

# **Far Eastern New Century Corporation**

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

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

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

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

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

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

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

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

Evaluation of Impairment Loss on Property, Plant and Equipment and Intangible Assets (Including Goodwill) and the Incremental Costs of Obtaining a Contract from the Company's Subsidiaries' Equity-Method Investee

The Company's subsidiaries' equity-method investee, Far EasTone Telecommunications Corporation ("Far EasTone"), is a material component. Far EasTone operates in the telecommunications industry which is a highly competitive industry 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. The management's evaluation and judgment of related assets' impairment would impact the share of profit or loss of subsidiaries and associates. As a result, the evaluation of impairment loss of property, plant and equipment and intangible assets (including goodwill) and the incremental costs of obtaining a contract from the Company's subsidiaries' equity-method investee is considered as a key audit matter.

For the evaluation of impairment loss related to property, plant and equipment and intangible assets as well as the incremental costs of obtaining a contract from the Company's subsidiaries' equity-method investee, our corresponding audit procedures were as follows:

1. We obtained an understanding of the asset impairment evaluation processes and the design and implementation of the related controls.

2. We obtained the asset impairment evaluation reports for each cash-generating unit.
3. We evaluated the reasonableness of the 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 the discount rates used.

Recognition of Revenue Derived from Mobile Telecommunications Service  
Generated by the Company's Subsidiaries' Equity-Method Investee

The Company's subsidiaries' equity-method investee, Far EasTone, is a material component. The mobile telecommunications service revenue is the main revenue source of Far EasTone. The calculation of the 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 Company often launches different product and service mixes which make the calculation of revenue more complex and directly affect the accuracy and timing of revenue recognition. The recognition of mobile telecommunications service revenue impacts the share of profit or loss of subsidiaries and associates. As the result, the recognition of mobile telecommunications service revenue is considered as a key audit matter.

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

1. We obtained an understanding of the 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 of 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.

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 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 financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.*

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

**FAR EASTERN NEW CENTURY CORPORATION**

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

ASSETS	2018		2017	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 6 and 26)	\$ 16,250,323	5	\$ 9,759,643	3
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 26)	-	-	21,211	-
Financial assets at amortized cost - current (Notes 4 and 8)	700,000	-	-	-
Notes and accounts receivable, net (Notes 4, 9 and 26)	7,003,949	2	7,097,632	3
Other receivables (Note 26)	334,852	-	169,302	-
Current tax assets	5,978	-	11,618	-
Inventories (Notes 4 and 10)	6,672,500	2	6,134,754	2
Prepayments	64,024	-	137,174	-
Other current assets	391,466	-	291,299	-
<b>Total current assets</b>	<b>31,423,092</b>	<b>9</b>	<b>23,622,633</b>	<b>8</b>
<b>NON-CURRENT ASSETS</b>				
Investments accounted for using the equity method (Notes 4, 11 and 27)	259,259,165	82	236,260,849	83
Property, plant and equipment (Notes 4, 12 and 27)	24,507,928	8	24,216,996	8
Investment properties (Notes 4, 5, 13 and 27)	1,515,753	1	1,487,664	1
Other intangible assets (Notes 4 and 14)	17,087	-	20,427	-
Deferred tax assets (Notes 4 and 21)	75,842	-	65,170	-
Prepayments for equipment (Note 12)	59,851	-	79,380	-
Refundable deposits - non-current (Note 26)	75,720	-	78,432	-
Other financial assets - non-current (Note 27)	38,000	-	41,174	-
Other non-current assets	57,716	-	247,559	-
<b>Total non-current assets</b>	<b>285,607,062</b>	<b>91</b>	<b>262,497,651</b>	<b>92</b>
<b>TOTAL</b>	<b>\$ 317,030,154</b>	<b>100</b>	<b>\$ 286,120,284</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 15)	\$ 2,743,834	1	\$ 2,100,678	1
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 26)	6,832	-	4,895	-
Contract liabilities - current (Note 19)	99,447	-	-	-
Notes and accounts payable	1,616,507	1	2,083,673	1
Notes and accounts payable to related parties (Note 26)	1,492,186	-	1,070,226	-
Payables to suppliers of machinery and equipment	305,866	-	516	-
Other payables	4,186,374	1	3,610,049	1
Receipts in advance	-	-	382,114	-
Current portion of long-term liabilities (Notes 15 and 16)	12,095,836	4	5,497,408	2
Other current liabilities	792,789	-	811,375	-
<b>Total current liabilities</b>	<b>23,339,671</b>	<b>7</b>	<b>15,560,934</b>	<b>5</b>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 16)	44,443,342	14	38,054,514	13
Long-term borrowings (Notes 15 and 26)	42,773,582	14	35,216,255	12
Deferred tax liabilities (Notes 4 and 21)	2,214,224	1	1,583,021	1
Net defined benefit liabilities - non-current (Notes 4 and 17)	673,497	-	1,294,407	1
Guarantee deposits received- non-current	2,515	-	2,495	-
Deferred credit-gains on related-party transactions (Note 26)	48,186	-	48,271	-
<b>Total non-current liabilities</b>	<b>90,155,346</b>	<b>29</b>	<b>76,198,963</b>	<b>27</b>
<b>Total liabilities</b>	<b>113,495,017</b>	<b>36</b>	<b>91,759,897</b>	<b>32</b>
<b>EQUITY (Note 18)</b>				
Share capital				
Common stock	53,528,751	17	53,528,751	19
Capital surplus	2,908,631	1	2,859,569	1
Retained earnings				
Legal reserve	16,752,421	5	15,945,807	6
Special reserve	114,443,170	36	112,928,355	39
Unappropriated earnings	17,996,558	6	12,819,238	4
Total retained earnings	149,192,149	47	141,693,400	49
Other equity	(2,069,331)	(1)	(3,696,270)	(1)
Treasury shares	(25,063)	-	(25,063)	-
<b>Total equity</b>	<b>203,535,137</b>	<b>64</b>	<b>194,360,387</b>	<b>68</b>
<b>TOTAL</b>	<b>\$ 317,030,154</b>	<b>100</b>	<b>\$ 286,120,284</b>	<b>100</b>

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

# FAR EASTERN NEW CENTURY CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 19 and 26)				
Net sales	\$ 54,040,105	100	\$ 45,197,934	100
Other operating revenue	<u>23,696</u>	-	<u>18,489</u>	-
Total operating revenue	<u>54,063,801</u>	<u>100</u>	<u>45,216,423</u>	<u>100</u>
OPERATING COSTS (Notes 10, 20 and 26)				
Cost of goods sold	48,837,045	90	41,487,365	92
Other operating costs	<u>29,703</u>	-	<u>23,034</u>	-
Total operating costs	<u>48,866,748</u>	<u>90</u>	<u>41,510,399</u>	<u>92</u>
GROSS PROFIT	<u>5,197,053</u>	<u>10</u>	<u>3,706,024</u>	<u>8</u>
OPERATING EXPENSES (Notes 20 and 26)				
Selling and marketing	2,738,685	5	2,843,092	6
General and administrative	1,384,860	2	1,330,894	3
Research and development	813,551	2	790,937	2
Reversal of expected credit loss	<u>(306)</u>	-	<u>-</u>	-
Total operating expenses	<u>4,936,790</u>	<u>9</u>	<u>4,964,923</u>	<u>11</u>
OPERATING LOSS	<u>260,263</u>	<u>1</u>	<u>(1,258,899)</u>	<u>(3)</u>
NON-OPERATING INCOME AND EXPENSES				
Share of the profit or loss of subsidiaries and associates (Note 11)	13,154,244	24	10,112,333	22
Interest income (Note 26)	29,366	-	18,278	-
Rental income	24,008	-	16,351	-
Dividend income	-	-	34,177	-
Other income	264,731	1	279,626	1
Gain on disposal of property, plant and equipment (Note 12)	22,259	-	69,640	-
Gain on disposal of investment properties	12,619	-	-	-
Gain on disposal of investments (Note 11)	85	-	302,557	1
Exchange gain (loss), net (Note 4)	351,635	1	(256,735)	-
(Loss) gain on financial assets (liabilities) at fair value through profit or loss (Note 26)	(155,529)	-	44,076	-
Gain on change in fair value of investment properties (Note 13)	107,359	-	31,650	-
Interest expense (Note 26)	(910,495)	(2)	(812,036)	(2)

(Continued)



# FAR EASTERN NEW CENTURY CORPORATION

## 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	%
Other expenses	\$ (281,418)	(1)	\$ (174,572)	-
Impairment loss (Note 12)	<u>(160,550)</u>	<u>-</u>	<u>(289,685)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>12,458,314</u>	<u>23</u>	<u>9,375,660</u>	<u>21</u>
INCOME BEFORE INCOME TAX	12,718,577	24	8,116,761	18
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(690,283)</u>	<u>(1)</u>	<u>(50,625)</u>	<u>-</u>
NET INCOME	<u>12,028,294</u>	<u>23</u>	<u>8,066,136</u>	<u>18</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	295,140	1	584,825	1
Share of other comprehensive loss of subsidiaries and associates	992,493	2	(6,764)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 21)	<u>69,752</u>	<u>-</u>	<u>(9,420)</u>	<u>-</u>
	<u>1,357,385</u>	<u>3</u>	<u>568,641</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Unrealized loss on available-for-sale financial assets	-	-	(237,374)	(1)
Share of other comprehensive loss of subsidiaries and associates	<u>(502,292)</u>	<u>(1)</u>	<u>(588,691)</u>	<u>(1)</u>
	<u>(502,292)</u>	<u>(1)</u>	<u>(826,065)</u>	<u>(2)</u>
Total other comprehensive income (loss)	<u>855,093</u>	<u>2</u>	<u>(257,424)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 12,883,387</u>	<u>25</u>	<u>\$ 7,808,712</u>	<u>17</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 22)				
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 financial statements.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION**

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

	Common Stock (Note 18)	Capital Surplus (Notes 4 and 18)	Retained Earnings			Exchange Differences on Translating Foreign Operations (Notes 4 and 18)	Unrealized Gain (Loss) on Available-for- sale Financial Assets (Notes 4 and 18)	Other Equity				Treasury Shares (Note 18)	Total Equity
			Legal Reserve (Note 18)	Special Reserve (Note 18)	Unappropriated Earnings (Notes 18 and 23)			Unrealized Gain (Loss) on Fair Value Through Other Comprehensive Income (Notes 4 and 18)	Cash Flow Hedge (Notes 4 and 18)	Gain on Hedging Instruments (Notes 4 and 18)	Unrealized Property Revaluation Increments (Notes 4 and 18)		
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
Appropriation of the 2016 earnings	-	-	630,779	-	(630,779)	-	-	-	-	-	-	-	-
Legal reserve	-	-	630,779	-	(630,779)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	2,662,006	(2,662,006)	-	-	-	-	-	-	-	-
Cash dividends - NT\$0.8 per share	-	-	-	-	(4,282,300)	-	-	-	-	-	-	-	(4,282,300)
Net income for the year ended December 31, 2017	-	-	-	-	8,066,136	-	-	-	-	-	-	-	8,066,136
Other comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	568,641	(1,499,559)	590,338	-	83,156	-	-	-	(257,424)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	8,634,777	(1,499,559)	590,338	-	83,156	-	-	-	7,808,712
Change in associates accounted for using the equity method	-	(642)	-	-	(52,438)	-	-	-	-	-	-	-	(53,080)
Partial acquisition (disposal) of interests in subsidiaries	-	-	-	-	(23)	-	-	-	-	-	-	-	(23)
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	623	-	-	-	-	-	-	-	-	-	-	623
Reversal of special reserve	-	-	-	(26,543)	26,543	-	-	-	-	-	-	-	-
BALANCE, 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
Effect of retrospective application and retrospective restatement	-	-	-	-	3,067,233	-	1,357,319	(1,725,866)	(35,642)	35,642	-	-	2,698,686
BALANCE AT JANUARY 1, 2018, RESTARTED	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
Appropriation of the 2017 earnings	-	-	806,614	-	(806,614)	-	-	-	-	-	-	-	-
Legal reserve	-	-	806,614	-	(806,614)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,520,493	(1,520,493)	-	-	-	-	-	-	-	-
Cash dividends - NT\$1.2 per share	-	-	-	-	(6,423,450)	-	-	-	-	-	-	-	(6,423,450)
Net income for the year ended December 31, 2018	-	-	-	-	12,028,294	-	-	-	-	-	-	-	12,028,294
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	418,985	(512,530)	-	938,400	-	10,238	-	-	855,093
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	12,447,279	(512,530)	-	938,400	-	10,238	-	-	12,883,387
Change in associates accounted for using the equity method	-	48,127	-	-	(32,935)	-	-	-	-	-	-	-	15,192
Change in the Company's capital surplus due to the distribution of dividends to subsidiaries	-	935	-	-	-	-	-	-	-	-	-	-	935
Associate disposed the investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(1,559,378)	-	-	1,559,378	-	-	-	-	-
Reversal of special reserve	-	-	-	(5,678)	5,678	-	-	-	-	-	-	-	-
BALANCE, 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

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

# FAR EASTERN NEW CENTURY CORPORATION

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

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 12,718,577	\$ 8,116,761
Adjustments for:		
Reversal of expected credit loss	(306)	-
Depreciation	1,973,976	2,072,945
Amortization	10,553	10,500
Interest expense	910,495	812,036
Interest income	(29,366)	(18,278)
Dividend income	-	(34,177)
Share of the profit of subsidiaries and associates	(13,154,244)	(10,112,333)
Gain on disposal of property, plant and equipment	(22,259)	(69,640)
Gain on disposal of investment properties	(12,619)	-
Gain on disposal of investments	(85)	(302,557)
Impairment loss	160,550	289,685
(Reversal) write-down of inventories	(100,378)	116,004
Gain on change in fair value of investment properties	(107,359)	(31,650)
Net changes in operating assets and liabilities		
Financial assets held for trading	-	28,314
Financial assets at fair value through profit or loss	21,211	-
Notes and accounts receivable	93,094	(136,870)
Other receivables	(60,500)	158,220
Inventories	(437,368)	(19,101)
Prepayments	73,150	(69,006)
Other current assets	(100,167)	(25,875)
Financial liabilities held for trading	-	1,729
Contract liabilities	(282,667)	-
Notes and accounts payable	(467,166)	75,406
Notes and accounts payable to related parties	421,960	(138,461)
Other payables	456,606	(121,817)
Receipts in advance	-	96,734
Financial liabilities at fair value through profit or loss	1,937	-
Other current liabilities	(18,586)	(52,885)
Net defined benefit liabilities - non-current	<u>(325,770)</u>	<u>(380,327)</u>
Cash generated from operations	1,723,269	265,357
Interest received	29,316	18,278
Dividends received	8,247,267	6,915,354
Interest paid	(809,727)	(794,877)
Income tax received	<u>5,640</u>	<u>387</u>
Net cash generated from operating activities	<u>9,195,765</u>	<u>6,404,499</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in financial assets at amortized cost	(700,000)	-
Acquisition of investments accounted for using the equity method	(14,885,430)	(2,326,139)

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION

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

	2018	2017
Acquisition of property, plant, equipment and prepayments for equipment	\$ (2,055,292)	\$ (2,514,552)
Proceeds from disposal of property, plant and equipment	32,777	737,498
Decrease in refundable deposits	2,712	13,047
Increase in other receivables	(105,000)	-
Acquisition of intangible assets	(7,213)	(6,428)
Proceeds from disposal of investment properties	19,227	-
Decrease in other financial assets	3,174	-
Decrease (increase) in other non-current assets	<u>206,700</u>	<u>(191,527)</u>
Net cash used in investing activities	<u>(17,488,345)</u>	<u>(4,288,101)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	643,156	67,100
Proceeds from issue of bonds	17,000,000	5,000,000
Repayments of bonds payable	(5,500,000)	(9,700,000)
Proceeds from long-term borrowings	147,370,768	121,677,289
Repayments of long-term borrowings	(138,307,023)	(119,050,878)
Increase (decrease) in guarantee deposits received	20	(649)
Dividends paid	<u>(6,423,661)</u>	<u>(4,282,267)</u>
Net cash generated from (used in) financing activities	<u>14,783,260</u>	<u>(6,289,405)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	6,490,680	(4,173,007)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<u>9,759,643</u>	<u>13,932,650</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<u>\$ 16,250,323</u>	<u>\$ 9,759,643</u>

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

(Concluded)

# **FAR EASTERN NEW CENTURY CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

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### **1. GENERAL INFORMATION**

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

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

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

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

The financial statements were approved by the board of directors on March 22, 2019.

### **3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS 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) (collectively, the “IFRSs”) 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 Company’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 of January 1, 2018, the Company 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 Company's financial assets and financial liabilities as of 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	\$ 9,759,643	\$ 9,759,643	b)
Derivatives	Held-for-trading	Mandatorily at fair value through profit or loss (i.e. FVTPL)	21,211	21,211	a)
Notes receivable, accounts receivable and other receivables	Loans and receivables	Amortized cost	7,266,934	7,266,039	b)
Refundable deposits	Loans and receivables	Amortized cost	78,432	78,432	a)
Other financial assets	Loans and receivables	Amortized cost	41,174	41,174	a)

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	Remark
FVTPL	\$ 21,211	\$ -	\$ -	\$ 21,211	\$ -	a)
Amortized cost	-	-	-	-	-	
Add: Reclassification from loans and receivables (IAS 39)	-	17,146,183	(895)	17,145,288	(895)	b)
Amortized cost	-	17,146,183	(895)	17,145,288	-	
	<u>\$ 21,211</u>	<u>\$ 17,146,183</u>	<u>\$ (895)</u>	<u>\$ 17,166,499</u>	<u>\$ (895)</u>	

- a) Investments previously classified as financial assets held for trading - derivative financial assets not for hedging under IAS 39 have been designated as at financial assets at FVTPL under IFRS 9.
- b) Cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits 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 \$895 thousand, and a decrease in retained earnings of \$895 thousand.

	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	Remark
Investments accounted for using the equity method	\$ 236,260,849	\$ 2,699,581	\$ 238,960,430	\$ 3,068,128	\$ (368,547)	c)

- c) As a result of retrospective application IFRS 9 and IFRS 15 of affiliates, the adjustments comprised an increase in the investments accounted for using the equity method of \$2,699,581 thousand, an increase in retained earnings of \$3,068,128 thousand and a decrease in other equity - unrealized gain on financial assets at FVTOCI of \$368,547 thousand.

## Classification, measurement and impairment of financial liabilities

On the basis of the facts and circumstances that existed as at January 1, 2018, the Company 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 Company's financial liabilities as at January 1, 2018.

Financial Liabilities	Measurement Category		Carrying Amount		Remark
	IAS 39	IFRS 9	IAS 39	IFRS 9	
Derivatives	Held-for-trading	Mandatorily at fair value through profit or loss (i.e. FVTPL)	\$ 4,895	\$ 4,895	d)

d) 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.

## 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 related accounting policies.

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, deferred revenue and receivable was reduced when revenue was recognized for the contract under IAS 18.

The Company 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.

Impact on assets, liabilities and equity for prior year (except for Investment accounted for using the equity method which has been described in C. above)

	As Originally Stated	Adjustments Arising from Initial Application	Restated
<u>Current liabilities</u>			
Contract liabilities - current	\$ -	\$ 382,144	\$ 382,144
Receipts in advance	382,144	(382,144)	-
Total effect on liabilities	91,759,897	-	91,759,897

The impact of applying the previous standards (IAS 18 "Revenue") as of December 31, 2018 is summarized below:

Impact on assets, liabilities and equity for current year

	December 31, 2018
Decrease in contract liabilities - current	\$ (99,447)
Increase in receipts in advance	<u>99,447</u>
Total effect on liabilities	<u>\$ -</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 Company 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 IFRSs endorsed by the FSC for application starting from 2019

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

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

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

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

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



### The Company as lessee

Upon initial application of IFRS 16, the Company will recognize right-of-use assets and lease liabilities for all leases on the 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 statements of comprehensive income, the Company 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 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. Cash flows for operating leases are classified within operating activities on the statements of cash flows.

The Company 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 Company will apply IAS 36 to all right-of-use assets.

The Company expects to apply the following practical expedients:

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

### The Company as lessor

Except for sublease transactions, the Company 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.

Anticipated impact on assets, liabilities and equity

	<b>Carrying Amount as of December 31, 2018</b>	<b>Adjustments Arising from Initial Application</b>	<b>Adjusted Carrying Amount as of January 1, 2019</b>
<u>Current assets</u>			
Prepayments	\$ 64,024	\$ (603)	\$ 63,421
<u>Non-current assets</u>			
Investments accounted for using the equity method	259,259,165	(162,201)	259,096,964
Right-of-use assets	-	1,137,627	1,137,627
Total effect on assets	317,030,154	974,823	318,004,977
<u>Current liabilities</u>			
Lease liabilities - current	-	235,633	235,633
<u>Non-current liabilities</u>			
Lease liabilities - non-current	-	907,225	907,225
Total effect on liabilities	113,495,017	1,142,858	114,637,875
<u>Equity</u>			
Retained earnings	149,192,149	(168,035)	149,024,114
Total effect on equity	203,535,137	(168,035)	203,367,102

2) IFRIC 23 “Uncertainty over Income Tax Treatments”

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Company should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Company concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Company 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 Company should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Company expects to better predict the resolution of the uncertainty. The Company has to reassess its judgments and estimates if facts and circumstances change.

There is no significant impact on the Company upon initial application of IFRIC 23.

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 Company will apply the above amendments prospectively.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Company 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 Company'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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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 Company 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 Company shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

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

- a. Statement of compliance

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

- b. Basis of preparation

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

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

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

3) Level 3 inputs are unobservable inputs for the asset or liability.

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (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.

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

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

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

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

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

f. Investment in subsidiaries

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

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

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

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

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

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

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

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

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

g. Investment in associates

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

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

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

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

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

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

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

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

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

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

h. Property, plant and equipment

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

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

i. Investment properties

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis. The estimated useful 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.

## 2) Derecognition of intangible assets

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

### k. Impairment of tangible and intangible assets other than goodwill

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

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

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years (subtracted amortization and depreciation). A reversal of an impairment loss is recognized in profit or loss.

### l. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at 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.



i. 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, account receivables at amortized cost, other receivables, refundable deposits and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using 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 such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition and repurchase commercial paper, 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.

2017

Financial assets are classified into the following categories: Financial assets at FVTPL, available-for-sale financial assets and loans and receivables.

i. 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. 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 Company's right to receive the dividends is established.

ii. Loans and receivables

Loans and receivables (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits and other financial assets) are measured using the effective interest method at amortized cost 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

2018

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

Expected credit losses (i.e. ECL) 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 Company 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 such financial assets, that the estimated future cash flows of the investment have been affected.

Financial assets at amortized cost, such as accounts receivable, 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 Company's past experience with collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions.

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

For a financial asset 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 on which the impairment is reversed) does not exceed what the amortized cost would have been had the impairment not been recognized.

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

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

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

c) Derecognition of financial assets

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

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 which had been recognized in other comprehensive income is recognized in profit or loss. Starting 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.

2) Equity instruments

Debt and equity instruments issued by a Company 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 Company are recognized at the proceeds received, net of direct issue costs.

The 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, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a 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 Company enters into a variety of derivative financial instruments to manage its exposure to cost of raw material, interest rate and foreign exchange rate risks, including future contracts, foreign exchange forward contracts, option contracts and combined foreign exchange options.

Derivatives are initially recognized at fair value at the date on which 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 hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

m. Revenue recognition

2018

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

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

Revenue from the sale of goods

Revenue from sale of goods comes from sales of chemical fiber and textile goods. 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.

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

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

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

2) Dividend and interest income

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

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

n. Leasing

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

1) The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term.

2) The Company as lessee

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

o. Borrowing costs

Borrowing costs directly attributable to an 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 that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. 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 services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense 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) as well as gains and losses on settlements and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which 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 Company'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.

q. 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, and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 3) Current and deferred 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.

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

In the application of the Company's accounting policies, management is required to make judgments, 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.

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

If the investment properties (including the investment properties held by subsidiaries which are accounted for using the equity method) where Level 1 inputs are not available, the Company or engaged valuers would determine appropriate inputs for investment properties which were measured using the income approach by referring to the existing lease contracts and rentals of similar properties in the vicinity. The Company or engaged valuers would determine appropriate inputs for investment properties which were measured by using a land development analysis approach by considering related policies, macroeconomics, the usage of the land and the investment properties' market conditions. If there are changes of the actual inputs in the future which differ from expectation, the fair value of investment properties held by subsidiaries which are accounted for using the equity method might vary accordingly. The Company updates inputs every quarter to confirm the appropriateness of the fair value measurement.

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

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2018	2017
Cash on hand and petty cash	\$ 5,768	\$ 4,757
Checking and demand accounts	11,714,741	9,746,212
Cash equivalents (investments with original maturities of less than three months)		
Repurchase of commercial paper	4,139,814	-
Time deposits	<u>390,000</u>	<u>8,674</u>
	<u>\$ 16,250,323</u>	<u>\$ 9,759,643</u>

As of December 31, 2018 and 2017, the deposits in foreign banks in Japan amounted to \$174,433 thousand (JPY627,007 thousand) and \$111,954 thousand (JPY423,745 thousand), respectively.

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

	<u>December 31</u>	
	2018	2017
Repurchase of commercial paper	0.56%	-
Time deposits	0.40-0.50%	3.55%

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

	<u>December 31</u>	
	2018	2017
<u>Financial assets - current</u>		
Held for trading		
Guarantee deposits of cotton futures contracts	\$ -	\$ 17,867
Combined foreign exchange options	<u>-</u>	<u>3,344</u>
	<u>\$ -</u>	<u>\$ 21,211</u>
<u>Financial liabilities - current</u>		
Held for trading		
Derivative financial assets (not under hedge accounting)		
Forward exchange contracts	<u>\$ 6,832</u>	<u>\$ 4,895</u>

### a. Cotton futures contracts

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



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

b. Forward exchange contracts

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

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

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<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
<u>December 31, 2017</u>			
Sell	USD/NTD	2018.1.18-2018.1.31	USD8,000/NTD237,716
Sell	EUR/USD	2018.1.29-2018.2.26	EUR4,000/USD4,690
Buy	USD/JPY	2018.1.29-2018.2.26	USD3,000/JPY338,970
Buy	USD/RMB	2018.2.26	USD2,000/RMB13,240

c. Option contracts

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

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

d. Combined foreign exchange options

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

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

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

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<u>December 31, 2017</u>			
Sell USD call options	USD/NTD	2018.1.3-2018.2.13	USD175,000/NTD5,264,807
Buy USD put options	USD/NTD	2018.1.3-2018.2.13	USD87,500/NTD2,632,404

## 8. FINANCIAL ASSETS AT AMORTIZED COST - 2018

**December 31,  
2018**

### Current

Time deposits with original maturity of more than 3 months \$ 700,000

The interest rate for time deposits with original maturity of more than 3 months was 0.62%.

## 9. NOTES AND ACCOUNTS RECEIVABLE

**December 31**

**2018                      2017**

### Notes and accounts receivable

#### At amortized cost

Gross carrying amount	\$ 7,287,123	\$ 7,380,217
Less: Allowance for impairment loss	<u>(283,1734)</u>	<u>(282,585)</u>
	<u>\$ 7,003,949</u>	<u>\$ 7,097,632</u>

### 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 this regard, the management believes the Company's credit risk was significantly reduced.

The Company 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 Company 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 Company 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

	<b>1 to 90 Days</b>	<b>91 to 180 Days</b>	<b>181 to 365 Days</b>	<b>Over 365 Days</b>	<b>Total</b>
Gross carrying amount	\$ 5,881,205	\$ 1,136,169	\$ 51,252	\$ 218,497	\$ 7,287,123
Loss allowance (Lifetime ECL)	<u>(57,821)</u>	<u>(7,339)</u>	<u>(329)</u>	<u>(217,685)</u>	<u>(283,174)</u>
Amortized cost	<u>\$ 5,823,384</u>	<u>\$ 1,128,830</u>	<u>\$ 50,923</u>	<u>\$ 812</u>	<u>\$ 7,003,949</u>

The above aging schedule was based on the invoice date.

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

	<b>For the Year Ended December 31, 2018</b>
Balance at January 1, 2018 per IAS 39	\$ 282,585
Adjustment on initial application of IFRS 9	<u>895</u>
Balance at January 1, 2018 per IFRS 9	283,480
Less: Reversal of impairment losses on receivables	<u>(306)</u>
 Balance at December 31, 2018	 <u>\$ 283,174</u>

In 2017

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

	<b>December 31, 2017</b>
1-90 days	\$ 5,985,092
91-180 days	1,087,399
181-365 days	25,141
More than 365 days	<u>-</u>
	<u>\$ 7,097,632</u>

The above aging schedule was based on the invoice date.

Movements of the allowance for doubtful accounts were as follows:

	<b>Individually Assessed for Impairment</b>	<b>Collectively Assessed for Impairment</b>	<b>Total</b>
Balance at January 1, 2017	\$ 243,872	\$ 38,713	\$ 282,585
Allowance for (reversal of) bad debts	<u>(2,742)</u>	<u>2,742</u>	<u>-</u>
 Balance at December 31, 2017	 <u>\$ 241,130</u>	 <u>\$ 41,455</u>	 <u>\$ 282,585</u>

## 10. INVENTORIES

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Finished goods	\$ 1,936,504	\$ 1,559,504
Work in progress	2,130,606	2,119,787
Raw materials	2,015,908	2,115,658
Supplies	413,125	161,860
Raw materials in transit	<u>176,357</u>	<u>177,945</u>
	<u>\$ 6,672,500</u>	<u>\$ 6,134,754</u>

For the years ended December 31, 2018 and 2017, the costs of inventories sold were \$48,837,045 thousand and \$41,487,365 thousand, respectively. The cost of goods sold for the year ended December 31, 2018 consisted the reversal of inventory \$100,378 thousand. The cost of goods sold for the year ended December 31, 2017 consisted the inventory write-downs \$116,004 thousand. Previous write-downs were reversed as a result of increased selling prices in certain markets.

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Investments in subsidiaries	\$ 230,272,399	\$ 209,134,216
Investments in associates	<u>28,986,766</u>	<u>27,126,633</u>
	<u>\$ 259,259,165</u>	<u>\$ 236,260,849</u>

### a. Investments in subsidiaries

	<u>December 31</u>			
	<u>2018</u>		<u>2017</u>	
	<u>Carrying Amount</u>	<u>% of Owner- ship</u>	<u>Carrying Amount</u>	<u>% of Owner- ship</u>
Unlisted companies				
Yuan Ding Investment Co., Ltd.	\$ 42,750,905	99.40	\$ 41,076,970	99.40
Far Eastern Resources Development Co., Ltd.	102,949,679	100.00	102,111,323	100.00
Far Eastern Polytex (Holding) Ltd.	7,581,955	100.00	7,708,078	100.00
Far Eastern Polychem Industries Ltd.	7,640,463	73.04	6,861,798	73.04
Yuan Tong Investment Co., Ltd.	8,568,915	100.00	8,091,936	100.00
Kai Yuan International Investment Co., Ltd.	5,429,289	100.00	5,167,778	100.00
Far Eastern Investment (Holding) Ltd.	22,068,603	100.00	8,739,241	100.00
PET Far Eastern (Holding) Ltd.	6,157,657	91.95	5,341,354	91.95
Oriental Petrochemical (Taiwan) Corporation	9,183,032	75.56	7,492,270	75.56
Far Eastern Construction Co., Ltd.	8,471,173	65.11	8,238,170	65.11
Yuan Ding Co., Ltd.	3,194,481	37.13	3,075,962	37.13

(Continued)

	<b>December 31</b>			
	<b>2018</b>		<b>2017</b>	
	<b>Carrying Amount</b>	<b>% of Owner- ship</b>	<b>Carrying Amount</b>	<b>% of Owner- ship</b>
An Ho Garment Co., Ltd.	\$ 2,116,908	100.00	\$ 2,019,899	100.00
Ding Yuan International Investment Co., Ltd.	3,003,612	100.00	2,820,313	100.00
FEDP (Holding) Ltd.	921,000	50.43	122,774	50.43
Fu Kwok Knitting & Garment Co., Ltd.	224,804	100.00	253,944	100.00
Ding Ding Hotel Co., Ltd.	8,333	0.74	10,882	0.74
Far Eastern Textile Ltd.	<u>1,590</u>	100.00	<u>1,524</u>	100.00
	<u>\$ 230,272,399</u>		<u>\$ 209,134,216</u>	

(Concluded)

Ding Ding Hotel Co., Ltd. was recognized as subsidiary because the Company appointed the general manager of Yuan Ding Co., Ltd., and therefore, the Company could exercise control over Yuan Ding Co., Ltd. which is recognized as a subsidiary. In addition, the Company and its subsidiaries owned more than 50% of Ding Ding Hotel Co., Ltd.'s voting shares.

b. Investments in associates

	<b>December 31</b>			
	<b>2018</b>		<b>2017</b>	
	<b>Carrying Amount</b>	<b>% of Owner- ship</b>	<b>Carrying Amount</b>	<b>% of Owner- ship</b>
<u>Associates that are individually material</u>				
Listed companies				
Asia Cement Corporation	<u>\$ 17,937,848</u>	22.33	<u>\$ 16,414,157</u>	22.33
<u>Associates that are not individually material</u>				
Listed companies				
Far Eastern Department Stores Co., Ltd.	4,793,720	17.06	4,704,162	17.06
Oriental Union Chemical Corporation	1,350,914	9.17	1,332,527	9.17
Far Eastern International Bank	1,024,918	2.62	872,079	2.62
Everest Textile Corporation	<u>1,585</u>	0.03	<u>1,534</u>	0.03
	<u>7,171,137</u>		<u>6,910,302</u>	
Unlisted companies				
Oriental Securities Corporation	1,956,963	19.65	1,945,424	19.65
Pacific Liu Tong Investment Co., Ltd.	<u>1,920,818</u>	16.83	<u>1,856,750</u>	16.83
	<u>3,877,781</u>		<u>3,802,174</u>	
	<u>\$ 28,986,766</u>		<u>\$ 27,126,633</u>	

On August 18, 2017, a Company's subsidiary acquired 79,875 thousand shares of Far Eastern International Commercial Bank (FEIB) from associates 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 Company and subsidiaries. The Company evaluated that it has significant influence over FEIB. Therefore, the Company reclassified the investments from available-for-sale financial assets to investments accounted for using the equity method at a fair value of \$805,598 thousand and recognized the gain on the sale of securities amounting to \$302,472 thousand.

1) Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights	
			December 31 2018	December 31 2017
Asia Cement Corporation	Cement production	Taiwan	22.33%	22.33%

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

Name of Associate	December 31	
	2018	2017
Asia Cement Corporation	\$ 25,479,859	\$ 21,164,419

All the associates above are accounted for using equity method.

Summarized financial information in respect of the Company'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 Company 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 Company's ownership	22.33%	22.33%
Equity attributable to the Company	\$ 30,791,334	\$ 28,456,362
Cross shareholdings	<u>(12,853,486)</u>	<u>(12,042,205)</u>
Carrying amount	<u>\$ 17,937,848</u>	<u>\$ 16,414,157</u>

	<b>For the Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>
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 (loss)	<u>1,436,173</u>	<u>2,119,539</u>
Total comprehensive income (loss) for the year	<u>\$ 16,325,370</u>	<u>\$ 8,785,080</u>
Dividends received from Asia Cement Corporation	<u>\$ 900,614</u>	<u>\$ 675,460</u>

2) Aggregate information of associates that are not individually material

	<b>For the Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>
The Company's share of:		
Net income for the year	\$ 647,319	\$ 543,829
Other comprehensive loss	<u>185,586</u>	<u>(46,779)</u>
Total comprehensive income for the year	<u>\$ 832,905</u>	<u>\$ 497,050</u>

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

The calculation of the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of the investments were based on the subsidiaries' or associates' audited financial statements as of December 31, 2018 and 2017.

If an investment's acquisition cost exceeds the fair value of net assets acquired, the excess amount should be recognized as goodwill. As of both December 31, 2018 and 2017, the goodwill amounted to \$99,821 thousand.

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

	<b>December 31</b>	
	<b>2018</b>	<b>2017</b>
<u>Carrying amounts</u>		
Total property, plant and equipment	\$ 24,507,928	\$ 24,216,996
Prepayments for equipment	<u>59,851</u>	<u>79,380</u>
	<u>\$ 24,567,779</u>	<u>\$ 24,296,376</u>

	Land	Buildings	Machinery and Equipment	Operating and Miscellaneous Equipment	Construction-in-progress and Prepayments for Equipment	Total
<u>Cost</u>						
Balance at January 1, 2018	\$ 6,424,285	\$ 8,801,967	\$ 50,108,609	\$ 5,210,454	\$ 2,882,742	\$ 73,428,057
Additions	-	-	-	-	2,360,642	2,360,642
Disposals	(1,778)	(58,804)	(1,273,298)	(247,272)	-	(1,581,152)
Reclassification	-	339,339	1,270,783	580,239	(2,047,909)	142,452
Balance at December 31, 2018	<u>\$ 6,422,507</u>	<u>\$ 9,082,502</u>	<u>\$ 50,106,094</u>	<u>\$ 5,543,421</u>	<u>\$ 3,195,475</u>	<u>\$ 74,349,999</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2018	\$ -	\$ (5,483,219)	\$ (39,178,889)	\$ (4,276,168)	\$ (193,405)	\$ (49,131,681)
Disposals	-	58,749	1,265,303	246,582	-	1,570,634
Impairment loss	-	(87,564)	(89,050)	(793)	-	(177,407)
Depreciation expense	-	(207,465)	(1,275,780)	(490,731)	-	(1,973,976)
Reclassification	-	(83,910)	(149,412)	(29,873)	193,405	(69,790)
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ (5,803,409)</u>	<u>\$ (39,427,828)</u>	<u>\$ (4,550,983)</u>	<u>\$ -</u>	<u>\$ (49,782,220)</u>
<u>Cost</u>						
Balance at January 1, 2017	\$ 6,421,925	\$ 8,752,880	\$ 49,622,573	\$ 5,008,449	\$ 2,966,713	\$ 72,772,540
Additions	2,360	-	-	-	2,507,748	2,510,108
Disposals	-	(59,265)	(961,960)	(206,580)	(626,448)	(1,854,253)
Reclassification	-	108,352	1,447,996	408,585	(1,965,271)	(338)
Balance at December 31, 2017	<u>\$ 6,424,285</u>	<u>\$ 8,801,967</u>	<u>\$ 50,108,609</u>	<u>\$ 5,210,454</u>	<u>\$ 2,882,742</u>	<u>\$ 73,428,057</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2017	\$ -	\$ (5,277,429)	\$ (38,633,555)	\$ (3,976,791)	\$ (66,856)	\$ (47,954,631)
Disposals	-	42,426	931,937	204,594	-	1,178,957
Impairment loss	-	(42,052)	(104,275)	(10,524)	(126,549)	(283,400)
Depreciation expense	-	(206,096)	(1,399,190)	(467,659)	-	(2,072,945)
Reclassification	-	(68)	26,194	(25,788)	-	338
Balance at December 31, 2017	<u>\$ -</u>	<u>\$ (5,483,219)</u>	<u>\$ (39,178,889)</u>	<u>\$ (4,276,168)</u>	<u>\$ (193,405)</u>	<u>\$ (49,131,681)</u>

As the sales of certain products in the market were sluggish, the Company expects that there will be no future cash flows of machinery equipment which is utilized by the textile and chemical segments to produce certain products. As a result, the Company recognized the impairment loss amounting to \$177,407 thousand and \$283,400 thousand, respectively, for the years ended December 31, 2018 and 2017. 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	3-55 years
Machinery and equipment	5-15 years
Operating and miscellaneous equipment	3-15 years

For the amount of property, plant and equipment that the Company pledged or mortgaged as collateral for borrowings, refer to Note 27.

As of December 31, 2018 and 2017, farmland was recognized as property, plant and equipment amounting to \$238,430 thousand for both dates and recognized as 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 the farmland belongs to the Company or have pledged the land to the Company.



### 13. INVESTMENT PROPERTIES

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

	<b>Completed Investment Properties</b>
Balance at January 1, 2018	\$ 1,487,664
Disposal	(6,608)
Reclassifications	(72,662)
Recognized in profit (gain arising from the change in fair value of investment properties)	<u>107,359</u>
Balance at December 31, 2018	<u>\$ 1,515,753</u>
Balance at January 1, 2017	\$ 1,456,014
Recognized in profit (gain arising from the change in fair value of investment properties)	<u>31,650</u>
Balance at December 31, 2017	<u>\$ 1,487,664</u>

The major investment properties of the Company were as follows:

A building and land located in Taoyuan Guanyin District were leased to the Company's subsidiary, Oriental Petrochemical (Taiwan) Corporation (OPTC), for its operation. Under the "IFRSs Questions and Answers" issued by Taiwan Stock Exchange Corp. (TWSE), the Company recognized these items as investment properties in these parent company only financial statements and reclassified them to property, plant and equipment in its consolidated financial statements. The Company used the equity method and share of the profit or loss of subsidiaries and associates to adjust the differences between the investment property amounts presented in the parent company only and consolidated financial statements.

The fair values of investment properties were as follows:

	<u>December 31</u>	
	<b>2018</b>	<b>2017</b>
Independent valuation	<u>\$ 1,515,753</u>	<u>\$ 1,487,664</u>

The fair value of the investment properties as of December 31, 2018 and 2017 was based on the valuations carried out at January 10, 2018 and February 23, 2017, respectively, by independent qualified professional valuers Mr. Chia-ho Tsai in 2018 and 2017 from Debenham Tie Leung Real Estate Appraiser Office, a member of certified ROC real estate appraisers.

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

	<b>December 31</b>	
	<b>2018</b>	<b>2017</b>
Expected future cash inflows	\$ 1,631,355	\$ 1,538,271
Expected future cash outflows	<u>(49,415)</u>	<u>(48,392)</u>
Expected future cash inflows, net	<u>\$ 1,581,940</u>	<u>\$ 1,489,879</u>
Discount rate intervals	3.40%	3.695%

Some of the investment properties had been leased out under operating leases. The rental incomes generated for the years ended December 31, 2018 and 2017 were \$24,008 thousand and \$14,575 thousand, respectively.

The expected future cash inflows generated by investment properties referred to rental income, loss on vacancy rate of space and disposal value. The rental income was extrapolated using the comparative market rentals covering 10 years, excluding too-high and too-low values, taking into account the annual rental growth rate. Loss on vacancy rate of space was extrapolated using the vacancy rates of the neighboring stores and factories, and the disposal value was determined using the direct capitalization method under the income approach. The expected future cash outflows on investment property included expenditures such as land value taxes, house taxes, insurance premium, maintenance costs and replacement allowance. These expenditures were extrapolated on the basis of the current level of expenditures, taking into account the future adjustment to the government-announced land value and the tax rate promulgated under the House Tax Act.

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

#### 14. OTHER INTANGIBLE ASSETS

	<b>Computer Software</b>	<b>Others</b>	<b>Total</b>
Balance at January 1, 2018	\$ 20,367	\$ 60	\$ 20,427
Additions	7,213	-	7,213
Amortization	<u>(10,533)</u>	<u>(20)</u>	<u>(10,533)</u>
Balance at December 31, 2018	<u>\$ 17,047</u>	<u>\$ 40</u>	<u>\$ 17,087</u>
Balance at January 1, 2017	\$ 24,034	\$ 465	\$ 24,499
Additions	6,428	-	6,428
Amortization	<u>(10,095)</u>	<u>(405)</u>	<u>(10,500)</u>
Balance at December 31, 2017	<u>\$ 20,367</u>	<u>\$ 60</u>	<u>\$ 20,427</u>

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

Computer software	3-5 years
Others	5 years

## 15. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	<b>2018</b>	<b>2017</b>
Bank credit loans	<u>\$ 2,743,834</u>	<u>\$ 2,100,678</u>
Interest rate	3.14%-3.96%	1.85%-1.96%

### b. Long-term borrowings

	<u>December 31</u>	
	<b>2018</b>	<b>2017</b>
Bank loans	\$ 39,780,000	\$ 35,216,255
Long-term commercial paper	4,500,000	-
Less: Unamortized discount on commercial paper	<u>6,418</u>	<u>-</u>
	44,273,582	35,216,255
Less: Current portion	<u>1,500,000</u>	<u>-</u>
	<u>\$ 42,773,582</u>	<u>\$ 35,216,255</u>

The foregoing loans are payable in New Taiwan dollars, Japanese yen, Euros and U.S. dollars. The loans are repayable through a lump sum on maturity and a payment of interest monthly. 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 rate intervals of the Company's borrowings were as follows:

	<u>December 31</u>	
	<b>2018</b>	<b>2017</b>
Maturity	January 2019- June 2022	January 2019- March 2021
Bank interest rates intervals	0.60%-1.55%	0.60%-1.39%

## 16. BONDS PAYABLE

	<u>December 31</u>	
	<b>2018</b>	<b>2017</b>
Non-convertible bonds	\$ 55,100,000	\$ 43,600,000
Discount of non-convertible bonds	<u>(60,822)</u>	<u>(48,078)</u>
	55,039,178	43,551,922
Less: Current portion	<u>10,595,836</u>	<u>5,497,408</u>
	<u>\$ 44,443,342</u>	<u>\$ 38,054,514</u>

For details of bonds payable as of December 31, 2017, refer to Statement 9 following the Notes to Financial Statements. The details of bonds payable as of December 31, 2017 which were repaid in 2018 were as follows:

On December 23, 2013, the Company issued five-year unsecured bonds (the third tranche) amounting to \$2,800,000 thousand at a unit face value of \$1,000 thousand. The five-year bonds are repayable at 100% of the total amount the end of the fifth year of bond issuance, with a 1.45% interest rate. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

## 17. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

### b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contribute amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

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

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

	<b>December 31</b>	
	<b>2018</b>	<b>2017</b>
Present value of defined benefit obligation	\$ 5,341,319	\$ 5,534,470
Fair value of plan assets	<u>(4,667,822)</u>	<u>(4,240,063)</u>
Net defined benefit liabilities	<u>\$ 673,497</u>	<u>\$ 1,294,407</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2018	<u>\$ 5,534,470</u>	<u>\$ (4,240,063)</u>	<u>\$ 1,294,407</u>
Service cost			
Current service cost	60,455	-	60,455
Net interest expense (income)	<u>67,867</u>	<u>(53,001)</u>	<u>14,866</u>
Recognized in profit or loss (Note)	<u>128,322</u>	<u>(53,001)</u>	<u>75,321</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(402,924)	(402,924)
Actuarial (gain) loss - changes in financial assumptions	2,770	-	2,770
Actuarial (gain) loss - experience adjustments	<u>105,014</u>	<u>-</u>	<u>105,014</u>
Recognized in other comprehensive income	<u>107,784</u>	<u>(402,924)</u>	<u>(295,140)</u>
Contributions from the employer	-	(359,068)	(359,068)
Benefits paid	<u>(429,257)</u>	<u>387,234</u>	<u>(42,023)</u>
Balance at December 31, 2018	<u>\$ 5,341,319</u>	<u>\$ (4,667,822)</u>	<u>\$ 673,497</u>
Balance at January 1, 2017	<u>\$ 6,102,747</u>	<u>\$ (3,843,188)</u>	<u>\$ 2,259,559</u>
Service cost			
Current service cost	75,225	-	75,225
Net interest expense (income)	<u>89,451</u>	<u>(57,648)</u>	<u>31,803</u>
Recognized in profit or loss (Note)	<u>164,676</u>	<u>(57,648)</u>	<u>107,028</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(334,696)	(334,696)
Actuarial (gain) loss - changes in financial assumptions	109,269	-	109,269
Actuarial (gain) loss - experience adjustments	<u>(359,398)</u>	<u>-</u>	<u>(359,398)</u>
Recognized in other comprehensive income	<u>(250,129)</u>	<u>(334,696)</u>	<u>(584,825)</u>
Contributions from the employer	-	(439,833)	(439,833)
Benefits paid	<u>(482,824)</u>	<u>435,302</u>	<u>(47,522)</u>
Balance at December 31, 2017	<u>\$ 5,534,470</u>	<u>\$ (4,240,063)</u>	<u>\$ 1,294,407</u>

Note: For the years ended December 31, 2018 and 2017, the Company transferred defined benefit costs of \$489 thousand and \$875 thousand to related parties, respectively.

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

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

	<u>December 31</u>	
	<b>2018</b>	<b>2017</b>
Discount rate(s)	1.50%	1.25%
Expected rate(s) of salary increase	2.00%	2.00%

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

	<u>December 31</u>	
	<b>2018</b>	<b>2017</b>
Discount rate(s)		
0.5% increase	<u>\$ (179,106)</u>	<u>\$ (215,099)</u>
0.5% decrease	<u>\$ 190,041</u>	<u>\$ 229,444</u>
Expected rate(s) of salary increase		
0.5% increase	<u>\$ 187,737</u>	<u>\$ 226,612</u>
0.5% decrease	<u>\$ (178,741)</u>	<u>\$ (214,627)</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.

	<u>December 31</u>	
	<b>2018</b>	<b>2017</b>
The expected contributions to the plan for the next year	<u>\$ 388,072</u>	<u>\$ 210,279</u>
The average duration of the defined benefit obligation	6.9 years	8.0 years

## 18. 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 have a par value of NT\$10 and have the rights of voting and receiving dividends.

#### 2) Global depositary receipt

The Company issued global depositary receipts (GDRs), 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 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>		
The difference between consideration received or paid and the carrying amount of the subsidiaries net assets during actual disposal or acquisition	\$ 2,654,932	\$ 2,654,932
<u>May be used to offset a deficit only (2)</u>		
Changes in percentage of ownership interests in subsidiaries	148,783	148,783
Treasury shares 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, equity transactions other than actual disposal or acquisition of ownership interests, 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 would then make the distribution of dividends evenly for all shares. When there is a capital increase, the amount of dividends for new shares of that year would be set according to the resolution of the shareholders’ meeting. For the policies on distribution of employees’ compensation and remuneration to directors before and after amendment, refer to Note 20, d. “Employees’ compensation and remuneration of directors”.

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

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

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

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

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



The appropriation and distribution of the 2018 earnings was proposed by the board of directors on March 22, 2019. The appropriation and dividends per share were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 1,202,829	
Special reserve	1,089,437	
Reversal 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 Company's appropriated special reserve following the first-time adoption of IFRSs was as \$22,287,929 thousand.

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 21,552,496	\$ 21,565,171
Reversal 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.

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

e. Other equity items

The changes in other equity items are summarized as follow:

	Exchange Differences on Translating Foreign Operations	Unrealized (Loss) Gain on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Cash Flow Hedges	Gain (Loss) on Hedging Instruments	Gain on Property Revaluation	Total
Balance at January 1, 2017	\$ (1,577,812)	\$ (1,947,657)	\$ -	\$ (47,514)	\$ -	\$ 702,778	\$ (2,870,205)
Unrealized loss on available-for-sale financial assets	-	(237,374)	-	-	-	-	(237,374)
Share of other comprehensive income (loss) of subsidiaries and associates	(1,499,559)	827,712	-	83,156	-	-	(588,691)
Balance at December 31, 2017	(3,077,371)	(1,357,319)	-	35,642	-	702,778	(3,696,270)
Adjustment on initial application of IFRS 9 and 15	-	1,357,319	(1,725,866)	(35,642)	35,642	-	(368,547)
Balance at January 1 per IFRS 9 and 15	(3,077,371)	-	(1,725,866)	-	35,642	702,778	(4,064,817)
Share of other comprehensive income (loss) of subsidiaries and associates	(512,530)	-	938,400	-	10,238	-	436,108
Associate disposed the investment 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>

f. Treasury shares

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

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

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

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

## 19. REVENUE

	<u>For the Year Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Revenue from contracts with customers		
Net sales	\$ 54,040,105	\$ 45,197,934
Other operating revenue	<u>23,696</u>	<u>18,489</u>
	<u>\$ 54,063,801</u>	<u>\$ 45,216,423</u>

a. Description of customer contract

Refer to Note 4(m) revenue recognition for the summary of significant accounting policies.

b. Contact balances

	<b>December 31, 2018</b>
Contract liabilities	
Bundle sale of goods	<u>\$ 99,447</u>
Current	<u>\$ 99,447</u>

For notes and accounts receivable, refer to Note 9.

The changes in the contract asset and the contract liability balances primarily result from the timing difference between the Company's performance and the customer's payment, and there did not have other significant changes other than the amount decided above.

c. Disaggregation of revenue

Refer to Statement 10 for information about disaggregation of revenue.

## 20. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest expense

	<b><u>For the Year Ended December 31</u></b>	
	<b>2018</b>	<b>2017</b>
Capitalized interests on properties	\$ 26,541	\$ 28,938
Capitalization rates	1.02%-1.14%	1.04%-1.14%

b. Depreciation and amortization

	<b><u>For the Year Ended December 31</u></b>	
	<b>2018</b>	<b>2017</b>
Property, plant and equipment	\$ 1,973,976	\$ 2,072,945
Other Intangible assets	<u>10,553</u>	<u>10,500</u>
	<u>\$ 1,984,529</u>	<u>\$ 2,083,445</u>
 An analysis of deprecation by function		
Operating costs	\$ 1,818,280	\$ 1,890,414
Operating expenses	117,836	139,173
Other expense	31,324	36,670
Expenses transferred to other related parties	<u>6,536</u>	<u>6,688</u>
	<u>\$ 1,973,976</u>	<u>\$ 2,072,945</u>
 An analysis of amortization by function		
Operating costs	\$ 4,868	\$ 2,723
Operating expenses	<u>5,685</u>	<u>7,777</u>
	<u>\$ 10,553</u>	<u>\$ 10,500</u>

c. Employee benefits expense

	<b>For the Year Ended December 31, 2018</b>		
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
Retirement benefits			
Defined contribution plans	\$ 77,128	\$ 44,985	\$ 122,113
Defined benefit plans	50,399	24,433	74,832
Other employee benefits			
Salary	3,091,665	1,459,533	4,551,198
Insurance	255,564	94,091	349,655
Remuneration of directors	-	227,312	227,312
Others	<u>137,499</u>	<u>64,594</u>	<u>202,093</u>
	<u>\$ 3,612,255</u>	<u>\$ 1,914,948</u>	<u>\$ 5,527,203</u>

	<b>For the Year Ended December 31, 2017</b>		
	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
Retirement benefits			
Defined contribution plans	\$ 74,625	\$ 43,340	\$ 117,965
Defined benefit plans	75,614	30,539	106,153
Other employee benefits			
Salary	2,806,884	1,420,110	4,226,994
Insurance	254,063	91,827	345,890
Remuneration of directors	-	153,151	153,151
Others	<u>136,689</u>	<u>58,567</u>	<u>195,256</u>
	<u>\$ 3,347,875</u>	<u>\$ 1,797,534</u>	<u>\$ 5,145,409</u>

The Company had 4,925 and 4,864 employees as of December 31, 2018 and 2017, which include 7 and 8 directors not serving concurrently as employees, respectively.

d. Employees' compensation and remuneration of directors

The amendments stipulate the distribution of employees' compensation and remuneration of directors at the rates of 2.0% to 3.5% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. However, the Company has to first offset losses from the previous years. The employees' compensation and remuneration of directors for the years ended December 31, 2018 and 2017, which were approved by the Company's board of directors on March 22, 2019 and March 22, 2018, respectively, were as follows:

Accrual rate

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

Amount

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

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2017 and 2016. The employees' compensation were distributed in cash by the Company.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

	<u>For the Year Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Current tax	\$ -	\$ -
Deferred tax		
In respect of the current period	684,856	50,625
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>5,427</u>	<u>-</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 690,283</u>	<u>\$ 50,625</u>

A reconciliation of accounting profit and income tax expense (benefit) was as follows:

	<u>For the Year Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Profit before tax from continuing operations	<u>\$ 12,718,577</u>	<u>\$ 8,116,761</u>
Income tax expense at the statutory rate (17% in 2017 and 20% in 2018, respectively)	\$ 2,543,715	\$ 1,379,849
Adjustment items effect on income tax	<u>(2,543,715)</u>	<u>(1,379,849)</u>
Current income tax expense	-	-
Deferred income tax expense	684,856	50,625
Effect of tax rate changes	<u>5,427</u>	<u>-</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 690,283</u>	<u>\$ 50,625</u>

In 2017, the applicable corporate income tax rate used by the Company 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%.

b. Income tax expense recognized in other comprehensive income

**For the Year Ended December 31**  
**2018**                      **2017**

Deferred tax

In respect of the current year

Remeasurement on defined benefit plan

\$ 69,752

\$ (9,420)

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

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Allowance for doubtful accounts	\$ 3,657	\$ 1,536	\$ -	\$ 5,193
Inventory write-downs	9,072	1,376	-	10,448
Loss from subsidiaries and associates	78	(78)	-	-
Impairment loss	24,671	11,669	-	36,340
Defined benefit obligation	23,307	(75,087)	69,752	17,972
Others	<u>4,385</u>	<u>1,504</u>	<u>-</u>	<u>5,889</u>
	<u>\$ 65,170</u>	<u>\$ (59,080)</u>	<u>\$ 69,752</u>	<u>\$ 75,842</u>
<u>Deferred tax liabilities</u>				
Unrealized foreign exchange gain	\$ 15,242	\$ 7,821	\$ -	\$ 23,063
Gain from subsidiaries and associates	-	624,259	-	624,359
Provision of land value incremental tax	1,551,175	(860)	-	1,550,315
Investment properties	<u>16,604</u>	<u>(17)</u>	<u>-</u>	<u>16,587</u>
	<u>\$ 1,583,021</u>	<u>\$ 631,203</u>	<u>\$ -</u>	<u>\$ 2,214,224</u>

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Allowance for doubtful accounts	\$ 6,473	\$ (2,816)	\$ -	\$ 3,657
Inventory write-downs	13,507	(4,435)	-	9,072
Loss from subsidiaries and associates	1,786	(1,708)	-	78
Impairment loss	40,054	(15,383)	-	24,671
Defined benefit obligation	69,130	(36,403)	(9,420)	23,307
Others	<u>7,708</u>	<u>(3,323)</u>	<u>-</u>	<u>4,385</u>
	<u>\$ 138,658</u>	<u>\$ (64,068)</u>	<u>\$ (9,420)</u>	<u>\$ 65,170</u>
<u>Deferred tax liabilities</u>				
Unrealized foreign exchange gain	\$ 24,859	\$ (9,617)	\$ -	\$ 15,242
Provision of land value incremental tax	1,550,149	1,026	-	1,551,175
Investment properties	<u>21,456</u>	<u>(4,852)</u>	<u>-</u>	<u>16,604</u>
	<u>\$ 1,596,464</u>	<u>\$ (13,443)</u>	<u>\$ -</u>	<u>\$ 1,583,021</u>

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

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Deductible temporary differences	<u>\$ 2,723,928</u>	<u>\$ 4,010,402</u>

- e. Income tax assessments

The tax returns through 2015 have been assessed by the tax authorities.

## 22. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
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 year	<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 calculation of basic earnings per share	4,998,235	4,998,785
Effect of dilutive potential common stock:		
Employees' compensation	<u>17,627</u>	<u>12,037</u>
Weighted average number of common stock used in the calculation 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 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 was NT\$2.25 and NT\$1.51, respectively.

**23. EQUITY TRANSACTIONS**

On December 30, 2017, the Company paid \$117 thousand to subscribe for additional new shares of Fu Kwok Knitting & Garment Co., Ltd. and increased its interest from 99.96% to 100%.



The above transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries.

	<b>Fu Kwok Knitting &amp; Garment Co., Ltd.</b>
Cash consideration paid	\$ (117)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>94</u>
Differences arising from equity transactions	<u>\$ (23)</u>
<u>Line items adjusted for equity transactions</u>	
Unappropriated earnings	<u>\$ (23)</u>

## 24. CAPITAL MANAGEMENT

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

## 25. 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 fair values

	<b>December 31</b>			
	<b>2018</b>		<b>2017</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
<u>Financial liabilities</u>				
Bonds payable	\$ 55,039,178	\$ 55,242,979	\$ 43,551,922	\$ 43,804,426

- 2) Fair value hierarchy

December 31, 2018

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial liabilities</u>				
Bonds payable	<u>\$ 55,242,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,242,979</u>

December 31, 2017

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial liabilities</u>				
Bonds payable	<u>\$ 43,804,426</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,804,426</u>

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

1) Fair value hierarchy

December 31, 2018

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial liabilities at FVTPL				
Forward exchange contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,832</u>	<u>\$ 6,832</u>

December 31, 2017

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Guarantee deposits - cotton futures contracts	\$ -	\$ -	\$ 17,867	\$ 17,867
Combined foreign exchange options	<u>-</u>	<u>-</u>	<u>3,344</u>	<u>3,344</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,211</u>	<u>\$ 21,211</u>
Financial liabilities at FVTPL				
Forward exchange contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,895</u>	<u>\$ 4,895</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 2018

	<b>Financial Liabilities at Fair Value Through Profit or Loss</b>
Balance at January 1, 2018	\$ 16,316
Recognized in profit or loss	
Realized	(148,697)
Unrealized	(6,832)
Settlements	<u>132,381</u>
Balance at December 31, 2018	<u>\$ (6,832)</u>

For the year ended 2017

	<b>Financial Instruments at Fair Value Through Profit or Loss - Held for Trading</b>
Balance at January 1, 2017	\$ 46,359
Recognized in profit or loss	
Realized	27,760
Unrealized	16,316
Settlements	<u>(74,119)</u>
Balance at December 31, 2017	<u>\$ 16,316</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Futures contracts	Futures contract pricing model. The fair values of futures contracts are determined using futures contract pricing models where the significant unobservable inputs are historical volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value.
Forward exchange contracts, option contracts and combined foreign exchange options	Discounted cash flow. Future cash flows are estimated based on observable forward spot exchange rates at the end of the reporting period and contract rates, which can reflect the credit risk of counterparties.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<u>Financial assets</u>		
Financial assets at FVTPL	\$ -	\$ 21,211
Loans and receivables (Note 1)	-	17,146,183
Financial assets at amortized cost (Note 2)	24,402,844	-
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	6,832	4,895
Financial liabilities measured at amortized cost (Note 3)	109,660,042	87,635,814

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

Note 2: The balances included financial assets measured at amortized cost, which comprised cash and cash equivalents, debt investments, notes and accounts receivable (including those from related parties), other receivables (including those from related parties), refundable deposits and other financial assets.

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

	<b>December 31</b>	
	<b>2018</b>	<b>2017</b>
5% change in profit or loss		
USD	<u>\$ (57,153)</u>	<u>\$ (189,829)</u>

b) Interest rate risk

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

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

	<b>December 31</b>	
	<b>2018</b>	<b>2017</b>
Fair value interest rate risk		
Financial assets	\$ 5,267,814	\$ 49,848
Financial liabilities	95,356,594	66,489,600
Cash flow interest rate risk		
Financial assets	697,936	1,025,627
Financial liabilities	6,700,000	14,379,255

Sensitivity analysis

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

For the years ended December 31, 2018 and 2017, had interest rates been 0.25% higher/lower and all other variables been held constant, the fair value of the Company's financial assets with fixed interest rates would have decreased/increased by \$13,137 thousand and \$124 thousand, respectively, and the cash flows on the Company's financial assets with floating interest rates would have increased/decreased by \$1,745 thousand and \$2,564 thousand, respectively.

For the years ended December 31, 2018 and 2017, had interest rates been 0.25% higher/lower and all other variables been held constant, the fair value of the Company's financial liabilities with fixed interest rates would have decreased/increased by \$237,797 thousand and \$165,809 thousand, respectively, and the cash flows on the Company's financial liabilities with floating interest rates would have decreased/increased by \$16,750 thousand and \$35,948 thousand, respectively.

## 2) Credit risk

Credit risk refers to the risk that counterparties will default on its contractual obligations, resulting in a financial loss to the Company. As of the end of a reporting period, the Company's maximum exposure to credit risk that will cause the Company a financial loss due to the carrying amounts of the recognized financial assets as stated in the balance sheets.

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

Account 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 account receivables.

## 3) Liquidity risk

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

The maturity dates of financial liabilities (except for the current portion) are as follows:

	<b>1-2 Years</b>	<b>2-3 Years</b>	<b>Over 3 Years</b>	<b>Total</b>
<u>December 31, 2018</u>				
Long-term borrowings	\$ 30,878,199	\$ 6,900,000	\$ 4,995,383	\$ 42,773,582
Bonds payable	<u>13,700,000</u>	<u>11,300,000</u>	<u>19,500,000</u>	<u>44,500,000</u>
	<u>\$ 44,578,199</u>	<u>\$ 18,200,000</u>	<u>\$ 24,495,383</u>	<u>\$ 87,273,582</u>
<u>December 31, 2017</u>				
Long-term borrowings	\$ 27,016,255	\$ 5,500,000	\$ 2,700,000	\$ 35,216,255
Bonds payable	<u>10,600,000</u>	<u>13,700,000</u>	<u>13,800,000</u>	<u>38,100,000</u>
	<u>\$ 37,616,255</u>	<u>\$ 19,200,000</u>	<u>\$ 16,500,000</u>	<u>\$ 73,316,255</u>

## 26. RELATED-PARTY TRANSACTIONS

The Company had significant transactions with related parties. Besides the transactions mentioned in the other notes, the transactions for the years ended December 31, 2018 and 2017 and the related balances as of the balance sheet dates are summarized in the accompanying Schedules A, B and C.

## 27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

In addition to those disclosed in the other notes, the following assets had been pledged or mortgaged as collaterals for short-term borrowings, tariff duties and long-term borrowings.

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Other financial assets - non-current		
Pledged time deposits	\$ 38,000	\$ 41,174
Investments accounted for using the equity method	475,627	435,226
Property, plant and equipment	6,251,010	6,427,218
Investment properties	<u>184,549</u>	<u>229,902</u>
	<u>\$ 6,949,186</u>	<u>\$ 7,133,520</u>

## 28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Company as of December 31, 2018 and 2017:

- a. Issued unused letters of credit aggregated at approximately \$299,676 thousand and \$412,413 thousand, respectively.
- b. Unpaid building construction and property, plant and equipment installation contracts amounting to approximately \$151,348 thousand and \$83,210 thousand, respectively.
- c. Undelivered cotton contracts which were unable to be canceled amounting to \$199,156 thousand and \$142,975 thousand, respectively.
- d. Endorsements and guarantees provided to related parties are shown in Schedule E (attached).

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

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

December 31, 2018

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (NT\$)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 147,602	30.715	\$ 4,533,595
<u>Financial liabilities</u>			
Monetary items			
USD	110,837	30.715	3,390,537

December 31, 2017

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (NT\$)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 217,056	29.76	\$ 6,459,587
<u>Financial liabilities</u>			
Monetary items			
USD	89,483	29.76	2,663,014

## 30. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees

- 1) Financing provided to others: Schedule D (attached)
- 2) Endorsements/guarantees provided: Schedule E (attached)
- 3) Marketable securities held: Schedule F (attached)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Schedule G (attached)
- 5) Acquisitions of individual real states at costs of at least NT\$300 million or 20% of the paid-in capital: Schedule H (attached)



- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: Schedule I (attached)
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Schedule J (attached)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Schedule K (attached)
  - 9) Trading derivative transactions: Note 7
  - 10) Information on investees: Schedule L (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: Schedules M and M-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: Schedules B, C, D, E, G, J and K
    - 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 rendering or receipt services.

**TABLE 1****FAR EASTERN NEW CENTURY CORPORATION****RELATED PARTY NAMES AND CATEGORIES  
DECEMBER 31, 2018**

Related Party Names	Related Party Categories
Fu Kwok Knitting & Garment Co., Ltd.	Subsidiary
Far Eastern Apparel Co., Ltd.	Subsidiary
Far Eastern Apparel (Vietnam) Ltd.	Subsidiary
Far Eastern Polytex (Vietnam) Ltd.	Subsidiary
Far Eastern New Apparel (Vietnam) Ltd.	Subsidiary
Far Eastern Apparel (Suzhou) Co., Ltd.	Subsidiary
Far Eastern Industries (Shanghai) Ltd.	Subsidiary
Far Eastern Industries (Wuxi) Ltd.	Subsidiary
Oriental Resources Development Co., Ltd.	Subsidiary
Oriental Industries (Suzhou) Ltd.	Subsidiary
PET Far Eastern (M) Sdn. Bhd.	Subsidiary
Wuhan Far Eastern New Material Ltd.	Subsidiary
Worldwide Polychem (HK) Ltd. (WWPI)	Subsidiary
PET Far Eastern (Holding) Ltd. (PETH)	Subsidiary
Far Eastern Fibertech Co., Ltd.	Subsidiary
Far Eastern Resources Development Co., Ltd.	Subsidiary
Far EasTone Telecommunications Co., Ltd.	Subsidiary
New Century InfoComm Tech Co., Ltd.	Subsidiary
Yuanshi Digital Technology Co., Ltd.	Subsidiary
DataExpress Infotech Co., Ltd.	Subsidiary
Information Security Service Digital United Inc.	Subsidiary
Oriental Petrochemical (Taiwan) Corporation	Subsidiary
Oriental Textile (Holding) Ltd. (OTTI)	Subsidiary
Yuan Cheng Human Resources Consultant Corporation	Subsidiary
Yuan Ding Co., Ltd.	Subsidiary
Yuan Ding Investment Co., Ltd.	Subsidiary
YDT Technology International Co., Ltd.	Subsidiary
Far Eastern Polychem Industries Ltd. (FEPI)	Subsidiary
Far Eastern Construction Co., Ltd.	Subsidiary
Far Eastern Ishizuka Green Pet Corporation (FEIGP)	Subsidiary
Far Eastern Technical Consultants Co., Ltd.	Subsidiary
Far Eastern Polytex (Holding) Ltd.	Subsidiary
Asia Cement Corporation	Associate
Far Eastern Department Stores Co., Ltd.	Associate
Oriental Union Chemical Corporation	Associate
Everest Textile Corporation	Associate

(Continued)

Related Party Names	Related Party Categories
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)
Freudenberg Far Eastern Spunweb Co., Ltd.	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Yu Ding Industry Co., Ltd.	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Liquid Air Far East Co., Ltd.	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Da Ju Fiber Co., Ltd.	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Far Eastern International Leasing Corporation	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Far Eastern City Super Ltd.	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Far Eastern Ai Mai Co., Ltd	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Far Eastern Leasing Corporation	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Everest Textile USA, LLC	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Fu Ming Transport Corporation	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Fu-Da Transport Corporation	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Ya Sing Ready-Mixed Concrete Corporation	Other related party (the subsidiary of FENC's investee accounted for using the equity method)
Yuan Ze University	Other related party (the same chairman)
U-Ming Marine Transport Corporation	Other related party (the same chairman)
TECO Electric & Machinery Co., Ltd.	Other related party (related party in substance)
Uni-President Enterprise Corporation	Other related party (related party in substance)
Tranquil Enterprise Ltd.	Other related party (related party in substance)
U-Ming Marine Transport (Singapore) Private Limited	Other related party (related party in substance)
Ding&Ding Mangement Consultants Co., Ltd	Other related party (related party in substance)
SYSTEX Corporation	Other related party (related party in substance)

(Concluded)

**TABLE 2****FAR EASTERN NEW CENTURY CORPORATION****RELATED-PARTY TRANSACTIONS  
FOR THE YEARS ENDED DECEMBER 31 2018 AND 2017  
(In Thousands of New Taiwan Dollars)**

	<b>For the Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>
Sales		
Subsidiaries	\$ 6,464,500	\$ 5,381,984
Associates	259,923	296,860
Other related parties	<u>467,734</u>	<u>455,832</u>
	<u>\$ 7,192,157</u>	<u>\$ 6,134,676</u>
Operating cost and expense		
Purchase		
Subsidiaries		
Oriental Petrochemical (Taiwan) Corporation	\$ 16,761,126	\$ 7,073,210
Other subsidiaries	983,190	811,282
Associates	1,900,071	1,752,368
Other related parties	<u>208,955</u>	<u>211,876</u>
	<u>\$ 19,853,342</u>	<u>\$ 9,848,736</u>
Contract costs		
Subsidiaries	\$ 35,451	\$ 31,409
Associates	-	768
Other related parties	<u>216,499</u>	<u>226,984</u>
	<u>\$ 251,950</u>	<u>\$ 259,161</u>
Computer processing expense		
Subsidiaries	\$ 4,070	\$ 3,631
Other related parties	<u>84,601</u>	<u>76,523</u>
	<u>\$ 88,671</u>	<u>\$ 80,154</u>
Rental expense (Note b)		
Subsidiaries	\$ 181,496	\$ 181,104
Other related parties	<u>17,951</u>	<u>17,664</u>
	<u>\$ 199,447</u>	<u>\$ 198,768</u>

(Continued)

	<b><u>For the Year Ended December 31</u></b>	
	<b>2018</b>	<b>2017</b>
Non-operating revenue		
Rental revenue (Note c)		
Subsidiary		
Oriental Petrochemical (Taiwan) Corporation	\$ 11,217	\$ -
Oriental Resources Development Co., Ltd.	2,381	2,370
Far EasTone Telecommunications Co., Ltd.	3,826	3,789
Other subsidiary	2,650	114
Other related parties		
Yuan Ze University	3,296	3,516
Fu Ming Transport Corporation	<u>2,238</u>	<u>2,218</u>
	<u>\$ 25,608</u>	<u>\$ 12,007</u>
Non-operating expenses		
Other expenses - endorsement/guarantee expenses		
Subsidiary	<u>\$ 10,525</u>	<u>\$ 13,087</u>

The Company provided agent services to subsidiaries and recognized commission income of \$37,468 thousand and \$42,143 thousand for the years ended December 31, 2018 and 2017, respectively. In addition, the Company recognized \$16,051 thousand as other receivables as of December 31, 2018.

Compensation of key management personnel:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2018</b>	<b>2017</b>
Short-term employee benefits	\$ 373,033	\$ 298,808
Post-employment benefits	<u>2,174</u>	<u>2,680</u>
	<u>\$ 375,207</u>	<u>\$ 301,488</u>

Notes:

- a. The terms of sales to and purchases from the related parties were based on agreements.
- b. The Company rented the office building, factories and equipment from Yuan Ding Co., Ltd. and Oriental Petrochemical (Taiwan) Corporation, Far Eastern Resource Development Co., Ltd., Far Eastern Fibertech Co., Ltd., Da Ju Fiber Co., Ltd., Far Eastern International Leasing Corporation, Ding & Ding Management Consultants Co., Ltd. and SYSTEX Corporation. The rental expense were paid by monthly or quarterly. All the terms of lease contract had been agreed upon by the lessor and the tenants.
- c. The Company had rented out lands, factories and equipment to Far EasTone Telecommunications Co., Ltd., Oriental Petrochemical (Taiwan) Corporation, Far Eastern Fibertech Co., Ltd., Oriental Resources Development Co., Ltd., YDT Technology International Co., Ltd., Yuan Ze University and Fu Ming Transport Corporation. Rental revenue was received by monthly and quarterly. All the terms of lease contract had been agreed upon by the lessor and the tenants.

(Concluded)

**TABLE 3****FAR EASTERN NEW CENTURY CORPORATION****RELATED-PARTY TRANSACTIONS  
AS OF DECEMBER 31, 2018 AND 2017  
(In Thousands of New Taiwan Dollars)**

	<b>For the Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>
Notes and accounts receivable		
Subsidiaries		
WWPI	\$ 304,551	\$ 898,170
Other subsidiaries	554,674	582,162
Associate	40,769	51,980
Other related parties	<u>132,154</u>	<u>82,362</u>
	<u>\$ 1,032,148</u>	<u>\$ 1,614,674</u>
Refundable deposits		
Subsidiaries		
Yuan Ding Co., Ltd.	\$ 33,682	\$ 33,682
Other subsidiaries	3,798	3,557
Associate	5,785	5,356
Other related parties		
Da Ju Fiber Co., Ltd.	<u>8,000</u>	<u>8,000</u>
	<u>\$ 51,265</u>	<u>\$ 50,595</u>
Notes and accounts payable to related parties		
Subsidiaries		
Oriental Petrochemical (Taiwan) Corporation	\$ 1,260,165	\$ 858,692
Other subsidiaries	161,200	53,040
Associates	58,729	145,631
Other related parties	<u>12,092</u>	<u>12,863</u>
	<u>\$ 1,492,186</u>	<u>\$ 1,070,226</u>
Deferred credit - gain on related-party transactions		
Sale of securities		
Subsidiaries		
Yuan Ding Investment Co., Ltd. (Note a)	\$ 30,256	\$ 30,256
Others Subsidiary (Note b)	2,823	2,908
Other related parties (Note c)	2,579	2,579
Disposal of property, plant and equipment (Note d)		
Subsidiary		
Far Eastern Polytex (Vietnam) Ltd.	<u>12,528</u>	<u>12,528</u>
	<u>\$ 48,186</u>	<u>\$ 48,271</u>

(Continued)

## Deposits

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Far Eastern International Bank	<u>\$ 1,711,362</u>	<u>\$ 733,970</u>

The Company had bank deposits and time deposits in Far Eastern International Bank. The interest income was \$8,491 thousand and \$9,400 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 Company signed forward exchange contracts and combined foreign exchange options with Far Eastern International Bank. The gain (loss) of financial assets (liabilities) at FVTPL was \$(29,321) thousand and \$(23,072) thousand for the years ended December 31, 2018 and 2017, respectively.

## Financing to related parties

Loans to related parties (recognized as other receivables)

	<u>December 31, 2018</u>	
	<u>Amounts</u>	<u>Interest receivable</u>
Far Eastern Resources Development Co., Ltd.	<u>\$ 105,000</u>	<u>\$ 50</u>

The interest income from loans to associate was \$1,059 thousand for the years ended December 31, 2018.

Loans to related parties (recognized as long-term borrowings - bank loans)

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Far Eastern International Bank	<u>\$ 300,000</u>	<u>\$ -</u>

The interest expense from loans from associate was \$117 thousand and \$125 thousand for the years ended December 31, 2018 and 2017, respectively.

In 2018, the Company bought machinery and equipment from YDT Technology International Co., Ltd., New Century InfoComm Tech Corporation, Yuan Ding Co., Ltd., Far Eastern Technical Consultants Co., Ltd., for \$2,387 thousand, \$10,100 thousand, \$873 thousand and \$605 thousand, respectively. As of December 31, 2018, the payables on these purchases had been paid. In 2017, the Company bought assets from YDT Technology International Co., Ltd., New Century InfoComm Tech Corporation, Oriental Resources Development Ltd., Oriental Petrochemical (Taiwan) Corporation, Yuanshi Digital Technology Co., Ltd. and DataExpress Infotech Co., Ltd. for \$2,934 thousand, \$15,103 thousand, \$90 thousand, \$359 thousand, \$48 thousand and \$42 thousand, respectively. As of December 31, 2017, the payables on these purchases had been paid.

In 2018, the Company participated in and subscribed Oriental Petrochemical (Taiwan) Corporation's issuance of new shares via cash amounting to \$2,266,745 thousand without changing the percentage of existing ownership.

(Continued)

In 2018, the Company invested in 100%-owned overseas subsidiary, Far Eastern Investment (Holding) Ltd., amounting to \$12,618,685 thousand (or US\$410,000 thousand).

In 2017, the Company participated and subscribed in Oriental Petrochemical (Taiwan) Corporation and PET Far Eastern (Holding) Ltd.'s cash issuance of new shares amounting to \$1,511,163 thousand and \$814,859 thousand, respectively. As of December 31, 2017, the Company's interest in Oriental Petrochemical (Taiwan) Corporation and PET Far Eastern (Holding) Ltd. was 75.56% and 91.95%, respectively.

Note:

- a. In 1994, the Company sold the following shares to Yuan Ding Investment Corporation and recognized deferred incomes on these sales: Yu Yuan Investment Co., Ltd.'s shares for \$30,256 thousand.
- b. The deferred income was made by selling the shares of New Century InfoComm Tech Corporation to Yuan Cing Infocomm Tech Co., Ltd. in 2010 (dissolved on its merger with Far Eastone Telecommunication Co., Ltd. on March 1, 2011). The amortization is according to the difference of New Century InfoComm Tech Corporation's net assets between fair value and book value and durable service life on the selling date.
- c. The deferred income was made by selling the shares of Oriental Petrochemical (Taiwan) Corporation to Yue Ding Industry Co., Ltd. in March 2008.
- d. The Company sold the production equipment to its subsidiary Far Eastern Polytex (Vietnam) Ltd. in 2017. The sales price was RMB638,977 thousand and deferred the gain on disposal of equipment RMB12,528 thousand (recognized as deferred credit - gain on related-party accounts).
- e. The terms of sales to and purchases from the related parties were based on agreements.

(Concluded)



## FAR EASTERN NEW CENTURY CORPORATION AND INVESTEES

FINANCING PROVIDED 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)
		Far Eastern Apparel Co., Ltd.	Receivables from related parties	Yes	350,000	350,000	110,000	1.25	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 INVESTEEES

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 INVESTEEES

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

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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	

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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	-	-
								4,000 thousand shares pledged or mortgaged as collateral for loans.
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
								Note P
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

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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	30	\$ 241	100.00	\$ -	
			Investments accounted for using the equity method	(Note G)	24,823	100.00	-	
			Investments accounted for using the equity method	(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	(Note G)	51,751	100.00	-	
			Investments accounted for using the equity method	(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	(Note G)	1,883	-	-	
			Financial assets at FVTOCI - non-current		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 INVESTEEES**

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 AND INVESTEEES**

**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 INVESTEEES

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	-	-	-	-	-	-	

(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 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)	
	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 Industries (Shanghai) Ltd.	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)	

(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 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	
Far EasTone Telecommunications Co., Ltd.	ARCOA Communication Co., Ltd.	(Note A)	Operating revenue	(299,337)	-	Based on contract	-	-	-	-	127,983	2	
	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)	(Note F)
	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. Yuan Cheng Human Resources Consultant Corporation	(Note A) (Note A)	Operating revenue Service fees	(372,622) 111,924	(1) 1	Based on contract Based on contract	- -	- -	- -	- -	9,330 (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.

(Continued)

- 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 INVESTEEES**

**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 INVESTEEES

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) 47 (Note A) 9,194 (Note A) 52,757 (Note A) 193,807 (Note A and L) 4,914,870 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) 871,413 (Note B) 697,699 Including the adjustments of the transactions between subsidiaries \$9,905 (Note B) (Note B) 464,068 (Note B) 943,847 Including the adjustments of the transactions between subsidiaries \$9,727 (Note B) (Note B) 484,062 (Note B) 68,561 (Notes B and I) 244,386 Including the adjustments of the transactions between subsidiaries \$103 (Note B) 321,307 Including the adjustments of the transactions between subsidiaries \$79 (Note B) 814,204 (Note B) 32,653 (Note B) (2,485) (Note B) 66 (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.	Taiwan	Cement production	600,883	587,269	21,500	0.64	703,247	11,117,094	(Note A)	
Oriental Union Chemical Corporation	Taiwan	Petrochemical materials production	1,085,488	1,085,488	70,818	8.00	1,354,062	1,836,159	(Note A)		
Far Eastern Department Stores Co., Ltd.	Taiwan	Department store operations	464,170	454,530	23,173	1.64	480,286	1,318,150	(Note A)		
Everest Textile Corporation	Taiwan	Chemical fiber production	470,103	470,103	126,096	25.23	1,172,963	157,365	(Note A)		
Far Eastone Telecommunications Co., Ltd.	Taiwan	Telecommunications	2,723,598	2,723,598	1,066,658	32.73	23,933,864	9,381,351	(Note B)		
Far Eastern Polychem Industries Ltd.	Bermuda	Investment	1,392,692	1,392,692	306,644	26.96	2,820,193	1,193,063	(Note B)		
Far Eastern Apparel (Holding) Ltd.	Bermuda	Investment	2,179,442	2,179,442	111	100.00	3,558,433	171,994	(Note B)		
Da Ju Fiber Co., Ltd.	Taiwan	Sale of polychemical products	263,790	263,790	55,563	41.86	2,031,256	364,286	(Note A)		
Far Eastern Apparel Co., Ltd.	Taiwan	Sale of textiles, garments, and clothing	387,984	387,984	24,772	100.00	177,127	(68,162)	(Note B)		
Yuan Faun Co., Ltd.	Taiwan	Production management consulting	51,671	51,671	5,000	100.00	155,321	10,867	(Note B)		
Yue Ming Corporation	Taiwan	Trading	97,852	97,852	4,745	45.50	71,368	3,047	(Note A)		
Yuan Ding Leasing Corporation	Taiwan	Real estate construction and sales	319,380	319,380	36,706	46.20	388,298	8,181	(Note A)		
Far Eastern Fibertech Co., Ltd.	Taiwan	Nylon production	585,000	585,000	91,000	100.00	1,175,613	121,822	(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			
	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)	
Far Eastern Investment (Holding) Ltd.	Filsyn Corporation	Philippines	Polychemical products	PESO 225,324	PESO 225,324	45,066	21.85	-	-	(Note A)	
	FETG Investment Antilles N.V.	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)	
APG Polytech USA Holdings, Inc.	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)	
Magna View Sdn. Bhd.	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)	
Ding 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 EasTone 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)	
Kai Yuan International Investment Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	483,448	483,448	20,207	0.60	711,358	11,117,094	(Note A)	
	Far EasTone 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 Polychem Industries 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 Construction Co., Ltd.	Asia Cement Corporation	Taiwan	Cement production	216,959	216,959	17,726	0.53	574,816	11,117,094	(Note A)	
	Far Eastern General Contractor Inc.	Taiwan	Real estate construction	271,587	271,587	147,413	98.95	2,066,115	130,685	(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 EasTone 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 PT Malaysia Garment Bintan	Philippines Indonesia	Polychemical products Garment production	PESO 102,565 SGD -	PESO 102,565 SGD -	20,513 (Note D)	9.95 99.00	- (45)	- -	(Note A) (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)	
	DataExpress Infotech Co., Ltd.	Taiwan	Electronic information providing services	141,750	141,750	12,866	70.00	216,051	84,693	(Note B)	
	New Century InfoComm Tech Co., Ltd.	New Diligent Co., Ltd.	Taiwan	Investment	540,000	540,000	54,000	100.00	86,982	(52,408)	(Note B)
New Diligent Co., Ltd.	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)	
	Sino Lead Enterprise Limited	Hong Kong	Telecommunication services	125	125	30	100.00	241	16	(Note B)	
DataExpress Infotech Co., Ltd.	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 INVESTEEES

INVESTMENT 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	Notes D and E
Far Eastern Apparel (Suzhou) Co., Ltd.	Production and marketing of knit garments, woven garments, non-knit garments, and nonwoven garments and accessories	914,869	2	1,010,901	-	-	1,010,901	73,134	100.00	73,134	1,565,276	233,172	Notes 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	Notes 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	-	

(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							
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
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 INVESTEEES

INVESTMENT IN MAINLAND CHINA - INVESTMENT TYPE  
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
				FEDP (Holding) Ltd.					
	Far Eastern New Century Corporation	2004.10.11	No. 093025506	Far Eastern Polychem Industries Ltd.	1,569			1,569	
				FEDP (Holding) Ltd.					
	Far Eastern New Century Corporation	2004.10.14	No. 093030298	Far Eastern Polychem Industries Ltd.	713				713
	Far Eastern New Century Corporation	2010.10.12	No. 09900403430 (Note H)	FEDP (Holding) Ltd.	5,288	5,288			
	Far Eastern New Century Corporation	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Ltd.	4,524	4,524			
				FEDP (Holding) Ltd.					

(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			
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
		2014.04.24	No. 10300091010 (Note L)	Sino Belgium (Holding) Ltd.	1,500	1,500			
	Yuan Tong Investment Co., Ltd.	2013.11.28	No. 10200451570 (Note N)	Sino Belgium (Holding) Ltd.	1,100	1,100			
	Yuan Tong Investment Co., Ltd.	2014.12.19	No. 10300249370 (Note O)	Sino Belgium (Holding) Ltd.	1,000	1,000			
Far Eastern Tech-Info Ltd. (Shanghai)	Far Eastone Telecommunications Co., Ltd.	2004.08.26	No. 093018811	Far Eastern Info Service (Holding) Limited	2,500	2,500			
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	Far Eastern New Century Corporation	2011.06.23	No. 10000021360 (Note J)	Far Eastern Polytex (Holding) Ltd.	166,000	166,000			
Far Eastern Industries (Yangzhou) Ltd.	Far Eastern New Century Corporation	2012.03.30	No. 10100043080	Far Eastern Polychem Industries Ltd.	49,000	49,000			
Far Eastern Union Petrochemical (Yangzhou) Corporation	Far Eastern New Century Corporation	2012.08.31	No. 10300210860 (Note M)	PET Far Eastern (Holding) Ltd.	66,000	66,000			
Yuan Ding Enterprise (Shanghai) Limited	Far Eastern New Century Corporation	2013.11.08	No. 10200399280	Far Eastern Polytex (Holding) Ltd. Far Eastern New Century (China) Investment Co., Ltd.	1,000	1,000			
	Far Eastern New Century Corporation	2017.11.17	No. 10600282650 (Note 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			
Digital United Information Technology (Shanghai) Ltd.	New Diligent Co., Ltd.	2014.01.29	No. 10300022990	Far East New Diligent Company Ltd.	3,500	3,500			
Far Eastern New Century Information Technology (Beijing) Limited	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			
	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 antilutive 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 antilutive effects; thus, FEPI's ownership and amount invested in Oriental Petrochemical (Shanghai) Corporation increased.

G. The shares offered for the privatization of FEPI had antilutive 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)

# FAR EASTERN NEW CENTURY CORPORATION

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**FAR EASTERN NEW CENTURY CORPORATION****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

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<b>Item</b>	<b>Maturity</b>	<b>Annual Rate (%)</b>	<b>Amount</b>
Cash			
Cash on hand			\$ <u>2,000</u>
Petty cash			<u>3,768</u>
Cash in banks			
Checking accounts			11,016,815
Demand deposits (Note A)			<u>697,936</u>
			<u>11,714,741</u>
Cash equivalents			
Repurchase of commercial paper	2018.12.22-2019.01.02	0.56	4,139,814
Time deposits	2018.12.10-2019.02.25	0.40-0.50	<u>390,000</u>
			<u>4,529,814</u>
			<u>\$ 16,250,323</u>

Note A: Including US\$14,944 thousand, JPY627,009 thousand, RMB2,781 thousand, EUR335 thousand, and GBP1 thousand.

Note B: Based on the exchange rate of US\$1:NT\$30.715, JPY1:NT\$0.2782, RMB1:NT\$4,472, EUR1:NT\$35.2, and GBP1:NT\$38.88, respectively.

**FAR EASTERN NEW CENTURY CORPORATION****STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

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<b>Client Name</b>	<b>Amount</b>
SUMINISTRO Y DISTRIBUCIÓ N DE POL ÍMEROS S.A.	\$ 450,841
ALPLA Group	405,972
Far Eastern Industries (Shanghai) Ltd.	382,072
Others (Note)	<u>6,408,238</u>
	7,287,123
Less: Allowance for doubtful accounts	<u>283,174</u>
Notes and accounts receivable, net	<u>\$ 7,003,949</u>

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



**FAR EASTERN NEW CENTURY CORPORATION****STATEMENT OF INVENTORIES****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

<b>Item</b>	<b>Amount</b>	
	<b>Cost</b>	<b>Market Value (Note)</b>
Finished goods	\$ 2,134,153	\$ 1,972,399
Work in progress	2,261,482	2,227,766
Raw materials	2,176,360	2,018,084
Supplies	436,368	415,647
Materials in transit	<u>176,357</u>	<u>176,357</u>
	7,183,720	<u>\$ 6,810,253</u>
Less: Allowance for valuation loss	<u>511,220</u>	
Inventories, net	<u>\$ 6,672,500</u>	

Note: Market value is net realizable value.

## FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS AND FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investees	Par Value	Balance, January 1, 2018		Annual Changes				Increase (Decrease) in Using the Equity Method Amount (Note A)	Balance, December 31, 2018			Market Value or Net Assets Value		Pledged Shares (In Thousands) (Note B)	Notes	
		Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount		Shares (In Thousands)	%	Amount	Unit Price (NT\$)	Total Amount			
<b>Shares</b>																
Investments accounted for using the equity method																
Publicly traded companies																
Asia Cement Corporation	\$ 10	750,511	\$ 16,414,157	-	\$ -	-	\$ -	\$ 1,523,691	750,511	22.33	\$ 17,937,848	\$ 33.95	\$ 25,479,859	19,900	(Notes C and D)	
Far Eastern Department Stores Co., Ltd.	10	241,770	4,704,162	-	-	-	-	89,558	241,770	17.06	4,793,720	15.70	3,795,784	-	(Notes C and D)	
Oriental Union Chemical Corporation	10	81,216	1,332,527	-	-	-	-	18,387	81,216	9.17	1,350,914	25.80	2,095,373	-	(Notes C and D)	
Everest Textile Corporation	10	134	1,534	3	-	-	-	51	137	0.03	1,585	11.60	1,590	-	(Notes C, D and F)	
Far Eastern International Bank	10	83,245	872,079	2,256	-	-	-	152,839	85,501	2.62	1,024,918	10.00	855,011	-	(Notes C, D and F)	
			23,324,459					1,784,526			25,108,985		32,227,617			
Private companies																
Yuan Ding Investment Co., Ltd.	10	1,822,822	41,076,970	-	-	-	-	1,673,935	1,822,822	99.40	42,750,905		43,088,846	-	(Note D)	
Far Eastern Resources Development Co., Ltd.	10	667,242	102,111,323	-	-	-	-	838,356	667,242	100.00	102,949,679		103,035,399	-	(Note D)	
Far Eastern Polytex (Holding) Ltd.	US\$ 0.01	135	7,708,078	-	-	-	-	(126,123)	135	100.00	7,581,955		7,585,654	-	(Note D)	
Far Eastern Polychem Industries Ltd.	HK\$ 0.0001	830,815	6,861,798	-	-	-	-	778,665	830,815	73.04	7,640,463		7,660,767	-	(Note D)	
Yuan Tong Investment Co., Ltd.	10	705,147	8,091,936	-	-	-	-	476,979	705,147	100.00	8,568,915		8,904,158	-	(Note D)	
Kai Yuan International Investment Co., Ltd.	10	302,843	5,167,778	37,123	-	-	-	261,511	339,966	100.00	5,429,289		5,429,429	-	(Notes D and F)	
Far Eastern Investment (Holding) Ltd.	US\$ 0.01	1,700	8,739,241	2,316	12,618,685	-	-	710,677	4,016	100.00	22,068,603		22,068,603	-	(Notes D and E)	
PET Far Eastern (Holding) Ltd.	US\$ 0.01	397	5,341,354	-	-	-	-	816,303	397	91.95	6,157,657		5,661,965	-	(Note D)	
Oriental Petrochemical (Taiwan) Corporation	10	1,334,427	7,492,270	226,675	2,266,745	-	-	(575,983)	1,561,102	75.56	9,183,032		9,411,880	-	(Notes D and E)	
Far Eastern Construction Co., Ltd.	10	198,791	8,238,170	-	-	-	-	233,003	198,791	65.11	8,471,173		8,527,700	-	(Note D)	
Yuan Ding Co., Ltd.	10	186,929	3,075,962	-	-	-	-	118,519	186,929	37.13	3,194,481		3,340,560	-	(Note D)	
An Ho Garment Co., Ltd.	10	66,346	2,019,899	-	-	-	-	97,009	66,346	100.00	2,116,908		2,192,540	-	(Note D)	
Ding Yuan International Investment Co., Ltd.	10	205,000	2,820,313	30,601	-	-	-	183,299	235,601	100.00	3,003,612		3,024,268	-	(Notes D and F)	
FEDP (Holding) Ltd.	US\$ 0.01	244	122,774	-	-	-	-	798,226	244	50.43	921,000		921,000	-	(Note D)	
Fu Kwok Knitting & Garment Co., Ltd.	10	4,000	253,944	-	-	-	-	(29,140)	4,000	100.00	224,804		223,654	-	(Note D)	
Ding Ding Hotel Co., Ltd.	10	769	10,882	-	-	-	-	(2,549)	769	0.74	8,333		1,334	-	(Note D)	
Far Eastern Textile Ltd.	10	100	1,524	-	-	-	-	66	100	100.00	1,590		1,590	-	(Note D)	
Oriental Securities Corporation	10	140,278	1,945,424	-	-	-	-	11,539	140,278	19.65	1,956,963		1,948,764	-	(Note D)	
Pacific Liu Tong Investment Co., Ltd.	10	135,000	1,856,750	-	-	-	-	64,068	135,000	16.83	1,920,818		1,848,791	-	(Note D)	
			212,936,390		14,885,430			6,328,360			234,150,180		234,856,902			
			\$ 236,260,849		\$ 14,885,430		\$ -	\$ 8,112,886			\$ 259,259,165		\$ 267,084,519			

Note A: Including:

1. Current net profit of investee recognized based on the percentage of shares	\$ 13,154,244
2. Current cash dividends distributed by investee	(8,247,267)
3. Effect of retrospective application and retrospective restatement	2,699,581
4. Changes in capital surplus of investee	48,127
5. Changes in undistributed earnings of investee	(1,592,313)
6. Changes in exchange differences arising on translation of foreign operations	(512,530)
7. Unrealized loss on financial assets at FVTOCI	2,497,778
8. Hedging instrument of investee	10,238
9. Changes in actuarial profit and loss on benefit plans of investee	54,093
10. Cash dividends distributed to subsidiaries	935
	<u>\$ 8,112,886</u>

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

Note C: The market value is calculated based on the share's closing market price on December 28, 2018 from Taiwan Stock Exchange.

Note D: The amount is calculated by the percentage of holding shares based on the audited financial statement as of December 31, 2018.

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

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

## FAR EASTERN NEW CENTURY CORPORATION

### STATEMENT OF SHORT-TERM LOANS DECEMBER 31, 2018

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

Type	Contract Period	Interest Rates (%)	Original Currency	In New Taiwan Dollars
Bank loans				
First Commercial Bank	2018.11.21-2019.05.24	3.14-3.28	US\$ 3,762	\$ 115,539
Chinatrust Commercial Bank	2018.12.17-2019.06.14	3.55	US\$ 130	3,980
Bank of Taiwan	2018.12.13-2019.03.13	3.8901	US\$ 558	17,154
Bank SinoPac	2018.12.06-2019.05.29	3.35	US\$ 20,804	638,991
Hua Nan Commercial Bank	2018.12.12-2019.05.29	3.49-3.52	US\$ 167	5,134
The Bank of Tokyo-Mitsubishi UFJ	2018.12.06-2019.06.14	3.23-3.47	US\$ 43,765	1,344,249
J.P. Morgan	2018.12.17-2019.06.14	3.52	US\$ 114	3,512
DBS Bank Limited	2018.12.10-2019.05.29	3.96	US\$ 355	10,893
OCBC Bank of Singapore	2018.12.19-2019.05.29	3.25-3.33	US\$ 19,677	<u>604,382</u>
				<u>\$ 2,743,834</u>

**FAR EASTERN NEW CENTURY CORPORATION**

**STATEMENT OF ACCOUNTS PAYABLE**

**DECEMBER 31, 2018**

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

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<b>Vendor Name</b>	<b>Amount</b>
SABIC	\$ 263,911
Formosa Chemicals and Fibre Corporation	147,680
CMFC	120,526
Others (Note)	<u>1,084,390</u>
	<u>\$ 1,616,507</u>

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

**FAR EASTERN NEW CENTURY CORPORATION**

**STATEMENT OF OTHER PAYABLES**

**DECEMBER 31, 2018**

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

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<b>Item</b>	<b>Amount</b>
Director remuneration payable	\$ 1,166,484
Payroll and bonus payable	1,182,162
Interest payable	394,096
Process expense payable	238,986
Employee remuneration payable	414,416
Others (Note)	<u>790,230</u>
	<u>\$ 4,186,374</u>

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

## FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF LONG-TERM BORROWINGS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Type/Creditor Bank	Repayment (Note)	Interest Rate (%)	Original Currency	Balance		Total Amount	Collateral
				Expired in A Year	Expired after A Year		
Bank loans							
Secured loans							
First Commercial Bank	2018.11.02-2020.05.02, lump sum repayment on maturity, interest payment monthly	1.0000		\$ -	\$ 2,640,000	\$ 2,640,000	Building and land in Bangiao Ren-Ai section
Taiwan Cooperative Bank	2018.12.19-2021.12.19, lump sum repayment on maturity, interest payment monthly	1.3500		-	200,000	200,000	Buildings and lands in Bangiao Xinya section, Zhongxiao section, Guangxing section/Bade Yongfeng section/Zhongli Yuandong section, Chenggong section
Taiwan Cooperative Bank	2018.12.19-2020.12.19, lump sum repayment on maturity, interest payment monthly	1.3500		-	100,000	100,000	Building and land in Wugu Denglin section
Far Eastern International bank	2018.12.27-2021.11.21, lump sum repayment on maturity	1.5500		-	300,000	300,000	Building, land and equipment in Hualien, industries
					<u>3,240,000</u>	<u>3,240,000</u>	
Credit loans							
First Commercial Bank	2018.11.02-2020.05.02, lump sum repayment on maturity, interest payment monthly	1.0000		-	1,360,000	1,360,000	19,900 thousand of Asia Cement Corporation shares
Bank of Taiwan	2018.08.27-2022.02.27, lump sum repayment on maturity, interest payment monthly	1.0148		-	2,000,000	2,000,000	Building and land in Xinpu Far Eastern section and Shuichetou section
Bank of Taiwan	2017.09.27-2021.03.27, lump sum repayment on maturity, interest payment monthly	1.0148		-	700,000	700,000	Building and land in Xinpu Far Eastern section and Shuichetou section
The Bank of Tokyo-Mitsubishi UFJ	2016.01.25-2019.01.25, lump sum repayment on maturity, interest payment half-yearly	1.1000		1,500,000	-	1,500,000	
The Bank of Tokyo-Mitsubishi UFJ	2018.03.30-2021.03.30, lump sum repayment on maturity, interest payment half-yearly	0.9300		-	1,500,000	1,500,000	
The Bank of Tokyo-Mitsubishi UFJ	2017.04.26-2020.04.26, lump sum repayment on maturity, interest payment half-yearly	0.9600		-	1,000,000	1,000,000	
Bank of America	2018.05.15-2020.10.09, lump sum repayment on maturity	0.8700		-	570,000	570,000	
Mizuho Bank	2018.06.29-2021.06.29, lump sum repayment on maturity, interest payment quarterly	0.9800		-	2,500,000	2,500,000	
Mizuho Bank	2018.12.27-2020.06.22, lump sum repayment on maturity	0.8610		-	1,650,000	1,650,000	
Mizuho Bank	2018.12.22-2020.06.22, lump sum repayment on maturity	0.8610		-	1,300,000	1,300,000	
Sumitomo Mitsui Banking Corporation	2018.12.03-2020.05.14, lump sum repayment on maturity	0.6000		-	1,650,000	1,650,000	
Sumitomo Mitsui Banking Corporation	2018.12.13-2020.05.14, lump sum repayment on maturity	0.6000		-	1,350,000	1,350,000	
Sumitomo Mitsui Banking Corporation	2018.12.25-2020.05.14, lump sum repayment on maturity	0.6000		-	70,000	70,000	
Standard Chartered Bank	2018.12.27-2020.12.31, lump sum repayment on maturity	1.1500		-	1,840,000	1,840,000	
Taishin International Bank	2018.12.22-2020.01.31, lump sum repayment on maturity	1.5300		-	200,000	200,000	
E.SUN Commercial Bank	2018.12.12-2020.08.21, lump sum repayment on maturity, interest payment monthly	1.3000		-	500,000	500,000	
E.SUN Commercial Bank	2018.12.21-2020.08.21, lump sum repayment on maturity, interest payment monthly	1.3000		-	100,000	100,000	
E.SUN Commercial Bank	2018.12.24-2020.08.21, lump sum repayment on maturity, interest payment monthly	1.3500		-	200,000	200,000	
Bank of China	2018.12.11-2020.07.16, lump sum repayment on maturity	1.5000		-	1,000,000	1,000,000	
Bangkok Bank	2018.12.19-2020.02.28, lump sum repayment on maturity	1.3000		-	700,000	700,000	
Bangkok Bank	2018.12.22-2020.02.28, lump sum repayment on maturity	1.3000		-	60,000	60,000	
First Commercial Bank	2018.12.25-2020.06.25, lump sum repayment on maturity	1.3900		-	1,500,000	1,500,000	
Chinatrust Commercial Bank	2018.12.25-2020.06.30, lump sum repayment on maturity	1.1000		-	280,000	280,000	
Chang Hwa Bank	2018.12.25-2020.12.25, lump sum repayment on maturity	1.5000		-	1,300,000	1,300,000	
Shin Kong Bank	2018.12.24-2021.06.20, lump sum repayment on maturity	1.2000		-	500,000	500,000	
Land Bank of Taiwan	2018.12.24-2020.11.20, lump sum repayment on maturity	1.3400		-	1,200,000	1,200,000	
Mega International Commercial Bank	2018.12.22-2020.08.26, lump sum repayment on maturity	1.1500		-	2,350,000	2,350,000	
Hua Nan Commercial Bank	2018.12.24-2020.12.24, lump sum repayment on maturity	1.0500		-	2,100,000	2,100,000	
Bank SinoPac	2018.12.24-2020.05.31, lump sum repayment on maturity	1.1500		-	2,000,000	2,000,000	
Fubon Bank	2018.12.24-2020.03.02, lump sum repayment on maturity	1.1515		-	1,660,000	1,660,000	
KGI Bank	2018.12.25-2021.12.25, lump sum repayment on maturity	1.2393		-	1,200,000	1,200,000	
BNP Paribas	2018.12.13-2020.01.08, lump sum repayment on maturity	1.1800		-	700,000	700,000	
					<u>1,500,000</u>	<u>35,040,000</u>	<u>36,540,000</u>
					<u>1,500,000</u>	<u>38,280,000</u>	<u>39,780,000</u>
Bank loan							
Commercial paper							
IBFC	2018.12.25-2022.06.24, Interest prepayment, lump sum repayment on maturity	1.0800		-	2,995,383	2,995,383	
KGI Bank	2018.11.15-2020.11.20, Interest prepayment, lump sum repayment on maturity	0.9960		-	1,498,199	1,498,199	
					<u>\$ 1,500,000</u>	<u>\$ 42,773,582</u>	<u>\$ 42,773,582</u>

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

## FAR EASTERN NEW CENTURY CORPORATION

STATEMENT OF BONDS PAYABLE  
DECEMBER 31, 2018  
(In Thousands of New Taiwan Dollars)

Period	Trustee	Maturity	Repayment	Annual Rate (%)	Original Currency	Issued Amount	Repayment Paid	Unamortized Bonds Discounts	Outstanding Balance		Collateral	
									Expired Within A Year	Expired After A Year		Total Amount
Ordinary Bonds No. 103-1	Unsecured	2014.08.21-2019.08.21	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.47		\$ 3,200,000	\$ 1,600,000	\$ 612	\$ 1,599,388	\$ -	\$ 1,599,388	-
No. 103-2	Unsecured	2014.12.04-2019.12.04	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.47		2,200,000	1,100,000	611	1,099,389	-	1,099,389	-
No. 103-3	Unsecured	2015.02.06-2020.02.06	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.38		2,600,000	-	1,146	1,299,894	1,298,960	2,598,854	-
No. 104-1	Unsecured	2015.05.25-2020.05.25	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.39		8,000,000	-	4,476	3,998,730	3,996,794	7,995,524	-
No. 104-2	Unsecured	2015.10.02-2020.10.02	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.28		5,200,000	-	3,649	2,598,435	2,597,916	5,196,351	-
No. 104-3	Unsecured	2015.11.16-2020.11.16	The bond is repayable in lump sum on maturity. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.25		2,800,000	-	2,103	-	2,797,897	2,797,897	-
No. 105-1-A	Unsecured	2016.04.29-2021.04.29	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	0.88		6,000,000	-	4,526	-	5,995,474	5,995,474	-
No. 105-1-B	Unsecured	2016.04.29-2021.04.29	The bond is repayable in lump sum at the 104.8411% of total amount on maturity.	-		2,000,000	-	2,930	-	1,997,070	1,997,070	-

(Continued)

Period	Trustee	Maturity	Repayment	Annual Rate (%)	Original Currency	Issued Amount	Repayment Paid	Unamortized Bonds Discounts	Outstanding Balance			Collateral
									Expired Within A Year	Expired After A Year	Total Amount	
No. 105-2	Unsecured	2016.09.20-2021.09.20	The bond is repayable in lump sum on maturity. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	0.72		\$ 3,800,000	\$ -	\$ 4,137	\$ -	\$ 3,795,863	\$ 3,795,863	-
No. 106-1	Unsecured	2017.05.17-2022.05.17	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	1.15		5,000,000	-	6,752	-	4,993,248	4,993,248	-
No. 106-2	Unsecured	2018.01.08-2023.01.08	The bond is repayable in lump sum on maturity. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	0.95		3,000,000	-	4,827	-	2,995,173	2,995,173	-
No. 107-1	Unsecured	2018.05.18-2023.05.18	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	0.92		6,000,000	-	10,508	-	5,989,492	5,989,492	-
No. 107-2	Unsecured	2018.07.18-2023.07.18	The bond is repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.	0.90		<u>8,000,000</u>	<u>-</u>	<u>14,545</u>	<u>-</u>	<u>7,985,455</u>	<u>7,985,455</u>	-
						<u>\$ 57,800,000</u>	<u>\$ 2,700,000</u>	<u>\$ 60,822</u>	<u>\$ 10,595,836</u>	<u>\$ 44,443,342</u>	<u>\$ 55,039,178</u>	

(Concluded)



**FAR EASTERN NEW CENTURY CORPORATION****STATEMENT OF OPERATING REVENUE****FOR THE YEAR ENDED DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

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<b>Item</b>	<b>Quality</b>	<b>Amount</b>
Sales of goods		
Solid-state polymer	583,058 tones	\$ 23,073,399
Polyester staple fiber	219,804 tones	10,759,853
Knitted fabrics	14,085 tones	3,862,597
Greige yarn	232,696 pieces	3,319,965
Others (Note)		<u>13,024,291</u>
		54,040,105
Processing revenue		<u>23,696</u>
		<u>\$ 54,063,801</u>

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

**FAR EASTERN NEW CENTURY CORPORATION****STATEMENT OF COST OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>
Raw materials used	
Balance, beginning of year	\$ 2,628,805
Raw material purchased	36,660,573
Less: Raw materials, end of year	<u>(2,352,717)</u>
Raw materials consumption	<u>36,936,661</u>
Materials consumption	<u>1,387,128</u>
Direct labor	<u>1,794,117</u>
Manufacturing expenses	
Process expense	1,703,199
Depreciation	1,720,142
Electricity	1,575,596
Payroll	1,698,841
Fuel expense	851,340
Others	<u>1,492,257</u>
	<u>9,041,375</u>
Manufacturing cost	49,159,281
Work in process, beginning of year	2,157,618
Work in process, end of year	<u>(2,261,482)</u>
Cost of finished goods	49,055,417
Finished goods, beginning of year	1,774,296
Finished goods, end of year	<u>(2,134,153)</u>
	48,695,560
Transferred cost to related parties	(47,315)
Reversal of write-down of inventories	(100,378)
Idle capacity	<u>289,178</u>
	48,837,045
Conversion cost	<u>29,703</u>
	<u>\$ 48,866,748</u>

## FAR EASTERN NEW CENTURY CORPORATION

### STATEMENT OF OPERATING EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2018 (In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Loss (Gain)	Total Amount
Transportation expense	\$ 1,922,859	\$ -	\$ -	\$ -	\$ 1,922,859
Payroll and bonus expense	304,789	760,789	395,455	-	1,461,033
Contract fee	-	187,661	-	-	187,661
Rental expense	-	146,868	-	-	146,868
Expected credit gain	-	-	-	(306)	(306)
Depreciation expense	-	-	99,068	-	99,068
Remuneration to directors	-	225,812	-	-	225,812
Others (Note)	<u>511,037</u>	<u>63,730</u>	<u>319,028</u>	<u>-</u>	<u>893,795</u>
	<u>\$ 2,738,685</u>	<u>\$ 1,384,860</u>	<u>\$ 813,551</u>	<u>\$ (306)</u>	<u>\$ 4,936,790</u>

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