on the proportion. Refer to Note 19 for related information.

On June 29, 2018, the shareholders of Alliance Digital Technology Co., Ltd. approved to dissolve Alliance Digital Technology Co., Ltd. on December 31, 2018. The Group ceased using the equity method in Alliance Digital Technology Co., Ltd and reclassified the estimated return from liquidation to other current assets. As of February 20, 2019, the liquidation is in process.

19. JOINT OPERATIONS

The Group entered into a significant joint operation agreement with Corpus Christi Polymers LLC, which is located in the United States of America. The Group has a 33.33% interest in the joint operation.

a. Acquisition of interest in a joint operation

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. On December 21, 2018, Corpus Christi Polymers LLC acquired M&G Chemicals' PTA and PET plants and other assets in Texas, USA, and the acquisition was approved by the US Federal Trade Commission. As of December 30, 2018, Corpus Christi Polymers LLC has not begun operation

b. The identified assets and liabilities relating to the interest in the joint operation

Current assets:		
Cash		\$ 495,955
Accounts receivable		108,526
Inventories		7,278
Prepayments		143
Other financial assets - current		<u>2,914,834</u>
		<u>3,526,736</u>
Non-current assets:		
Property, plant and equipment		11,670,495
Intangible assets		<u>694,239</u>
		<u>12,364,734</u>
Total assets		<u>\$ 15,891,470</u>
Current liabilities		
Payables to suppliers of machinery and equipment		\$ 3,119,600
Other payables		<u>573</u>
		<u>3,120,173</u>
Total assets, net		<u>\$ 12,771,297</u>

20. PROPERTY, PLANT, EQUIPMENT AND PREPAYMENTS FOR EQUIPMENT

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<u>Carrying amount</u>		
Property, plant and equipment	\$ 164,557,019	\$ 152,732,987
Prepayments for equipment	<u>1,406,581</u>	<u>1,632,368</u>
	<u>\$ 165,963,600</u>	<u>\$ 154,365,355</u>

	Land	Buildings	Machinery and Equipment	Telecommuni- cations Equipment	Computer Equipment	Leasehold Improvements	Operating and Miscellaneous Equipment	Construction-in- progress and Prepayments for Equipment	Total
<u>Cost</u>									
Balance at January 1, 2018	\$ 20,127,035	\$ 32,995,127	\$ 119,938,249	\$ 85,270,255	\$ 14,905,752	\$ 4,671,413	\$ 21,131,983	\$ 43,660,793	\$ 342,700,607
Additions	136,847	81,157	605,568	67,171	22,120	18,158	331,198	28,599,205	29,861,424
Disposals	(21,619)	(682,774)	(4,910,308)	(8,906,155)	(642,584)	(127,442)	(1,005,915)	(21,572)	(16,318,369)
Reclassification	63,951	3,061,407	28,067,657	4,275,197	722,629	141,528	1,708,287	(37,808,057)	232,599
Effect of exchange rate difference	<u>13,799</u>	<u>(87,913)</u>	<u>(712,018)</u>	<u>-</u>	<u>4,210</u>	<u>-</u>	<u>(43,100)</u>	<u>310,218</u>	<u>(514,804)</u>
Balance at December 31, 2018	<u>\$ 20,320,013</u>	<u>\$ 35,367,004</u>	<u>\$ 142,989,148</u>	<u>\$ 80,706,468</u>	<u>\$ 15,012,127</u>	<u>\$ 4,703,657</u>	<u>\$ 22,122,453</u>	<u>\$ 34,740,587</u>	<u>\$ 355,961,457</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2018	\$ (95,894)	\$ (15,343,593)	\$ (86,288,802)	\$ (54,007,064)	\$ (12,673,745)	\$ (3,863,838)	\$ (15,868,911)	\$ (193,405)	\$ (188,335,252)
Disposals	-	293,671	4,265,813	8,512,689	642,222	110,307	955,479	-	14,780,181
Impairment loss	-	(87,563)	(480,313)	-	-	-	(794)	-	(568,670)
Depreciation expense	-	(883,104)	(4,071,705)	(8,431,397)	(1,181,387)	(305,674)	(1,410,069)	-	(16,283,336)
Reclassification	-	(89,198)	(157,609)	176,436	(176,613)	(23,971)	(5,107)	193,405	(82,657)
Effect of exchange rate differences	<u>-</u>	<u>46,279</u>	<u>420,743</u>	<u>-</u>	<u>(184)</u>	<u>-</u>	<u>25,039</u>	<u>-</u>	<u>491,877</u>
Balance at December 31, 2018	<u>\$ (95,894)</u>	<u>\$ (16,063,508)</u>	<u>\$ (86,311,873)</u>	<u>\$ (53,749,336)</u>	<u>\$ (13,389,707)</u>	<u>\$ (4,083,176)</u>	<u>\$ (16,304,363)</u>	<u>\$ -</u>	<u>\$ (189,997,857)</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Telecommunications Equipment	Computer Equipment	Leasehold Improvements	Operating and Miscellaneous Equipment	Construction-in-progress and Prepayments for Equipment	Total
Cost									
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	275,896	273,516	64,491	70,216	16,786	313,580	21,710,112	22,726,957
Disposals	(3,500)	(165,465)	(1,211,443)	(47,991,698)	(1,417,444)	(120,291)	(733,818)	(726,392)	(52,370,051)
Reclassification	1,683,853	1,124,603	2,178,318	5,392,410	959,624	112,633	710,009	(10,786,840)	1,374,610
Effect of exchange rate difference	(1,496)	(145,004)	(493,115)	(1)	(1,682)	(7)	(75,608)	(263,804)	(980,717)
Balance at December 31, 2017	<u>\$ 20,127,035</u>	<u>\$ 32,621,935</u>	<u>\$ 119,938,249</u>	<u>\$ 85,270,255</u>	<u>\$ 14,905,252</u>	<u>\$ 4,671,413</u>	<u>\$ 21,131,983</u>	<u>\$ 43,660,793</u>	<u>\$ 342,327,415</u>
Accumulated depreciation and impairment									
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)	\$ (222,020,450)
Disposals	663	61,732	1,092,880	47,236,584	1,415,413	83,294	632,070	-	50,522,636
Impairment loss	-	(42,052)	(1,088,369)	-	-	-	(10,524)	(126,549)	(1,267,494)
Depreciation expense	-	(846,346)	(3,997,105)	(7,990,753)	(1,293,375)	(380,498)	(1,342,932)	-	(15,851,009)
Reclassification	-	(1,927)	41,312	(41,013)	29,440	9,128	(23,087)	-	13,853
Effect of exchange rate differences	-	39,348	193,748	2	159	7	33,948	-	267,212
Balance at December 31, 2017	<u>\$ (95,894)</u>	<u>\$ (14,970,401)</u>	<u>\$ (86,288,802)</u>	<u>\$ (54,007,064)</u>	<u>\$ (12,673,745)</u>	<u>\$ (3,863,838)</u>	<u>\$ (15,868,911)</u>	<u>\$ (193,405)</u>	<u>\$ (188,335,252)</u>

(Concluded)

The Group expects that there are no future cash flows of the machinery equipment which produced certain products from the chemical fiber department as of 2018 and 2017. As a result, the recoverable amount was less than the carrying amount. As of 2018 and 2017, the Group recognized the impairment loss amounting to \$568,670 thousand and \$1,267,494 thousand, respectively. 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:

Buildings	3-60 years
Telecommunications equipment	2-25 years
Computer equipment	3-10 years
Machinery and equipment	3-29 years
Leasehold improvements and operating and miscellaneous equipment	3-28 years

As of December 31, 2018 and 2017, farmland was reclassified to property, plant and equipment amounting to \$238,430 thousand for both dates and to investment properties amounting to \$39,041 thousand and \$36,095 thousand, respectively. The titles to the land are temporarily registered in the name of trustees who have either signed an agreement showing that the farmland belongs to the Group or have pledged the land to the Group.

21. INVESTMENT PROPERTIES

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

	Completed Investment Properties
Balance at January 1, 2018	\$ 124,148,885
Additions	17,204
Disposals	(6,608)
Reclassification	187,204
Recognized in profit (gain arising from the change in fair value of investment property)	472,047
Recognized in other comprehensive income (exchange differences on translating foreign operations)	<u>(2,205)</u>
Balance at December 31, 2018	<u>\$ 124,816,527</u>
Balance at January 1, 2017	\$ 124,758,539
Additions	1,895
Disposals	(6,965)
Reclassification	(1,628,073)
Recognized in profit (gain arising from the change in fair value of investment property)	1,040,128
Recognized in other comprehensive income (exchange differences on translating foreign operations)	<u>(16,639)</u>
Balance at December 31, 2017	<u>\$ 124,148,885</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 six months ended June 30, 2015 and recognized as inventories (available-for-sale - buildings and land). For the year ended December 31, 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 \$316,919 thousand and a gain on the transfers from inventories to investment properties amounting to \$174,343 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 \$71,288 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 value of investment properties were as follows:

	December 31	
	2018	2017
Independent valuation	<u>\$ 124,816,527</u>	<u>\$ 124,148,885</u>

The fair value of the investment properties as of December 31, 2018 and 2017 were based on the valuations carried out at January 18, 2019 and February 23, 2018, respectively, 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 investment properties, except for undeveloped land, was measured using the income approach. The significant assumptions used were as follows.

	December 31	
	2018	2017
Expected future cash inflows	\$ 60,062,070	\$ 58,854,858
Expected future cash outflows	<u>(2,255,305)</u>	<u>(2,260,679)</u>
Expected future cash inflows, net	<u>\$ 57,806,765</u>	<u>\$ 56,594,179</u>
Discount rate intervals	1,845%-2.40%	1.845%-2.36%

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 years ended December 31, 2018 and 2017 were \$1,014,585 thousand and \$1,050,359 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:

	December 31	
	2018	2017
Estimated total sale price	<u>\$ 20,971,566</u>	<u>\$ 21,861,268</u>
Rate of return	15%	15%
Overall capital interest rate intervals	1.04%-2.41%	1.04%-2.41%

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.

22. GOODWILL

	For the Year Ended December 31	
	2018	2017
<u>Cost</u>		
Balance at January 1, 2018	\$ 11,865,515	\$ 11,865,515
Recognized impairment loss	<u>(2,773)</u>	<u>-</u>
Balance at December 31, 2018	<u>\$ 11,862,742</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.

The Group were divided into three and four identifiable cash-generating units that enhance its operating effectiveness and integrate its telecommunications resources in 2018 and 2017: The mobile telecommunications service business, telecommunications equipment business and integrated network business in 2018; the mobile telecommunications service business, telecommunications equipment business, Wifly business and integrated network business in 2017.

As of December 31, 2018, the carrying amount of the tangible and intangible assets and the incremental costs of obtaining a contract used by the Group was \$96,767,901 thousand; as of December 31, 2017, the carrying amount of the tangible and intangible assets used by the Group was \$102,343,078 thousand. The Group's management estimated the recoverable amounts of core assets at their expected useful lives and thus based the cash flow forecast on the following discount rates as of December 31, 2018 and 2017: Mobile telecommunications service business - 5.63% and 7.17%, respectively; telecommunications equipment business - 7.23% and 7.20%, respectively; integrated network business - 5.83% and 7.13%, respectively. As of December 31, 2017, the discount rate of the Wifly business was 6.96%. The operating revenue forecast was based on the expected future growth rate of the telecom industry along with the projected advancement of the Group's own business. The principal assumptions and the relevant measurement of the recoverable amounts of the Group are summarized as follows:

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

The Group's management believes that any reasonable changes in the principal assumptions would not result in the carrying amounts exceeding the recoverable amounts. For the year ended December 31, 2017, there was no indication of impairment loss after comparing the recoverable amounts with the carrying amounts of the Group's operating assets and goodwill in accordance with the principal assumptions; for the year ended December 31, 2018, an impairment loss of \$2,773 thousand was recognized in other gains and losses for the mobile telecommunications service business.

23. CONCESSIONS AND OTHER INTANGIBLE ASSETS

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<u>Carrying amounts</u>		
Concessions	\$ 41,136,801	\$ 44,561,464
Other intangible assets		
Computer software	3,595,018	3,421,047
Others	<u>1,402,458</u>	<u>463,638</u>
	<u>4,997,476</u>	<u>3,884,685</u>
	<u>\$ 46,134,277</u>	<u>\$ 48,446,149</u>

	<u>Concessions</u>	<u>Computer Software</u>	<u>Others</u>	<u>Total</u>
Balance at January 1, 2018	\$ 44,561,464	\$ 3,421,047	\$ 463,638	\$ 48,446,149
Additions	113,684	1,107,058	1,010,097	2,230,839
Amortization	(3,533,048)	(982,936)	(91,121)	(4,607,105)
Disposals	(3,322)	(1,524)	-	(4,846)
Reclassification	(1,977)	50,981	2,057	51,061
Effect of exchange rate differences	<u>-</u>	<u>392</u>	<u>17,787</u>	<u>18,179</u>
Balance at December 31, 2018	<u>\$ 41,136,801</u>	<u>\$ 3,595,018</u>	<u>\$ 1,402,458</u>	<u>\$ 46,134,277</u>
Balance at January 1, 2017	\$ 41,422,996	\$ 3,177,633	\$ 499,143	\$ 45,099,772
Additions	6,515,000	1,112,597	2,686	7,630,283
Amortization	(3,463,097)	(889,926)	(111,793)	(4,464,816)
Disposals	-	(33,067)	-	(33,067)
Recognized impairment loss	(22,774)	-	-	(22,774)
Reclassification	109,339	55,854	74,417	239,610
Effect of exchange rate differences	<u>-</u>	<u>(2,044)</u>	<u>(815)</u>	<u>(2,859)</u>
Balance at December 31, 2017	<u>\$ 44,561,464</u>	<u>\$ 3,421,047</u>	<u>\$ 463,638</u>	<u>\$ 48,446,149</u>

The above other 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

24. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Bank credit loans	\$ 43,681,023	\$ 26,851,641
Secured and pledged bank loans	484,248	360,000
Loans from related parties	<u>3,668,174</u>	<u>3,732,946</u>
	<u>\$ 47,833,445</u>	<u>\$ 30,944,587</u>

- 1) The range of interest rates for bank loans were from 0.73% to 4.40% and from 0.50% to 5.00% as of December 31, 2018 and 2017, respectively.
- 2) Loans from related parties were the Group's repayments to related parties. Interest rates were all 0% as of December 31, 2018 and 2017.

b. Short-term bills payable

	December 31	
	2018	2017
Commercial paper	\$ 6,721,000	\$ 7,647,000
Less: Unamortized discount on commercial paper	<u>3,288</u>	<u>3,225</u>
	<u>\$ 6,717,712</u>	<u>\$ 7,643,775</u>

The short-term bills payable outstanding were issued at interest rates ranging from 0.818% to 1.538% and 0.40% to 1.788% as of December 31, 2018 and 2017, respectively.

c. Long-term borrowings

	December 31	
	2018	2017
Bank loans	\$ 64,121,631	\$ 61,980,785
Long-term commercial paper	7,450,000	7,762,000
Less: Unamortized discount on commercial paper	<u>5,989</u>	<u>8,281</u>
	<u>7,444,011</u>	<u>7,753,719</u>
	71,565,642	69,734,504
Less: Current portion	<u>2,846,333</u>	<u>3,193,951</u>
	<u>\$ 68,719,309</u>	<u>\$ 66,540,553</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. Therefore, 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:

	December 31	
	2018	2017
Maturity	January 2019- April 2031	December 2018- April 2031
Bank interest rate intervals	0.60%-4.51%	0.60%-4.75%

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 Ben project (Ban Qiao - New Section No. 8) and amounting to \$8,880,000 thousand as first mortgage to the creditor banks. Other agreement terms were as follows:

	Credit Line	Maturity Period	Interest Rate	Repayment
A	\$ 1,600,000 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 \$30,000 thousand quarterly from the sixth year and redemption of rest on maturity
B	\$ 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	\$ 2,740,000 thousand	7 years after signing the contract	Reference interest rate plus 0.804%	No revolving credit but be partly draw down available within March 30, 2021; credit will be paid every 6 months from March 30, 2021 after each drawdown date. The first 8 installments should repay 5% of the loan, and the last installment should repay 60% of loan.
	<hr/>			
	\$ 5,340,000 <u>thousand</u>			

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), received a five-year syndicated loan in a total amount of \$16,800,000 thousand from multiple banks and Mega International Commercial Bank as the leading bank. During the contract period, OPTC needs to maintain its liability ratio within a certain range, which is calculated based on the recent audited non-consolidated financial statements. If OPTC fails to meet the requirement, it should readjust the liability ratio to 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, and 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.

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:

Project	Credit	Fixed dial Date	Expected Repayment Period
Syndicated loan			
borrowings			
A	\$ 2,906,000	2012.05.10	2014.11-2021.02
B	3,294,000	2012.05.10	2019.08-2025.11
C	220,000	2012.05.10	The first 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 35). 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 December 31, 2018 and 2017, the amount of operating assets with pledged rights was \$3,756,000 (refer to Note 39). 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.

25. BONDS PAYABLE

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Nonconvertible domestic bonds	\$ 96,800,000	\$ 85,300,000
Discount of nonconvertible domestic bonds	<u>(102,959)</u>	<u>(93,053)</u>
	96,697,041	85,206,947
Less: Current portion	<u>17,793,726</u>	<u>13,495,529</u>
	<u>\$ 78,903,315</u>	<u>\$ 71,711,418</u>

Bonds

	Period	Maturity	Annual Rate (%)	Issued Amount	<u>December 31</u>		Repayment
					<u>2018</u>	<u>2017</u>	
					<u>Outstanding</u>	<u>Outstanding</u>	
					<u>Balance</u>	<u>Balance</u>	
<u>Company</u>							
Unsecured bonds							
	102-3	2013.12.23-2018.12.23	1.45	2,800,000	\$ -	\$ 2,800,000	(Note 2)
	103-1	2014.08.21-2019.08.21	1.47	3,200,000	1,600,000	3,200,000	(Note 1)
	103-2	2014.12.04-2019.12.04	1.47	2,200,000	1,100,000	2,200,000	(Note 1)
	103-3	2015.02.06-2020.02.06	1.38	2,600,000	2,600,000	2,600,000	(Note 1)
	104-1	2015.05.25-2020.05.25	1.39	8,000,000	8,000,000	8,000,000	(Note 1)
	104-2	2015.10.02-2020.10.02	1.28	5,200,000	5,200,000	5,200,000	(Note 1)
	104-3	2015.11.16-2020.11.16	1.25	2,800,000	2,800,000	2,800,000	(Note 2)
	105-1-A	2016.04.29-2021.04.29	0.88	6,000,000	6,000,000	6,000,000	(Note 1)
	105-1-B	2016.04.29-2021.04.29	-	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	(Note 2)
	106-1	2017.05.17-2022.05.17	1.15	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)
	107-2	2018.07.18-2023.07.18	0.90	8,000,000	8,000,000	-	(Note 1)
<u>Subsidiary Yuan</u>							
<u>Ding Investment</u>							
Unsecured bonds							
	103-1	2014.05.26-2019.05.26	1.35	3,000,000	1,500,000	3,000,000	(Note 1)
	104-1	2015.07.10-2020.07.10	1.43	3,000,000	3,000,000	3,000,000	(Note 1)
	104-2	2015.11.09-2020.11.09	1.28	2,000,000	2,000,000	2,000,000	(Note 1)
	105-1	2016.05.30-2021.05.30	0.90	3,800,000	3,800,000	3,800,000	(Note 1)
	106-1	2017.06.30-2022.06.30	1.15	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)
<u>Subsidiary Far</u>							
<u>EasTone</u>							
Unsecured bonds							
	102-4	2013.06.27-2020.06.27	1.33	5,000,000	2,500,000	5,000,000	(Note 3)
	102-5-B	2013.10.15-2018.10.15	1.58	4,000,000	-	4,000,000	(Note 2)
	102-6-C	2013.12.24-2019.12.24	1.58	3,200,000	3,200,000	3,200,000	(Note 2)
	105-1	2017.01.05-2022.01.05	1.17	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	(Note 2)
	106-2	2017.09.04-2023.09.04	1.17	2,000,000	2,000,000	2,000,000	(Note 2)
	106-3-A	2017.12.20-2022.06.20	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	<u>3,500,000</u>	<u>-</u>	(Note 2)
	Total outstanding balance				<u>\$ 96,800,000</u>	<u>\$ 85,300,000</u>	

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

Note 2: These bonds are repayable in lump sum on maturity. The interest is calculated by the fix 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.

26. PROVISIONS

	December 31	
	2018	2017
Dismantling obligation	\$ 1,036,544	\$ 1,022,012
Warranties	101,757	147,464
Onerous contract	<u>66,396</u>	<u>-</u>
	<u>\$ 1,204,697</u>	<u>\$ 1,169,476</u>
Current	\$ 293,364	\$ 282,035
Non-current	<u>911,333</u>	<u>887,441</u>
	<u>\$ 1,204,697</u>	<u>\$ 1,169,476</u>

	Dismantling Obligation	Warranties	Onerous Contracts	Total
Balance at January 1, 2018	\$ 1,022,012	\$ 147,464	\$ -	\$ 1,169,476
Adjustment on initial application of IFRS 15	<u>-</u>	<u>-</u>	<u>26,610</u>	<u>26,610</u>
Balance at January 1, 2018 per IFRS 15	1,022,012	147,464	26,610	1,196,086
Additions	80,293	40,006	43,959	164,258
Reductions	<u>(65,761)</u>	<u>(85,713)</u>	<u>(4,173)</u>	<u>(155,647)</u>
Balance at December 31, 2018	<u>\$ 1,036,544</u>	<u>\$ 101,757</u>	<u>\$ 66,396</u>	<u>\$ 1,204,697</u>
Balance at January 1, 2017	\$ 975,571	\$ 154,846	\$ -	\$ 1,130,417
Additions	77,646	44,605	-	122,251
Reductions	<u>(31,205)</u>	<u>(51,987)</u>	<u>-</u>	<u>(83,192)</u>
Balance at December 31, 2017	<u>\$ 1,022,012</u>	<u>\$ 147,464</u>	<u>\$ -</u>	<u>\$ 1,169,476</u>

27. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The pension costs recognized in total comprehensive income under the defined contribution plan amounted to \$806,934 thousand and \$855,516 thousand for the years ended December 31, 2018 and 2017, respectively.

b. Defined benefit plans

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

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

	December 31	
	2018	2017
Present value of defined benefit obligation	\$ 8,267,331	\$ 8,483,553
Fair value of plan assets	<u>(6,441,367)</u>	<u>(5,920,964)</u>
Deficit	1,825,964	2,562,589
Recognized in net defined benefit assets (recognized as other non-current assets)	<u>52,927</u>	<u>51,403</u>
Net defined benefit liabilities (Note)	<u>\$ 1,878,891</u>	<u>\$ 2,613,992</u>

Note: Far EasTone conducted a tender offer to acquire the common stock of New Century InfoComm Tech Co., Ltd. (NCIC) in a premium price; therefore, the net defined benefit liabilities of \$10,529 thousand as of December 31, 2018 and 2017 have been written off in the consolidated financial statements.

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2018	<u>\$ 8,483,553</u>	<u>\$ (5,920,964)</u>	<u>\$ 2,562,589</u>
Service cost			
Current service cost	89,624	-	89,624
Past service cost and loss on settlements	7,930	-	7,930
Interest expense (income)	<u>108,169</u>	<u>(76,570)</u>	<u>31,599</u>
Recognized in profit or loss (Note)	<u>205,723</u>	<u>(76,570)</u>	<u>129,153</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(446,438)	(446,438)
Actuarial (gain) loss - changes in demographic assumptions	15,390	-	15,390
Actuarial (gain) loss - changes in financial assumptions	56,177	-	56,177
Actuarial (gain) loss - experience adjustments	48,717	-	(48,717)
Others	<u>-</u>	<u>(2,350)</u>	<u>(2,350)</u>
Recognized in other comprehensive income	<u>120,284</u>	<u>(448,788)</u>	<u>(328,504)</u>
Contributions from the employer	-	(482,030)	(482,030)
Benefits paid	(535,816)	486,985	(48,831)
Discharge	(3,810)	-	(3,810)
Others	<u>(2,603)</u>	<u>-</u>	<u>(2,603)</u>
Balance at December 31, 2017	<u>\$ 8,267,331</u>	<u>\$ (6,441,367)</u>	<u>\$ 1,825,964</u>
Balance at January 1, 2017	<u>\$ 9,094,104</u>	<u>\$ (5,524,458)</u>	<u>\$ 3,569,646</u>
Service cost			
Current service cost	109,937	-	109,937
Past service cost and loss on settlements	4,351	-	4,351
Interest expense (income)	<u>132,018</u>	<u>(82,117)</u>	<u>49,901</u>
Recognized in profit or loss (Note)	<u>246,306</u>	<u>(82,117)</u>	<u>164,189</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(327,914)	(327,914)
Actuarial (gain) loss - changes in demographic assumptions	2,972	-	2,972
Actuarial (gain) loss - changes in financial assumptions	123,345	-	123,345
Actuarial (gain) loss - experience adjustments	<u>(376,031)</u>	<u>-</u>	<u>(376,031)</u>
Recognized in other comprehensive income	<u>(249,714)</u>	<u>(327,914)</u>	<u>(577,628)</u>
Contributions from the employer	-	(538,844)	(538,844)
Benefits paid	(603,289)	549,850	(53,439)
Discharge or reduction	<u>(3,854)</u>	<u>2,519</u>	<u>(1,335)</u>
Balance at December 31, 2017	<u>\$ 8,483,553</u>	<u>\$ (5,920,964)</u>	<u>\$ 2,562,589</u>

Note: The Group transferred defined benefit costs of \$489 thousand and \$875 thousand to related parties in 2018 and 2017, respectively. Defined benefit costs capitalized to property, plant and equipment was \$5,254 thousand in 2017.

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks. In addition, the Company has another pension fund which is separate from the above. This pension fund is invested in domestic listed companies' shares and time deposits. It is exposed to the risks of changes in market price and interest rates.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2018	2017
Discount rate(s)	0.75%-1.375%	0.875%-1.63%
Expected rate(s) of salary increase	1.50%-4.00%	1.50%-4.00%

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

	December 31	
	2018	2017
Discount rate(s)		
0.50% increase	<u>\$ (321,077)</u>	<u>\$ (381,155)</u>
0.50% decrease	<u>\$ 338,620</u>	<u>\$ 403,198</u>
Expected rate(s) of salary increase		
0.50% increase	<u>\$ 334,304</u>	<u>\$ 398,933</u>
0.50% decrease	<u>\$ (320,114)</u>	<u>\$ (373,971)</u>

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

	December 31	
	2018	2017
The expected contributions to the plan for the next year	<u>\$ 466,720</u>	<u>\$ 299,826</u>
The average duration of the defined benefit obligation	5-15.1 years	6-15.6 years

28. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The contract-related assets and liabilities from subsidiaries, Far Eastern Construction Co., Ltd. and Far Eastern General Contractor Inc., 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:

	December 31, 2018		
	Within One Year	Over One Year	Total
<u>Assets</u>			
Notes and accounts receivable	\$ 725,367	\$ -	\$ 725,367
Inventories - construction and real estate	2,247,032	2,263,479	4,510,511
Contract assets - current	416,317	1,650,154	2,066,471
Other financial assets - current	34,125	837,784	871,909
Refundable deposits - current	2,128	14,160	16,288
<u>Liabilities</u>			
Notes and accounts payable	1,732,271	-	1,732,271
Notes and accounts payable to related parties	177,470	-	177,470
Contract liabilities - current	125,293	889,276	1,014,569
Provisions - current	1,319	122,306	123,625

	December 31, 2017		
	Within One Year	Over One Year	Total
<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

29. EQUITY

a. Share capital

1) Common stock

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

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

2) Global depositary receipt

The Company issued global depositary receipts (GDRs), one GDRs unit represents 10 common stock of the Company. The GDRs were traded and listed on the Luxembourg Stock Exchange. As of December 31, 2018 and 2017, there are 8 thousand units and 101 thousand units outstanding, which were equal to 82 thousand and 1,007 thousand common stock of the Company.

b. Capital surplus

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<u>May be used to offset a deficit, distributed as cash dividends or transferred to share capital (1)</u>		
Difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ 2,654,932	\$ 2,654,932
<u>May be used to offset a deficit only (2)</u>		
Arising from changes in percentage of ownership interests in subsidiaries	148,783	148,783
Treasury share transactions	14,066	13,131
<u>May not be used for any purpose</u>		
Changes in equity-method associates' capital surplus	<u>90,850</u>	<u>42,723</u>
	<u>\$ 2,908,631</u>	<u>\$ 2,859,569</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 using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used as the basis for proposing a distribution plan. After adding prior years' unappropriated earnings, the Company would retain a certain amount for expansion plans and then make the distribution of dividends evenly by all of the shares. When capital increase, the amount of dividend for new shares of that year would be according to resolution of the shareholders' meeting. For the policies on distribution of employees' compensation and remuneration to directors before and after amendment, refer to Note 31, 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:

	Appropriation and Earnings		Dividend Per Share	
	For the Years Ended		(NT\$)	
	December 31		For the Years Ended	
	2017	2016	2017	2016
Legal reserve	\$ 806,614	\$ 630,779		
Special reserve	1,523,136	2,662,006		
Reversals of special reserve	(2,643)	-		
Cash dividends	6,423,450	4,282,300	\$ 1.2	\$ 0.8

The appropriation of earnings for 2018 were proposed by the Company's board of directors on March 22, 2019. The appropriations and dividends per share were as follows:

	Appropriation	Dividends Per
	of Earnings	Share (NT\$)
Legal reserve	\$ 1,202,829	
Special reserve	1,089,437	
Reversals of special reserve	(6,536)	
Cash dividends	9,635,175	\$1.8

The appropriation of earnings for 2018 are subject to resolution in the shareholders' meeting to be held on June 28, 2019.

d. Special reserve

The Group's appropriated special reserve on the first-time adoption of IFRSs was \$22,287,929 thousand.

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

	For the Year Ended December 31	
	2018	2017
Beginning balance	\$ 21,552,496	\$ 21,565,171
Reversals on elimination of the original mandatorily appropriated special reserve		
Disposal of investment properties	-	(2,557)
Disposal of associates	-	(10,118)
Ending balance	<u>\$ 21,552,496</u>	<u>\$ 21,552,496</u>

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

	For the Year Ended December 31	
	2018	2017
Beginning balance	\$ 88,196,319	\$ 85,554,383
Appropriation in respect of:		
Application of the fair value method to investment properties	1,523,136	2,655,804
Reversals on elimination of the original mandatorily appropriated special reserve		
Disposal of associates	-	(13,586)
Disposal of investment properties	(5,678)	(282)
Ending balance	<u>\$ 89,713,777</u>	<u>\$ 88,196,319</u>

e. Other equity items

The changes in other equity items were as follows:

	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Cash Flow Hedges	Gains (Loss) on Hedging Instruments	Gains on Property Revaluation	Total
Balance at January 1, 2018	\$ (3,077,371)	\$ (1,357,319)	\$ -	\$ 35,642	\$ -	\$ 702,778	\$ (3,696,270)
Effect of retrospective application of IFRS9	-	1,357,319	(1,725,866)	(35,642)	35,642	-	(368,547)
Balance at January 1, 2018 per IFRS9	(3,077,371)	-	(1,725,866)	-	35,642	702,778	(4,064,817)
Exchange differences on translating foreign operations	(528,561)	-	-	-	-	-	(528,561)
Unrealized gain (loss) on financial assets at FVTOCI	-	-	29,542	-	-	-	29,542
Gains on hedging instruments	-	-	-	-	10,273	-	10,273
Share of the other comprehensive income (loss) of associates	16,031	-	908,858	-	(35)	-	924,854
Associate disposed the investment in equity instruments designated as at FVTOCI	-	-	1,559,378	-	-	-	1,559,378
Balance at December 31, 2018	<u>\$ (3,589,901)</u>	<u>\$ -</u>	<u>\$ 771,912</u>	<u>\$ -</u>	<u>\$ 45,880</u>	<u>\$ 702,778</u>	<u>\$ (2,069,331)</u>

(Continued)

	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	Gains (Loss) on Hedging Instruments	Gains on Property Revaluation	Total
Balance at January 1, 2017	\$ (1,577,812)	\$ (1,947,657)	\$ -	\$ (47,514)	\$ -	\$ 702,778	\$ (2,870,205)
Exchange differences on translating foreign operations	(874,059)	-	-	-	-	-	(874,059)
Unrealized gain (loss) on available-for-sale financial assets	-	(1,054,251)	-	-	-	-	(1,054,251)
Gains on hedging instruments in cash flow hedges arising from fair value changes	-	-	-	80,713	-	-	80,713
Share of the other comprehensive income (loss) of associates	(625,500)	1,644,589	-	2,443	-	-	1,021,532
Balance at December 31, 2017	<u>\$ (3,077,371)</u>	<u>\$ (1,357,319)</u>	<u>\$ -</u>	<u>\$ 35,642</u>	<u>\$ -</u>	<u>\$ 702,778</u>	<u>\$ (3,696,270)</u>

(Concluded)

f. Non-controlling interests

	For the Year Ended December 31	
	2018	2017
Beginning balance	\$ 61,178,706	\$ 61,306,197
Effects of retrospective application of IFRS9	<u>3,926,063</u>	<u>-</u>
Beginning balance per IFRS9	65,104,769	61,306,197
Attributable to non-controlling interests:		
Net income	6,363,308	6,135,201
Cash dividends distributed by subsidiaries	(7,760,337)	(7,783,681)
Exchange differences on translating foreign operations	(97,107)	(197,857)
Unrealized gain on available-for-sale financial assets	-	35,568
Unrealized gain on financial assets at FVTOCI	4,881	-
Cash flow hedge	-	150,896
Gain on hedging instruments	19,539	-
Remeasurement on defined benefit plans	25,895	6,562
Share of other comprehensive income of associates accounted for using the equity method	97,568	164,594
Changes in capital surplus of associates accounted for using the equity method	515	(4)
Changes in unappropriated earnings of associates accounted for using the equity method	(482)	(229)
Acquisition of partial interests of subsidiaries	(153,820)	(13,129)
Non-controlling interests arising from subsidiaries' issuance of new share capital for cash	577,375	1,215,787
Effect on changes in percentage of ownership in subsidiaries	12,556	158,817
Disposal of the investments accounted for using the equity method	-	(1)
Remittance of cash due to the liquidation of subsidiaries	<u>(360)</u>	<u>(15)</u>
Ending balance	<u>\$ 64,194,300</u>	<u>\$ 61,178,706</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>December 31, 2018</u>			
Yuan Ding	779	<u>\$ 25,063</u>	<u>\$ 21,745</u>
<u>December 31, 2017</u>			
Yuan Ding	779	<u>\$ 25,063</u>	<u>\$ 20,887</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 amount of \$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.

30. REVENUE

	For the Year Ended December 31	
	2018	2017
Revenue from contracts with customers		
Revenue from sale of goods	\$ 159,436,994	\$ 136,468,217
Telecommunications service revenue	50,580,903	63,590,599
Construction revenue	6,358,851	4,976,080
Other operating revenue	<u>12,285,185</u>	<u>11,164,920</u>
	228,661,933	216,199,816
Other operating revenue		
Gain on disposal of investments, net	<u>-</u>	<u>1,647,132</u>
	<u>\$ 228,661,933</u>	<u>\$ 217,846,948</u>

a. Description of customer contract

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

b. Contact balances

	December 31, 2018
Contract assets	
Bundle sale of goods	\$ 5,433,852
Real estate construction	1,760,390
Retentions receivable	306,081
Less: Allowance for impairment loss	<u>(135,925)</u>
	<u>\$ 7,364,398</u>
Current	\$ 5,828,641
Non-current	<u>1,535,757</u>
	<u>\$ 7,364,398</u>
Contract liabilities	
Sale of goods and services	\$ 3,840,913
Real estate construction	114,423
Retentions payable	<u>900,146</u>
	<u>\$ 4,855,482</u>
Current	\$ 4,647,210
Non-current	<u>208,272</u>
	<u>\$ 4,855,482</u>

For notes and accounts receivable, refer to Note 14.

The changes in the balance of contract assets and contract liabilities primarily resulted from the timing difference between the Group's performance of obligations and the respective customer's payment; other significant changes are as follows:

	For the Year Ended December 31, 2018
Contract assets	
Transfers of beginning balance to accounts receivable	<u>\$ (4,244,476)</u>

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected loss provision for the contract assets. The contract assets will be transferred to accounts receivable when the corresponding invoice is billed to the client, and the contract assets have substantially the same risk characteristics as the accounts receivable for the same types of contracts. Therefore, the Group concluded that the expected loss rates for accounts receivable can be applied to the contract assets. As of December 31, 2018, the gross carrying amount of the contract assets was \$5,433,852 thousand, the expected credit loss rate was 0.79%-3%, and the allowance for impairment loss was \$135,925 thousand.

The movements of the loss allowance of contract assets are as follows:

	For the Year Ended December 31, 2018
Balance at January 1 per IAS 39	\$ -
Adjustment on initial application of IFRS 9	<u>-</u>
Balance at January 1 per IFRS 9	-
Add: Net remeasurement of loss allowance	<u>135,925</u>
Balance at December 31	<u>\$ 135,925</u>

c. Assets related to contract costs

	December 31, 2018
Non-current	
Incremental costs of obtaining a contract	<u>\$ 1,802,163</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 year ended December 31, 2018 is \$1,886,908 thousand.

d. Disaggregation of revenue

Refer to Note 44 for information about disaggregation of revenue.

e. Partially completed contracts

The transaction prices, excluding any estimated amounts of variable consideration that are constrained, allocated to the performance obligations that are not fully satisfied and the expected timing for recognition of revenue are as follows.

	December 31, 2018
Telecommunication service contracts	
Fulfillment in 2019	\$ 18,076,289
Fulfillment in 2020 and beyond	<u>9,318,613</u>
	<u>\$ 27,394,902</u>

The disclosure does not include revenue from contracts of which the timing of revenue recognition is not affected by price allocation.

31. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest expense

	For the Year Ended December 31	
	2018	2017
Capitalized interests on properties	\$ 390,943	\$ 414,115
Capitalization rates	0.96%-4.75%	0.26%-4.75%

b. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
Property, plant and equipment	\$ 16,283,336	\$ 15,851,009
Intangible assets	4,607,105	4,464,816
Long-term prepayments for lease	<u>213,483</u>	<u>196,815</u>
	<u>\$ 21,103,924</u>	<u>\$ 20,512,640</u>
 An analysis of deprecation by function		
Operating costs	\$ 14,597,123	\$ 14,021,791
Operating expenses	1,644,241	1,771,167
Other expense	<u>41,972</u>	<u>58,051</u>
	<u>\$ 16,283,336</u>	<u>\$ 15,851,009</u>
 An analysis of amortization by function		
Operating costs	\$ 3,837,987	\$ 3,786,975
Operating expenses	<u>982,601</u>	<u>874,656</u>
	<u>\$ 4,820,588</u>	<u>\$ 4,661,631</u>

c. Employee benefits expense

	For the Year Ended December 31	
	2018	2017
Post-employment benefits		
Defined contribution plans	\$ 806,934	\$ 855,516
Defined benefit plans	128,664	158,060
Other employee benefits	<u>21,551,119</u>	<u>20,005,194</u>
Total employee benefits expense	<u>\$ 22,486,717</u>	<u>\$ 21,018,770</u>
 Analysis of employee benefit expense by function		
Operating costs	\$ 10,973,437	\$ 9,842,376
Operating expenses	<u>11,513,280</u>	<u>11,176,394</u>
	<u>\$ 22,486,717</u>	<u>\$ 21,018,770</u>

d. Employees' compensation and remuneration of directors

The Company accrued 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 years ended December 31, 2018 and 2017, which were approved by the Company's board of directors on March 22, 2018 and 2019, respectively, are as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2018	2017
Employees' compensation	3.10%	3.23%
Remuneration of directors	1.69%	1.77%

Amount

	<u>For the Year Ended December 31</u>	
	2018	2017
Employees' compensation	\$ 414,416	\$ 276,277
Remuneration of directors	225,812	151,591

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

There was no difference between the actual appropriated amounts of employees' compensation and remuneration of directors and the amounts recognized in the consolidated financial statements for the years 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 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

32. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

	For the Year Ended December 31	
	2018	2017
Current tax		
In respect of the current year	\$ 3,104,944	\$ 2,651,945
Income tax on unappropriated earnings	126	113
Adjustments for prior years	<u>(261,141)</u>	<u>29,864</u>
	<u>2,843,929</u>	<u>2,681,922</u>
Deferred tax		
In respect of the current year	(313,031)	9,032
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>132,630</u>	<u>-</u>
	<u>(180,401)</u>	<u>9,032</u>
Income tax expense recognized in profit or loss	<u>\$ 2,663,528</u>	<u>\$ 2,690,954</u>

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

	For the Year Ended December 31	
	2018	2017
Profit before tax from continuing operations	<u>\$ 21,055,130</u>	<u>\$ 16,892,291</u>
Income tax expense calculated at the statutory rate (20% in 2018 and 17% in 2017)	\$ 4,211,026	\$ 2,871,689
Adjustment items effect of income tax	(612,395)	(148,020)
Income tax on unappropriated earnings	126	113
Adjustments for prior years' tax	(261,141)	29,864
Effect of different tax rate of group entities operating in other jurisdictions	<u>(493,687)</u>	<u>(71,724)</u>
Current tax	2,843,929	2,681,922
Deferred tax	<u>(180,401)</u>	<u>9,032</u>
Income tax expense recognized in profit or loss	<u>\$ 2,663,528</u>	<u>\$ 2,690,954</u>

In 2017, the applicable corporate income tax rate used by the Group entities in the ROC is 17%. However, 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. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%. The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2018	2017
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plans	<u>\$ 71,214</u>	<u>\$ (8,987)</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Decrease Due to Disposal	Closing Balance
<u>Deferred tax assets</u>					
Investment credits	\$ 18,671	\$ 3,383	\$ -	\$ -	\$ 22,054
Allowance for doubtful accounts	340,632	29,046	-	-	369,678
Inventory write-downs	93,191	21,956	-	-	115,147
Loss carryforwards	934,593	260,691	-	-	1,195,284
Defined benefit obligation	230,181	(55,779)	71,214	-	245,616
Impairment loss	180,047	7,701	-	-	187,748
Others	407,644	(774,969)	-	-	1,182,613
	<u>\$ 2,204,959</u>	<u>\$ (1,041,967)</u>	<u>\$ 71,214</u>	<u>\$ -</u>	<u>\$ 3,318,140</u>
<u>Deferred tax liabilities</u>					
Share of profit of associates	\$ 604,179	\$ 810,493	\$ -	\$ -	\$ 1,414,672
Amortization of goodwill	1,613,645	442,961	-	-	2,056,606
Provision of land value incremental tax	14,037,084	(540,284)	-	(183,588)	13,313,212
Investment properties	570,953	140,650	-	-	711,603
Others	48,609	7,746	-	-	56,355
	<u>\$ 16,874,470</u>	<u>\$ 861,566</u>	<u>\$ -</u>	<u>\$ (183,588)</u>	<u>\$ 17,552,448</u>

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Decrease Due to Disposal	Closing Balance
<u>Deferred tax assets</u>					
Investment credits	\$ -	\$ 18,671	\$ -	\$ -	\$ 18,671
Allowance for doubtful accounts	347,026	(6,394)	-	-	340,632
Inventory write-downs	87,081	6,110	-	-	93,191
Loss carryforwards	913,151	21,442	-	-	934,593
Defined benefit obligation	283,165	(43,997)	(8,987)	-	230,181
Impairment loss	148,342	31,705	-	-	180,047
Others	582,511	(174,867)	-	-	407,644
	<u>\$ 2,361,276</u>	<u>\$ (147,330)</u>	<u>\$ (8,987)</u>	<u>\$ -</u>	<u>\$ 2,204,959</u>
<u>Deferred tax liabilities</u>					
Share of profit of associates	\$ 531,194	\$ 72,985	\$ -	\$ -	\$ 604,179
Amortization of goodwill	1,479,175	134,470	-	-	1,613,645
Provision of land value incremental tax	14,298,248	(259,255)	-	(1,909)	14,037,084
Investment properties	652,236	(81,283)	-	-	570,953
Others	53,824	(5,215)	-	-	48,609
	<u>\$ 17,014,677</u>	<u>\$ (138,298)</u>	<u>\$ -</u>	<u>\$ (1,909)</u>	<u>\$ 16,874,470</u>

- d. Deductible temporary differences, unused loss carryforwards and unused investment credit for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2018	2017
Loss carryforwards	<u>\$ 21,757,375</u>	<u>\$ 21,881,433</u>
Expiry year	2019-2028	2018-2027
Investment credits		
Acquisition of initial share offering	<u>\$ 105,158</u>	<u>\$ 108,541</u>
Deductible temporary differences	<u>\$ 7,150,835</u>	<u>\$ 6,158,894</u>

- e. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2018 comprised:

Unused Amount	Expiry Year
<u>\$ 28,995,228</u>	2019-2026

- f. Information about unused investment credits

As of December 31, 2018, investment tax credits comprised:

Yuan Tong Investment Co., Ltd.

Laws and Statutes	Tax Credit Source	Remaining Creditable Amount	Expiry Year
Enforcement rule of act for promotion of private participation in infrastructure project	Acquisition of initial share offering	<u>\$ 42,852</u>	2020

Yuan Ding Co., Ltd.

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

g. Income tax assessments

	<u>Latest Year of Income Tax Return That Tax Authorities Had Examined and Cleared</u>
Far Eastern New Century Corporation	2015
Far Eastern Resources Development Co., Ltd.	2015
Oriental Petrochemical (Taiwan) Corporation	2016
Fu Kwok Knitting & Garment Co., Ltd.	2016
Yuan Tong Investment 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 Textile Ltd.	2016
Far Eastern Construction Co., Ltd.	2016
Far Eastern General Contractor Inc.	2016
Yuan Ding Investment Co., Ltd.	2016
Far Eastern Fibertech Co., Ltd.	2016
Oriental Resources Development Co., Ltd.	2016
Far Eastern Apparel Co., Ltd.	2017
Yuan Faun Co., Ltd.	2016
Yuan Cheng Human Resources Consultant Corporation	2016
Yuan Ding Co., Ltd.	2016
Far Eastern Technical Consultants Co., Ltd.	2016
YDT Technology International Co., Ltd.	2016
FET Consulting Engineers Co., Ltd.	2017
Ding Ding Integrated Marketing Service Co., Ltd.	2016
Ding Ding Hotel Co., Ltd.	2017
Far Eastern Electronic Toll Collection Co., Ltd.	2016
Yuan Hsin Digital Payment Co., Ltd.	2016
Far EasTone Telecommunications Co., Ltd.	2015
ARCOA Communication Co., Ltd.	2016
Q-ware Communications Corporation	2017
Information Security Service Digital United Inc.	2016
Linkwell Tech. Co., Ltd.	2016
DataExpress Infotech Co., Ltd.	2016
Yuan Cing Co., Ltd.	2016
O-music Co., Ltd.	2017
New Diligent Co., Ltd.	2017
KGEx.com Co., Ltd.	2016
Home Master Technology Ltd.	2016
Yuanshi Digital Technology Co., Ltd.	2017

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 Corporation

Income tax returns of NCIC through 2014 and of 2016 have been assessed by the tax authorities. However, New Century InfoComm Tech Co., Ltd. disagreed with the tax authorities' assessment of its 2013 and 2014 return and thus applied for administrative remedies. Nevertheless, New Century InfoComm Tech Co., Ltd. accrued the related tax expense.

33. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2018	2017
Basic earnings per share	<u>\$ 2.41</u>	<u>\$ 1.61</u>
Diluted earnings per share	<u>\$ 2.40</u>	<u>\$ 1.61</u>

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

Net Income for the Year

	<u>For the Year Ended December 31</u>	
	2018	2017
Net income for the period attributable to owners of the Company	<u>\$ 12,028,294</u>	<u>\$ 8,066,136</u>

Weighted Average Number of Common Stock Outstanding

Unit: In Thousand Shares

	<u>For the Year Ended December 31</u>	
	2018	2017
Weighted average number of common stock used in the computation of basic earnings per share	4,998,785	4,998,785
Effect of potentially dilutive common stock:		
Employees' compensation	<u>17,627</u>	<u>12,037</u>
Weighted average number of common stock used in the computation of diluted earnings per share	<u>5,015,862</u>	<u>5,010,822</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 years ended December 31, 2018 and 2017, the Company's basic EPS were \$2.25 and \$1.51, respectively.

34. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For the year ended December 31, 2018

On March 2, 2018, the Group paid \$171,260 thousand to acquire additional shares of Oriental Resources Development Co., Ltd. from an 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:

	Oriental Resources Development Co., Ltd.
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 September 2018, the Group subscribed for additional new shares and acquired the remaining non-controlling interest 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%.

	Q-ware Communi- cations Corporation
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 year ended December 31, 2017

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

**Far Eastern
Electronic
Commerce Co.,
Ltd.**

Cash consideration paid	\$ (453,345)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>444,569</u>
Differences arising from equity transactions	<u>\$ (8,776)</u>
<u>Line items adjusted for equity transactions</u>	
Unappropriated earnings	<u>\$ (8,776)</u>

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

In July 2017, the Group acquired 2.11% of Hiiir Digital Marketing Co., Ltd.'s common stock and increased its interest from 93.28% to 95.39%.

	June	July
Cash consideration paid	\$ (348,909)	\$ (20,000)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>336,667</u>	<u>13,105</u>
Differences arising from equity transactions	<u>\$ (12,242)</u>	<u>\$ (6,895)</u>
<u>Line items adjusted for equity transactions</u>		
Unappropriated earnings	<u>\$ (12,242)</u>	<u>\$ (6,895)</u>

On December 30, 2017, the Group paid \$28 thousand to subscribe for additional new shares of Fu Kwok Knitting & Garment Co., Ltd., increasing its continuing interest from 99.99% to 100%.

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

	Fu Kwok Knitting & Garment Co., Ltd.
Cash consideration paid	\$ (28)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>24</u>
Differences arising from equity transactions	<u>\$ (4)</u>
<u>Line items adjusted for equity transactions</u>	
Unappropriated earnings	<u>\$ (4)</u>

On October 5, 2017, the Group subscribed for additional new shares of Ding Ding Hotel Co., Ltd. at a percentage different from its existing ownership percentage, increasing its continuing interest from 80.99% to 99.26%.

	Ding Ding Hotel Co., Ltd.
Cash consideration paid	\$ (1,000,000)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>999,939</u>
Differences arising from equity transactions	<u>\$ (61)</u>
<u>Line items adjusted for equity transactions</u>	
Unappropriated earnings	<u>\$ (61)</u>

35. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

The operating lease is mainly 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:

	<u>December 31</u>	
	2018	2017
Not later than 1 year	\$ 3,192,920	\$ 3,515,281
Later than 1 year and not later than 5 years	5,913,073	5,967,168
Later than 5 years	<u>646,622</u>	<u>793,689</u>
	<u>\$ 9,752,615</u>	<u>\$ 10,276,138</u>

b. The Group as lessor

The operating lease is mainly related to lease of investment properties owned by the Group.

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

	<u>December 31</u>	
	2018	2017
Not later than 1 year	\$ 749,750	\$ 852,719
Later than 1 year and not later than 5 years	2,694,677	2,797,637
Later than 5 years	<u>1,323,681</u>	<u>1,665,155</u>
	<u>\$ 4,768,108</u>	<u>\$ 5,315,511</u>

36. 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.

37. FINANCIAL INSTRUMENTS

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

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

	December 31			
	2018		2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Bonds payable	\$ 96,697,041	\$ 97,154,197	\$ 85,206,947	\$ 85,794,642

2) Fair value hierarchy

December 31, 2018

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>				
Bonds payable	<u>\$ 97,154,197</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,154,197</u>

December 31, 2017

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

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

1) Fair value hierarchy

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Open-end mutual funds - beneficial certificates	\$ 2,968,716	\$ -	\$ -	\$ 2,968,716
Oversea mutual funds - benefit certificates	-	2,885,614	-	2,885,614
Domestic listed shares	219,164	-	-	219,164
Forward exchange contracts	<u>-</u>	<u>-</u>	<u>2,110</u>	<u>2,110</u>
	<u>\$ 3,187,880</u>	<u>\$ 2,885,614</u>	<u>\$ 2,110</u>	<u>\$ 6,075,604</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 381,431	\$ -	\$ -	\$ 381,431
Unlisted shares	-	-	916,725	916,725
Real estate investment trust mutual funds - beneficial certificates	301,500	-	-	301,500
Oversea unlisted shares	<u>-</u>	<u>-</u>	<u>490,492</u>	<u>490,492</u>
	<u>\$ 682,931</u>	<u>\$ -</u>	<u>\$ 1,407,217</u>	<u>\$ 2,090,148</u>
Financial assets for hedging				
Fair value hedges - foreign exchange swap contracts	\$ -	\$ -	\$ 1,868	\$ 1,868
Cash flow hedges - interest rate swap contracts	<u>-</u>	<u>-</u>	<u>65,356</u>	<u>65,356</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,224</u>	<u>\$ 67,224</u>
Financial liabilities at FVTPL				
Forward exchange contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,848</u>	<u>\$ 6,848</u>

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at 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	<u>-</u>	<u>-</u>	<u>3,344</u>	<u>3,344</u>
	<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	<u>-</u>	<u>246,088</u>	<u>-</u>	<u>246,088</u>
	<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 swap contracts	<u>-</u>	<u>-</u>	<u>35,544</u>	<u>35,544</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,244</u>	<u>\$ 37,244</u>
Financial liabilities at FVTPL				
Forward exchange contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,987</u>	<u>\$ 12,987</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2018 and 2017.

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

For the year ended December 31, 2018

	Financial Assets at Fair Value Through Profit or Loss	Financial Assets at FVTOCI	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
Additions	-	229,770	-	229,770
Recognized in profit or loss				
Realized	(149,679)	-	5,406	(144,273)
Unrealized	(4,738)	-	-	(4,738)
Recognized in other comprehensive income	-	83,786	29,812	113,598
Return on the capital reduction	-	(61,500)	-	(61,500)
Settlements and effect of exchange rate differences	<u>136,450</u>	<u>3,480</u>	<u>(5,238)</u>	<u>134,692</u>
Balance at December 31, 2018	<u>\$ (4,738)</u>	<u>\$ 1,407,217</u>	<u>\$ 67,224</u>	<u>\$ 1,469,703</u>

For the year ended December 31, 2017

	Financial Instruments at Fair Value Through Profit or Loss - Held for Trading	Hedging Derivative Financial Instruments	Total
Balance at January 1, 2017	\$ 71,440	\$ (217,060)	\$ (145,620)
Recognized in profit or loss			
Realized	(33,780)	(23,550)	(57,330)
Unrealized	13,229	-	13,229
Recognized in other comprehensive income	-	231,609	231,609
Settlements	<u>(37,660)</u>	<u>46,245</u>	<u>8,585</u>
Balance at December 31, 2017	<u>\$ 13,229</u>	<u>\$ 37,244</u>	<u>\$ (50,473)</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 adopts 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>
Forward exchange contracts, option contracts, combined exchange options, cross-currency swap contracts, foreign exchange contracts, and interest rate swap contracts	<p>Discounted cash flow.</p> <p>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.</p>

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<u>Financial assets</u>		
Financial assets at FVTPL	\$ 6,075,604	\$ 4,209,638
Derivative financial assets for hedging	-	37,244
Financial assets for hedging	67,224	-
Loans and receivables (Note 1)	-	67,387,738
Available-for-sale financial assets (Note 2)	-	1,848,663
Financial assets at amortized cost (Note 3)	79,904,474	-
Financial assets at FVTOCI	2,090,148	-
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	6,848	12,987
Derivative financial liabilities for hedging	-	-
Amortized cost (Note 4)	266,263,137	232,327,152

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, financial assets at amortized- cost, 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 itself primarily to the financial risks of changes in exchange rates (refer to (a) below), interest rates (refer to (b) below) and other price (refer to (c) 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 detailed in Note 42.

Sensitivity analysis

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

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

	December 31	
	2018	2017
5% change in profit or loss		
USD	<u>\$ (276,110)</u>	<u>\$ (179,280)</u>

Hedge accounting

For the year ended December 31, 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:

December 31, 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	January 3, 2019- January 31, 2019	\$30.770/ \$30.825	Financial assets (liabilities) for hedging	\$ 1,868	\$ -	\$ -

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	\$ 291,245	\$ -	\$ 7,850	\$ -	\$ -	\$ -

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.

The Group also signed forward exchange contracts to avoid exchange rate exposure to expected future purchase transactions. Those forward exchange contracts were designated as cash flow hedges.

For the year ended December 31, 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:

**For the Year
Ended
December 31,
2017**

Gain on disposal of investments \$ 19,325

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:

	December 31	
	2018	2017
Fair value interest rate risk		
Financial assets	\$ 18,532,265	\$ 14,407,035
Financial liabilities	178,174,390	139,760,943
Cash flow interest rate risk		
Financial assets	12,713,223	13,086,498
Financial liabilities	40,971,276	50,035,924

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.

If interest rates had 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 for the years ended December 31, 2018 and 2017 would have decreased/increased by NT\$46,216 thousand and NT\$35,928 thousand, respectively, and the cash flows on the Group's financial assets with floating interest rate would have increased/decrease by \$31,783 thousand and \$32,716 thousand, respectively.

If interest rates had 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 for the years ended December 31, 2018 and 2017 would have decreased/increased by \$444,325 thousand and \$348,531 thousand, respectively, and the cash flows on the Group's financial liabilities with floating interest rate would have decreased/increased by \$102,428 thousand and \$125,089 thousand, respectively.

Hedge accounting

For the year ended December 31, 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.

As the critical terms of the interest rate swap contracts and their corresponding financial liabilities are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged financial liabilities will systematically change in opposite direction in response to movements in the underlying interest rates. The source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness is expected to emerge from these hedging relationships.

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

December 31, 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\$31,693 thousand	February 2019	0%-4.8%	3m TIBOR+1.10% (Note)	Financial assets for hedging	\$ 65,356	\$ -	\$ -
	NT\$3,294,000 thousand	November 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 Continuing Hedges	Carrying Amount Hedge Accounting No Longer Applied
Cash flow hedge			
Interest expense from long-term debt	\$ -	\$ 65,356	\$ -

For the year ended December 31, 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	Due to Hedged Future Cash Flow No Longer Expected to Occur
Cash flow hedge					
Interest expense from long-term debt	\$ 29,812	\$ -	\$ -	\$ 5,238 Decrease in interest expense	\$ -

December 31, 2017

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

Hedged Items	Financial instruments Designated as Hedging Instrument	Notional amount	Designated and Hedging Instrument December 31, 2017	Cash Flow Expected Generating Period
Interest expense from long-term debt	Interest rate swap contracts		\$ 3,879,644	From year 2012 to 2025
	-	Fair value	35,544	

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.

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:

	For the Year Ended December 31, 2017
Increase in interest expense	<u>\$ 42,875</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 December 31, 2018 would have decreased by NT\$408,182. 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 would have decreased by NT\$242,695 thousand.

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:

	1-2 Years	2-3 Years	Over 3 Years	Total
<u>December 31, 2018</u>				
Long-term borrowings	\$ 39,602,346	\$ 9,670,000	\$ 19,446,963	\$ 68,719,309
Bonds payable	<u>20,600,000</u>	<u>13,200,000</u>	<u>45,200,000</u>	<u>79,000,000</u>
	<u>\$ 60,202,346</u>	<u>\$ 22,870,000</u>	<u>\$ 64,646,963</u>	<u>\$ 147,719,309</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>

38. TRANSACTIONS WITH RELATED PARTIES

The Group had significant transactions with related parties. Besides the transactions mentioned in the other notes, the transactions for the years ended December 31, 2018 and 2017 and the related balances as of the balance sheet dates are summarized in the accompanying Tables 2, 3 and 4.

39. 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 warranties, guarantees for related parties, litigation, administrative tax remedies, and government projects.

	<u>December 31</u>	
	2018	2017
Financial assets at FVTPL - current	\$ 26,237	\$ 26,119
Other financial assets - current	1,742,702	3,466,376
Inventories - available-for-construction	200,654	200,654
Inventories - construction in progress	492,503	492,503
Financial assets at amortized cost - non-current	400,000	-
Property, plant and equipment, net	29,505,689	9,907,458
Investment properties	35,503,299	35,921,262
Investments accounted for using the equity method	2,901,592	2,829,731
Concessions - costs	3,756,000	3,756,000
Other financial assets - non-current	<u>2,631,972</u>	<u>2,997,088</u>
	<u>\$ 77,160,648</u>	<u>\$ 59,597,191</u>

As of December 31, 2018 and 2017, FENC and some of its subsidiaries had provided 61,622 thousand shares and 87,520 thousand shares, respectively, of the common stock of Far EasTone Telecommunications Co., Ltd. and 10,000 thousand shares and 16,500 thousand shares, respectively, of common stock of Yuan Ding Co., Ltd. as of both dates as collateral for short-term borrowings, short-term bills payable and long-term borrowings.

40. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

- a. The Group issued but unused letters of credit aggregated at approximately \$442,493 thousand and \$1,155,496 thousand as of December 31, 2018 and 2017, respectively.
- b. The Group (except for Far EasTone Telecommunications Co., Ltd. and its subsidiaries) had unpaid construction contracts and property, plant, and equipment amounting to \$3,738,851 thousand and \$6,037,104 thousand, as of December 31, 2018 and 2017, respectively.

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

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Acquisition of property, plant and equipment under contracts	\$ 4,879,774	\$ 7,841,219
Less: Payments for acquisition of property, plant and equipment	<u>1,245,097</u>	<u>2,809,176</u>
	<u>\$ 3,634,677</u>	<u>\$ 5,032,043</u>
Acquisition of cellular phone equipment under contract	\$ 10,855,083	\$ 14,004,339
Less: Payments for acquisition of cellular phone equipment	<u>5,495,652</u>	<u>5,233,512</u>
	<u>\$ 5,359,431</u>	<u>\$ 8,770,827</u>

- c. The letters of bank guarantees issued for importing from manufacturers all amounted to \$100,000 thousand as of both December 31, 2018 and 2017.
- d. There were undelivered cotton contracts which were unable to be cancelled amounting to \$248,124 thousand and \$197,924 thousand as of December 31, 2018 and 2017, respectively.
- e. Project contracts' costs already signed by Far Eastern General Contractor Inc. (FEGC) amounted to \$45,448,684 thousand and \$38,255,654 thousand as of December 31, 2018 and 2017, respectively.
- f. 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 amounted to \$3,839,110 thousand and \$3,776,739 thousand as of December 31, 2018 and 2017, respectively.
- g. Endorsements and guarantees provided to related parties are shown in Table 6 (attached).

- h. A subsidiary of FENC, Far Eastern General Contractor Corporation (FEGC), contracted the Southern Taiwan Science Park (STSP) to do underground cable construction. During the construction period, material costs rose because of adverse economic factors and the rising prices of stainless steel and cable materials. Although the contract amount had been adjusted for price inflation, FEGC still incurred a great loss and got no indemnification. Thus, FEGC filed a lawsuit for indemnification with the Supreme Court. As of March 22, 2019, the result of the lawsuit was still being awaited.

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

- i. The Company's 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 that 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 \$109,995 thousand as a pledge based on the NTCG's requirement. Later, due to NTCG confiscating the certificate of deposit, FECC filed an appeal against the NTCG, and FECC has accrued related construction costs. The Ministry of the Interior dismissed the administrative appeal. FECC disagreed with the administrative appeal decision, and thus filed an administrative litigation with the Taipei High Administrative Court. As of March 22, 2019, the Taipei High Administrative Court dismissed the appeal.
- j. The Company's 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 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. On October 19, 2018, FETC won the lawsuit from the first instance that the Taipei district court confirmed the penalty \$427,500 thousand imposed by TANFB was not exist, and TANFB is responsible for the litigation expense. TANFB filed an appeal on November 19, 2018. 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 amounting to \$71,250 thousand. 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.

41. SUBSEQUENT EVENTS AFTER REPORTING PERIOD

In order to provide cross-industry financial services and deploy online banking, The subsidiary Far EasTone's board of directors resolved on February 20, 2019 that Far EasTone would acquire a 5% stake in Line Financial Corporation for NT\$500 million. Far EasTone has remitted 20% of the investment amount (NT\$100 million), but if Line Financial Corporation is unsuccessful in its application for an online banking license, it will return the paid investment amounts to Far EasTone.

42. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (NT\$)
<u>Financial assets</u>			
Monetary items			
USD	\$ 300,238	30.715 (USD:NTD)	\$ 9,221,810
USD	97,958	6.868 (USD:RMB)	3,008,780
USD	40,779	7.800 (USD:HKD)	1,252,527
USD	2,774	4.319 (USD:MYR)	<u>85,203</u>
			<u>\$ 13,568,320</u>

Financial liabilities

Monetary items			
USD	149,982	30.715 (USD:NTD)	\$ 4,606,697
USD	48,050	6.868 (USD:RMB)	1,475,856
USD	61,154	7.800 (USD:HKD)	1,878,345
USD	2,774	4.319 (USD:MYR)	<u>85,203</u>
			<u>\$ 8,046,101</u>

December 31, 2017

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (NT\$)
<u>Financial assets</u>			
Monetary items			
USD	\$ 296,381	29.760 (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>

Financial liabilities

Monetary items			
USD	187,567	29.760 (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>

For the years ended December 31, 2018 and 2017, (realized and unrealized) net foreign exchange gains (losses) were \$566,309 thousand and \$(185,372) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of functional currencies of the Group entities.

43. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others: Table 5 (attached)
- 2) Endorsements/guarantees provided: Table 6 (attached)
- 3) Marketable securities held: Table 7 (attached)
- 4) Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: Table 8 (attached)
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 9 (attached)
- 6) Disposals 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 37
- 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: Tables 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: Tables 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 period 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 receipt of services.

44. 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, telecommunication 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. Segments revenue and results

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

	Segment Revenue		Segment Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2018	2017	2018	2017
Petrochemical business			\$ 167,443	\$ (1,262,021)
Revenue generated from external customers	\$ 23,866,733	\$ 16,557,547		
Intersegment revenue	<u>23,645,570</u>	<u>13,868,670</u>		
	<u>47,512,303</u>	<u>30,426,217</u>		
Chemical fiber business			2,777,801	1,006,696
Revenue generated from external customers	68,277,154	60,963,683		
Intersegment revenue	<u>3,366,194</u>	<u>1,006,029</u>		
	<u>71,643,348</u>	<u>61,969,712</u>		
Textile business			550,231	1,090,640
Revenue generated from external customers	35,854,894	33,967,442		
Intersegment revenue	<u>50,714</u>	<u>86,921</u>		
	<u>35,905,608</u>	<u>34,054,363</u>		
Telecommunication services business			12,373,173	14,216,298
Revenue generated from external customers	86,368,245	91,787,386		
Intersegment revenue	<u>266,726</u>	<u>282,295</u>		
	<u>86,634,971</u>	<u>92,069,681</u>		

(Continued)

	Segment Revenue		Segment Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2018	2017	2018	2017
Real estate development			\$ 786,123	\$ 759,959
Revenue generated from external customers	\$ 8,281,468	\$ 7,151,591		
Intersegment revenue	<u>749,526</u>	<u>791,265</u>		
	<u>9,030,994</u>	<u>7,942,856</u>		
Investment and other			4,117,378	3,808,839
Revenue generated from external customers	11,515,817	10,677,745		
Intersegment revenue	<u>373,156</u>	<u>361,305</u>		
	<u>11,888,973</u>	<u>11,039,050</u>		
Adjustment and elimination	<u>(27,685,412)</u>	<u>(15,281,470)</u>	<u>280,645</u>	<u>187,319</u>
	<u>\$ 234,930,785</u>	<u>\$ 222,220,409</u>	<u>21,052,794</u>	<u>19,807,730</u>
Interest revenue			301,957	486,339
Exchange loss			566,309	(185,372)
Interest expense			(2,689,232)	(2,605,876)
Other revenue and income (other expenses and losses)			<u>1,823,302</u>	<u>(610,530)</u>
Profit before tax			<u>\$ 21,055,130</u>	<u>\$ 16,892,291</u>

(Concluded)

Note: For the years ended December 31, 2018 and 2017, the main differences between the total reportable segment revenue and consolidated operating revenue and those between the total reportable segment profit and consolidated operating income were due to the share of the associates' profit of \$6,224,158 thousand and \$4,114,335 thousand, respectively, and dividend income from associates, which amounted to \$44,694 thousand and \$259,126 thousand, respectively.

b. Segment total assets and liabilities

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

c. Geographical information

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

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

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2018	2017	2018	2017
Taiwan	\$ 157,237,635	\$ 158,141,451	\$ 291,260,762	\$ 296,320,492
China	43,177,977	34,664,367	37,204,104	38,953,753
Overseas	<u>28,246,321</u>	<u>25,041,130</u>	<u>31,301,797</u>	<u>10,872,934</u>
	<u>\$ 228,661,933</u>	<u>\$ 217,846,948</u>	<u>\$ 359,766,663</u>	<u>\$ 346,147,179</u>

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

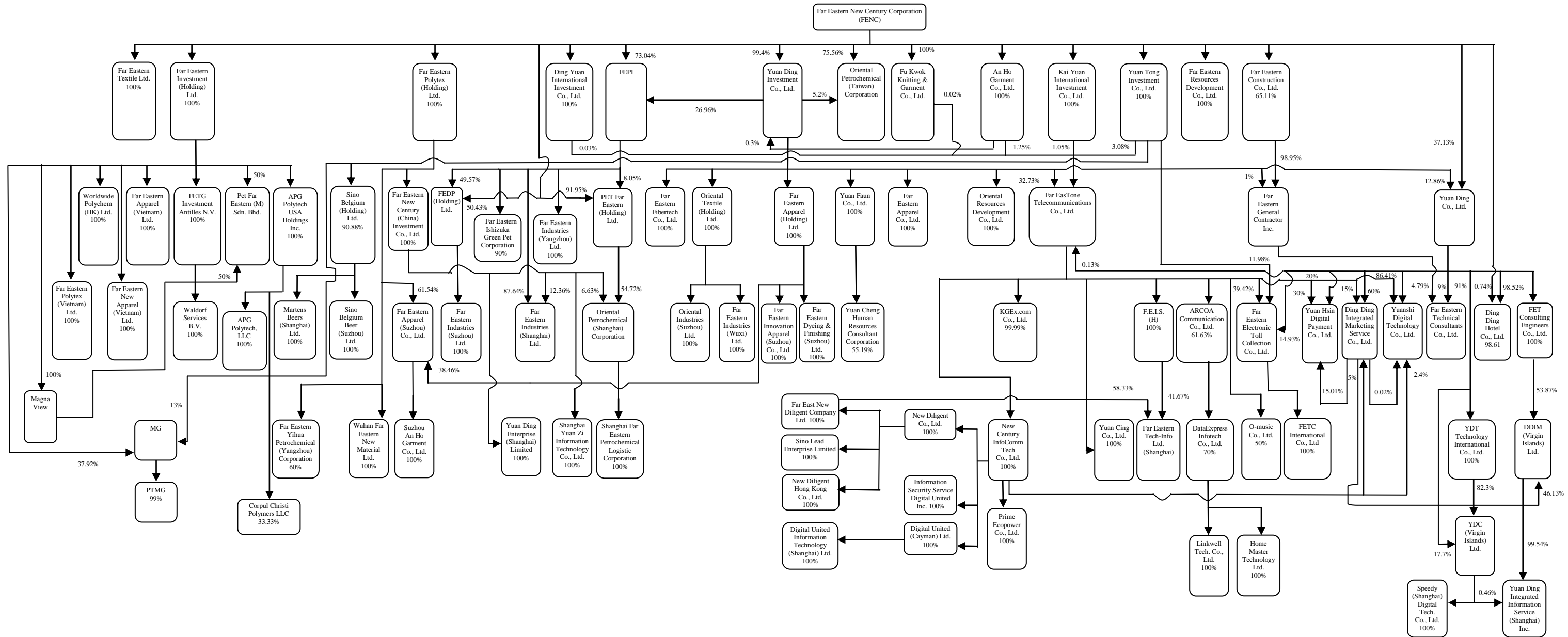
d. Information about major customers

No single customers contributed 10% or more to the Group's revenue for both 2018 and 2017.

TABLE 1

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND PERCENTAGES OF OWNERSHIP
DECEMBER 31, 2018



FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

**RELATED PARTY NAMES AND CATEGORIES
DECEMBER 31, 2018**

Related Party Name	Related Party Categories
Asia Cement Corporation	Associates
Far Eastern Department Stores Co., Ltd.	Associates
Oriental Union Chemical Corporation	Associates
Everest Textile Corporation	Associates
Oriental Securities Corporation	Associates
Yu Yuan Investment Co., Ltd.	Associates
Far Eastern International Leasing Corporation	Associates
Yuan Ding Leasing Corporation	Associates
Far Eastern International Leasing Corporation	Associates
Liquid Air Far East Co., Ltd.	Associates
Kowloon Cement Corporation	Associates
Da Ju Fiber Co., Ltd.	Associates
Far Eastern Union Petrochemical (Yangzhou) Corporation	Associates
Tong Da Air Industry (Yangzhou) Co., Ltd.	Associates
Yu Ding Industry Co., Ltd.	Associates
Freudenberg Far Eastern Spunweb Co., Ltd.	Associates
Yue Ming Corporation	Associates
Pacific Liu Tong Investment Co., Ltd.	Associates
Alliance Digital Technology Co., Ltd.	Associates
Catalyst 207 SPC-SP Tranche One	Associates
Far Eastern International Bank	Other related party (the vice chairman of investee is the chairman of FENC; associate since 8/18/2017; more details in Note 11)
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)
Bai-Ding Investment Corporation	Other related party (the subsidiary of FENC's associate)
Nan Hwa Cement Corporation	Other related party (the subsidiary of FENC's associate)
Chiahui Power Co., 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)
Der Ching Investment Corporation	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)

(Continued)

Related Party Name	Related Party Categories
Asia Cement (China) Holdings Corporation	Other related party (the subsidiary of FENC's associate)
Asia Cement (Singapore) Private Ltd.	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)
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)
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)
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)
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)
Nanchang Yali Concrete Produce Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Shanghai Yali Concrete Produce Ltd	Other related party (the subsidiary of FENC's associate)
Sichuan Yali Concrete Produce Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Chendu Yali Cement Products Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Wuhan Yali Concrete Produce Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Arizona Express Inc.	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 Yali Transport Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Jiangxi Yali Transport Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Hubei Yali Transport Co., Ltd.	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)
Nanchang Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Yangzhou Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Hubei Yadong Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Huanggang Yadong 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)
Sichuan Lanfeng Cement Co., Ltd.	Other related party (the subsidiary of FENC's associate)
Taizhou Yadong Building Material Co., Ltd.	Other related party (the subsidiary of FENC's associate)
FEDS Development Ltd.	Other related party (the subsidiary of FENC's associate)
Sony Music Entertainment Taiwan Ltd.	Other related party (corporate director of the subsidiary)
Mitic Incorporated	Other related party (corporate director of the subsidiary)
President Chain Store Corporation (Note)	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)
Uni-President Enterprise Corporation (Note)	Other related party (supervisor of the subsidiary)

(Continued)

Related Party Name	Related Party Categories
HIM International Music Inc.	Other related parties (Supervisor of the subsidiary)
Telecommunication & Transportation Foundation	Other related parties (Far EasTone's donation is over one third of the foundation's fund)
Far Eastern City Super Ltd.	Other related parties (the subsidiary of FENC which accounted for using the equity method)
Yuan Ze University	Other related parties (the same chairman)
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)
SYSTEX Corporation	Other related parties (the same chairman)
Tranquil Enterprise Ltd.	Other related party (related party in substance)
Opas Fund Segregated Portfolio Company	Other related party (related party in substance)
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 (Hong Kong) 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)
Far Eastern Polyclinic	Other related party (related party in substance)
Deutsche Far Eastern Asset Management Co., Ltd. (DFEAMC)	Other related party (related party in substance)

Note: On June 29, 2018, the subsidiary was merged by its parent company and dissolved. Therefore, it was no longer other related party since the date of merger.

(Concluded)

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

	For the Year Ended December 31	
	2018	2017
Operating revenue		
Associates	\$ 2,262,741	\$ 2,049,638
Other related parties	<u>778,333</u>	<u>748,823</u>
	<u>\$ 3,041,074</u>	<u>\$ 2,798,461</u>
Operating costs		
Associates	\$ 2,307,473	\$ 1,861,437
Other related parties	<u>869,919</u>	<u>602,919</u>
	<u>\$ 3,177,392</u>	<u>\$ 2,464,356</u>
Operating expenses		
Associates	\$ 44,140	\$ 38,700
Other related parties	<u>820,528</u>	<u>394,239</u>
	<u>\$ 864,668</u>	<u>\$ 432,939</u>
Rental revenue (recognized as operating revenue)		
Associates	\$ 323,264	\$ 334,693
Other related parties	<u>257,184</u>	<u>257,701</u>
	<u>\$ 580,448</u>	<u>\$ 592,394</u>
Rental expense (recognized as operating cost and expense)		
Associates	\$ 75,271	\$ 73,212
Other related parties	<u>186,431</u>	<u>185,150</u>
	<u>\$ 261,702</u>	<u>\$ 258,362</u>

The Group has purchased the construction contracts, software equipment, machinery equipment and securities from other related parties that amounted to \$489,096 thousand for the year ended December 31, 2018. The Group had acquired shares of subsidiaries from associates on March 2, 2018, refer to Note 34 for related information. The Group has purchased the securities from associates that amounted to \$792,206 for the year ended December 31, 2017, refer to Note 11 for related information. The Group has purchased the construction contracts, software equipment, machinery equipment and securities from the other related parties that amounted to \$352,493 thousand for the year ended December 31, 2017.

(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”, “C”, “D”, through the trading platform of Opas Company. The decisions on overseas mutual funds with different tranches were made by the investment committee which is formed with the Group and other investors. During the year ended December 31, 2018 and 2017, the Group acquired funds with carrying amounts of \$2,089,025 thousand and \$840,439 thousand. As of December 31 2017, the Group disposed funds amounting to \$704,725 thousand, and recognized the gains on disposal of fund amounting to \$51,325 thousand.

In December 2018, the Group invested in Catalyst_207 SPC-SP Tranche One amounting to 246,440 thousand.

The Group has disposed of the securities and other equipment from other related parties that amounted to \$107,539 thousand, and it has recognized gain on disposal of \$34 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:

	For the Year Ended December 31	
	2018	2017
Short-term benefits	\$ 479,227	\$ 391,032
Post-employment benefits	<u>2,174</u>	<u>2,680</u>
	<u>\$ 481,401</u>	<u>\$ 393,712</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****(In Thousands of New Taiwan Dollars)**

	December 31	
	2018	2017
Notes and accounts receivable		
Associates	\$ 644,422	\$ 622,606
Other related parties	<u>561,520</u>	<u>465,356</u>
	<u>\$ 1,205,942</u>	<u>\$ 1,087,962</u>
Notes and accounts payable - related parties (Note 1)		
Associates	\$ 89,875	\$ 190,432
Other related parties	<u>282,238</u>	<u>149,286</u>
	<u>\$ 372,113</u>	<u>\$ 339,718</u>
Progress billings (Note 2)		
Associates	\$ 1,024,261	\$ 429,779
Other related parties	<u>172,509</u>	<u>783,806</u>
	<u>\$ 1,196,770</u>	<u>\$ 1,213,585</u>
Guarantee deposits received		
Associates	\$ 50,304	\$ 50,427
Other related parties	<u>65,726</u>	<u>64,459</u>
	<u>\$ 116,030</u>	<u>\$ 114,886</u>
Deferred credit - gains on related parties transactions		
Associates		
Oriental Securities Corporation	\$ 111,149	\$ 111,705
Others	2,810	2,810
Other related parties	<u>9,122</u>	<u>9,122</u>
	<u>\$ 123,081</u>	<u>\$ 123,637</u>

Note 1: Including retentions payable of \$6,596 thousand, which was recognized as contract liabilities

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

(Continued)

Financing to related parties

Loans to related parties (recognized as other receivables):

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Associates		
Yu Ding Industry Co., Ltd.	\$ 70,000	\$ 510,000
Far Eastern Union Petrochemical (Yangzhou) Corporation	-	1,460,800
Da Ju Fiber Co., Ltd.	-	550,000
Other related parties	<u>-</u>	<u>319,550</u>
	<u>\$ 70,000</u>	<u>\$ 2,840,350</u>

Interests income from loans to related parties:

	<u>For the Year Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Associates		
Far Eastern Union Petrochemical (Yangzhou) Corporation	\$ 45,323	\$ 63,051
Others	7,262	15,894
Other related parties	<u>11,266</u>	<u>5,174</u>
	<u>\$ 63,851</u>	<u>\$ 84,119</u>

Loans from related parties:

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Other related parties (recognized as short-term borrowings - loans from related parties)	\$ 3,668,174	\$ 3,732,946
Other related parties (recognized as long-term borrowings - bank loans)	<u>300,000</u>	<u>-</u>
	<u>\$ 3,968,174</u>	<u>\$ 3,732,946</u>

Interests expense from loans from related parties:

	<u>For the Year Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Other related parties	<u>\$ 9,062</u>	<u>\$ 8,548</u>

(Continued)

Deposits, financial assets at amortized cost - current/debt investments with no active market and
other financial assets

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Far Eastern International Bank	\$ <u>9,028,379</u>	\$ <u>12,833,826</u>

The Group had bank deposits and time deposits (recognized as cash, 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 reserve account which was deposited in Far Eastern International Bank based on the regulation from syndicated loan contract, and time deposit which is pledged in Cathay United Bank, which was recognized as other financial assets. The interest income was \$76,936 thousand and \$74,489 thousand for the years ended December 31, 2018 and 2017, respectively.

Financial assets (liabilities) at FVTPL - current

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Far Eastern International Bank	\$ <u>(3,466)</u>	\$ <u>(4,440)</u>

The Group signed forward exchange contracts, option contracts, combined exchange options and cross-currency swap contracts with Far Eastern International Bank. The gain or (loss) of financial assets (liabilities) at FVTPL was \$29,231 thousand and \$(22,638) thousand for the years ended December 31, 2018 and 2017, respectively.

Financial assets for hedging - current

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Far Eastern International Bank	\$ <u>1,868</u>	\$ <u>-</u>

The Group signed foreign exchange swap contracts with Far Eastern International Bank and recognized as financial assets for hedging. Notional amounts were US\$10,000 thousand as of December 31, 2018.

Derivative financial assets (liabilities) for hedging - current

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Far Eastern International Bank	\$ <u>-</u>	\$ <u>1,700</u>

The Group signed foreign exchange swap contracts with Far Eastern International Bank and recognized as derivative financial assets (liabilities) for hedging. Notional amounts were US\$10,000 thousand as of December 31, 2017.

Note:

- a. The terms of sales to and purchases from other related parties were based on the agreements.
- b. The rental receivables (recognized as other receivables) from renting out the factories to other related parties were \$28,829 thousand and \$64,924 thousand as of December 31, 2018 and 2017, respectively.

(Continued)

- c. The Group sold investment properties - land to Far Eastern Medical Foundation in 2015. As of December 31, 2018 and 2017, the unreceived amount which was recognized as other receivables from related parties were \$990,000 thousand and \$360,000 thousand, respectively. And other receivables from related parties - non-current were \$450,000 thousand and \$1,260,000 thousand, respectively.
- d. The Group purchased the materials and other inventories for an associate, Far Eastern Union Petrochemical (Yangzhou) Corporation, and recognized other revenue of \$117,152 thousand for the year ended December 31, 2018. As of December 31, 2018, the amount which recognized as other receivables was \$50,018 thousand.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 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	\$ 105,000	1.045	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 10,176,757	\$ 101,767,569	Amounts allowed for ending period (Note B); Maximum amounts allowed for the period (Note H)
1	Yuan Ding Investment Co., Ltd.	Ding Yuan International Investment Co., Ltd.	Receivables from related parties	Yes	400,000	400,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Far Eastern Resources Development Co., Ltd.	Receivables from related parties	Yes	1,000,000	500,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Oriental Resources Development Co., Ltd.	Receivables from related parties	Yes	600,000	600,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Yuan Tong Investment Co., Ltd.	Receivables from related parties	Yes	750,000	750,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Oriental Petrochemical (Taiwan) Corporation	Receivables from related parties	Yes	1,500,000	1,500,000	-	-	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		An Ho Garment Co., Ltd.	Receivables from related parties	Yes	800,000	800,000	-	1.32-1.42	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Da Ju Fiber Co., Ltd.	Receivables from related parties	Yes	1,100,000	1,030,000	-	1.32-1.42	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Kai Yuan International Investment Co., Ltd.	Receivables from related parties	Yes	1,200,000	1,200,000	-	1.32-1.42	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		Yu Ding Industry Co., Ltd.	Receivables from related parties	Yes	680,000	580,000	70,000	1.32-1.42	2	-	For revolving fund	-	Promissory note	-	4,334,167	21,670,835	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
2	Far Eastern Resources Development Co., Ltd.	Kai Yuan International Investment Co., Ltd.	Receivables from related parties	Yes	250,000	250,000	-	0.67-1.25	2	-	For revolving fund	-	Promissory note	-	2,713,342	13,566,709	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)
		An Ho Garment Co., Ltd.	Receivables from related parties	Yes	250,000	250,000	200,000	0.67-1.25	2	-	For revolving fund	-	Promissory note	-	2,713,342	13,566,709	Amounts allowed for ending period (Note C); 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				
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	\$ -	-	\$ -	\$ 7,331,750	\$ 36,658,749	Amounts allowed for ending period (Note C); Maximum amounts allowed for the period (Note H)	
4	New Century InfoComm Tech Co., Ltd.	Q-ware Communications Corporation	Receivables from related parties	Yes	150,000	-	-	1.33	2	-	For revolving fund	-	-	-	8,531,418	12,187,740	Amounts allowed for ending period (Note F); Maximum amounts allowed for the period (Note H)	
		Far EasTone Telecommunications Co., Ltd.	Receivables from related parties	Yes	2,500,000	2,500,000	2,500,000	0.83	1	3,052,994	-	-	-	-	3,052,994	12,187,740	Amounts allowed for ending period (Note O); Maximum amounts allowed for the period (Note H)	
		Far EasTone Telecommunications Co., Ltd.	Receivables from related parties	Yes	7,500,000	7,500,000	5,000,000	0.83	2	-	For revolving fund	-	-	-	8,531,418	12,187,740	Amounts allowed for ending period (Note F); Maximum amounts allowed for the period (Note H)	
5	Yuan Ding Co., Ltd.	Ding Ding Hotel Co., Ltd.	Receivables from related parties	Yes	400,000	-	-	-	2	-	For revolving fund	-	Promissory note	-	1,551,045	3,877,612	Amounts allowed for ending period (Note E); Maximum amounts allowed for the period (Note H)	
		Yuan Ding Integrated Information Service (Shanghai) Inc.	Receivables from related parties	Yes	151,776	-	-	2.25-2.40	2	-	For revolving fund	-	Promissory note	-	1,551,045	3,877,612	Amounts allowed for ending period (Note E); Maximum amounts allowed for the period (Note H)	
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	-	18,880	23,600	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note H)	
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	-	145,428	181,785	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note H)	
8	Far Eastern Investment (Holding) Ltd.	M&G Polymers USA, LLC	Other receivables	No	153,575	-	-	-	2	-	For revolving fund	-	-	-	8,925,140	8,925,140	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)	
		FILSYN Corporation	Other receivables	No	61,430	61,430	-	-	2	-	For revolving fund	-	Promissory note	-	8,925,140	8,925,140	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)	
		Worldwide Polychem (HK) Ltd.	Receivables from affiliates	Yes	307,150	307,150	-	-	-	2	-	For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Polytex (Holding) Ltd.	Receivables from affiliates	Yes	307,150	307,150	-	-	-	2	-	For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		APG Polytech, LLC	Receivables from affiliates	Yes	1,228,600	1,121,098	-	2.83707-3.50125	2	-	For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)	
		Far Eastern Polytex (Vietnam) Ltd.	Receivables from affiliates	Yes	1,535,750	1,535,750	-	-	-	2	-	For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Apparel (Holding) Ltd.	Receivables from affiliates	Yes	921,450	614,300	-	-	-	2	-	For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)

(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			
		PET Far Eastern (Holding) Ltd.	Receivables from affiliates	Yes	\$ 921,450	\$ -	\$ -	5.953	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 11,156,425	\$ 33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Polychem Industries Ltd.	Receivables from affiliates	Yes	1,842,900	-	-	-	2	-	For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Oriental Textile (Holding) Ltd.	Receivables from affiliates	Yes	1,842,900	-	-	2.83707-3.50125	2	-	For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Apparel (Vietnam) Ltd.	Receivables from affiliates	Yes	921,450	921,450	76,788	-	2	-	For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		PET Far Eastern (M) Sdn. Bhd.	Receivables from affiliates	Yes	307,150	307,150	130,451	-	2	-	For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Sino Belgium (Holding) Ltd.	Receivables from affiliates	Yes	460,725	460,725	156,647	2.83707-3.50125	2	-	For revolving fund	-	Promissory note	-	8,925,140	8,925,140	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
		Far Eastern New Apparel (Vietnam) Ltd.	Receivables from affiliates	Yes	1,228,600	1,228,600	506,798	-	2	-	For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	2,741,336	1,846,936	1,744,392	-	2	-	For revolving fund	-	Promissory note	-	11,156,425	33,469,275	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
9	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Co., Ltd.	Receivables from affiliates	Yes	614,300	614,300	-	-	2	-	For revolving fund	-	Promissory note	-	1,718,781	5,156,342	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Polychem Industries Ltd.	Receivables from affiliates	Yes	614,300	-	-	2.83707-3.50125	2	-	For revolving fund	-	Promissory note	-	1,718,781	5,156,342	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Receivables from affiliates	Yes	1,228,600	614,300	-	-	2	-	For revolving fund	-	Promissory note	-	1,718,781	5,156,342	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	1,228,600	-	-	2.83707-3.50125	2	-	For revolving fund	-	Promissory note	-	1,718,781	5,156,342	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
10	Oriental Textile (Holding) Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	1,967,680	1,967,680	-	1.265	2	-	For revolving fund	-	Promissory note	-	3,941,211	11,823,632	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Industries (Wuxi) Ltd.	Receivables from affiliates	Yes	767,875	767,875	-	-	2	-	For revolving fund	-	Promissory note	-	3,941,211	11,823,632	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Sino Belgium Beer (Suzhou) Ltd.	Receivables from affiliates	Yes	184,290	-	-	-	2	-	For revolving fund	-	Promissory note	-	3,941,211	11,823,632	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Oriental Industries (Suzhou) Ltd.	Receivables from affiliates	Yes	1,842,900	614,300	-	-	2	-	For revolving fund	-	Promissory note	-	3,941,211	11,823,632	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)

(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			
		Far Eastern Polytex (Vietnam) Ltd.	Receivables from affiliates	Yes	\$ 3,071,500	\$ 3,071,500	\$ 153,575	-	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 3,941,211	\$ 11,823,632	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	2,702,920	1,228,600	628,785	2.83707-5.95300	2	-	For revolving fund	-	Promissory note	-	3,941,211	11,823,632	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
11	Far Eastern Polychem Industries Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	2,638,480	2,638,480	-	1.265	2	-	For revolving fund	-	Promissory note	-	5,230,328	15,690,983	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Polytex (Vietnam) Ltd.	Receivables from affiliates	Yes	921,450	921,450	-	-	2	-	For revolving fund	-	Promissory note	-	5,230,328	15,690,983	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Wuhan Far Eastern New Material Ltd.	Receivables from affiliates	Yes	122,860	-	-	-	2	-	For revolving fund	-	Promissory note	-	5,230,328	15,690,983	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Ishizuka Green Pet Corporation	Receivables from affiliates	Yes	417,300	-	-	-	2	-	For revolving fund	-	Promissory note	-	4,184,262	4,184,262	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
		Far Eastern Industries (Shanghai) Ltd.	Receivables from affiliates	Yes	1,842,900	614,300	-	-	2	-	For revolving fund	-	Promissory note	-	5,230,328	15,690,983	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Industries (Suzhou) Ltd.	Receivables from affiliates	Yes	1,443,605	-	-	-	2	-	For revolving fund	-	Promissory note	-	5,230,328	15,690,983	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	4,453,675	1,228,600	-	2.83707-5.95300	2	-	For revolving fund	-	Promissory note	-	5,230,328	15,690,983	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
12	PET Far Eastern (Holding) Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Receivables from affiliates	Yes	2,101,840	2,101,840	-	1.265	2	-	For revolving fund	-	Promissory note	-	3,361,155	10,083,466	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	921,450	921,450	-	-	2	-	For revolving fund	-	Promissory note	-	3,361,155	10,083,466	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Oriental Petrochemical (Shanghai) Corporation	Receivables from affiliates	Yes	614,300	614,300	-	-	2	-	For revolving fund	-	Promissory note	-	2,688,924	2,688,924	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
13	FEDP (Holding) Ltd.	Far Eastern Polychem Industries Ltd.	Receivables from affiliates	Yes	153,575	-	-	2.83707-3.50125	2	-	For revolving fund	-	Promissory note	-	913,148	2,739,443	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
		Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	Yes	153,575	-	-	2.83707-3.50125	2	-	For revolving fund	-	Promissory note	-	913,148	2,739,443	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note K)
14	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Innovation Apparel (Suzhou) Co., Ltd.	Other receivables - loans to related parties	Yes	44,720	-	-	-	2	-	For revolving fund	-	Promissory note	-	2,495,553	5,545,674	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	894,400	-	-	3.75-4.00	2	-	For revolving fund	-	Promissory note	-	2,495,553	5,545,674	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)

(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			
		Oriental Petrochemical (YangZhou) Corporation	Other receivables - loans to related parties	Yes	\$ 313,040	\$ 313,040	\$ -	3.68	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 1,109,135	\$ 1,109,135	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)
		Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	2,459,600	2,459,600	1,556,998	3.40659-4.52	2	-	For revolving fund	-	Promissory note	-	2,495,553	5,545,674	Amounts allowed for ending period (Note D); Maximum amounts allowed for the period (Note L)
15	Far Eastern Apparel (Suzhou) Co., Ltd.	Far Eastern Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	447,200	-	-	3.75-4.00	2	-	For revolving fund	-	Promissory note	-	1,363,236	3,029,413	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	1,252,160	1,252,160	1,087,420	3.40659-4.57	2	-	For revolving fund	-	Promissory note	-	1,363,236	3,029,413	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
16	Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	894,400	894,400	860,350	1.21	2	-	For revolving fund	-	Promissory note	-	1,445,591	3,212,425	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
17	Oriental Industries (Suzhou) Ltd.	Far Eastern Innovation Apparel (Suzhou) Co., Ltd.	Other receivables - loans to related parties	Yes	223,600	223,600	-	-	2	-	For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	223,600	223,600	-	1.265	2	-	For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Apparel (Suzhou) Co., Ltd.	Other receivables - loans to related parties	Yes	447,200	447,200	-	-	2	-	For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	447,200	447,200	-	-	2	-	For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	1,788,800	1,341,600	-	3.75064-4.62	2	-	For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Industries (Wuxi) Ltd.	Other receivables - loans to related parties	Yes	894,400	894,400	13	3.75064-4.62	2	-	For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Sino Belgium Beer (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	1,118,000	1,118,000	710,140	3.75064-4.62	2	-	For revolving fund	-	Promissory note	-	5,338,458	11,863,241	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
18	Far Eastern Industries (Wuxi) Ltd.	Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	894,400	894,400	-	4.43-4.69	2	-	For revolving fund	-	Promissory note	-	2,631,450	5,847,668	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
19	Suzhou An Ho Apparel Ltd.	Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	40,248	-	-	3.5	2	-	For revolving fund	-	Promissory note	-	49,537	110,083	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Apparel (Suzhou) Co., Ltd.	Other receivables - loans to related parties	Yes	40,248	40,248	40,248	1.21	2	-	For revolving fund	-	Promissory note	-	49,537	110,083	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)

(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				
20	Far Eastern Innovation Apparel (Suzhou) Co., Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	\$ 447,200	\$ 447,200	\$ 313,040	1.21	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 956,369	\$ 2,125,264	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)	
		Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	670,800	670,800	447,200	1.21	2	-	For revolving fund	-	Promissory note	-	956,369	2,125,264	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)	
21	Oriental Petrochemical (Shanghai) Corporation	Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	223,600	223,600	125,019	4.62	2	-	For revolving fund	-	Promissory note	-	285,308	855,924	Amounts allowed for ending period (Note B); Maximum amounts allowed for the period (Note D)	
22	Far Eastern Industries (Shanghai) Ltd.	Far Eastern Union Petrochemical (Yangzhou) Corporation	Other receivables - loans to related parties	Yes	894,400	-	-	2.00-4.00	2	-	For revolving fund	-	Promissory note	-	3,320,496	3,320,496	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)	
		Oriental Petrochemical (Shanghai) Corporation	Other receivables - loans to related parties	Yes	447,200	-	-	4.35	2	-	For revolving fund	-	Promissory note	-	3,320,496	3,320,496	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)	
		Far Eastern Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	111,800	-	-	4.576	2	-	For revolving fund	-	Promissory note	-	4,150,620	7,471,115	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note I)	
		Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	670,800	670,800	-	-	-	2	-	For revolving fund	-	Promissory note	-	4,150,620	7,471,115	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note I)
		Oriental Petrochemical (Shanghai) Corporation	Other receivables - loans to related parties	Yes	1,565,200	894,400	894,400	4.35	-	1	5,056,097	-	-	Promissory note	-	4,150,620	4,150,620	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note H)
23	Wuhan Far Eastern New Material Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	134,160	134,160	-	1.265-4.35	2	-	For revolving fund	-	Promissory note	-	469,093	844,367	Amounts allowed for ending period (Note H); Maximum amounts allowed for the period (Note I)	
24	Far Eastern New Century (China) Investment Co., Ltd.	Shanghai Yuan Zi Information Technology Co., Ltd.	Other receivables - loans to related parties	Yes	44,720	44,720	-	-	2	-	For revolving fund	-	Promissory note	-	5,942,841	8,319,977	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)	
		Oriental Textile (Holding) Ltd.	Other receivables - loans to related parties	Yes	89,440	89,440	-	-	2	-	For revolving fund	-	Promissory note	-	5,942,841	8,319,977	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)	
		Far Eastern Polychem Industries Ltd.	Other receivables - loans to related parties	Yes	89,440	89,440	-	-	2	-	For revolving fund	-	Promissory note	-	5,942,841	8,319,977	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)	
		PET Far Eastern (Holding) Ltd.	Other receivables - loans to related parties	Yes	89,440	89,440	-	-	2	-	For revolving fund	-	Promissory note	-	5,942,841	8,319,977	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)	
		Wuhan Far Eastern New Material Ltd.	Other receivables - loans to related parties	Yes	134,160	134,160	-	1.265-4.35	2	-	For revolving fund	-	Promissory note	-	5,942,841	8,319,977	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)	
		Oriental Petrochemical (Shanghai) Corporation	Other receivables - loans to related parties	Yes	491,920	491,920	-	1.21-4.35	2	-	For revolving fund	-	Promissory note	-	950,855	950,855	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)	

(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			
		Oriental Industries (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	\$ 1,118,000	\$ 1,118,000	\$ 89	1.21-4.35	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 5,942,841	\$ 8,319,977	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)
		Shanghai Far Eastern Petrochemical Logistic Corporation	Other receivables - loans to related parties	Yes	53,664	53,664	13,403	1.21-4.35	2	-	For revolving fund	-	Promissory note	-	5,942,841	8,319,977	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)
		Far Eastern Industries (Shanghai) Ltd.	Other receivables - loans to related parties	Yes	3,130,400	3,130,400	562,676	1.21-4.35	2	-	For revolving fund	-	Promissory note	-	5,942,841	8,319,977	Amounts allowed for ending period (Note M); Maximum amounts allowed for the period (Note N)
25	Shanghai Yuan Zi Information Technology Co., Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	Other receivables - loans to related parties	Yes	44,720	44,720	-	-	2	-	For revolving fund	-	Promissory note	-	58,252	87,378	Amounts allowed for ending period (Note J); Maximum amounts allowed for the period (Note K)
26	Far Eastern Industries (Yangzhou) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Other receivables - loans to related parties	Yes	313,040	313,040	-	3.6	2	-	For revolving fund	-	Promissory note	-	1,259,622	2,799,159	Amounts allowed for ending period (Note I); Maximum amounts allowed for the period (Note L)
		Far Eastern Union Petrochemical (Yangzhou) Corporation	Other receivables - loans to related parties	Yes	536,640	536,640	-	2.0-3.60	2	-	For revolving fund	-	Promissory note	-	559,832	559,832	Amounts allowed for ending period (Note G); Maximum amounts allowed for the period (Note G)

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 audited financial statements as of December 31, 2018.
- C. The limitation is 10% of the net value of the financier based on audited financial statements as of December 31, 2018.
- D. The limitation is 15% of the net value of the financier based on audited financial statements as of December 31, 2018.
- E. The limitation is 20% of the net value of the financier based on audited financial statements as of December 31, 2018.
- F. The limitation is 35% of the net value of the financier based on audited financial statements as of December 31, 2018.
- G. The limitation is 40% of the net value of the financier based on audited financial statements as of December 31, 2018.
- H. The limitation is 50% of the net value of the financier based on audited financial statements as of December 31, 2018.
- I. The limitation is 90% of the net value of the financier based on audited financial statements as of December 31, 2018.
- J. The limitation is 100% of the net value of the financier based on audited financial statements as of December 31, 2018.
- K. The limitation is 150% of the net value of the financier based on audited financial statements as of December 31, 2018.
- L. The limitation is 200% of the net value of the financier based on audited financial statements as of December 31, 2018.
- M. The limitation is 250% of the net value of the financier based on audited financial statements as of December 31, 2018.
- N. The limitation is 350% of the net value of the financier based on audited financial statements as of December 31, 2018.
- O. The limitation is business transaction amount.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 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 Collateral	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 M)	Endorsements/ Guarantees Given by Subsidiaries on Behalf of Parent (Note M)	Endorsements/ Guarantees Given on Behalf of Companies in Mainland China (Note M)	Note
		Name	Relationship											
0	Far Eastern New Century Corporation	Far Eastern Investment (Holding) Ltd.	(Note A)	\$ 101,767,569	\$ 23,684,000	\$ -	\$ -	\$ -	-	\$ 203,535,137	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 Investment (Holding) Ltd.	(Note C)	20,353,514	1,535,750	-	-	-	-	20,353,514	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H)
		Oriental Resources Development Co., Ltd.	(Note A)	21,670,835	100,000	-	-	-	-	43,341,670	-	-	-	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)	21,670,835	280,000	268,000	176,000	-	0.62	43,341,670	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
		Far Eastern Ishizuka Green Pet Corporation	(Note C)	20,353,514	667,680	667,680	667,680	-	1.54	20,353,514	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H)
		PET Far Eastern (Holding) Ltd.	(Note C)	20,353,514	619,100	614,300	106,881	-	1.42	20,353,514	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H)
		Oriental Textile (Holding) Ltd.	(Note A)	21,670,835	619,100	614,300	-	-	1.42	43,341,670	-	-	-	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)	20,353,514	928,650	921,450	58,815	-	2.13	20,353,514	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note H)
		APG Polytech, LLC	(Note C)	20,353,514	5,364,420	5,344,410	2,086,326	-	12.33	20,353,514	-	-	-	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 Collateral	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 M)	Endorsements/ Guarantees Given by Subsidiaries on Behalf of Parent (Note M)	Endorsements/ Guarantees Given on Behalf of Companies in Mainland China (Note M)	Note
		Name	Relationship											
		Oriental Industries (Suzhou) Ltd.	(Note A)	\$ 21,670,835	\$ 1,547,750	\$ 1,535,750	\$ 570,320	\$ -	3.54	\$ 43,341,670	-	-	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)	13,566,709	5,708,448	5,708,448	3,546,448	5,708,448	2.80	27,133,417	-	Yes	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
3	Yuan Ding Co., Ltd.	Ding Ding Hotel Co., Ltd.	(Note A)	3,877,612	2,173,000	1,773,000	1,015,000	250,000	0.87	7,755,224	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
4	FET Consulting Engineers Co., Ltd.	Yuan Ding Co., Ltd.	(Note D)	23,600	230,000	-	-	-	-	47,199	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note E); maximum amounts allowed for the period (Note F)
5	Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	(Note A)	41,033,781	154,300	77,150	77,150	-	0.56	41,033,781	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note I); maximum amounts allowed for the period (Note I)
6	PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corporation	(Note A)	101,767,569	1,535,750	1,535,750	163,228	-	0.75	203,535,137	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K)
		Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note B)	101,767,569	1,191,470	460,725	314,829	-	0.23	203,535,137	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K)
7	Far Eastern Investment (Holding) Ltd.	APG Polytech USA Holdings, Inc.	(Note A)	101,767,569	7,166,823	7,166,823	-	-	3.52	203,535,137	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K)
		APG Polytech, LLC	(Note A)	101,767,569	2,518,811	2,509,416	878,142	-	1.23	203,535,137	-	-	-	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K)
8	Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note C)	101,767,569	503,805	-	-	-	-	203,535,137	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K)

(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 Collateral	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 M)	Endorsements/ Guarantees Given by Subsidiaries on Behalf of Parent (Note M)	Endorsements/ Guarantees Given on Behalf of Companies in Mainland China (Note M)	Note
		Name	Relationship											
9	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note C)	\$ 101,767,569	\$ 328,020	\$ -	\$ -	\$ -	-	\$ 203,535,137	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K)
10	Far Eastern New Century (China) Investment Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note C)	101,767,569	937,200	-	-	-	-	203,535,137	-	-	Yes	Limits on each counterparty's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note K)

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 audited financial statements.

F. The amount of the collateral/guarantees is based on net value of the guarantor from the latest audited financial statements.

G. The amount of the collateral/guarantees is based on the lower of 10% of the net value of the ultimate parent company and 50% of the net value of Yuan Ding Investment Co., Ltd. from the audited financial statements as of December 31, 2018.

H. The amount of the collateral/guarantees is based on the lower of 10% of the net value of the ultimate parent company and the net value of Yuan Ding Investment Co., Ltd. from the audited financial statements as of December 31, 2018.

I. The amount of the collateral/guarantees is based on 300% of the net value of the guarantor from latest audited financial statements.

J. The amount of the collateral/guarantees is based on 50% of the net value of the ultimate parent company from the latest audited financial statements.

K. The amount of the collateral/guarantees is based on the net value of the ultimate parent company from latest audited financial statements.

L. 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.

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

N. The tariff guarantee maximum amounts allowed for a subsidiary in mainland China for the period and the actual appropriation as of period end are as follows: Oriental Industries (Suzhou) Ltd.: RMB8,000 thousand (NT\$35,776 thousand), the actual remittance: RMB8,000 thousand (NT\$35,776 thousand). Far Eastern Apparel (Suzhou) Co., Ltd.: RMB2,000 thousand (NT\$8,944 thousand), the actual remittance: RMB2,000 thousand (NT\$8,944 thousand).

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 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	December 31, 2018				Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
Far Eastern New Century Corporation	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	750,511	\$ 17,937,848	22.33	\$ 25,479,859	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	4,793,720	17.06	3,795,784	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	81,216	1,350,914	9.17	2,095,373	
	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	137	1,585	0.03	1,590	
	Oriental Securities Corporation	(Note A)	Investments accounted for using the equity method	140,278	1,956,963	19.65	-	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	135,000	1,920,818	16.83	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	85,501	1,024,918	2.62	855,011	
	Yuan Ding Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	1,822,822	42,750,905	99.40	-	
	Far Eastern Resources Development Co., Ltd.	(Note A)	Investments accounted for using the equity method	667,242	102,949,679	100.00	-	
	Far Eastern Polytex (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	135	7,581,955	100.00	-	
	Far Eastern Polychem Industries Ltd.	(Note A)	Investments accounted for using the equity method	830,815	7,640,463	73.04	-	
	Yuan Tong Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	705,147	8,568,915	100.00	-	
	Kai Yuan International Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	339,966	5,429,289	100.00	-	
	Far Eastern Investment (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	4,016	22,068,603	100.00	-	
	PET Far Eastern (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	397	6,157,657	91.95	-	
	Oriental Petrochemical (Taiwan) Corporation	(Note A)	Investments accounted for using the equity method	1,561,102	9,183,032	75.56	-	
	Far Eastern Construction Co., Ltd.	(Note A)	Investments accounted for using the equity method	198,791	8,471,173	65.11	-	
	Yuan Ding Co., Ltd.	(Note A)	Investments accounted for using the equity method	186,929	3,194,481	37.13	-	
	An Ho Garment Co., Ltd.	(Note A)	Investments accounted for using the equity method	66,346	2,116,908	100.00	-	
	Ding Yuan International Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	235,601	3,003,612	100.00	-	
	FEDP (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	244	921,000	50.43	-	
Fu Kwok Knitting & Garment Co., Ltd.	(Note A)	Investments accounted for using the equity method	4,000	224,804	100.00	-		
Ding Ding Hotel Co., Ltd.	(Note A)	Investments accounted for using the equity method	769	8,333	0.74	-		
Far Eastern Textile Ltd.	(Note A)	Investments accounted for using the equity method	100	1,590	100.00	-		
Yuan Ding Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	21,500	703,247	0.64	729,909	11,307 thousand shares pledged or mortgaged as collateral for loans.
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	70,818	1,354,062	8.00	1,827,096	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	23,173	480,286	1.64	363,816	
	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	126,096	1,172,963	25.23	1,462,719	
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	1,066,658	23,933,864	32.73	81,492,642	
	Far Eastern Polychem Industries Ltd.	(Note A)	Investments accounted for using the equity method	306,644	2,820,193	26.96	-	
	Far Eastern Apparel (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	111	3,558,433	100.00	-	
	Da Ju Fiber Co., Ltd.	(Note A)	Investments accounted for using the equity method	55,563	2,031,256	41.86	-	
	Far Eastern Apparel Co., Ltd.	(Note A)	Investments accounted for using the equity method	24,772	177,127	100.00	-	
	Yuan Faun Co., Ltd.	(Note A)	Investments accounted for using the equity method	5,000	155,321	100.00	-	
	Yue Ming Corporation	(Note A)	Investments accounted for using the equity method	4,745	71,368	45.50	-	
	Yuan Ding Leasing Corporation	(Note A)	Investments accounted for using the equity method	36,706	388,298	46.20	-	
	Far Eastern Fibertech Co., Ltd.	(Note A)	Investments accounted for using the equity method	91,000	1,175,613	100.00	-	
	Oriental Resources Development Co., Ltd.	(Note A)	Investments accounted for using the equity method	48,918	547,742	100.00	-	
	Liquid Air Far East Co., Ltd.	(Note A)	Investments accounted for using the equity method	86,615	1,987,889	35.00	-	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note A)	Investments accounted for using the equity method	20,585	446,214	29.80	-	
	Oriental Securities Corporation	(Note A)	Investments accounted for using the equity method	185,247	2,690,905	25.96	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
	Yuan Ding Co., Ltd.	(Note A)	Investments accounted for using the equity method	64,759	\$ 1,127,799	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	927,437	16.87	-	
	Oriental Textile (Holding) Ltd.	(Note A)	Investments accounted for using the equity method	110	7,990,711	100.00	-	
	Pacific Liu Tong Investment Co., Ltd. (Note G)	(Note A)	Investments accounted for using the equity method	119,653	1,616,208	14.92	-	
	Yu Yuan Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	98,198	632,923	18.96	-	
	Far Eastern General Contractor Inc.	(Note A)	Investments accounted for using the equity method	1,490	22,595	1.00	-	
	Oriental Petrochemical (Taiwan) Corporation	(Note A)	Investments accounted for using the equity method	107,354	647,199	5.20	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	116,321	1,394,151	3.56	1,163,205	
	Chung Nan Textile Co., Ltd.	(Note L)	Financial assets at FVTOCI - non-current	2,985	81,546	5.27	81,546	
	Overseas Investment and Development Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,000	6,360	1.11	6,360	
	Universal Venture Capital Investment Corporation	(Note M)	Financial assets at FVTOCI - non-current	1,400	10,836	1.16	10,836	
	China Investment and Development Co., Ltd.	(Note L)	Financial assets at FVTOCI - non-current	1,287	9,395	0.80	9,395	
	Taiwan Stock Exchange Corporation	-	Financial assets at FVTOCI - non-current	1,081	59,208	0.16	59,208	
	Oriental Securities Investment Consultant Co., Ltd.	(Note I)	Financial assets at FVTOCI - non-current	1	11	-	11	
	Dah Chung Bills Finance Corporation	(Note L)	Financial assets at FVTOCI - non-current	2,254	29,795	0.50	29,795	
	U-Ming Marine Transport Corporation	(Note B)	Financial assets at FVTOCI - non-current	8,869	286,025	1.05	286,025	
	Financial assets under asset management contracts (Note E)	-						
	China General Plastics Corporation	-	Financial assets at FVTPL - current	420	9,240	-	9,240	
	Formosa Chemicals & Fiber Corporation	-	Financial assets at FVTPL - current	135	14,175	-	14,175	
	Delta Electronics, Inc.	-	Financial assets at FVTPL - current	144	18,648	-	18,648	
	Taiwan Semiconductor Manufacturing Company, Ltd.	-	Financial assets at FVTPL - current	120	27,060	-	27,060	
	Quanta Computer Inc.	-	Financial assets at FVTPL - current	235	12,385	-	12,385	
	MediaTek Inc.	-	Financial assets at FVTPL - current	88	20,196	-	20,196	
	Chipbond Technology Corporation	-	Financial assets at FVTPL - current	108	6,696	-	6,696	
Far Eastern Investment (Holding) Ltd.	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	35,244	100.00	-	
	PET Far Eastern (M) Sdn. Bhd.	(Note A)	Investments accounted for using the equity method	Common stock	226,753	50.00	-	
				5,000				
				Preferred shares				
				3,000				
	Com2B	(Note A)	Investments accounted for using the equity method	9,000	12,283	20.00	-	
	Far Eastern Apparel (Vietnam) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	1,034,933	100.00	-	
	Worldwide Polychem (HK) Ltd.	(Note A)	Investments accounted for using the equity method	2,700	59,327	100.00	-	
	Opas Fund Segregated Portfolio Company	(Note A)	Investments accounted for using the equity method	(Note G)	1,659	34.00	-	
	Far Eastern Polytex (Vietnam) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	6,788,893	100.00	-	
	Far Eastern New Apparel (Vietnam) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	284,701	100.00	-	
	Magna View Sdn. Bhd.	(Note A)	Investments accounted for using the equity method	3,000	189,390	100.00	-	
	Malaysia Garment Manufactures Pte. Ltd.	(Note A)	Investments accounted for using the equity method	30	485,716	37.92	-	
	Catalyst_207 SPC	-	Investments accounted for using the equity method	(Note G)	526	34.00	-	
	APG Polytech USA Holdings, Inc.	(Note A)	Investments accounted for using the equity method	-	15,365,656	100.00	-	
	Catalyst_207 SPC-SP Tranche One	(Note A)	Investments accounted for using the equity method	4	122,862	25.00	-	
	Far Eastern International Garments	(Note A)	Other liabilities - non-current	59	(12,652)	41.00	-	
	Cemtex Apparel Inc.	(Note A)	Other liabilities - non-current	90	(11,740)	50.00	-	
	Opas Fund Segregated Portfolio Tranche C	(Note K)	Financial assets at FVTPL - current	6	233,226	-	233,226	
	Opas Fund Segregated Portfolio Tranche D	(Note K)	Financial assets at FVTPL - current	20	614,096	-	614,096	
APG Polytech USA Holdings, Inc.	Corpus Christi Polymers LLC	(Note N)	Joint operation entity	(Note G)	12,771,297	33.33	-	
	APG Polytech, LLC	(Note A)	Investments accounted for using the equity method	(Note G)	2,880,211	100.00	-	
Magna View Sdn. Bhd.	PET Far Eastern (M) Sdn. Bhd.	(Note A)	Investments accounted for using the equity method	Common stock	226,753	50.00	-	
				5,000				
				Preferred shares				
				3,000				

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
Ding Yuan International Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	13,222	\$ 472,031	0.39	\$ 448,877	5,000 thousand shares pledged or mortgaged as collateral for loans.
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	5,903	124,500	0.42	92,677	
	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method	1,160	9,658	0.23	13,451	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	27,365	691,385	3.09	706,030	
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	920	42,427	0.03	70,261	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	18,000	237,735	2.24	-	
	Yu Ding Industry Co., Ltd.	(Note A)	Investments accounted for using the equity method	14,159	382,977	13.20	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	86,435	1,035,713	2.64	864,351	
Kai Yuan International Investment Co., Ltd.	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	20,207	711,358	0.60	686,044	13,300 thousand shares pledged or mortgaged as collateral for loans.
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	34,149	1,160,859	1.05	2,608,986	
	Oriental Union Chemical Corporation	(Note A)	Investments accounted for using the equity method	32,473	700,536	3.67	837,808	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method	20,672	572,798	1.46	324,553	
	Kowloon Cement Corporation	(Note A)	Investments accounted for using the equity method	1,127	438,159	49.00	438,159	
	Far Eastern International Leasing Corporation	(Note A)	Investments accounted for using the equity method	74,970	928,475	16.80	-	
	Pacific Liu Tong Investment Co., Ltd. (Note F)	(Note A)	Investments accounted for using the equity method	18,000	237,936	2.24	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	104,936	1,257,628	3.21	1,049,359	
	U-Ming Marine Transport Corporation	(Note C)	Financial assets at FVTOCI - non-current	622	20,060	0.07	20,060	
	Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	7,467,365	87.64	
PET Far Eastern (Holding) Ltd.		(Note A)	Investments accounted for using the equity method	35	541,147	8.05	-	
FEDP (Holding) Ltd.		(Note A)	Investments accounted for using the equity method	240	905,294	49.57	-	
Far Eastern Industries (Yangzhou) Ltd.		(Note A)	Investments accounted for using the equity method	(Note G)	1,395,689	100.00	-	
Far Eastern Ishizuka Green Pet Corporation		(Note A)	Investments accounted for using the equity method	3,578	817,095	90.00	-	
Nippon Parison Co., Ltd		-	Financial assets at FVTOCI - non-current	4	133,898	10.00	133,898	
Far Eastern Construction Co., Ltd.	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	17,726	574,816	0.53	601,802	
	Far Eastern General Contractor Inc.	(Note A)	Investments accounted for using the equity method	147,413	2,066,690	98.95	-	
	U-Ming Marine Transport Corporation	(Note C)	Financial assets at FVTOCI - current	1,590	51,271	0.19	51,271	
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	602,005	38.46	-	
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	2,772,836	100.00	-	
	Far Eastern Innovation Apparel (Suzhou) Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	1,062,411	100.00	-	
	Opas Fund Segregated Portfolio Tranche C	(Note K)	Financial assets at FVTPL - current	5	208,349	-	208,349	
	Opas Fund Segregated Portfolio Tranche D	(Note K)	Financial assets at FVTPL - current	12	368,457	-	368,457	
Far Eastern Apparel Co., Ltd.	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	469	15,336	0.01	15,923	
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	90	6,181	-	6,876	
	Yu Ding Industry Co., Ltd.	(Note A)	Investments accounted for using the equity method	9	134	0.01	-	
Far Eastern General Contractor Inc.	Far Eastern Technical Consultants Co., Ltd.	(Note A)	Investments accounted for using the equity method	450	5,916	9.00	-	2,246 thousand shares pledged or mortgaged as collateral for construction contracts and warranty.
	U-Ming Marine Transport Corporation	(Note C)	Financial assets at FVTOCI - current	746	24,075	0.09	24,075	
	Kaohsiung Rapid Transit Corporation	(Note K)	Financial assets at FVTOCI - non-current	9,687	45,239	3.48	45,239	
	Ya-Li Precast Prestressed Concrete Industries Corporation	(Note I)	Financial assets at FVTOCI - non-current	3,106	7,521	16.03	7,521	
	DFE DWS Taiwan Money Market	(Note K)	Financial assets at FVTPL - current	2,246	26,237	-	26,237	
	Union Money Market Fund	-	Financial assets at FVTPL - current	3,793	50,001	-	50,001	
FETG Investment Antilles N.V.	Waldorf Services B.V.	(Note A)	Investments accounted for using the equity method	2	-	100.00	-	Note O

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
Malaysia Garment Manufactures Pte. Ltd.	Filsyn Corporation PT Malaysia Garment Bintan	(Note A) (Note A)	Investments accounted for using the equity method Other liabilities - non-current	20,513 (Note G)	\$ - (45)	9.95 99.00	\$ - -	
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd. Asia Cement Corporation Oriental Union Chemical Corporation Far Eastern Department Stores Co., Ltd. Oriental Securities Corporation Yu Ding Industry Co., Ltd. Pacific Liu Tong Investment Co., Ltd. (Note F) Yuan Ding Investment Co., Ltd. Far Eastern International Bank	(Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A)	Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method	40,818 6,094 11,204 370 8,193 16,808 9,681 5,502 21,524	1,094,243 244,111 271,067 11,402 110,593 356,230 133,180 172,684 258,030	1.25 0.18 1.26 0.03 1.15 15.66 1.21 0.30 0.66	3,118,464 206,880 289,063 5,806 - - - - 215,237	9,800 thousand shares pledged or mortgaged as collateral for loans.
Yuan Faun Co., Ltd.	Yuan Cheng Human Resources Consultant Corporation Yi Tong Fiber Co., Ltd. Far Eastern International Bank	(Note A) - (Note A)	Investments accounted for using the equity method Financial assets at FVTOCI - non-current Investments accounted for using the equity method	745 3,154 4,561	13,295 64,496 54,684	55.19 3.56 0.14	- 64,496 45,609	
Fu Kwok Knitting & Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	520	19,988	0.02	39,728	
Yuan Tong Investment Co., Ltd.	Far EasTone Telecommunications Co., Ltd. Far Eastern Department Stores Co., Ltd. Oriental Union Chemical Corporation Asia Cement Corporation Pacific Liu Tong Investment Co., Ltd. (Note F) Far Eastern Electronic Toll Collection Co., Ltd. Liquid Air Far East Co., Ltd. Sino Belgium (Holding) Ltd. Freudenberg Far Eastern Spunweb Co., Ltd. Malaysia Garment Manufactures Pte. Ltd. Far Eastern International Bank Ding Shen Investment Co., Ltd. Bockhold N.V. - stock Financial assets under asset management contracts (Note E) Delta Electronics, Inc. Taiwan Semiconductor Manufacturing Company, Ltd. Formosa Chemicals & Fiber Corporation Chipbond Technology Corporation MediaTek Inc. China General Plastics Corporation Quanta Computer Inc.	(Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) - - - - - - - - - - - - - - - -	Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Other liabilities - non-current Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method Financial assets at FVTOCI - non-current Financial assets at FVTOCI - non-current Financial assets at FVTPL - current Financial assets at FVTPL - current Financial assets at FVTPL - current Financial assets at FVTPL - current Financial assets at FVTPL - current Financial assets at FVTPL - current Financial assets at FVTPL - current Financial assets at FVTPL - current	100,237 39,619 49,705 28,579 18,000 35,934 1 36 1 10 104,726 39,600 1 144 130 135 108 88 425 235	2,857,287 1,242,225 1,727,223 1,108,250 236,738 408,893 29 (618,616) 43 166,516 1,254,944 345,312 172,304 18,648 29,314 14,175 6,696 20,196 9,350 12,385	3.08 2.80 5.61 0.85 2.24 11.98 - 90.88 - 13.00 3.20 18.00 12.51 - - - - - - -	7,658,109 622,011 1,282,399 970,271 - - - - - - 1,047,258 345,312 172,304 18,648 29,314 14,175 6,696 20,196 9,350 12,385	27,215 thousand shares pledged or mortgaged as collateral for loans.
Far Eastern Apparel (Suzhou) Co., Ltd.	Suzhou An Ho Apparel Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	55,041	100.00	-	
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corporation Far Eastern Union Petrochemical (Yangzhou) Corporation Tong Da Air Industry (Yangzhou) Co., Ltd.	(Note A) (Note A) (Note A)	Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method	(Note G) (Note G) (Note G)	3,155,093 2,475,596 1,151,560	54.72 50.00 50.00	- - -	
Oriental Textile (Holding) Ltd.	Far Eastern Industries (Wuxi) Ltd. Oriental Industries (Suzhou) Ltd. Opas Fund Segregated Portfolio Tranche A Opas Fund Segregated Portfolio Tranche D	(Note A) (Note A) (Note K) (Note K)	Investments accounted for using the equity method Investments accounted for using the equity method Financial assets at FVTPL - current Financial assets at FVTPL - current	(Note G) (Note G) 8 20	2,923,834 5,931,621 264,901 614,096	100.00 100.00 - -	- - 264,901 614,096	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
FEDP (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	\$ 1,606,212	100.00	\$ -	
Far Eastern Polytex (Holding) Ltd.	Wuhan Far Eastern New Material Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	938,185	100.00	-	
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	963,271	61.54	-	
	Far Eastern New Century (China) Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	1,736,289	100.00	-	
	Far Eastern Yihua Petrochemical (Yangzhou) Corporation	(Note A)	Investments accounted for using the equity method	(Note G)	3,924,119	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)	1,053,134	12.36	-	
	Shanghai Yuan Zi Information Technology Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	58,254	100.00	-	
	Oriental Petrochemical (Shanghai) Corporation	(Note A)	Investments accounted for using the equity method	(Note G)	347,821	6.63	-	
	Yuan Ding Enterprise (Shanghai) Limited	(Note A)	Investments accounted for using the equity method	(Note G)	599,593	100.00	-	
Sino Belgium (Holding) Ltd.	Sino Belgium Beer (Suzhou) Ltd.	(Note A)	Other liabilities - non-current	(Note G)	(538,013)	100.00	-	
	Martens Beers (Shanghai) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	15,300	100.00	-	
Oriental Petrochemical (Shanghai) Corporation	Shanghai Far Eastern Petrochemical Logistic Corporation	(Note A)	Investments accounted for using the equity method	(Note G)	135,099	100.00	-	
Far Eastern Industries (Yangzhou) Ltd.	Harvest Money Market A	-	Financial assets at FVTPL - current	752	3,362	-	3,362	
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	Harvest Money Market A	-	Financial assets at FVTPL - current	603,069	2,696,925	-	2,696,925	
Yuan Ding Co., Ltd.	YDT Technology International Co., Ltd.	(Note A)	Investments accounted for using the equity method	13,992	242,412	100.00	-	
	Ding Ding Integrated Marketing Service Co., Ltd.	(Note A)	Investments accounted for using the equity method	20,393	218,651	60.00	-	
	Far Eastern Technical Consultants Co., Ltd.	(Note A)	Investments accounted for using the equity method	4,550	58,606	91.00	-	
	YDC (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	9,035	17.70	-	
	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	(Note A)	Other liabilities - non-current	4,995	(22,450)	4.79	-	
	FET Consulting Engineers Co., Ltd.	(Note A)	Investments accounted for using the equity method	37,000	58,256	100.00	-	
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method	5,329	202,491	0.16	180,907	
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Investments accounted for using the equity method	4,164	114,968	0.13	318,091	
	Yu Yuan Investment Co., Ltd.	(Note A)	Investments accounted for using the equity method	129,637	1,622,820	25.02	-	11,900 thousand shares pledged or mortgaged as collateral for loans.
	Yue Ming Corporation	(Note A)	Investments accounted for using the equity method	104	762	1.00	-	
	Yu Ding Industry Co., Ltd.	(Note A)	Investments accounted for using the equity method	2,781	58,545	2.59	-	
	FEDS Asia Pacific Development Co., Ltd.	(Note A)	Investments accounted for using the equity method	10,650	131,964	5.00	-	10,236 thousand shares pledged or mortgaged as collateral for loans.
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Investments accounted for using the equity method	44,796	504,286	14.93	-	
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method	8,137	97,567	0.25	81,367	
Yuan Hsin Digital Payment Co., Ltd.	(Note A)	Investments accounted for using the equity method	20,418	155,351	20.00	-		
Ding Ding Hotel Co., Ltd.	(Note A)	Investments accounted for using the equity method	102,509	164,987	98.52	-		
Far Eastern New Century Corporation	(Note D)	Financial assets at FVTPL - current	779	21,745	-	21,745		
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	(94)	0.02	-	
	Yuan Hsin Digital Payment Co., Ltd.	(Note A)	Investments accounted for using the equity method	15,323	116,587	15.01	-	
	DDIM (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	29,847	46.13	-	
	Pacific SOGO Department Stores Co., Ltd.	(Note J)	Financial assets at FVTOCI - non-current	1	35	-	35	
	DFE DWS Taiwan Money Market	(Note K)	Financial assets at FVTPL - current	3,577	41,782	-	41,782	
Far Eastern Technical Consultants Co., Ltd.	Cosmos Foreign Exchange Intl. Co., Ltd.	-	Financial assets at FVTOCI - non-current	480	9,139	4.00	9,139	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
FET Consulting Engineers Co., Ltd.	DDIM (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	\$ 34,855	53.87	\$ -	
YDC (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	(Note A)	Investments accounted for using the equity method	(Note G)	297	0.46	-	
	Speedy (Shanghai) digital Tech. Co., Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	49,246	100.00	-	
DDIM (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	(Note A)	Investments accounted for using the equity method	(Note G)	64,345	99.54	-	
YDT Technology International Co., Ltd.	Everest Textile Corporation	(Note A)	Investments accounted for using the equity method		128	1,224	0.03	1,482
	Far Eastern Department Stores Co., Ltd.	(Note A)	Investments accounted for using the equity method		2,764	95,474	0.20	43,393
	Asia Cement Corporation	(Note A)	Investments accounted for using the equity method		61	2,291	-	2,055
	YDC (Virgin Islands) Ltd.	(Note A)	Investments accounted for using the equity method	(Note G)	42,011	82.30	-	-
	Far Eastern International Bank	(Note A)	Investments accounted for using the equity method		2,861	34,407	0.09	28,613
	Oriental Securities Investment Consultant Co., Ltd.	(Note J)	Financial assets at FVTOCI - 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	149,994	100.00	-
	Millerful No. 1 REIT	-	Financial assets at FVTOCI - non-current		30,000	301,500	-	301,500
	Taiwan Life Insurance Co., Ltd. Subordinated perpetual bond	-	Amortized cost financial assets		4,000	402,800	-	-
Far EastTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note A)	Investments accounted for using the equity method		2,100,000	27,069,715	100.00	-
	ARCOA Communication Co., Ltd.	(Note A)	Investments accounted for using the equity method		82,762	995,299	61.63	-
	KGEx.com Co., Ltd.	(Note A)	Investments accounted for using the equity method		68,897	863,666	99.99	-
	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	(Note A)	Other liabilities - non-current		90,014	(405,011)	86.41	-
	Yuan Cing Co., Ltd.	(Note A)	Investments accounted for using the equity method		2,000	35,243	100.00	-
	Far Eastern Info Service (Holding) Ltd.	(Note A)	Investments accounted for using the equity method		1	5,023	100.00	-
	O-music Co., Ltd.	(Note A)	Investments accounted for using the equity method		2,500	10,559	50.00	-
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Investments accounted for using the equity method		118,251	924,758	39.42	-
	Yuan Hsin Digital Payment Co., Ltd.	(Note A)	Investments accounted for using the equity method		30,626	233,080	30.00	-
	Ding Ding Integrated Marketing Service Co., Ltd.	(Note A)	Investments accounted for using the equity method		5,098	54,287	15.00	-
	Alliance Digital Technology Co., Ltd.	(Note A)	Investments accounted for using the equity method		6,000	-	14.40	-
	App Works Fund II Co., Ltd.	(Note L)	Financial assets at FVTOCI - non-current		8,850	101,245	11.11	101,245
	CDIB Capital Innovation Accelerator Co., Ltd.	(Note L)	Financial assets at FVTOCI - non-current		9,000	90,000	11.32	90,000
ARCOA Communication Co., Ltd.	DataExpress Infotech Co., Ltd.	(Note A)	Investments accounted for using the equity method		12,866	216,051	70.00	-
	THI consultants	(Note L)	Financial assets at FVTOCI - non-current		1,214	12,190	18.32	12,190
	Web Point Co., Ltd.	-	Financial assets at FVTOCI - 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	86,982	100.00	-
	Information Security Service Digital United Inc.	(Note A)	Investments accounted for using the equity method		10,249	118,958	100.00	-
	Digital United (Cayman) Ltd.	(Note A)	Investments accounted for using the equity method		10,320	198,197	100.00	-
	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	(Note A)	Other liabilities - non-current		2,500	(11,247)	2.40	-
	Ding Ding Integrated Marketing Service Co., Ltd.	(Note A)	Investments accounted for using the equity method		1,699	18,096	5.00	-
	Catalyst_207 SPC-SP Tranche One	(Note A)	Investments accounted for using the equity method		4	123,220	25.00	-
	Prime Ecopower Co., Ltd.	(Note A)	Investments accounted for using the equity method		16,000	155,316	100.00	-
	Opas Fund Segregated Portfolio Tranche A	(Note K)	Financial assets at FVTPL - current		13	437,363	-	437,363
	Opas Fund Segregated Portfolio Tranche B	(Note K)	Financial assets at FVTPL - current		5	145,126	-	145,126
	DFE DWS Taiwan Money Market	(Note K)	Financial assets at FVTPL - current		12,877	150,409	-	150,409
	Kaohsiung Rapid Transit Corporation	(Note K)	Financial assets at FVTOCI - non-current		8,858	38,268	3.18	38,268
	Bank Pro E-service Technology Co., Ltd.	-	Financial assets at FVTOCI - non-current		450	4,500	3.33	4,500
	Changing.ai Inc.	-	Financial assets at FVTOCI - non-current		500	30,715	2.50	30,715

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (All Common Stock Unless Stated Otherwise) (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value (Note H)	
New Diligent Co., Ltd.	Sino Lead Enterprise Limited Far East New Diligent Company Ltd. New Diligent Hong Kong Co., Ltd.	(Note A) (Note A) (Note A)	Investments accounted for using the equity method Investments accounted for using the equity method Investments accounted for using the equity method	30	\$ 241	100.00	\$ -	
				(Note G)	24,823	100.00	-	
				(Note G)	2,935	100.00	-	
DataExpress Infotech Co., Ltd.	Linkwell Tech. Co., Ltd. Home Master Technology Ltd.	(Note A) (Note A)	Investments accounted for using the equity method Investments accounted for using the equity method	(Note G)	51,751	100.00	-	
				(Note G)	48,731	100.00	-	
Digital United (Cayman) Ltd.	Digital United Information Technology (Shanghai) Ltd. TBCASoft, Inc.	(Note A) -	Investments accounted for using the equity method Financial assets at FVTOCI - non-current	(Note G)	1,883	-	-	
					980	6.77	153,575	
Far East New Diligent Company Ltd.	Far Eastern Tech-Info Ltd. (Shanghai)	(Note A)	Investments accounted for using the equity method	(Note G)	6,769	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)	4,836	41.67	-	

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 as 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.

N. Joint operation entity.

O. Based on the resolution in the shareholders' meeting in October 2018, the Group proceeded the liquidation and completed the liquidation on January 3, 2019. The subsequent obligations will be responsible by FETG Investment Antilles N.V.

P. The date of the company dissolution of Alliance Digital Technology Co., Ltd was set on December 31, 2018. The Group ceased using the equity method and transferred the estimated returns from liquidation to other current assets.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 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	-	\$ -	\$ -	\$ -	\$ (575,983)	1,561,102	\$ 9,183,032
	Far Eastern Investment (Holding) Ltd.	Investments accounted for using the equity method	Cash capital increase	(Note A)	1,700	8,736,578 (Note E)	2,316	12,618,685	-	-	-	-	713,340	4,016	22,068,603
Far Eastern General Contractor Inc.	Paradigm Pion Money Market	Financial assets at FVTPL - current	-	-	16,015	184,005	17,916	206,000	33,931	390,119	390,005	114	-	-	-
	CTBC Hwa-Win Money Market Fund	Financial assets at FVTPL - current	-	-	8,045	88,142	23,889	262,000	31,934	350,379	350,142	237	-	-	-
	Hua Nan Kirin Fund	Financial assets at FVTPL - current	-	-	-	-	26,526	316,000	26,526	316,071	316,000	71	-	-	-
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\$ 70,000	-	-	-	-	US\$ (11,919)	(Note B)	US\$ 221,029
	APG Polytech USA Holdings, Inc.	Investments accounted for using the equity method	Cash capital increase	(Note A)	-	-	-	US\$ 496,467	-	-	-	-	US\$ 3,799	-	US\$ 500,266
	Corpus Christi Polymers LLC	Joint operation entity	Cash capital increase and share exchange	(Note G)	(Note B)	-	(Note B)	US\$ 56,467	-	-	US\$ 56,467 (Note H)	-	-	-	-
	Opas Fund Segregated Portfolio Tranche D	Financial assets at FVTPL - current	-	(Note D)	-	-	20	US\$ 20,000	-	-	-	-	US\$ (7) (Note F)	20	US\$ 19,993
Far Eastern Apparel (Holding) Ltd.	Far Eastern Innovation Apparel (Suzhou) Co., Ltd.	Investments accounted for using the equity method	Cash capital increase	(Note A)	(Note B)	-	(Note B)	US\$ 35,000	-	-	-	-	US\$ (411)	(Note B)	US\$ 34,589
	Opas Fund Segregated Portfolio Tranche D	Financial assets at FVTPL - current	-	(Note D)	-	-	12	US\$ 12,000	-	-	-	-	US\$ (4) (Note F)	12	US\$ 11,996
Oriental Textile (Holding) Ltd.	Opas Fund Segregated Portfolio Tranche D	Financial assets at FVTPL - current	-	(Note D)	-	-	20	US\$ 20,000	-	-	-	-	US\$ (7) (Note F)	20	US\$ 19,993
Yuan Ding Co., Ltd.	FET Consulting Engineers Co., Ltd.	Investments accounted for using the equity method	Cash capital reduction	(Note A)	85,000	510,638	-	-	48,000	480,000	480,000	-	27,618	37,000	58,256
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\$ 90,000	-	-	-	-	US\$ 3,772	(Note B)	US\$ 93,772
	Corpus Christi Polymers LLC	Joint operation entity	Cash capital increase and share exchange	(Note G)	(Note B)	-	(Note B)	US\$ 415,800 (Note H)	-	-	-	-	-	(Note B)	US\$ 415,800
Far Eastern Electronic Toll Collection Co., Ltd.	Millerful No. 1 REIT	Financial assets at FVTOCI - non-current	-	-	-	-	30,000	300,000	-	-	-	-	1,500 (Note F)	30,000	301,500
	Taiwan Life Insurance Co., Ltd. Subordinated perpetual bond	Amortized cost financial assets	-	-	-	-	4,000	402,800	-	-	-	-	-	4,000	402,800

Notes: A. Subsidiary.

B. Company limited.

C. Equity-method investee.

D. Related party in substance.

E. The beginning balance includes the adjustment on initial application of IFRS 9 amounting to \$(2,663) thousand.

F. The amount is gain or loss on financial assets at FVTPL, or unrealized gain or loss on financial assets through other comprehensive income.

G. Joint operation entity.

H. US\$56,467 thousand of shares which was issued by APG Polytech USA Holdings, Inc. to Far Eastern Investment (Holding) Ltd. in exchange for Corpus Christi Polymers LLC's shares which were held by Far Eastern Investment (Holding) Ltd.

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

DISPOSALS OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 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 YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transactions		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	Ending Balance	% of Total	
Far Eastern New Century Corporation	Far Eastern Apparel (Vietnam) Ltd.	(Note A)	Sale	\$ (645,934)	(1)	Based on contract	-	-	\$ -	-	\$ 19,386	-	
	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Sale	(3,073,971)	(6)	Based on contract	-	-	-	-	382,072	6	
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note A)	Sale	(147,359)	-	Based on contract	-	-	-	-	20,052	-	
	Worldwide Polychem (HK) Ltd.	(Note A)	Sale	(1,645,313)	(3)	Based on contract	-	-	-	-	305,085	5	
	Far Eastern Polytex (Vietnam) Ltd.	(Note A)	Sale	(350,862)	(1)	Based on contract	-	-	-	-	26,711	-	
	Far Eastern Industries (Wuxi) Ltd.	(Note A)	Sale	(292,741)	(1)	Based on contract	-	-	-	-	26,801	-	
	Far Eastern Polychem Industries Ltd.	(Note A)	Sale	(127,874)	-	Based on contract	-	-	-	-	40,094	1	
	Oriental Petrochemical (Taiwan) Corporation	(Note A)	Purchase	16,789,714	34	Based on contract	-	-	-	-	(1,255,077)	(40)	
	Oriental Resources Development Co., Ltd.	(Note A)	Purchase	750,610	2	Based on contract	-	-	-	-	(71,591)	(2)	
	Oriental Textile (Holding) Ltd.	(Note A)	Purchase	155,490	-	Based on contract	-	-	-	-	(20,297)	(1)	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note D)	Sale	(259,709)	-	Based on contract	-	-	-	-	132,056	2	
	Everest Textile Corporation	(Note D)	Sale	(390,542)	(1)	Based on contract	-	-	-	-	40,769	1	
	Oriental Union Chemical Corporation	(Note D)	Purchase	1,899,325	4	Based on contract	-	-	-	-	(58,729)	(2)	
Oriental Petrochemical (Taiwan) Corporation	Far Eastern New Century Corporation	(Note B)	Sale	(16,789,714)	(64)	Based on contract	-	-	-	-	1,255,077	25	
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Sale	(1,316,799)	(5)	Based on contract	-	-	-	-	229,051	5	
	Far Eastern Polytex (Vietnam) Ltd.	(Note C)	Sale	(2,510,809)	(10)	Based on contract	-	-	-	-	1,252,792	25	
	Liquid Air Far East Co., Ltd.	(Note D)	Purchase	136,966	1	Based on contract	-	-	-	-	(15,476)	(1)	
Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note C)	Sale	(279,940)	(91)	Based on contract	-	-	-	-	-	-	
Oriental Resources Development Co., Ltd.	Far Eastern New Century Corporation	(Note B)	Sale	(750,610)	(71)	Based on contract	-	-	-	-	71,591	79	
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Vietnam) Ltd.	(Note C)	Sale	(291,380)	(4)	Based on contract	-	-	-	-	89,290	12	
	Far Eastern Apparel (Vietnam) Ltd.	(Note C)	Purchase	4,242,406	53	Based on contract	-	-	-	-	(547,850)	(40)	
	Far Eastern New Apparel (Vietnam) Ltd.	(Note C)	Purchase	388,725	5	Based on contract	-	-	-	-	(306,961)	(23)	
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note C)	Purchase	865,625	11	Based on contract	-	-	-	-	(57,995)	(4)	
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Purchase	2,547,741	32	Based on contract	-	-	-	-	(446,028)	(33)	
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(2,547,741)	(49)	Based on contract	-	-	-	-	446,028	46	
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note C)	Sale	(420,397)	(8)	Based on contract	-	-	-	-	117,180	12	
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	177,793	4	Based on contract	-	-	-	-	(21,391)	(4)	
	Far Eastern Industries (Wuxi) Ltd.	(Note C)	Purchase	336,960	7	Based on contract	-	-	-	-	(54,510)	(10)	
Oriental Textile (Holding) Ltd.	Far Eastern New Century Corporation	(Note B)	Sale	(155,490)	(4)	Based on contract	-	-	-	-	20,297	2	
	Far Eastern Industries (Wuxi) Ltd.	(Note C)	Purchase	106,387	2	Based on contract	-	-	-	-	(36,319)	(5)	
	Oriental Industries (Suzhou) Ltd.	(Note C)	Purchase	4,093,751	98	Based on contract	-	-	-	-	(717,329)	(95)	
Far Eastern Industries (Wuxi) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Sale	(336,960)	(11)	Based on contract	-	-	-	-	54,510	16	
	Oriental Textile (Holding) Ltd.	(Note C)	Sale	(106,387)	(3)	Based on contract	-	-	-	-	36,319	10	
	Far Eastern New Century Corporation	(Note B)	Purchase	292,741	10	Based on contract	-	-	-	-	(26,801)	(18)	
Oriental Industries (Suzhou) Ltd.	Oriental Textile (Holding) Ltd.	(Note C)	Sale	(4,093,751)	(47)	Based on contract	-	-	-	-	717,329	49	
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	2,517,762	32	Based on contract	-	-	-	-	(442,838)	(56)	
	Far Eastern Industries (Suzhou) Ltd.	(Note C)	Purchase	279,940	4	Based on contract	-	-	-	-	-	-	
Far Eastern Polychem Industries Ltd.	Pet Far Eastern (M) Sdn. Bhd.	(Note C)	Sale	(978,668)	(16)	Based on contract	-	-	-	-	223,198	31	
	Wuhan Far Eastern New Material Ltd.	(Note C)	Sale	(370,453)	(6)	Based on contract	-	-	-	-	46,673	6	
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	5,502,516	90	Based on contract	-	-	-	-	(34,495)	(29)	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transactions		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	Ending Balance	% of Total	
Far Eastern Industries (Shanghai) Ltd.	Wuhan Far Eastern New Material Ltd.	(Note C)	Purchase	\$ 428,151	7	Based on contract	-	-	\$ -	-	\$ (37,487)	(32)	
	Far Eastern New Century Corporation	(Note B)	Purchase	127,874	2	Based on contract	-	-	-	-	(40,094)	(34)	
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Sale	(177,793)	(1)	Based on contract	-	-	-	-	21,391	1	
	Far Eastern Polychem Industries Ltd.	(Note C)	Sale	(5,502,516)	(19)	Based on contract	-	-	-	-	34,495	2	
	Wuhan Far Eastern New Material Ltd.	(Note C)	Sale	(806,250)	(3)	Based on contract	-	-	-	-	276,236	16	
	Oriental Industries (Suzhou) Ltd.	(Note C)	Sale	(2,517,762)	(9)	Based on contract	-	-	-	-	442,838	25	
	Far Eastern New Century Corporation	(Note B)	Purchase	3,073,971	12	Based on contract	-	-	-	-	(382,072)	(11)	
	Oriental Petrochemical (Shanghai) Corporation	(Note C)	Purchase	8,376,077	31	Based on contract	-	-	(268,320)	(100)	(557,110)	(16)	
	Oriental Petrochemical (Taiwan) Corporation	(Note C)	Purchase	1,316,799	5	Based on contract	-	-	-	-	(229,051)	(6)	
	Wuhan Far Eastern New Material Ltd.	(Note C)	Purchase	173,475	1	Based on contract	-	-	-	-	(46,405)	(1)	
Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note D)	Purchase	207,544	1	Based on contract	-	-	-	-	-	-	-	
Oriental Petrochemical (Shanghai) Corporation	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Sale	(8,376,077)	(43)	Based on contract	-	-	268,320	29	557,110	100	
	Shanghai Far Eastern Petrochemical Logistic Corporation	(Note C)	Purchase	102,948	1	Based on contract	-	-	-	-	(10,433)	(1)	
Shanghai Far Eastern Petrochemical Logistic Corporation	Oriental Petrochemical (Shanghai) Corporation	(Note C)	Sale	(102,948)	(47)	Based on contract	-	-	-	-	10,433	23	
Wuhan Far Eastern New Material Ltd.	Far Eastern Polychem Industries Ltd.	(Note C)	Sale	(428,151)	(28)	Based on contract	-	-	-	-	37,487	22	
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Sale	(173,475)	(11)	Based on contract	-	-	-	-	46,405	27	
	Far Eastern Industries (Shanghai) Ltd.	(Note C)	Purchase	806,250	56	Based on contract	-	-	-	-	(276,236)	(66)	
	Far Eastern Polychem Industries Ltd.	(Note C)	Purchase	370,453	26	Based on contract	-	-	-	-	(46,673)	(11)	
Far Eastern Apparel (Suzhou) Co., Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(865,625)	(31)	Based on contract	-	-	-	-	57,995	17	
	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	(Note C)	Purchase	420,397	17	Based on contract	-	-	-	-	(117,180)	(29)	
	Far Eastern New Century Corporation	(Note B)	Purchase	147,359	6	Based on contract	-	-	-	-	(20,052)	(5)	
Far Eastern Fibertech Co., Ltd.	Everest Textile Corporation	(Note D)	Sale	(329,884)	(14)	Based on contract	-	-	-	-	43,505	25	
Pet Far Eastern (M) Sdn. Bhd.	Far Eastern Polychem Industries Ltd.	(Note C)	Purchase	978,668	75	Based on contract	-	-	-	-	(223,198)	(71)	
Far Eastern Apparel (Vietnam) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(4,242,406)	(88)	Based on contract	-	-	-	-	547,850	92	
	Far Eastern Apparel (Holding) Ltd.	(Note C)	Purchase	291,380	7	Based on contract	-	-	-	-	(89,290)	(54)	
	Far Eastern New Century Corporation	(Note B)	Purchase	645,934	15	Based on contract	-	-	-	-	(19,386)	(12)	
	Far Eastern Polytex (Vietnam) Ltd.	(Note C)	Purchase	234,400	6	Based on contract	-	-	-	-	(27,876)	(16)	
	Far Eastern New Apparel (Vietnam) Ltd.	(Note C)	Purchase	598,523	14	Based on contract	-	-	-	-	(28,387)	(16)	
Far Eastern New Apparel (Vietnam) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(388,725)	(39)	Based on contract	-	-	-	-	306,961	90	
	Far Eastern Apparel (Vietnam) Ltd.	(Note C)	Sale	(598,523)	(60)	Based on contract	-	-	-	-	28,387	8	
	Far Eastern Polytex (Vietnam) Ltd.	(Note C)	Purchase	121,596	14	Based on contract	-	-	-	-	(24,845)	(31)	
	Far Eastern Apparel (Vietnam) Ltd.	(Note C)	Sale	(234,400)	(33)	Based on contract	-	-	-	-	27,876	2	
	Far Eastern New Apparel (Vietnam) Ltd.	(Note C)	Sale	(121,596)	(17)	Based on contract	-	-	-	-	24,845	1	
	Worldwide Polychem (HK) Ltd.	(Note C)	Sale	(559,298)	(79)	Based on contract	-	-	-	-	548,772	30	
	Far Eastern New Century Corporation	(Note B)	Purchase	350,862	9	Based on contract	-	-	-	-	(26,711)	(1)	
	Oriental Petrochemical (Taiwan) Corporation	(Note C)	Purchase	2,510,809	67	Based on contract	-	-	-	-	(1,252,792)	(31)	
Worldwide Polychem (HK) Ltd.	Far Eastern New Century Corporation	(Note B)	Purchase	1,645,313	75	Based on contract	-	-	-	-	(305,085)	(35)	
	Far Eastern Polytex (Vietnam) Ltd.	(Note C)	Purchase	559,298	25	Based on contract	-	-	-	-	(548,772)	(63)	
Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	(Note C)	Purchase	378,364	15	Based on contract	-	-	-	-	(3,933)	(1)	
Far Eastern General Contractor Inc.	Ya Tung Ready-mixed Concrete Corporation	(Note E)	Purchase	355,884	5	Based on contract	-	-	-	-	(118,576)	(7)	
	Ya-Li Precast Prestressed Concrete Industries Corporation	(Note E)	Purchase	128,948	2	Based on contract	-	-	-	-	(4,035)	-	
	Far Eastern Department Stores Co., Ltd.	(Note D)	Construction contract revenue	(666,020)	(10)	Based on contract	-	-	-	-	25,935	4	
	Chubei New Century Shopping Mall Co., Ltd.	(Note E)	Construction contract revenue	(179,183)	(3)	Based on contract	-	-	-	-	86,100	14	
	Far Eastern Construction Co., Ltd.	(Note C)	Construction contract revenue	(527,664)	(8)	Based on contract	-	-	-	-	3,933	1	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transactions		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	Ending Balance	% of Total	
Far EasTone Telecommunications Co., Ltd.	ARCOA Communication Co., Ltd.	(Note A)	Operating revenue	\$ (299,337)	-	Based on contract	-	-	\$ -	-	\$ 127,983	2	(Note F)
	ARCOA Communication Co., Ltd.	(Note A)	Cost of telecommunications services, marketing expenses and cost of sales	8,657,375	17	Based on contract	-	-	-	-	(642,766)	(4)	
	New Century InfoComm Tech Co., Ltd.	(Note A)	Operating revenue	(306,678)	-	Based on contract	-	-	-	-	700	-	
	New Century InfoComm Tech Co., Ltd.	(Note A)	Cost of telecommunications services	2,746,316	6	Based on contract	-	-	-	-	(604,199)	(4)	
	DataExpress Infotech Co., Ltd.	(Note A)	Operating revenue	(179,648)	-	Based on contract	-	-	-	-	1	-	
	O-music Co., Ltd.	(Note A)	Cost of telecommunications services	160,320	-	Based on contract	-	-	-	-	(28,817)	(1)	
	Yuanshi Digital Technology Co., Ltd.	(Note A)	Operating revenue	(372,622)	(1)	Based on contract	-	-	-	-	9,330	-	
	Yuan Cheng Human Resources Consultant Corporation	(Note A)	Service fees	111,924	1	Based on contract	-	-	-	-	(10,196)	-	
New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note B)	Operating revenue	(2,746,316)	(25)	Based on contract	-	-	-	-	604,199	38	(Note G)
	Far EasTone Telecommunications Co., Ltd.	(Note B)	Cost of telecommunications services	306,678	4	Based on contract	-	-	-	-	(700)	-	
	KGEx.com Co., Ltd.	(Note C)	Costs of telecommunications services and rental	144,738	2	Based on contract	-	-	-	-	(20,248)	(2)	
	Sino Lead Enterprise Limited	(Note C)	Cost of telecommunications services	109,806	2	Based on contract	-	-	-	-	(1,270)	-	
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note B)	Operating revenue	(8,657,375)	(56)	Based on contract	-	-	-	-	642,766	44	
	Far EasTone Telecommunications Co., Ltd.	(Note B)	Operating cost	299,337	2	Based on contract	-	-	-	-	(127,983)	(10)	
	Home Master Technology Ltd.	(Note A)	Operating revenue	(760,687)	(5)	Based on contract	-	-	-	-	292,689	20	
KGEx.com Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note C)	Telecommunications service revenue	(144,738)	(25)	Based on contract	-	-	-	-	20,248	23	
O-music Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note B)	Operating revenue	(160,320)	(95)	Based on contract	-	-	-	-	28,817	99	
Sino Lead Enterprise Limited	New Century InfoComm Tech Co., Ltd.	(Note B)	Operating revenue	(109,806)	(100)	Based on contract	-	-	-	-	1,270	15	
DataExpress Infotech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note B)	Operating cost	179,648	4	Based on contract	-	-	-	-	(1)	-	
	Linkwell Tech. Co., Ltd.	(Note A)	Cost of sales	137,960	3	Based on contract	-	-	-	-	(10,804)	(3)	
	Home Master Technology Ltd.	(Note A)	Sales of inventories	(791,458)	(16)	Based on contract	-	-	-	-	18,783	4	
Yuanshi Digital Technology Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note B)	Operating cost	372,622	16	Based on contract	-	-	-	-	(9,330)	(5)	
Linkwell Tech. Co., Ltd.	DataExpress Infotech Co., Ltd.	(Note B)	Sales of inventories	(137,960)	(21)	Based on contract	-	-	-	-	10,804	29	
Home Master Technology Ltd.	ARCOA Communication Co., Ltd.	(Note B)	Operating cost	760,687	46	Based on contract	-	-	-	-	(292,689)	(94)	
	DataExpress Infotech Co., Ltd.	(Note B)	Cost of sales	791,458	48	Based on contract	-	-	-	-	(18,783)	(6)	

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. The subsidiary of the consolidated company's investee which was accounted for using the equity method.

F. 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.

G. 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 YEAR ENDED DECEMBER 31, 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)	\$ 305,085	2.73	\$ -	\$ -	\$ 132,568	\$ -
	Far Eastern Industries (Shanghai) Ltd.	(Note B)	382,072	7.17	-	-	353,088	-
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note E)	132,056	3.96	-	-	132,056	-
Oriental Petrochemical (Taiwan) Corporation	Far Eastern New Century Corporation	(Note C)	1,255,077	16.01	-	-	1,255,077	-
	Far Eastern Industries (Shanghai) Ltd.	(Note D)	229,051	10.51	-	-	229,051	-
	Far Eastern Polytex (Vietnam) Ltd.	(Note D)	1,252,792	4.01	-	-	981,300	-
Far Eastern Polychem Industries Ltd	Pet Far Eastern (M) Sdn. Bhd.	(Note D)	223,198	4.58	-	-	218,088	-
Far Eastern Apparel (Vietnam) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note D)	547,850	7.04	-	-	487,104	-
Far Eastern New Apparel (Vietnam) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note D)	306,961	2.53	-	-	283,201	-
Far Eastern Polytex (Vietnam) Ltd.	Worldwide Polychem (HK) Ltd.	(Note D)	548,772	2.04	-	-	513,006	-
Far Eastern Industries (Shanghai) Ltd.	Wuhan Far Eastern New Material Ltd.	(Note D)	276,236	2.62	-	-	80,916	-
	Oriental Industries (Suzhou) Ltd.	(Note D)	442,838	10.24	-	-	216,042	-
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note D)	446,028	5.78	-	-	408,438	-
	Far Eastern Apparel (Suzhou) Co., Ltd.	(Note D)	117,180	3.59	-	-	79,934	-
Oriental Petrochemical (Shanghai) Corporation	Far Eastern Industries (Shanghai) Ltd.	(Note D)	825,430	11.55	-	-	825,430	-
Oriental Industries (Suzhou) Ltd.	Oriental Textile (Holding) Ltd.	(Note D)	717,329	6.21	-	-	717,329	-
Far Eastern Construction Co., Ltd.	Far Eastern Department Stores Co., Ltd.	(Note E)	124,644	(Note G)	-	-	11,480	-
Ding Ding Integrated Marketing Service Co., Ltd.	Pacific SOGO Department Stores Co., Ltd.	(Note F)	108,781	(Note H)	-	-	9,639	-
Far EasTone Telecommunications Co., Ltd.	ARCOA Communication Co., Ltd.	(Note D)	129,585	13.61	-	-	103,161	-
New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note D)	8,170,542	(Note I)	-	-	332,709	-
ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note D)	642,766	7.80	-	-	642,766	-
	Home Master Technology Ltd.	(Note D)	292,930	4.92	-	-	168,906	-

(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 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.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS BETWEEN FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Term	% of Consolidated Revenue or Assets (Note C)
0	Far Eastern New Century Corporation	Worldwide Polychem (HK) Ltd.	1	Accounts receivable	\$ 305,085	Based on contract	-
		Worldwide Polychem (HK) Ltd.	1	Sales	1,645,313	Based on contract	1
		Far Eastern Industries (Shanghai) Ltd.	1	Sales	3,073,971	Based on contract	1
		Far Eastern Industries (Shanghai) Ltd.	1	Accounts receivable	382,072	Based on contract	-
		Far Eastern Industries (Wuxi) Ltd.	1	Sales	292,741	Based on contract	-
		Far Eastern Apparel (Vietnam) Ltd.	1	Sales	645,934	Based on contract	-
		Far Eastern Apparel (Suzhou) Co., Ltd.	1	Sales	147,359	Based on contract	-
		Far Eastern Polychem Industries Ltd.	1	Sales	127,874	Based on contract	-
		Far Eastern Polytex (Vietnam) Ltd.	1	Sales	350,862	Based on contract	-
		Far Eastern Resources Development Co., Ltd.	1	Interest receivables	50	Based on contract	-
		Far Eastern Resources Development Co., Ltd.	1	Other receivables	105,000	Based on contract	-
		Far Eastern Resources Development Co., Ltd.	1	Interest revenue	1,059	Based on contract	-
1	Far Eastern Resources Development Co., Ltd.	Kai Yuan International Investment Co., Ltd.	3	Interest revenue	1,700	Based on contract	-
		An Ho Garment Co., Ltd.	3	Other receivables	200,000	Based on contract	-
		An Ho Garment Co., Ltd.	3	Interest revenue	1,948	Based on contract	-
2	Yuan Ding Investment Co., Ltd.	Kai Yuan International Investment Co., Ltd.	3	Interest revenue	2,426	Based on contract	-
		An Ho Garment Co., Ltd.	3	Interest revenue	1,735	Based on contract	-
		Far Eastern Apparel Co., Ltd.	3	Other receivables	110,000	Based on contract	-
		Far Eastern Apparel Co., Ltd.	3	Interest revenue	16	Based on contract	-
3	Far Eastern Polychem Industries Ltd.	Pet Far Eastern (M) Sdn. Bhd.	3	Accounts receivable	223,198	Based on contract	-
		Pet Far Eastern (M) Sdn. Bhd.	3	Sales	978,668	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Interest revenue	25,198	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Interest revenue	343	Based on contract	-
		Wuhan Far Eastern New Material Ltd.	3	Sales	370,453	Based on contract	-
4	Oriental Petrochemical (Taiwan) Corporation	Far Eastern New Century Corporation	2	Accounts receivable	1,255,077	Based on contract	-
		Far Eastern New Century Corporation	2	Sales	16,789,714	Based on contract	7
		Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	229,051	Based on contract	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	1,316,799	Based on contract	1
		Far Eastern Polytex (Vietnam) Ltd.	3	Accounts receivable	1,252,792	Based on contract	-
		Far Eastern Polytex (Vietnam) Ltd.	3	Sales	2,510,809	Based on contract	1

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Term	% of Consolidated Revenue or Assets (Note C)
5	Far Eastern Investment (Holding) Ltd.	Oriental Textile (Holding) Ltd.	3	Interest revenue	\$ 5,541	Based on contract	-
		Pet Far Eastern (M) Sdn. Bhd.	3	Other receivables	130,451	Based on contract	-
		Pet Far Eastern (M) Sdn. Bhd.	3	Interest receivables	57,068	Based on contract	-
		Far Eastern Apparel (Vietnam) Ltd.	3	Other receivables	76,788	Based on contract	-
		Sino Belgium (Holding) Ltd.	3	Other receivables	156,647	Based on contract	-
		Sino Belgium (Holding) Ltd.	3	Interest revenue	4,870	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Other receivables	1,744,392	Based on contract	-
		APG Polytech, LLC	3	Interest revenue	1,296	Based on contract	-
		Far Eastern New Apparel (Vietnam) Ltd.	3	Other receivables	506,798	Based on contract	-
		PET Far Eastern (Holding) Ltd.	3	Interest revenue	146	Based on contract	-
6	PET Far Eastern (Holding) Ltd.	Far Eastern New Century (China) Investment Co., Ltd.	3	Interest revenue	1,281	Based on contract	-
7	Yuan Ding Co., Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	3	Interest revenue	386	Based on contract	-
8	Oriental Textile (Holding) Ltd.	Far Eastern New Century Corporation	2	Sales	155,490	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Interest revenue	927	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Other receivables	628,785	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Interest receivables	2,990	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Interest revenue	27,427	Based on contract	-
		Far Eastern Polytex (Vietnam) Ltd.	3	Other receivables	153,575	Based on contract	-
9	Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Vietnam) Ltd.	3	Sales	291,380	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Interest revenue	15,281	Based on contract	-
		Far Eastern Polychem Industries Ltd.	3	Interest revenue	4,626	Based on contract	-
10	Far Eastern Apparel (Vietnam) Ltd.	Far Eastern Apparel (Holding) Ltd.	3	Accounts receivable	547,850	Based on contract	-
		Far Eastern Apparel (Holding) Ltd.	3	Sales	4,242,406	Based on contract	2
11	Far Eastern Polytex (Vietnam) Ltd.	Worldwide Polychem (HK) Ltd.	3	Accounts receivable	548,772	Based on contract	-
		Worldwide Polychem (HK) Ltd.	3	Sales	559,298	Based on contract	-
		Far Eastern Apparel (Vietnam) Ltd.	3	Sales	234,400	Based on contract	-
		Far Eastern New Apparel (Vietnam) Ltd.	3	Sales	121,596	Based on contract	-
12	Far Eastern New Apparel (Vietnam) Ltd.	Far Eastern Apparel (Holding) Ltd.	3	Accounts receivable	306,961	Based on contract	-
		Far Eastern Apparel (Holding) Ltd.	3	Sales	388,725	Based on contract	-
		Far Eastern Apparel (Vietnam) Ltd.	3	Processing revenue	598,523	Based on contract	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Term	% of Consolidated Revenue or Assets (Note C)
13	Far Eastern Industries (Shanghai) Ltd.	Far Eastern Polychem Industries Ltd.	3	Sales	\$ 5,502,516	Based on contract	2
		Wuhan Far Eastern New Material Ltd.	3	Accounts receivable	276,236	Based on contract	-
		Wuhan Far Eastern New Material Ltd.	3	Sales	806,250	Based on contract	-
		Oriental Petrochemical (Shanghai) Corporation	3	Other receivables	894,400	Based on contract	-
		Oriental Petrochemical (Shanghai) Corporation	3	Interest revenue	54,550	Based on contract	-
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Sales	177,793	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Accounts receivable	442,838	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Sales	2,517,762	Based on contract	1
		Far Eastern Industries (Suzhou) Ltd.	3	Interest revenue	333	Based on contract	-
14	Far Eastern Industries (Yangzhou) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Interest revenue	9,099	Based on contract	-
15	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Far Eastern Apparel (Holding) Ltd.	3	Accounts receivable	446,028	Based on contract	-
		Far Eastern Apparel (Holding) Ltd.	3	Sales	2,547,741	Based on contract	1
		Oriental Industries (Suzhou) Ltd.	3	Other receivables	1,556,998	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Interest receivables	5,052	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Interest revenue	67,085	Based on contract	-
		Far Eastern Industries (Suzhou) Ltd.	3	Interest revenue	4,078	Based on contract	-
		Far Eastern Apparel (Suzhou) Co., Ltd.	3	Accounts receivable	117,180	Based on contract	-
		Far Eastern Apparel (Suzhou) Co., Ltd.	3	Sales	420,397	Based on contract	-
16	Suzhou An Ho Apparel Ltd.	Far Eastern Apparel (Suzhou) Co., Ltd.	3	Other receivables	40,248	Based on contract	-
		Far Eastern Apparel (Suzhou) Co., Ltd.	3	Interest receivables	20	Based on contract	-
		Far Eastern Apparel (Suzhou) Co., Ltd.	3	Interest revenue	21	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Interest revenue	1,317	Based on contract	-
17	Oriental Petrochemical (Shanghai) Corporation	Far Eastern Industries (Shanghai) Ltd.	3	Accounts receivable	557,110	Based on contract	-
		Far Eastern Industries (Shanghai) Ltd.	3	Notes receivable	268,320	Based on contract	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	8,376,077	Based on contract	4
		Far Eastern New Century (China) Investment Co., Ltd.	3	Other receivables	125,019	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Interest revenue	55	Based on contract	-
18	Far Eastern Industries (Wuxi) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Sales	336,960	Based on contract	-
		Oriental Textile (Holding) Ltd.	3	Sales	106,387	Based on contract	-
19	Oriental Industries (Suzhou) Ltd.	Oriental Textile (Holding) Ltd.	3	Accounts receivable	717,329	Based on contract	-
		Oriental Textile (Holding) Ltd.	3	Sales	4,093,751	Based on contract	2
		Far Eastern Industries (Suzhou) Ltd.	3	Interest revenue	15,948	Based on contract	-
		Sino Belgium Beer (Suzhou) Ltd.	3	Other receivables	710,140	Based on contract	-
		Sino Belgium Beer (Suzhou) Ltd.	3	Interest receivables	2,630	Based on contract	-
		Sino Belgium Beer (Suzhou) Ltd.	3	Interest revenue	33,108	Based on contract	-
		Far Eastern Industries (Wuxi) Ltd.	3	Other receivables	13	Based on contract	-
		Far Eastern Industries (Wuxi) Ltd.	3	Interest receivables	13	Based on contract	-
		Far Eastern Industries (Wuxi) Ltd.	3	Interest revenue	710	Based on contract	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Term	% of Consolidated Revenue or Assets (Note C)
20	Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	3	Sales	\$ 279,940	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Other receivables	860,350	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Interest receivables	715	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Interest revenue	800	Based on contract	-
21	Far Eastern Apparel (Suzhou) Co., Ltd.	Oriental Industries (Suzhou) Ltd.	3	Other receivables	1,087,420	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Interest receivables	4,197	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Interest revenue	38,395	Based on contract	-
		Far Eastern Apparel (Holding) Ltd.	3	Sales	865,625	Based on contract	-
		Far Eastern Industries (Suzhou) Ltd.	3	Interest revenue	3,159	Based on contract	-
22	Far Eastern New Century (China) Investment Co., Ltd.	Oriental Petrochemical (Shanghai) Corporation	3	Interest revenue	5,351	Based on contract	-
		Far Eastern Industries (Shanghai) Ltd.	3	Other receivables	562,676	Based on contract	-
		Far Eastern Industries (Shanghai) Ltd.	3	Interest revenue	12,179	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Other receivables	89	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Interest revenue	2,087	Based on contract	-
		Wuhan Far Eastern New Material Ltd.	3	Interest revenue	3	Based on contract	-
		Shanghai Far Eastern Petrochemical Logistic Corporation	3	Other receivables	13,403	Based on contract	-
		Shanghai Far Eastern Petrochemical Logistic Corporation	3	Interest revenue	170	Based on contract	-
23	Oriental Resources Development Co., Ltd.	Far Eastern New Century Corporation	2	Sales	750,610	Based on contract	-
24	Wuhan Far Eastern New Material Ltd.	Far Eastern Polychem Industries Ltd.	3	Sales	428,151	Based on contract	-
		Far Eastern Industries (Shanghai) Ltd.	3	Sales	173,475	Based on contract	-
		Far Eastern New Century (China) Investment Co., Ltd.	3	Interest revenue	1	Based on contract	-
25	FEDP (Holding) Ltd.	Far Eastern Polychem Industries Ltd.	3	Interest revenue	1,590	Based on contract	-
		Far Eastern Investment (Holding) Ltd.	3	Interest revenue	2,751	Based on contract	-
26	Ding Ding Integrated Marketing Service Co., Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	3	Interest revenue	327	Based on contract	-
27	Far Eastern Industries (Yangzhou) Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Interest revenue	9,099	Based on contract	-
28	Far Eastern Innovation Apparel (Suzhou) Co., Ltd.	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Interest receivables	1,520	Based on contract	-
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Interest revenue	1,550	Based on contract	-
		Far Eastern Dyeing & Finishing (Suzhou) Ltd.	3	Other receivables	313,040	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Interest receivables	2,222	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Interest revenue	2,265	Based on contract	-
		Oriental Industries (Suzhou) Ltd.	3	Other receivables	447,200	Based on contract	-
29	Shanghai Far Eastern Petrochemical Logistic Corporation	Oriental Petrochemical (Shanghai) Corporation	3	Sales	102,948	Based on contract	-
30	FET Consulting Engineers Co., Ltd.	Yuan Ding Co., Ltd.	3	Interest revenue	876	Based on contract	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Details			
				Financial Statement Account	Amount	Term	% of Consolidated Revenue or Assets (Note C)
31	Far Eastern Electronic Toll Collection Co., Ltd.	Yuan Ding Co., Ltd.	3	Interest revenue	\$ 54	Based on contract	-
32	FETC International Co., Ltd	Far Eastern Electronic Toll Collection Co., Ltd.	3	Interest revenue	1,408	Based on contract	-
33	Yuan Cheng Human Resources Consultant Corporation	Far EasTone Telecommunications Co., Ltd.	3	Other operating revenue	160,222	Based on contract	-
34	Far Eastern General Contractor Inc.	Far Eastern Construction Co., Ltd.	3	Construction contract revenue	527,664	Based on contract	-
35	Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	3	Telecommunications service revenue	306,482	Based on contract	-
		ARCOA Communication Co., Ltd.	3	Accounts receivable	127,983	Based on contract	-
		ARCOA Communication Co., Ltd.	3	Sales	295,622	Based on contract	-
		DataExpress Infotech Co., Ltd.	3	Sales	178,524	Based on contract	-
		Yuanshi Digital Technology Co., Ltd.	3	Sales	360,456	Based on contract	-
36	New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	3	Telecommunications service revenue	2,746,262	Based on contract	1
		Far EasTone Telecommunications Co., Ltd.	3	Other receivables	8,144,017	Based on contract	1
37	ARCOA Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	3	Operating revenue	530,447	Based on contract	-
		Far EasTone Telecommunications Co., Ltd.	3	Accounts receivable	591,465	Based on contract	-
		Far EasTone Telecommunications Co., Ltd.	3	Sales	8,083,660	Based on contract	4
		Home Master Technology Ltd.	3	Accounts receivable	292,689	Based on contract	-
		Home Master Technology Ltd.	3	Sales	759,816	Based on contract	-
38	DataExpress Infotech Co., Ltd.	Home Master Technology Ltd.	3	Sales	791,458	Based on contract	-
39	Linkwell Tech. Co., Ltd.	DataExpress Infotech Co., Ltd.	3	Sales	137,960	Based on contract	-
40	O-music Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	3	Telecommunications service revenue	160,320	Based on contract	-
41	Sino Lead Enterprise Limited	New Century InfoComm Tech Co., Ltd.	3	Telecommunications service revenue	109,806	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.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 FOR THE YEAR ENDED DECEMBER 31, 2018
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Notes	
				December 31, 2018	December 31, 2017	Shares (Thousands)	% of Ownership	Carrying Amount				
Far Eastern New Century Corporation	Asia Cement Corporation	Taiwan	Cement production	\$ 2,652,282	\$ 2,652,282	750,511	22.33	\$ 17,937,848	\$ 11,117,094	\$ 1,902,849	Investment gain or loss recognized under the treasury shares method (Note A) (Note A) Including the adjustments of the transactions between subsidiaries \$(1,739) (Note A) (Note A) (Note A) (Note A and L) Including the adjustments of the difference between individual and consolidated investment properties, and the transactions between subsidiaries \$(3,200) (Notes B and H) Including the adjustments of the transactions between subsidiaries \$62,500 (Note B) (Note B) (Note B) Including the adjustments of the transactions between subsidiaries \$9,905 (Note B) (Note B) (Note B) Including the adjustments of the transactions between subsidiaries \$9,727 (Note B) Including the adjustments of the difference between individual and consolidated investment properties \$(29,997) (Notes B and H) (Note B) (Notes B and I) Including the adjustments of the transactions between subsidiaries \$103 (Note B) Including the adjustments of the transactions between subsidiaries \$79 (Note B) (Note B) (Note B) (Note B) (Note B) (Note B) (Note B) (Note B) (Note B) (Note B) (Note A) (Note A) (Note A) (Note A) (Note B) (Note B) (Note A) (Note A) (Note A) (Note A) (Note A) (Note A) (Note B)	
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	1,254,158	1,254,158	241,770	17.06	4,793,720	1,318,150	224,877		
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,176,211	1,176,211	81,216	9.17	1,350,914	1,836,159	166,637		
	Everest Textile Corporation	Taiwan	Chemical fiber production	1,689	1,689	137	0.03	1,585	157,365	47		
	Oriental Securities Corporation	Taiwan	Brokering	159,823	159,823	140,278	19.65	1,956,963	46,790	9,194		
	Pacific Liu Tong Investment Co., Ltd. (Note E)	Taiwan	Investment	810,000	810,000	135,000	16.83	1,920,818	313,472	52,757		
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	805,598	805,598	85,501	2.62	1,024,918	3,524,201	193,807		
	Yuan Ding Investment Co., Ltd.	Taiwan	Investment	100,052	100,052	1,822,822	99.40	42,750,905	4,947,757	4,914,870		
	Far Eastern Resources Development Co., Ltd.	Taiwan	Real estate construction and sales	14,931,733	14,931,733	667,242	100.00	102,949,679	776,892	839,391		
	Far Eastern Polytex (Holding) Ltd.	Bermuda	Investment	8,384,209	8,384,209	135	100.00	7,581,955	32,311	32,311		
	Far Eastern Polychem Industries Ltd.	Bermuda	Investment	7,318,312	7,318,312	830,815	73.04	7,640,463	1,193,063	871,413		
	Yuan Tong Investment Co., Ltd.	Taiwan	Investment	5,850,000	5,850,000	705,147	100.00	8,568,915	687,793	697,699		
	Kai Yuan International Investment Co., Ltd.	Taiwan	Investment	999,993	999,993	339,966	100.00	5,429,289	449,290	449,290		
	Far Eastern Investment (Holding) Ltd.	Bermuda	Investment	18,452,018	5,833,333	4,016	100.00	22,068,603	464,068	464,068		
	PET Far Eastern (Holding) Ltd.	Bermuda	Investment	6,626,110	6,626,110	397	91.95	6,157,657	1,015,901	943,847		
	Oriental Petrochemical (Taiwan) Corporation	Taiwan	Petrochemical materials production	14,697,875	12,431,130	1,561,102	75.56	9,183,032	(716,742)	(571,567)		
	Far Eastern Construction Co., Ltd.	Taiwan	Real estate construction and sales	143,450	143,450	198,791	65.11	8,471,173	743,452	484,062		
	Yuan Ding Co., Ltd.	Taiwan	Real estate leasing and hotels	857,511	857,511	186,929	37.13	3,194,481	164,472	68,561		
	An Ho Garment Co., Ltd.	Taiwan	Garment production and investment	1,023	1,023	66,346	100.00	2,116,908	244,283	244,386		
	Ding Yuan International Investment Co., Ltd.	Taiwan	Investment	2,000,062	2,000,062	235,601	100.00	3,003,612	321,228	321,307		
	FEDP (Holding) Ltd.	Bermuda	Investment	676,315	676,315	244	50.43	921,000	1,614,524	814,204		
	Fu Kwok Knitting & Garment Co., Ltd.	Taiwan	Garment production	9,205	9,205	4,000	100.00	224,804	32,653	32,653		
	Ding Ding Hotel Co., Ltd.	Taiwan	Hotel	393,651	393,651	769	0.74	8,333	(335,855)	(2,485)		
	Far Eastern Textile Ltd.	Taiwan	Textile production	1,000	1,000	100	100.00	1,590	66	66		
	Yuan Ding Investment Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	600,883	587,269	21,500	0.64	703,247	11,117,094		
		Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,085,488	1,085,488	70,818	8.00	1,354,062	1,836,159		
		Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	464,170	454,530	23,173	1.64	480,286	1,318,150		
		Everest Textile Corporation	Taiwan	Chemical fiber production	470,103	470,103	126,096	25.23	1,172,963	157,365		
Far EasTone Telecommunications Co., Ltd.		Taiwan	Telecommunications	2,723,598	2,723,598	1,066,658	32.73	23,933,864	9,381,351			
Far Eastern Polychem Industries Ltd.		Bermuda	Investment	1,392,692	1,392,692	306,644	26.96	2,820,193	1,193,063			
Far Eastern Apparel (Holding) Ltd.		Bermuda	Investment	2,179,442	2,179,442	111	100.00	3,558,433	171,994			
Da Ju Fiber Co., Ltd.		Taiwan	Sale of polychemical products	263,790	263,790	55,563	41.86	2,031,256	364,286			
Far Eastern Apparel Co., Ltd.		Taiwan	Sale of textiles, garments, and clothing	387,984	387,984	24,772	100.00	177,127	(68,162)			
Yuan Faun Co., Ltd.		Taiwan	Production management consulting	51,671	51,671	5,000	100.00	155,321	10,867			
Yue Ming Corporation		Taiwan	Trading	97,852	97,852	4,745	45.50	71,368	3,047			
Yuan Ding Leasing Corporation		Taiwan	Real estate construction and sales	319,380	319,380	36,706	46.20	388,298	8,181			
Far Eastern Fibertech Co., Ltd.	Taiwan	Nylon production	585,000	585,000	91,000	100.00	1,175,613	121,822				

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Notes
				December 31, 2018	December 31, 2017	Shares (Thousands)	% of Ownership	Carrying Amount			
Far Eastern Investment (Holding) Ltd.	Oriental Resources Development Co., Ltd.	Taiwan	Medical materials manufacturing and wholesale and waste recycling and processing	\$ 509,448	\$ 338,188	48,918	100.00	\$ 547,742	\$ 59,320	(Note B)	
	Liquid Air Far East Co., Ltd.	Taiwan	Industrial gas production and sales	504,806	504,806	86,615	35.00	1,987,889	1,652,276	(Note A)	
	Freudenberg Far Eastern Spunweb Co., Ltd.	Taiwan	Production of nonwoven industrial fabrics	144,786	144,786	20,585	29.80	446,214	503,039	(Note A)	
	Oriental Securities Corporation	Taiwan	Brokering	255,424	255,424	185,247	25.96	2,690,905	46,790	(Note A)	
	Yuan Ding Co., Ltd.	Taiwan	Real estate leasing and hotels	188,846	188,846	64,759	12.86	1,127,799	164,472	(Note B)	
	Far Eastern International Leasing Corporation	Taiwan	Leasing	1,012,057	1,012,057	75,268	16.87	927,437	57,007	(Note A)	
	Oriental Textile (Holding) Ltd.	Bermuda	Investment	7,142,602	7,142,602	110	100.00	7,990,711	146,724	(Note B)	
	Pacific Liu Tong Investment Co., Ltd. (Note E)	Taiwan	Investment	796,491	796,491	119,653	14.92	1,616,208	313,472	(Note A)	
	Yu Yuan Investment Co., Ltd.	Taiwan	Investment	673,704	673,704	98,198	18.96	632,923	435,943	(Note A)	
	Far Eastern General Contractor Inc.	Taiwan	Real estate construction	14,682	14,682	1,490	1.00	22,595	130,685	(Note B)	
	Oriental Petrochemical (Taiwan) Corporation	Taiwan	Petrochemical materials production	675,479	519,599	107,354	5.20	647,199	(716,742)	(Note B)	
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	1,095,981	1,095,981	116,321	3.56	1,394,151	3,524,201	(Notes A and L)	
	APG Polytech USA Holdings, Inc.	Filsyn Corporation	Philippines	Polychemical products	PESO 225,324	PESO 225,324	45,066	21.85	-	-	(Note A)
		FETG Investment Antilles N.V.	Netherlands Antilles	Investment	US\$ 6	US\$ 6	6	100.00	35,244	(30,112)	(Note B)
		PET Far Eastern (M) Sdn. Bhd.	Malaysia	Bottle production	MYR 8,000	MYR 8,000	(Note C)	50.00	226,753	32,555	(Note B)
		Com2B	Cayman Islands	E-business	US\$ 3,375	US\$ 3,375	9,000	20.00	12,283	(2,489)	(Note B)
		Far Eastern Apparel (Vietnam) Ltd.	Vietnam	Clothing production	US\$ 9,000	US\$ 9,000	(Note D)	100.00	1,034,933	265,551	(Note B)
		Worldwide Polychem (HK) Ltd.	Hong Kong	Foreign trade	US\$ 3,500	US\$ 3,500	2,700	100.00	59,327	1,643	(Note B)
		Opas Fund Segregated Portfolio Company	Cayman Islands	Investment	US\$ 51	US\$ 51	(Note D)	34.00	1,659	-	(Note B)
		Far Eastern Polytex (Vietnam) Ltd.	Vietnam	Chemical fiber and textile production	US\$ 240,000	US\$ 170,000	(Note D)	100.00	6,788,893	(359,362)	(Note B)
		Far Eastern New Apparel (Vietnam) Ltd.	Vietnam	Garment production	US\$ 18,000	US\$ 18,000	(Note D)	100.00	284,701	29,520	(Note B)
		Magna View Sdn. Bhd.	Malaysia	Investment	US\$ 3,465	US\$ 3,465	3,000	100.00	189,390	16,187	(Note B)
		Malaysia Garment Manufactures Pte. Ltd.	Singapore	Garment production and investment	US\$ 15,849	US\$ 15,849	30	37.92	485,716	4,739	(Note B)
		Catalyst_207 SPC	Cayman Islands	Investment	US\$ 17	US\$ 17	(Note D)	34.00	526	8	(Note A)
		APG Polytech USA Holdings, Inc.	America	Investment	US\$ 30,000	US\$ -	4,965	100.00	15,365,656	113,727	(Note A)
		Catalyst_207 SPC-SP Tranche One	Cayman Islands	Investment	US\$ 4,000	US\$ -	4	25.00	122,862	8	(Note A)
		Far Eastern International Garments	Philippines	Garment production	US\$ 1	US\$ 1	59	41.00	(12,652)	-	(Note B)
		Cemtex Apparel Inc.	Philippines	Clothing O.E.M.	US\$ 1	US\$ 1	90	50.00	(11,740)	-	(Note A)
	Magna View Sdn. Bhd.	Corpus Christi Polymers LLC	America	Petrochemical materials production and chemical fiber production	US\$ 415,800	US\$ -	(Note D)	33.33	12,771,297	-	(Note N)
APG Polytech, LLC		America	Chemical fiber production	US\$ 90,000	US\$ -	(Note D)	100.00	2,880,211	113,723	(Note B)	
Ding Yuan International Investment Co., Ltd.	PET Far Eastern (M) Sdn. Bhd.	Malaysia	Bottle production	MYR 8,000	MYR 8,000	(Note C)	50.00	226,753	32,555	(Note B)	
Kai Yuan International Investment Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	375,512	375,512	13,222	0.39	472,031	11,117,094	(Note A)	
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	110,306	105,561	5,903	0.42	124,500	1,318,150	(Note A)	
	Everest Textile Corporation	Taiwan	Chemical fiber production	34,561	34,561	1,160	0.23	9,658	157,365	(Note A)	
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	677,665	677,665	27,365	3.09	691,385	1,836,159	(Note A)	
	Far EastTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	38,457	38,457	920	0.03	42,427	9,381,351	(Note B)	
	Pacific Liu Tong Investment Co., Ltd. (Note E)	Taiwan	Investment	90,000	90,000	18,000	2.24	237,735	313,472	(Note A)	
	Yu Ding Industry Co., Ltd.	Taiwan	Department store operations	95,624	95,624	14,159	13.20	382,977	171,300	(Note A)	
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	814,399	814,399	86,435	2.64	1,035,713	3,524,201	(Notes A and L)	
Far Eastern Polychem Industries Ltd.	Asia Cement Corporation	Taiwan	Cement production	483,448	483,448	20,207	0.60	711,358	11,117,094	(Note A)	
	Far EastTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	793,702	793,702	34,149	1.05	1,160,859	9,381,351	(Note B)	
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	742,686	737,170	32,473	3.67	700,536	1,836,159	(Note A)	
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	519,473	519,473	20,672	1.46	572,798	1,318,150	(Note A)	
	Kowloon Cement Corporation	Hong Kong	Cement production	226,896	226,896	1,127	49.00	438,159	(40,249)	(Note A)	
	Far Eastern International Leasing Corporation	Taiwan	Leasing	1,026,489	1,026,489	74,970	16.80	928,475	57,007	(Note A)	
	Pacific Liu Tong Investment Co., Ltd. (Note E)	Taiwan	Investment	90,000	90,000	18,000	2.24	237,936	313,472	(Note A)	
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	988,714	988,714	104,936	3.21	1,257,628	3,524,201	(Notes A and L)	
Far Eastern Construction Co., Ltd.	PET Far Eastern (Holding) Ltd.	Bermuda	Investment	US\$ 17,622	US\$ 17,622	35	8.05	541,147	1,015,901	(Note B)	
	FEDP (Holding) Ltd.	Bermuda	Investment	US\$ 29,240	US\$ 29,240	240	49.57	905,294	1,614,524	(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	817,095	157,008	(Note B)	
Far Eastern Apparel Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	16,246	16,246	469	0.01	15,336	11,117,094	(Note A)	
	Far EastTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	6,353	6,353	90	-	6,181	9,381,351	(Note B)	
	Yu Ding Industry Co., Ltd.	Taiwan	Department store operations	29	29	9	0.01	134	171,300	(Note A)	

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Notes
				December 31, 2018	December 31, 2017	Shares (Thousands)	% of Ownership	Carrying Amount			
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	\$ 5,916	\$ 4,457		(Note B)
FETG Investment Antilles N.V.	Waldorf Services B.V.	The Netherlands	Investment	US\$ -	US\$ -	2	100.00	-	(31,320)		(Note O)
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	Indonesia	Garment production	SGD -	SGD -	(Note D)	99.00	(45)	-		(Note B)
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	748,158	748,158	40,818	1.25	1,094,243	9,381,351		(Note B)
	Asia Cement Corporation	Taiwan	Cement production	206,551	206,551	6,094	0.18	244,111	11,117,094		(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	287,121	287,121	11,204	1.26	271,067	1,836,159		(Note A)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	10,483	10,483	370	0.03	11,402	1,318,150		(Note A)
	Oriental Securities Corporation	Taiwan	Brokering	118,125	118,125	8,193	1.15	110,593	46,790		(Note A)
	Yu Ding Industry Co., Ltd.	Taiwan	Department store operations	111,997	111,997	16,808	15.66	356,230	171,300		(Note A)
	Pacific Liu Tong Investment Co., Ltd. (Note E)	Taiwan	Investment	67,285	67,285	9,681	1.21	133,180	313,472		(Note A)
	Yuan Ding Investment Co., Ltd.	Taiwan	Investment	148,994	148,994	5,502	0.30	172,684	4,947,757		(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	202,798	202,798	21,524	0.66	258,030	3,524,201		(Notes A and L)
Yuan Faun Co., Ltd.	Yuan Cheng Human Resources Consultant Corporation	Taiwan	Personnel recruitment	7,214	7,214	745	55.19	13,295	4,285		(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	42,973	42,973	4,561	0.14	54,684	3,524,201		(Notes A and L)
Fu Kwok Knitting & Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	19,663	19,663	520	0.02	19,988	9,381,351		(Note B)
Yuan Tong Investment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	2,246,035	2,246,035	100,237	3.08	2,857,287	9,381,351		(Note B)
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	1,159,521	1,159,521	39,619	2.80	1,242,225	1,318,150		(Note A)
	Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,755,017	1,755,017	49,705	5.61	1,727,223	1,836,159		(Note A)
	Asia Cement Corporation	Taiwan	Cement production	888,648	888,648	28,579	0.85	1,108,250	11,117,094		(Note A)
	Pacific Liu Tong Investment Co., Ltd. (Note E)	Taiwan	Investment	90,000	90,000	18,000	2.24	236,738	313,472		(Note A)
	Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan	Electronic toll collection services	787,104	787,104	35,934	11.98	408,893	235,353		(Note B)
	Liquid Air Far East Co., Ltd.	Taiwan	Industrial gas production and sales	20	20	1	-	29	1,652,276		(Note A)
	Sino Belgium (Holding) Ltd.	Bermuda	Investment	2,255,510	2,255,510	36	90.88	(618,616)	(23,292)		(Note B)
	Freudenberg Far Eastern Spunweb Co., Ltd.	Taiwan	Production of nonwoven industrial fabrics	34	34	1	-	43	503,039		(Note A)
	Malaysia Garment Manufactures Pte. Ltd.	Singapore	Garment production and investment	SGD 7,354	SGD 7,354	10	13.00	166,516	4,739		(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	986,735	986,735	104,726	3.20	1,254,944	3,524,201		(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	242,412	(3,219)		(Note B)
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	558,000	558,000	20,393	60.00	218,651	26,089		(Note B)
	Far Eastern Technical Consultants Co., Ltd.	Taiwan	Real estate development business consulting and management	45,182	45,182	4,550	91.00	58,606	4,457		(Note B)
	YDC (Virgin Islands) Ltd.	British Virgin Islands	Investment	US\$ 200	US\$ 200	(Note D)	17.70	9,035	171		(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	(22,450)	(335,442)		(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	58,256	(4,494)		(Note B)
	Asia Cement Corporation	Taiwan	Cement production	136,037	136,037	5,329	0.16	202,491	11,117,094		(Note A)
	Far EasTone Telecommunications Co., Ltd.	Taiwan	Telecommunications	100,412	100,412	4,164	0.13	114,968	9,381,351		(Note B)
	Yu Yuan Investment Co., Ltd.	Taiwan	Investment	411,187	411,187	129,637	25.02	1,622,820	435,943		(Note A)
	Yue Ming Corporation	Taiwan	Trading	787	787	104	1.00	762	3,047		(Note A)
	Yu Ding Industry Co., Ltd.	Taiwan	Department store operations	22,676	22,676	2,781	2.59	58,545	171,300		(Note A)
	FEDS Asia Pacific Development Co., Ltd.	Taiwan	Department store operations	100,000	100,000	10,650	5.00	131,964	152,406		(Note A)
	Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan	Electronic toll collection services	977,650	977,650	44,796	14.93	504,286	235,353		(Note B)
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	76,665	76,665	8,137	0.25	97,567	3,524,201		(Notes A and L)
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Electronic stored value cards	400,000	400,000	20,418	20.00	155,351	(244,144)		(Note B)
	Ding Ding Hotel Co., Ltd.	Taiwan	Hotel	1,645,021	1,645,021	102,509	98.52	164,987	(335,855)		(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	(94)	(335,442)		(Notes B and K)
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Electronic stored value cards	300,200	300,200	15,323	15.01	116,587	(244,144)		(Note B)
	DDIM (Virgin Islands) Ltd.	British Virgin Islands	Investment	US\$ 11,000	US\$ 11,000	(Note D)	46.13	29,847	(10,880)		(Note B)
FET Consulting Engineers Co., Ltd.	DDIM (Virgin Islands) Ltd.	British Virgin Islands	Investment	384,970	384,970	(Note D)	53.87	34,855	(10,880)		(Note B)

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Notes
				December 31, 2018	December 31, 2017	Shares (Thousands)	% of Ownership	Carrying Amount			
YDT Technology International Co., Ltd.	Everest Textile Corporation	Taiwan	Chemical fiber production	\$ 2,451	\$ 2,451	128	0.03	\$ 1,224	\$ 157,365	(Note A)	
	Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	51,673	51,673	2,764	0.20	95,474	1,318,150	(Note A)	
	Asia Cement Corporation	Taiwan	Cement production	862	862	61	-	2,291	11,117,094	(Note A)	
	YDC (Virgin Islands) Ltd.	British Virgin Islands	Investment	US\$ 930	US\$ 930	(Note D)	82.30	42,011	171	(Note B)	
	Far Eastern International Bank	Taiwan	Deposit, loan and guarantee services	26,960	26,960	2,861	0.09	34,407	3,524,201	(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	149,994	30,805	(Note B)	
Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	Taiwan	Type I, II telecommunications services	22,249,283	22,249,283	2,100,000	100.00	27,069,715	1,964,654	(Note B)	
	ARCOA Communication Co., Ltd.	Taiwan	Telecommunications services, sales of communications products and office equipment	1,305,802	1,305,802	82,762	61.63	995,299	136,561	(Note B)	
	KGEx.com Co., Ltd.	Taiwan	Type II telecommunications services	2,340,472	2,340,472	68,897	99.99	863,666	151,136	(Note B)	
	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	Taiwan	Electronic information providing services	886,169	886,169	90,014	86.41	(405,011)	(335,442)	(Notes B and K)	
	Yuan Cing Co., Ltd.	Taiwan	Call center services	-	-	2,000	100.00	35,243	12,833	(Notes B and J)	
	Far Eastern Info Service (Holding) Ltd.	Bermuda	Investment	92,616	92,616	1	100.00	5,023	(37,532)	(Note B)	
	O-music Co., Ltd.	Taiwan	Electronic information providing services	25,000	25,000	2,500	50.00	10,559	2,187	(Note B)	
	Q-ware Communications Corporation	Taiwan	Type II telecommunications services	-	832,038	-	-	-	(19,602)	(Notes B and M)	
	Far Eastern Electronic Toll Collection Co., Ltd.	Taiwan	Electronic toll collection services	2,542,396	2,542,396	118,251	39.42	924,758	235,353	(Note B)	
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	Electronic stored value cards	600,000	600,000	30,626	30.00	233,080	244,144	(Note B)	
ARCOA Communication Co., Ltd.	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	139,500	139,500	5,098	15.00	54,287	26,089	(Note B)	
	Alliance Digital Technology Co., Ltd.	Taiwan	Electronic information providing services	60,000	60,000	6,000	14.40	-	(66,405)	(Note P)	
New Century InfoComm Tech Co., Ltd.	DataExpress Infotech Co., Ltd.	Taiwan	Electronic information providing services	141,750	141,750	12,866	70.00	216,051	84,693	(Note B)	
New Diligent Co., Ltd.	New Diligent Co., Ltd.	Taiwan	Investment	540,000	540,000	54,000	100.00	86,982	(52,408)	(Note B)	
	Information Security Service Digital United Inc.	Taiwan	Security and monitoring service via internet	148,777	148,777	10,249	100.00	118,958	14,868	(Note B)	
	Digital United (Cayman) Ltd.	Cayman Islands	Investment	317,446	132,406	10,320	100.00	198,197	245	(Note B)	
	Yuanshi Digital Technology Co., Ltd. (former name is Hiiir Digital Marketing Co., Ltd.)	Taiwan	Electronic information providing services	20,000	20,000	2,500	2.40	(11,247)	(335,442)	(Notes B and K)	
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	46,500	46,500	1,699	5.00	18,096	26,089	(Note B)	
	Prime Ecopower Co., Ltd.	Taiwan	Energy technology services	160,000	-	16,000	100.00	155,316	(4,684)	(Note B)	
	Catalyst_207 SPC-SP Tranche One	Cayman Islands	Investment	123,220	-	4	25.00	123,220	8	(Note A)	
New Diligent Co., Ltd.	Sino Lead Enterprise Limited	Hong Kong	Telecommunication services	125	125	30	100.00	241	16	(Note B)	
	Far East New Diligent Company Ltd.	British Virgin Islands	Investment	330,598	330,598	(Note D)	100.00	24,823	(52,865)	(Note B)	
	New Diligent Hong Kong Co., Ltd.	Hong Kong	Investment	3,051	3,051	(Note D)	100.00	2,935	70	(Note B)	
DataExpress Infotech Co., Ltd.	Linkwell Tech. Co., Ltd.	Taiwan	Sale of communications products	10,000	10,000	(Note D)	100.00	51,751	10,075	(Note B)	
	Home Master Technology Ltd.	Taiwan	Sale of communications products	10,000	10,000	(Note D)	100.00	48,731	50,105	(Note B)	

Notes: A. Equity-method investee.

B. Subsidiary.

C. Including 5,000 thousand common stock 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 \$7,492 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.

(Continued)

- 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.
- N. Joint operation entity.
- O. Based on the resolution in the shareholders' meeting in October 2018, the Group proceeded the liquidation and completed the liquidation on January 3, 2019. The subsequent obligations will be responsible by FETG Investment Antilles N.V.
- P. The date of the company dissolution of Alliance Digital Technology Co., Ltd was set on December 31, 2018. The Group ceased using the equity method and transferred the estimated returns from liquidation to other current assets.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 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 December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Amount as of December 31, 2018 (Note C)	Accumulated Repatriation of Investment Income as of December 31, 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	\$ 8,409,146	2	\$ 3,700,967	\$ -	\$ -	\$ 3,700,967	\$ 327,776	100.00	\$ 327,776	\$ 8,520,499	\$ 853,493	Note 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	914,869	2	1,010,901	-	-	1,010,901	73,134	100.00	73,134	1,565,276	233,172	Note F and G
Far Eastern Innovation Apparel (Suzhou) Co., Ltd.	Production and marketing of knit garments, woven garments, non-knit garments, and nonwoven garments and accessories	1,062,630	3	-	-	-	-	(223)	100.00	(223)	1,062,411	-	
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	2,153,136	2	2,018,430	-	-	2,018,430	69,735	100.00	69,735	2,923,834	313,458	Note H and I
Oriental Petrochemical (Shanghai) Corporation	Manufacture and distribution of PTA and its by-products	8,020,932	2	3,791,007	-	-	3,791,007	692,647	61.35	424,940	3,502,914	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	1,651,389	2	1,342,854	-	-	1,342,854	34,885	100.00	34,885	2,772,836	159,799	Note H and R
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	1,763,621	2	1,765,319	-	-	1,765,319	1,606,477	100.00	1,606,477	1,606,212	-	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	764,925	2	724,110	-	-	724,110	3,234	100.00	3,234	938,185	-	
Oriental Industries (Suzhou) Ltd.	Production and marketing of polyester chips, partially oriented yarn, fully oriented yarn, and polyester yarn	4,896,154	2	4,957,248	-	-	4,957,248	231,958	100.00	231,958	5,931,621	-	Note H

(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 December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note B)	Carrying Amount as of December 31, 2018 (Note C)	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outflow	Inflow							
Far Eastern New Century (China) Investment Co., Ltd.	Investment	\$ 2,775,688	2	\$ 2,795,325	\$ -	\$ -	\$ 2,795,325	\$ (3,943)	100.00	\$ (3,943)	\$ 1,736,289	\$ -	
Sino Belgium Beer (Suzhou) Ltd.	Beer brewing	1,704,539	2	1,763,952	-	-	1,763,952	(31,572)	100.00	(31,572)	(538,013)	-	Note L
Martens Beers (Shanghai) Ltd.	Beer brewing	350,633	2	231,475	-	-	231,475	17,043	100.00	17,043	15,300	-	Note L
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	PA and its by-product production and sale	6,499,387	2	4,181,323	-	-	4,181,323	406	60.00	243	3,924,119	-	
Far Eastern Industries (Yangzhou) Ltd.	PA and its by-product production	1,381,411	2	1,436,190	-	-	1,436,190	(1,984)	100.00	(1,984)	1,395,689	-	
Far Eastern Union Petrochemical (Yangzhou) Corporation	PA and its by-product production	3,649,646	2	1,962,908	-	-	1,962,908	1,048,333	50.00	524,166	2,475,596	-	
Shanghai Yuan Zi Information Technology Co., Ltd.	Software development, equipment maintenance and consulting	56,839	3	-	-	-	-	(2,426)	100.00	(2,426)	58,254	-	
Shanghai Far Eastern Petrochemical Logistic Corporation	Transportation	84,968	3	-	-	-	-	4,619	100.00	4,619	135,099	-	
Suzhou An Ho Apparel Ltd.	Garment production	4,472	3	-	-	-	-	1,319	100.00	1,319	55,041	-	
Yuan Ding Enterprise (Shanghai) Limited	Liquid oxygen, oxygen, nitrogen and hydrogen warehousing	1,144,832	3	-	-	-	-	(104,231)	100.00	(104,231)	599,593	-	
Tong Da Air Industry (Yangzhou) Co., Ltd.	Computer software and internet software design and development	1,840,112	2	1,020,489	-	-	1,020,489	209,641	50.00	104,821	1,151,560	-	
Yuan Ding Integrated Information Service (Shanghai) Inc.	Computer software and internet software design and development	673,699	2	598,270	-	-	598,270	(10,893)	100.00	(10,893)	64,642	-	Note M
Speedy (Shanghai) digital Tech. Co., Ltd.	Intelligent control equipment and security monitoring products and services	29,244	2	24,220	-	-	24,220	254	100.00	254	49,246	-	Note N
Digital United Information Technology (Shanghai) Ltd.	Research and design of computer systems	95,217	2	95,217	-	-	95,217	(274)	100.00	(274)	1,883	-	Note P
Far Eastern New Century Information Technology (Beijing) Limited	Electronic information providing services	353,223	2	316,365	-	-	316,365	(1,035)	90.52	(937)	-	-	Note Q
Far Eastern Tech-Info Ltd. (Shanghai)	Computer software, data processing and provision of network information services	184,290	2	200,119	-	-	200,119	(90,103)	100.00	(90,103)	11,605	-	Note O

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Far Eastern New Century Corporation (Notes S and T)	\$ 20,655,177	\$ 23,734,395	\$ -

(Continued)

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 following four information:

1. Financial statements of these companies, which were audited by an international accounting firm with a cooperative relationship with an ROC accounting firm: Far Eastern Industries (Shanghai) Ltd., Far Eastern Apparel (Suzhou) Co., Ltd., Far Eastern Industries (Wuxi) Ltd., Oriental Petrochemical (Shanghai) Corporation, Far Eastern Dyeing and Finishing (Suzhou) Ltd., Far Eastern Industries (Suzhou) Ltd., Wuhan Far Eastern New Material Ltd., Oriental Industries (Suzhou) Ltd., Far Eastern Union Petrochemical (Yangzhou) Corporation and Tong Da Air Industry (Yangzhou) Co., Ltd.
2. Financial statements of these companies, which were audited by the parent company's accounting firm: Digital United Information Technology (Shanghai) Ltd., Far Eastern Tech-Info Ltd. (Shanghai) and New Diligence Corporation (Shanghai).
3. Others: Far Eastern New Century (China) Investment Co., Ltd., Sino Belgium Beer (Suzhou) Ltd., Martens Beers (Shanghai) Ltd., Far Eastern Industries (Yangzhou) Ltd., Far Eastern Yihua Petrochemical (Yangzhou) Corporation, Shanghai Yuan Zi Information Technology Co., Ltd., Shanghai Far Eastern Petrochemical Logistic Corporation, Suzhou An Ho Apparel Ltd., Yuan Ding Enterprise (Shanghai) Limited, Yuan Ding Integrated Information Service (Shanghai) Inc. and Speedy (Shanghai) digital Tech. Co., Ltd.
4. Financial statements of these companies, which were not audited by the accounting firm: Far Eastern Tech-Info Ltd. (Shanghai) and Far Eastern New Century Information Technology (Beijing) Limited.

C. The ending balance of long term investment.

D. As of December 31, 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 December 31, 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 December 31, 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 December 31, 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 December 31, 2018, the accumulated outflow of investment from Taiwan was remitted by Yuan Ding Investment Co., Ltd.

I. As of December 31, 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 December 31, 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 December 31, 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 December 31, 2018, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, Yuan Tong Investment Co., Ltd.

M. As of December 31, 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 December 31, 2018, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, YDT Technology International Co., Ltd.

O. As of December 31, 2018, the accumulated outflow of investment from Taiwan was remitted by a FENC's subsidiary, Far EasTone Telecommunications Co., Ltd.

P. As of December 31, 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. As of December 31, 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.

S. Investment amounts authorized by the Investment Commission of the MOEA include US\$771,755 thousand, and the original investment RMB6,695 thousand from Far Eastern Polytex (Holding) Ltd. which approved by Investment Commission under the Ministry of Economic Affairs were calculated based on the ending exchange rates of US\$1:30.715 and RMB1:4.472.

T. Based on MOEA Approval Letter No. 10620430940, there is no limitation on the amount of the parent company's investment in China.

U. The paid-in capital was calculated based on the ending exchange rate of RMB1:NT\$4.472.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA - INVESTMENT TYPES
FOR THE YEAR ENDED DECEMBER 31, 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 Innovation Apparel (Suzhou) Co., Ltd.	Yuan Ding Investment Co., Ltd.	2018.07.16	No. 10730028260	Far Eastern Apparel (Holding) Ltd.	35,000				\$ 35,000
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	PET Far Eastern (Holding) Ltd.	49,500	49,500			
	Far Eastern New Century Corporation	2008.04.18	No. 09700045500	Far Eastern Polychem Industries Ltd.	4,800	4,800			
				PET Far Eastern (Holding) Ltd.	2,936				
					(Note F)				
		Far Eastern New Century Corporation	2009.12.25	No. 09800456740	PET Far Eastern (Holding) Ltd.	41,171	41,171		
	Far Eastern 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
				FEDP (Holding) Ltd.					
	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	2009.6.29	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			
Far Eastern Tech-Info Ltd. (Shanghai)	Yuan Tong Investment Co., Ltd.	2014.12.19	No. 10300249370 (Note O)	Sino Belgium (Holding) Ltd.	1,000	1,000			
	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 Q)	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 P)	PET Far Eastern (Holding) Ltd.	33,500	33,500			
Yuan Ding Integrated Information Service (Shanghai) Inc.	YDT Technology International Co., Ltd.	2011.10.19	No. 10000429550	YDC (Virgin Islands) Ltd.	110	110			
	FET Consulting Engineers Co., Ltd.	2011.11.03	No. 10000439470	DDIM (Virgin Islands) Ltd.	8,100	8,100			
	Ding Ding Integrated Marketing Service Co., Ltd.	2015.08.11	No. 10400179060	DDIM (Virgin Islands) Ltd.	1,100	1,100			
Speedy (Shanghai) digital Tech. Co., Ltd.	YDT Technology International Co., Ltd.	2004.02.11	No. 093003471	YDC (Virgin Islands) Ltd.	300	300			
		2005.02.05	No. 094003122	YDC (Virgin Islands) Ltd.	500	500			

(Continued)

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

Q. 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)