

Far Eastern New Century Corporation

**Financial Statements for the
Years Ended December 31, 2013 and 2012 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of Far Eastern New Century Corporation (the "Company") as of December 31, 2013 and 2012 and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. These financial statements are the responsibility of the Far Eastern New Century Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Far Eastern New Century Corporation as of December 31, 2013, December 31, 2012 and January 1, 2012, and its financial performance and its cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

The accompanying schedules of major accounting items of Far Eastern New Century Corporation as of and for the year ended December 31, 2013 are presented for the purpose of additional analysis. Such schedules have been subjected to the auditing procedures described in the second paragraph. In our opinion, such schedules are consistent, in all material respects, with the financial statements required to in the first paragraph.

March 24, 2014

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations 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 accepted and applied in the Republic of China.

For the convenience of readers, the 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 auditors' report and financial statements shall prevail.

FAR EASTERN NEW CENTURY CORPORATION

BALANCE SHEETS

(In Thousands of New Taiwan Dollars, Except Par Value)

| ASSETS | December 31, 2013 | | December 31, 2012 | | January 1, 2012 | |
|--|-----------------------|------------|-----------------------|------------|-----------------------|------------|
| | Amount | % | Amount | % | Amount | % |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents (Note 6) | \$ 9,542,173 | 5 | \$ 4,381,262 | 2 | \$ 2,444,308 | 2 |
| Financial assets at fair value through profit or loss - current (Notes 4, 5 and 7) | 46,516 | - | 25,345 | - | 48,308 | - |
| Bond investments with no active market - current (Note 8) | 145,947 | - | - | - | - | - |
| Notes and accounts receivable, net (Notes 4, 5 and 9) | 7,788,958 | 4 | 8,716,108 | 5 | 10,079,388 | 6 |
| Notes and accounts receivable from related parties (Notes 4 and 26) | 1,060,411 | 1 | 789,766 | 1 | 470,140 | - |
| Other receivables | 220,365 | - | 210,325 | - | 188,667 | - |
| Other receivables from related parties (Note 26) | 4,401,485 | 2 | 338,194 | - | 282,919 | - |
| Current tax assets | 2,314 | - | 45,593 | - | 27,722 | - |
| Inventories (Notes 4, 5 and 10) | 6,605,481 | 3 | 6,363,829 | 3 | 7,597,423 | 4 |
| Prepayments | 467,163 | - | 275,259 | - | 226,754 | - |
| Other current assets | 352,909 | - | 188,733 | - | 404,662 | - |
| Total current assets | <u>30,633,722</u> | <u>15</u> | <u>21,334,414</u> | <u>11</u> | <u>21,770,291</u> | <u>12</u> |
| NONCURRENT ASSETS | | | | | | |
| Available-for-sale financial assets - noncurrent (Notes 4 and 12) | 902,112 | 1 | 804,484 | - | 737,481 | 1 |
| Financial assets carried at cost - noncurrent (Notes 4 and 13) | - | - | 53,667 | - | 53,667 | - |
| Investments accounted for using equity method (Notes 4, 11 and 27) | 147,078,649 | 73 | 142,834,850 | 77 | 138,930,049 | 77 |
| Property, plant and equipment, net (Notes 4, 5 and 14) | 21,969,289 | 11 | 19,962,782 | 11 | 18,879,533 | 10 |
| Investment properties, net (Notes 4 and 15) | 822,587 | - | 816,604 | 1 | 231,699 | - |
| Other intangible assets (Note 4) | 16,392 | - | 20,332 | - | 21,965 | - |
| Deferred tax assets (Notes 4, 5 and 23) | 291,062 | - | 344,910 | - | 241,552 | - |
| Prepayments for equipment (Note 14) | 327,575 | - | 298,135 | - | 505,097 | - |
| Guarantee deposits | 62,792 | - | 67,515 | - | 53,517 | - |
| Other financial assets - noncurrent (Note 27) | 34,381 | - | 34,381 | - | 34,381 | - |
| Other noncurrent assets | 86,981 | - | 186,048 | - | 112,579 | - |
| Total noncurrent assets | <u>171,591,820</u> | <u>85</u> | <u>165,423,708</u> | <u>89</u> | <u>159,801,520</u> | <u>88</u> |
| TOTAL | <u>\$ 202,225,542</u> | <u>100</u> | <u>\$ 186,758,122</u> | <u>100</u> | <u>\$ 181,571,811</u> | <u>100</u> |
| LIABILITIES AND EQUITY | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Short-term borrowings (Note 16) | \$ 6,260,388 | 3 | \$ 6,116,442 | 3 | \$ 5,472,199 | 3 |
| Financial liabilities at fair value through profit or loss - current (Notes 4 and 7) | 272 | - | 619 | - | 4,708 | - |
| Notes and accounts payable | 4,145,447 | 2 | 3,449,797 | 2 | 3,970,075 | 2 |
| Notes and accounts payable to related parties (Note 26) | 948,175 | - | 933,977 | 1 | 1,108,388 | 1 |
| Payables to suppliers of machinery and equipment | 1,173 | - | 790 | - | 5,143 | - |
| Other payable | 3,644,611 | 2 | 3,783,002 | 2 | 3,396,188 | 2 |
| Provisions - current (Note 18) | 12,171 | - | 2,581 | - | 44,795 | - |
| Receipts in advance | 328,753 | - | 374,931 | - | 364,251 | - |
| Current portion of long-term liabilities (Note 17) | 7,246,540 | 4 | 2,380,000 | 1 | 1,878,631 | 1 |
| Other current liabilities | 754,607 | - | 677,080 | - | 688,837 | - |
| Total current liabilities | <u>23,342,137</u> | <u>11</u> | <u>17,719,219</u> | <u>9</u> | <u>16,933,215</u> | <u>9</u> |
| NONCURRENT LIABILITIES | | | | | | |
| Bonds payable (Note 17) | 34,790,061 | 17 | 32,343,579 | 18 | 21,344,014 | 12 |
| Long-term borrowings (Note 17) | 27,961,684 | 14 | 22,860,463 | 12 | 28,450,000 | 16 |
| Deferred tax liabilities (Notes 4, 5 and 23) | 2,000,684 | 1 | 2,015,496 | 1 | 2,143,414 | 1 |
| Accrued pension liabilities (Notes 4, 5 and 19) | 1,245,392 | 1 | 1,777,425 | 1 | 1,441,042 | 1 |
| Guarantee deposits received (Note 25) | 3,059 | - | 2,259 | - | 615 | - |
| Deferred credit - gain on inter-related parties accounts (Note 26) | 50,795 | - | 55,850 | - | 55,886 | - |
| Total noncurrent liabilities | <u>66,051,675</u> | <u>33</u> | <u>59,055,072</u> | <u>32</u> | <u>53,434,971</u> | <u>30</u> |
| Total liabilities | <u>89,393,812</u> | <u>44</u> | <u>76,774,291</u> | <u>41</u> | <u>70,368,186</u> | <u>39</u> |
| EQUITY | | | | | | |
| Capital stock | | | | | | |
| Common stock | 51,450,165 | 26 | 50,441,338 | 27 | 48,972,173 | 27 |
| Capital surplus | 4,681,042 | 2 | 4,744,045 | 3 | 940,486 | - |
| Retained earnings | | | | | | |
| Legal reserve | 12,687,509 | 6 | 11,820,720 | 6 | 10,710,699 | 6 |
| Special reserve | 25,448,036 | 13 | 25,471,594 | 14 | 25,472,605 | 14 |
| Unappropriated earnings | 13,955,940 | 7 | 15,100,772 | 8 | 21,637,279 | 12 |
| Total retained earnings | <u>52,091,485</u> | <u>26</u> | <u>52,393,086</u> | <u>28</u> | <u>57,820,583</u> | <u>32</u> |
| Other equity | 4,634,101 | 2 | 2,430,425 | 1 | 3,495,446 | 2 |
| Treasury shares | (25,063) | - | (25,063) | - | (25,063) | - |
| Total equity | <u>112,831,730</u> | <u>56</u> | <u>109,983,831</u> | <u>59</u> | <u>111,203,625</u> | <u>61</u> |
| TOTAL | <u>\$ 202,225,542</u> | <u>100</u> | <u>\$ 186,758,122</u> | <u>100</u> | <u>\$ 181,571,811</u> | <u>100</u> |

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

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

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

| | For the Years Ended December 31 | | | |
|--|---------------------------------|------------|-------------------|------------|
| | 2013 | | 2012 | |
| | Amount | % | Amount | % |
| OPERATING REVENUE (Notes 4 and 26) | | | | |
| Net sales | \$ 61,905,623 | 100 | \$ 60,669,847 | 100 |
| Other operating revenue | <u>13,459</u> | <u>-</u> | <u>12,648</u> | <u>-</u> |
| Total operating revenue | <u>61,919,082</u> | <u>100</u> | <u>60,682,495</u> | <u>100</u> |
| OPERATING COSTS (Notes 22 and 26) | | | | |
| Cost of goods sold | 57,691,879 | 93 | 55,713,636 | 92 |
| Other operating cost | <u>12,609</u> | <u>-</u> | <u>10,312</u> | <u>-</u> |
| Total operating costs | <u>57,704,488</u> | <u>93</u> | <u>55,723,948</u> | <u>92</u> |
| GROSS PROFIT | <u>4,214,594</u> | <u>7</u> | <u>4,958,547</u> | <u>8</u> |
| OPERATING EXPENSES (Notes 22 and 26) | | | | |
| Selling and marketing | 2,786,486 | 5 | 3,049,602 | 5 |
| General and administrative | 1,204,129 | 2 | 1,258,164 | 2 |
| Research and development | <u>664,283</u> | <u>1</u> | <u>622,731</u> | <u>1</u> |
| Total operating expenses | <u>4,654,898</u> | <u>8</u> | <u>4,930,497</u> | <u>8</u> |
| PROFIT (LOSS) FROM OPERATIONS | <u>(440,304)</u> | <u>(1)</u> | <u>28,050</u> | <u>-</u> |
| NONOPERATING INCOME AND EXPENSES | | | | |
| Share of profit of associates (Note 11) | 8,012,097 | 13 | 6,014,527 | 10 |
| Interest income | 82,448 | - | 8,828 | - |
| Rental income | 21,954 | - | 11,820 | - |
| Dividend income | 15,883 | - | 19,549 | - |
| Other income - other | 580,288 | 1 | 232,823 | - |
| Gain on disposal of property plant and equipment | 20,181 | - | 31,680 | - |
| Gain on disposal of investment | 5,626 | - | 36 | - |
| Gain on financial assets (liabilities) at fair value through profit or loss, net (Note 7) | 189,620 | - | 78,728 | - |
| Interest expense | (860,591) | (1) | (801,151) | (1) |
| Other expense | (248,823) | (1) | (340,250) | (1) |
| Exchange loss, net (Note 4) | (89,281) | - | (281,737) | - |
| Impairment loss on assets | <u>(8,546)</u> | <u>-</u> | <u>(164,960)</u> | <u>-</u> |
| Total nonoperating income and expenses | <u>7,720,856</u> | <u>12</u> | <u>4,809,893</u> | <u>8</u> |

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

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

| | For the Years Ended December 31 | | | |
|---|---------------------------------|-----------|---------------------|------------|
| | 2013 | | 2012 | |
| | Amount | % | Amount | % |
| INCOME BEFORE INCOME TAX | \$ 7,280,552 | 11 | \$ 4,837,943 | 8 |
| INCOME TAX (EXPENSE) BENEFIT (Notes 4, 5 and 23) | <u>(73,471)</u> | <u>-</u> | <u>79,625</u> | <u>-</u> |
| NET INCOME | <u>7,207,081</u> | <u>11</u> | <u>4,917,568</u> | <u>8</u> |
| OTHER COMPREHENSIVE INCOME | | | | |
| Unrealized gain on available-for-sale financial assets | 97,628 | - | 66,179 | - |
| Actuarial gain (loss) arising from defined benefit plans | 60,778 | - | (576,948) | (1) |
| Share of other comprehensive income (loss) of associates | 2,185,201 | 4 | (1,160,461) | (2) |
| Income tax (loss) gain relating to components of other comprehensive income | <u>(10,332)</u> | <u>-</u> | <u>98,081</u> | <u>1</u> |
| Other comprehensive income (loss), net of income tax | <u>2,333,275</u> | <u>4</u> | <u>(1,573,149)</u> | <u>(2)</u> |
| TOTAL COMPREHENSIVE INCOME | <u>\$ 9,540,356</u> | <u>15</u> | <u>\$ 3,344,419</u> | <u>6</u> |
| EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 21) | | | | |
| Basic | <u>\$ 1.50</u> | | <u>\$ 1.02</u> | |
| Diluted | <u>\$ 1.49</u> | | <u>\$ 1.02</u> | |

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars; Except Dividend Per Share)

| | Common Stock (Note 20) | Capital Surplus (Notes 4 and 20) | Legal Reserve (Note 20) | Special Reserve (Note 20) | Unappropriated Earnings (Note 20) | Other Equity | | | | Total Equity |
|--|---------------------------|-------------------------------------|----------------------------|------------------------------|---|---|---|---|------------------------------|----------------|
| | | | | | | Exchange Differences on Translating Foreign Operations (Notes 4 and 20) | Unrealized Gain (Loss) on Available-for- sale Financial Assets (Notes 4 and 20) | Unrealized Loss on Cash Flow Hedge (Notes 4 and 20) | Treasury Stocks (Note 20) | |
| BALANCE AT JANUARY 1, 2012 | \$ 48,972,173 | \$ 940,486 | \$ 10,710,699 | \$ 25,472,605 | \$ 21,637,279 | \$ - | \$ 3,500,409 | \$ (4,963) | \$ (25,063) | \$ 111,203,625 |
| Appropriation of the 2011 earnings | | | | | | | | | | |
| Legal reserve | - | - | 1,110,021 | - | (1,110,021) | - | - | - | - | - |
| Cash dividends - NT\$1.7 per share | - | - | - | - | (8,325,270) | - | - | - | - | (8,325,270) |
| Stock dividends - NT\$0.3 per share | 1,469,165 | - | - | - | (1,469,165) | - | - | - | - | - |
| Net income for the year ended December 31, 2012 | - | - | - | - | 4,917,568 | - | - | - | - | 4,917,568 |
| Other comprehensive loss for the year ended December 31, 2012 | - | - | - | - | (508,128) | (2,534,967) | 1,538,270 | (68,324) | - | (1,573,149) |
| Total comprehensive income for the year ended December 31, 2012 | - | - | - | - | 4,409,440 | (2,534,967) | 1,538,270 | (68,324) | - | 3,344,419 |
| Change in equity in associates | - | 3,679,776 | - | (17) | (42,322) | - | - | - | - | 3,637,437 |
| Partial acquisition of interests in subsidiaries | - | 122,571 | - | (163) | - | - | - | - | - | 122,408 |
| Change in capital surplus from dividends distributed to subsidiaries | - | 1,212 | - | - | - | - | - | - | - | 1,212 |
| Reversal of special reserve | - | - | - | (831) | 831 | - | - | - | - | - |
| BALANCE, DECEMBER 31, 2012 | 50,441,338 | 4,744,045 | 11,820,720 | 25,471,594 | 15,100,772 | (2,534,967) | 5,038,679 | (73,287) | (25,063) | 109,983,831 |
| Appropriation of the 2012 earnings | | | | | | | | | | |
| Legal reserve | - | - | 866,789 | - | (866,789) | - | - | - | - | - |
| Cash dividends - NT\$1.3 per share | - | - | - | - | (6,557,374) | - | - | - | - | (6,557,374) |
| Stock dividends - NT\$0.2 per share | 1,008,827 | - | - | - | (1,008,827) | - | - | - | - | - |
| Net income for the year ended December 31, 2013 | - | - | - | - | 7,207,081 | - | - | - | - | 7,207,081 |
| Other comprehensive income for the year ended December 31, 2013 | - | - | - | - | 129,599 | 2,814,699 | (565,947) | (45,076) | - | 2,333,275 |
| Total comprehensive income for the year ended December 31, 2013 | - | - | - | - | 7,336,680 | 2,814,699 | (565,947) | (45,076) | - | 9,540,356 |
| Change in equity in associates | - | (63,958) | - | (9,952) | (62,128) | - | - | - | - | (136,038) |
| Change in capital surplus from dividends distributed to subsidiaries | - | 955 | - | - | - | - | - | - | - | 955 |
| Reversal of special reserve | - | - | - | (13,606) | 13,606 | - | - | - | - | - |
| BALANCE, DECEMBER 31, 2013 | \$ 51,450,165 | \$ 4,681,042 | \$ 12,687,509 | \$ 25,448,036 | \$ 13,955,940 | \$ 279,732 | \$ 4,472,732 | \$ (118,363) | \$ (25,063) | \$ 112,831,730 |

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

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

| | For the Years Ended December 31 | |
|---|------------------------------------|------------------|
| | 2013 | 2012 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 7,280,552 | \$ 4,837,943 |
| Adjustments for: | | |
| Depreciation | 1,618,620 | 1,414,029 |
| Amortization | 9,223 | 8,910 |
| Interest expenses | 860,591 | 801,151 |
| Interest income | (82,448) | (8,828) |
| Dividend income | (15,883) | (19,549) |
| Gain on disposal of property, plant and equipment | (20,181) | (31,680) |
| Share of the profit of associates | (8,012,097) | (6,014,527) |
| Gain on disposal of investment | (5,626) | (36) |
| Impairment loss on assets | 8,546 | 164,960 |
| Casualty loss | - | 9,350 |
| Net changes in operating assets and liabilities | | |
| Financial assets at fair value through profit or loss | (21,171) | 22,963 |
| Notes and accounts receivable | 927,150 | 1,363,280 |
| Notes and accounts receivable from related parties | (270,645) | (319,626) |
| Other receivables | (10,040) | (23,240) |
| Other receivables from related parties | (97,288) | (55,275) |
| Inventories | (241,652) | 1,233,594 |
| Prepayments | (191,904) | (48,505) |
| Other current assets | (164,176) | 215,929 |
| Financial liabilities at fair value through profit or loss | (347) | (4,089) |
| Notes and accounts payable | 695,650 | (520,278) |
| Notes and accounts payable to related parties | 14,198 | (174,411) |
| Other payables | (178,426) | 250,863 |
| Receipts in advance | (46,178) | 10,680 |
| Other current liabilities | 77,527 | (11,757) |
| Accrued pension liabilities | (471,255) | (240,565) |
| Cash generated from operations | 1,662,740 | 2,861,286 |
| Interest received | 15,445 | 8,828 |
| Dividend received | 9,900,829 | 7,380,414 |
| Interest paid | (791,918) | (674,016) |
| Income tax paid | (1,488) | (25,092) |
| Net cash generated from operating activities | <u>10,785,608</u> | <u>9,551,420</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Increase in bond investments with no active market | (145,947) | - |
| Proceeds of the disposal of financial assets carried at cost | 36,953 | - |
| Proceeds of capital reduction from financial assets carried at cost | 17,285 | - |
| Acquisition of investments accounted for using the equity-method | (4,066,530) | (3,547,717) |

(Continued)

FAR EASTERN NEW CENTURY CORPORATION

STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

| | For the Years Ended December 31 | |
|---|------------------------------------|---------------------|
| | 2013 | 2012 |
| Proceeds of the disposal of investments accounted for using the equity-method | \$ - | \$ 235,491 |
| Proceeds of capital reduction on equity-method investments | - | 616,092 |
| Acquisition of property, plant, equipment and prepayment for equipment | (3,688,496) | (3,058,937) |
| Proceeds of the disposal of property, plant and equipment | 48,510 | 48,334 |
| (Increase) decrease in guarantee deposits | 4,723 | (13,998) |
| Increase in other receivable from related parties | (3,899,000) | - |
| Acquisition of intangible assets | (5,283) | (7,277) |
| Decrease (increase) in other noncurrent assets | <u>90,521</u> | <u>(85,070)</u> |
| Net cash used in investing activities | <u>(11,607,264)</u> | <u>(5,813,082)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in short-term borrowings | 143,946 | 644,243 |
| Proceeds of the issue of bonds | 9,673,938 | 13,366,500 |
| Repayments of bonds payable | (2,380,000) | (1,899,000) |
| Proceeds of long-term borrowings | 132,077,235 | 112,528,296 |
| Repayment of long-term borrowings | (126,976,014) | (118,117,833) |
| Increase in guarantee deposits received | 800 | 1,644 |
| Dividends paid | <u>(6,557,338)</u> | <u>(8,325,234)</u> |
| Net cash generated from (used in) financing activities | <u>5,982,567</u> | <u>(1,801,384)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 5,160,911 | 1,936,954 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>4,381,262</u> | <u>2,444,308</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 9,542,173</u> | <u>\$ 4,381,262</u> |

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

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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

1. GENERAL INFORMATION

Far Eastern New Century Corporation (FENC or the “Company”), which was incorporated in 1954, manufactures and sells polyester materials, semifinished products and finished goods such as cotton, synthetic or blended fabrics, towels and bedsheets, and woven and knitted garments; PET (polyethylene terephthalate) bottles and PET sheets; and natural, synthetic or blended yarns and polyester textured yarns. It also does yarn, silk and cloth printing and dyeing as well as manufactures wide-view film, antiglare film, antireflection film and other optical films. The Company’s stock is listed on the Taiwan Stock Exchange. On October 19, 1999, the Company issued global depositary receipts (GDRs), which became listed on the Luxembourg Stock Exchange.

On October 13, 2009, the stockholders resolved to change their Group name of Far Eastern Textile Ltd. to Far Eastern New Century Corporation; thus, the original stock symbol of FETL was changed to FENC.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar. For greater comparability and consistency of financial reporting, the financial statements are presented in New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on March 19, 2014.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- a. New, amended and revised standards and interpretations (the “New IFRSs”) in issue but not yet effective

The Company and entities controlled by the Company have not applied the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) issued by the IASB. (As of the date that the financial statements were authorized for issue, the Financial Supervisory Commission (the “FSC”) has not announced the effective dates for the following new, amended and revised standards and interpretations (the “New IFRSs”). On January 28, 2014, the Financial Supervisory Commission (FSC) announced the framework for the adoption of updated IFRSs version in the ROC. Under this framework, starting January 1, 2015, the previous version of IFRSs endorsed by the FSC (the 2010 IFRSs version) currently applied by companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market will be replaced by the updated IFRSs without IFRS 9 (the 2013 IFRSs version). However, as of the date that the financial statements were authorized for issue, the FSC has not endorsed the following new, amended and revised standards and interpretations issued by the IASB (the “New IFRSs”) included in the 2013 IFRSs version.

| The New IFRSs Included in the 2013 IFRSs Version Not Yet Endorsed by the FSC | Effective Date Announced by IASB (Note 1) |
|---|---|
| Improvements to IFRSs (2009) - amendment to IAS 39 | January 1, 2009 and January 1, 2010, as appropriate |
| Amendment to IAS 39 "Embedded Derivatives" | Effective for annual periods ending on or after June 30, 2009 |
| Improvements to IFRSs (2010) | July 1, 2010 and January 1, 2011, as appropriate |
| Annual Improvements to IFRSs 2009-2011 Cycle | January 1, 2013 |
| Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters" | July 1, 2010 |
| Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters" | July 1, 2011 |
| Amendment to IFRS 1 "Government Loans" | January 1, 2013 |
| Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities" | January 1, 2013 |
| Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets" | July 1, 2011 |
| IFRS 10 "Consolidated Financial statements" | January 1, 2013 |
| IFRS 11 "Joint Arrangements" | January 1, 2013 |
| IFRS 12 "Disclosure of Interests in Other Entities" | January 1, 2013 |
| Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance" | January 1, 2013 |
| Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities" | January 1, 2014 |
| IFRS 13 "Fair Value Measurement" | January 1, 2013 |
| Amendment to IAS 1 "Presentation of Other Comprehensive Income" | July 1, 2012 |
| Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets" | January 1, 2012 |
| IAS 19 (Revised 2011) "Employee Benefits" | January 1, 2013 |
| IAS 27 (Revised 2011) "Separate Financial Statements" | January 1, 2013 |
| IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures" | January 1, 2013 |
| Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities" | January 1, 2014 |
| IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine" | January 1, 2013 |

| The New IFRSs Not Included in the 2013 IFRSs Version | Effective Date Announced by IASB (Note 1) |
|---|--|
| Annual Improvements to IFRSs 2010-2012 Cycle | July 1, 2014 (Note 2) |
| Annual Improvements to IFRSs 2011-2013 Cycle | July 1, 2014 |
| IFRS 9 "Financial Instruments" | Note 3 |
| Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures" | Note 3 |
| IFRS 14 "Regulatory Deferral Accounts" | January 1, 2016 |
| Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions" | July 1, 2014 |
| Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets" | January 1, 2014 |
| Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting" | January 1, 2014 |
| IFRIC 21 "Levies" | January 1, 2014 |

- Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after the respective effective dates.
- Note 2: The amendment to IFRS 2 applies to share-based payment transactions for which the grant date is on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations for which the acquisition date is on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.
- Note 3: IASB tentatively decided that an entity should apply IFRS 9 for annual periods beginning on or after January 1, 2018.
- b. Significant impending changes in accounting policy resulted from New IFRSs in issue but not yet effective

Except for the following, the initial application of the above New IFRSs has not had any material impact on the Company's accounting policies:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of reporting period. However, the Company may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

2) New and revised standards on consolidation, joint arrangement, and associates and disclosure

a) IFRS 10 "Financial statements"

IFRS 10 replaces IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The Company considers whether it has control over other entities for consolidation. The Company has control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

b) Revision to IAS 28 "Investments in Associates and Joint Ventures"

Revised IAS 28 requires when a portion of an investment in an associate meets the criteria to be classified as held for sale, that portion is classified as held for sale. Any retained portion that has not been classified as held for sale is accounted for using the equity method. Under current IAS 28, when a portion of an investment in associates meets the criteria to be classified as held for sale, the entire investment is classified as held for sale and ceases to apply the equity method.

Under revised IAS 28, when a portion of an investment in an associate is held by, or is held indirectly through, an entity that is a venture capital organization, the Company elects to measure the investment at fair value through profit or loss. Any remaining portion of its investment in that associate that is not held through a venture capital organization is accounted for using the equity method. Under current IAS 28, the entire investment in the associate is accounted for using equity method regardless of whether the investments are held by, or are held indirectly through, an entity that is a venture capital organization.

3) IFRS 13 “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

4) Amendment to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendment to IAS 1 requires items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) will be reclassified subsequently to profit or loss when specific conditions are met. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

5) Revision to IAS 19 “Employee Benefits”

Revision in 2011

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the “corridor approach” permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

In addition, revised IAS 19 changes the definition of short-term employee benefits. The revised definition is “employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service”. The Company’s unused annual leave, which can be carried forward within (24) months after the end of the annual period in which the employee renders service and which is currently classified as short-term employee benefits, will be classified as other long-term employee benefits under revised IAS 19. Related defined benefit obligation of such other long-term benefit is calculated using the Projected Unit Credit Method. However, this change does not affect unused annual leave to be presented as a current liability in the consolidated balance sheet.

6) Amendment to IAS 36 “Recoverable Amount Disclosures for Non-financial Assets”

In issuing IFRS 13 “Fair Value Measurement”, the IASB made consequential amendment to the disclosure requirements in IAS 36 “Impairment of Assets”, introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Company is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

7) New issued IFRIC 21 “Levies”

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

8) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 “Share-Based Payment”, IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments” were amended in this annual improvement.

The amended IFRS 2 changes the definitions of ‘vesting condition’ and ‘market condition’ and adds definitions for ‘performance condition’ and ‘service condition’. The amendment clarifies that a performance target can be based on the operations (i.e., a non-market condition) of the Company or another entity in the same Company or the market price of the equity instruments of the Company or another entity in the same Company (i.e., a market condition); that a performance target can relate either to the performance of the Company as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Company, but also of other entities outside the Company.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have ‘similar economic characteristics’. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Company is a related party of the Company. Consequently, the Company is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

9) Annual Improvements to IFRSs: 2011-2013 Cycle

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

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

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

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

c. Significant impending changes in accounting policy resulted from the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers in issue but not yet effective

On December 30, 2013, FSC announced the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. One of the main amendments is to permit fair value model for subsequent measurement of investment properties. This amendment is effective for annual periods beginning on or after January 1, 2014. (For an entity that chooses to measure its investment property at fair value, a special reserve shall be appropriated according to Rule No. 1030006415 issued by the FSC.)

The amendment requires that the fair value of an investment property be measured using the income approach, except for undeveloped lands in respect of which are measured using a Land Development Analysis. If the investment property is measured using the income approach, the cash flows are determined by reference to any existing lease, local rents, or market rents for similar comparable subjects, adjusted to exclude those extreme lease subjects, plus the present value of property value at the end of the analysis period, if any. (For those investment properties with an indefinite income-generating period, the analysis period should be less than 10 years. For those investment properties with a finite income-generating period, the analysis period is based on the estimated remaining period.) The discount rate is determined by applying a risk premium approach, and is to be no less than the floating rate for the 2-year time savings deposits of Chunghwa Post Co., Ltd plus 0.75% and any asset-specific risk premium. The amendment requires disclosures in addition to those required by IAS 40, including significant lease terms, cash flows, discount rate, etc.

d. The impact of the application of New IFRSs and the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Regulations”) in issue but not yet effective on the Company’s financial statements is as follows:

As of the date the financial statements were authorized for issue, the Company is continually assessing the possible impact that the application of the above New IFRSs will have on the Company’s financial position and operating result, and will disclose the relevant impact when the assessment is complete.

On March 19, 2014, the Company's board of directors resolved to change its accounting policy for investment properties effective January 1, 2014. Under the new accounting policy, investment properties are subsequently measured using the fair value model.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On May 14, 2009, the Financial Supervisory Commission (FSC) announced the "Framework for the Adoption of IFRSs by the Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, and the Interpretations approved by the FSC. The transition date to IFRSs was January 1, 2012. Refer to Note 41 for the impact of IFRS conversion on the financial statements.

a. Statement of compliance

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

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

When preparing its financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and jointly controlled entities. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent Group only financial statements to be the same with the amounts attributable to the owner of the Company in its financial statements, adjustments arising from the differences in accounting treatment between parent Group 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 Group only financial statements

c. Classification of current and noncurrent assets and liabilities

Current assets include:

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

Current liabilities include:

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

Assets and liabilities that are not classified as current are classified as noncurrent.

d. Foreign currencies

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

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

- 1) Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- 2) Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- 3) Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

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

Nonmonetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (including those of the subsidiaries, associates, joint ventures or branches operations in other countries or currencies that differ from that used by the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and noncontrolling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

e. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is determined as normal market value minus predicted selling expenses. Cost is determined using the weighted-average method.

f. Investment in associates

Investments in subsidiaries, associates and jointly controlled entities are accounted for by the equity method.

1) Investment in subsidiaries

Subsidiaries (including special purpose entities) are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary 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.

The acquisition cost in excess of the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not amortized. The acquisition-date fair value of the net identifiable assets acquired in excess of the acquisition cost is recognized immediately in profit or loss.

When the Company ceases to have control over a subsidiary, any retained investment is measured at fair value at that date and the difference between the previous carrying amount of the subsidiary attributable to the retained interest and its fair value is included in the determination of the gain or loss. Furthermore, 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 and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream with a subsidiary and sidestream transactions between subsidiaries are recognized in the Company's financial statements only to the extent of interests in the subsidiary that are not related to the Company.

2) Investment in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and is 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.

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. 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.

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 recognized 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.

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

The Company remeasured the retained carrying amount of the associate at fair value from the date on which it ceases to have significant influence. 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.

When the Company 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.

g. Property, plant and equipment

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

Properties 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 properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

The Company estimates and capitalizes the costs of dismantling and removing properties and restoring the dismantling site, recognizes these costs as property, plant and equipment, and accrues asset related provision.

An indefeasible right of use (IRU) is an irrevocable right to use a specified amount of capacity for a specific period. Costs of IRU acquired are included in property, plant and equipment and depreciated over the estimated useful lives of IRU.

Depreciation expense is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as that for owned assets. Assets are depreciated over the shorter of the lease term and their useful lives using the straight-line method.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized, using the straight-line method.

i. Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis. The estimated useful life residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life.

j. 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 fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

Financial assets are classified into: Financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments, available-for-sale (AFS) financial assets and loans and receivables.

i. Financial assets at FVTPL

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss any dividend or interest earned on the financial asset.

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

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

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

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

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

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

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

For all other financial assets, the 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 undergo bankruptcy or financial reorganisation, or the disappearance of an active market for that financial asset because of financial difficulties.

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

For an AFS financial asset, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts 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 trade receivables and other 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.

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

2) Equity instruments

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

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

3) Financial liabilities

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

- Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss. For the way that the Company elected to determine the fair value, refer to Note 7.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Company uses a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including cotton future contract, forward exchange contract and combined foreign exchange options.

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

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

k. Provisions

Provisions, including those arising from the contractual obligation specified in the service concession arrangement to maintain or restore the infrastructure before it is handed over to the grantor, are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

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

1. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns and recognizes a liability for returns based on previous experience and other relevant factors.

1) Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time 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 materials ownership.

2) Dividend and interest income

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

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

m. Retirement benefit costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method. All actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailement or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

n. 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 stockholders approve the retention of earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current period's income tax expenses.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 these investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to use the benefits of the temporary differences and are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the 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 liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the 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 tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

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, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

Income Taxes

As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amounts of the deferred tax assets in relation to unused tax losses were NT\$291,062 thousand, NT\$344,910 thousand and NT\$241,552 thousand, respectively. As of December 31, 2013, December 31, 2012 and January 1, 2012, no deferred tax asset has been recognized on the tax loss of NT\$305,889 thousand, NT\$427,185 thousand and NT\$457,592 thousand, respectively, because of the unpredictability of future profit streams. The reliability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. If the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which the reversal takes place.

Estimated Impairment of Notes and Accounts Receivable

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

Fair Value of Financial Instruments

As described in Note 25, the Company's management uses its judgment in selecting an appropriate valuation technique for financial instruments that do not have quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions were based on quoted market rates adjusted for specific features of the instruments. Debt instruments were valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. Note 25 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments. The Company's management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

Useful Lives of Property, Plant and Equipment

As described in Note 4(g), the Company reviews the estimated useful lives of property, plant and equipment at each balance sheet date.

Write-down of Inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The estimation of net realizable value was based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

Defined Benefit Plan

The pension cost and accrued pension liabilities recognized under a defined benefit plan are determined by actuarial valuations through the projected unit credit method. Under this method, the actuarial assumptions for pension plans are based on the estimation of appropriate discount rates for the plan obligation, employee turnover rates, and long-term average rates of salary increases. The expenses and liabilities recognized under the estimation of the defined benefit plan may be affected significantly by changes in the market and the economy.

6. CASH AND CASH EQUIVALENTS

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|--|----------------------|----------------------|---------------------|
| Cash | | | |
| Cash on hand and petty cash | \$ 5,052 | \$ 5,635 | \$ 5,410 |
| Demand and checking accounts | <u>4,038,122</u> | <u>2,399,450</u> | <u>1,631,532</u> |
| | <u>4,043,174</u> | <u>2,405,085</u> | <u>1,636,942</u> |
| Cash equivalents | | | |
| Time deposits with original maturities of less than three months | 1,499,701 | 637,670 | 807,366 |
| Commercial paper purchased under resell agreements | <u>3,999,298</u> | <u>1,338,507</u> | <u>-</u> |
| | <u>5,498,999</u> | <u>1,976,177</u> | <u>807,366</u> |
| | <u>\$ 9,542,173</u> | <u>\$ 4,381,262</u> | <u>\$ 2,444,308</u> |

As of December 31, 2013, the deposits in foreign bank amounted to NT\$123,805 thousand (JPY439,180 thousand) in Japan and amounted to NT\$261 thousand (US\$9 thousand) in New York, USA.

The market rates for bank deposits as of the balance sheet date were as follows:

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|--|----------------------|----------------------|-----------------|
| Time deposits with original maturities of less than three months | 0.4%-3.3% | 0.718% | 0.6%-1.314% |
| Commercial paper purchased under resell agreements | 0.6% | 0.693%- 0.6931% | - |

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|--|----------------------|----------------------|-----------------|
| <u>Financial assets held for trading</u> | | | |
| Guarantee of cotton forwards contract | \$ 26,010 | \$ 25,345 | \$ 53,644 |
| Valuation adjustment | <u>-</u> | <u>-</u> | <u>(7,435)</u> |
| | 26,010 | 25,345 | 46,209 |
| | | | (Continued) |

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|--|----------------------|----------------------|--------------------------------|
| Forward exchange contracts | \$ 16,194 | \$ - | \$ 2,099 |
| Combined foreign exchange options | <u>4,312</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 46,516</u> | <u>\$ 25,345</u> | <u>\$ 48,308</u> |
| <u>Financial liabilities held for trading</u> | | | |
| Foreign exchange options | \$ 272 | \$ - | \$ - |
| Forward exchange contracts | - | 619 | - |
| Exchangeable bonds-exchange rights | <u>-</u> | <u>-</u> | <u>4,708</u> |
| | <u>\$ 272</u> | <u>\$ 619</u> | <u>\$ 4,708</u> (Concluded) |

a. Cotton futures contracts

The Company entered into cotton futures contracts mainly to hedge against the adverse fluctuation of cotton prices for the years ended December 31, 2013 and 2012. Since these transactions did not meet the criteria for hedge accounting, they were classified as held for trading.

The Company had no outstanding cotton future contracts as of December 31, 2013 and 2012.

The outstanding cotton futures contracts as of January 1, 2012 were as follows:

| | Maturity Date | Units | Contract Amount (Thousands) |
|--------------------------|---------------|-------|--------------------------------|
| <u>January 1, 2012</u> | | | |
| Cotton futures contracts | March 2012 | 60 | USD3,000/NTD90,272 |

b. Forward exchange contracts

The Company entered into forward exchange contracts for the years ended December 31, 2013 and 2012 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 held for trading. The Company used non-hedging forward exchange contracts to profit from the pricing differences between exchange rate fluctuations for the years ended December 31, 2013 and 2012.

As of December 31, 2013, December 31, 2012 and January 1, 2012, the Company had outstanding forward exchange contracts, as follows:

| | Currency | Maturity | Contract Amount (Thousands) |
|--------------------------|----------|--------------------|--------------------------------|
| <u>December 31, 2013</u> | | | |
| Sell | USD/EUR | 2014.1.6-2014.2.7 | USD5,000/EUR6,708 |
| Sell | JPY/USD | 2014.1.27-2014.4.7 | JPY1,968,307/USD19,500 |

(Continued)

| | Currency | Maturity | Contract Amount (Thousands) |
|--------------------------|-----------------|---------------------|--|
| <u>December 31, 2012</u> | | | |
| Sell | EUR/USD | 2013.1.30-2013.2.26 | EUR4,000/USD5,235 |
| Sell | USD/NTD | 2013.1.28-2013.2.26 | USD14,620/NTD424,992 |
| Sell | JPY/USD | 2013.1.30 | JPY342,185/USD4,000 |
| <u>January 1, 2012</u> | | | |
| Sell | EUR/USD | 2012.1.30-2012.2.24 | EUR9,000/USD11,702 |
| Sell | USD/NTD | 2012.1.11-2012.1.30 | USD9,280/NTD280,967 (Concluded) |

c. Option contracts

The Company sold option contracts to profit on royalties and the difference between exchange rate fluctuations for the years ended December 31, 2013 and 2012.

The Company had no outstanding option contracts as of December 31, 2013, December 31, 2012 and January 1, 2012.

| | Currency | Maturity | Contract Amount (Thousands) |
|--------------------------|-----------------|-----------------|--|
| <u>December 31, 2013</u> | | | |
| Sell EUR call options | EUR/USD | 2014.1.27 | EUR2,000/USD2,790 |

d. Exchangeable bonds

For the exchangeable bonds issued in 2007, the Company separately recognized the embedded derivatives and the host debt instruments. In addition, the derivatives were measured at fair value and recognized as financial assets and liabilities at fair value through profit or loss. The Company redeemed the bonds in September 2012.

e. Combined foreign exchange options

The Company entered into combined foreign exchange options for the years ended December 31, 2013 and 2012 to hedge against the exchange risks on foreign currency assets and liabilities. As of December 31, 2013, the Company had outstanding combined foreign exchange options, as follows:

| | Currency | Maturity | Contract Amount (Thousands) |
|--------------------------|-----------------|--------------------|--|
| <u>December 31, 2013</u> | | | |
| Buy JPY put options | JPY/USD | 2013.1.2-2014.5.28 | JPY1,385,356/USD14,000 |
| Sell JPY call options | JPY/USD | 2013.1.2-2014.5.28 | JPY4,156,068/USD42,000 |

As of December 31, 2012 and January 1, 2012, the Company had no outstanding combined foreign exchange options.

8. BOND INVESTMENTS WITH NO ACTIVE MARKET

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|--|----------------------|----------------------|-----------------|
| Time deposits with original maturities more than 3 months | \$ <u>145,947</u> | \$ _____ | \$ _____ |

As of December 31, 2013, the interest rates of time deposit with original maturities more than 3 months were from 3.1% to 3.42%.

9. NOTES AND ACCOUNTS RECEIVABLE

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|---------------------------------------|----------------------|----------------------|----------------------|
| <u>Notes and accounts receivable</u> | | | |
| Notes and accounts receivable | \$ 7,844,577 | \$ 8,771,727 | \$ 10,135,007 |
| Less: Allowance for doubtful accounts | <u>(55,619)</u> | <u>(55,619)</u> | <u>(55,619)</u> |
| | \$ <u>7,788,958</u> | \$ <u>8,716,108</u> | \$ <u>10,079,388</u> |

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

The concentration of credit risk is limited because the Company's customer base is wide and is not focused on certain customers and companies involved are unrelated.

10. INVENTORIES

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|--------------------------|----------------------|----------------------|---------------------|
| Finished goods | \$ 1,512,449 | \$ 1,513,533 | \$ 1,648,951 |
| Work in progress | 1,582,363 | 1,420,280 | 1,866,723 |
| Raw materials in transit | 652,066 | 657,692 | 1,062,303 |
| Raw materials | 2,413,037 | 2,495,141 | 2,687,168 |
| Supplies | <u>445,566</u> | <u>277,183</u> | <u>332,278</u> |
| | \$ <u>6,605,481</u> | \$ <u>6,363,829</u> | \$ <u>7,597,423</u> |

The allowance for inventory devaluation as of December 31, 2013 and 2012 were NT\$304,053 thousand and NT\$273,275 thousand, respectively.

For the years ended 2013 and 2012, the costs of inventories sold and the costs of real estate sold were NT\$57,619,879 thousand and NT\$55,721,985 thousand, respectively. The costs of inventories recognized as cost of goods sold, which included inventory write-downs for the year ended December 31, 2013, were NT\$30,778 thousand. The costs of inventories recognized as cost of goods sold, which included reversal of inventory write-down for the year ended December, 2012 were NT\$195,166 thousand. Previous write-down were reversed as a result of increased selling prices in certain markets.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| Investments in subsidiaries | <u>\$ 123,971,690</u> | <u>\$ 120,323,424</u> | <u>\$ 115,907,253</u> |
| Investments in associates | <u>\$ 23,106,959</u> | <u>\$ 22,511,426</u> | <u>\$ 23,022,796</u> |

a. Investments in subsidiaries

| | <u>December 31, 2013</u> | | <u>December 31, 2012</u> | | <u>January 1, 2012</u> | |
|---|--------------------------|------------------------|--------------------------|------------------------|------------------------|------------------------|
| | Carrying Value | % of Owner- ship | Carrying Value | % of Owner- ship | Carrying Value | % of Owner- ship |
| Unlisted companies | | | | | | |
| Yuan Ding Investment Co., Ltd. | \$ 39,521,606 | 99.40 | \$ 37,021,867 | 99.40 | \$ 36,786,347 | 99.40 |
| Far Eastern Resources Development Co. | 25,484,146 | 100.00 | 25,624,550 | 100.00 | 25,394,299 | 100.00 |
| Far Eastern Polytex (Holding) Ltd. | 8,298,825 | 100.00 | 7,842,893 | 100.00 | 6,828,759 | 100.00 |
| Far Eastern Polychem Industries Ltd. | 7,750,790 | 73.04 | 7,391,951 | 73.04 | 7,152,582 | 73.04 |
| Yuan Tong Investment Co., Ltd. | 7,591,280 | 100.00 | 7,351,356 | 100.00 | 6,990,269 | 100.00 |
| Kai Yuan International Investment Co., Ltd. | 5,037,632 | 100.00 | 6,726,806 | 100.00 | 4,509,618 | 100.00 |
| Far Eastern Investment (Holding) Ltd. | 6,910,285 | 100.00 | 6,275,647 | 100.00 | 6,227,675 | 100.00 |
| PET Far Eastern (Holding) Ltd. | 5,785,936 | 88.35 | 4,927,478 | 86.73 | 5,126,250 | 85.27 |
| Oriental Petrochemical (Taiwan) Co., Ltd. | 6,609,736 | 75.56 | 4,528,217 | 75.56 | 6,019,523 | 75.56 |
| Far Eastern Construction Co., Ltd. | 2,802,883 | 65.11 | 3,258,535 | 65.11 | 2,783,540 | 65.11 |
| Yuan Ding Co., Ltd. | 3,089,946 | 37.13 | 3,209,929 | 37.13 | 3,154,866 | 37.13 |
| An Ho Garment Co., Ltd. | 1,670,580 | 100.00 | 2,933,298 | 100.00 | 1,548,564 | 100.00 |
| Ding Yuan International Investment Co. | 2,664,434 | 100.00 | 2,517,303 | 100.00 | 2,516,316 | 100.00 |
| FEDP (Holding) Ltd. | 432,711 | 50.43 | 566,154 | 50.43 | 724,900 | 50.43 |
| Fu Kwok Garment Manufacturing Co., Ltd. | 159,971 | 99.99 | 148,193 | 99.99 | 133,187 | 99.99 |
| Ding Ding Hotel Co., Ltd. | 159,694 | 19.00 | (1,897) | 19.00 | 9,582 | 19.00 |
| Far Eastern Textile Ltd. | <u>1,235</u> | 100.00 | <u>1,144</u> | 100.00 | <u>976</u> | 100.00 |
| | <u>\$ 123,971,690</u> | | <u>\$ 120,323,424</u> | | <u>\$ 115,907,253</u> | |

Investments in Ding Ding Hotel Co., Ltd. for the were accounted for by the equity method since the Company and its subsidiaries owned more than 20% of each investee's voting stock.

b. Investment in associates

| | <u>December 31, 2013</u> | | <u>December 31, 2012</u> | | <u>January 1, 2012</u> | |
|---|--------------------------|-----------------------|--------------------------|-----------------------|------------------------|-----------------------|
| | <u>Carrying Value</u> | <u>% of Ownership</u> | <u>Carrying Value</u> | <u>% of Ownership</u> | <u>Carrying Value</u> | <u>% of Ownership</u> |
| Listed companies | | | | | | |
| Asia Cement Corp. | \$ 13,152,974 | 22.33 | \$ 13,003,408 | 22.33 | \$ 13,742,119 | 22.33 |
| Far Eastern Department Stores Co., Ltd. | 4,669,823 | 16.80 | 4,511,140 | 16.80 | 4,397,142 | 16.80 |
| Oriental Union Chemical Corp. | 1,468,586 | 9.17 | 1,400,279 | 9.17 | 1,455,138 | 9.17 |
| Everest Textile Co., Ltd. | <u>1,417</u> | 0.03 | <u>1,334</u> | 0.03 | <u>1,165</u> | 0.03 |
| | <u>19,292,800</u> | | <u>18,916,161</u> | | <u>19,595,564</u> | |
| Unlisted companies | | | | | | |
| Oriental Securities Investment Advisory Co., Ltd. | 2,050,493 | 19.65 | 12,000,873 | 19.65 | 1,965,010 | 19.65 |
| Pacific Liu tong Investment Corporation | <u>1,763,666</u> | 16.83 | <u>1,594,392</u> | 16.83 | <u>1,462,222</u> | 16.83 |
| | <u>3,814,159</u> | | <u>13,595,265</u> | | <u>3,427,232</u> | |
| | <u>\$ 23,106,959</u> | | <u>\$ 22,511,426</u> | | <u>\$ 23,022,796</u> | |

The fair values of publicly traded investments accounted for using the equity method are NT\$38,014,461 thousand, NT\$36,708,620 thousand and NT\$34,518,125 thousand based on the closing prices of those investments as of December 31, 2013, December 31, 2012 and January 1, 2012.

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

The summarized financial information of the Company's associates is as follows:

| | <u>December 31, 2013</u> | <u>December 31, 2012</u> | <u>January 1, 2012</u> |
|---|--------------------------|--|------------------------|
| Total assets | <u>\$ 387,066,894</u> | <u>\$ 367,766,731</u> | <u>\$ 366,681,070</u> |
| Total liabilities | <u>\$ 201,220,116</u> | <u>\$ 190,294,002</u> | <u>\$ 189,117,110</u> |
| | | <u>For the Year Ended December 31 2013</u> | <u>2012</u> |
| Operating revenue | | <u>\$ 141,821,422</u> | <u>\$ 133,790,644</u> |
| Net income | | <u>\$ 14,281,667</u> | <u>\$ 11,026,956</u> |
| Other comprehensive income | | <u>\$ 3,096,341</u> | <u>\$ (220,162)</u> |
| The share of profit or loss of the Company's associates accounted for using equity method | | <u>\$ 1,890,214</u> | <u>\$ 1,472,407</u> |

The calculation of the investments accounted for by the equity method and the share of profit or loss and other comprehensive income of the investments were based on the associates' audited financial statements as of December 31, 2013 and 2012.

If an investment acquisition cost exceeds the fair value of identifiable net assets acquired, and the source of this excess cannot be identified, this excess should be recorded as goodwill. As of December 31, 2013, December 31, 2012 and January 1, 2012, the goodwill were amounted to NT\$99, 821 thousands.

For the investments pledged or mortgaged by the Company as collaterals for borrowings, please refer to Note 27.

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|-------------------------------------|----------------------|----------------------|-------------------|
| <u>Marketable equity securities</u> | | | |
| Far Eastern International Bank Co. | <u>\$ 902,112</u> | <u>\$ 804,484</u> | <u>\$ 737,481</u> |

13. HELD-TO-MATURITY FINANCIAL ASSETS

| | <u>December 31, 2013</u> | | <u>December 31, 2012</u> | | <u>January 1, 2012</u> | |
|--|--------------------------|---|--------------------------|------|------------------------|------|
| | Carrying Amount | % | Carrying Amount | % | Carrying Amount | % |
| Domestic unlisted preference shares | | | | | | |
| Han Tech Venture Capital Corp | <u>\$ -</u> | - | <u>\$ 53,667</u> | 3.73 | <u>\$ 53,667</u> | 3.73 |

Management believed that the above unlisted equity investments held by the Company had fair value that could be reliably measured due to the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of reporting period.

As of December 31, 2013, Han Tech Venture Capital Corp had a capital reduction and returned to the Company 1,728 thousand shares amounting to NT\$17,285 thousand. In addition, in August 2013, the Company sold the shares of Han Tech Venture Capital Corp for NT\$36,953 thousand and recognized a disposal gain of NT\$571 thousand.

14. PROPERTY, PLANT AND EQUIPMENT

| | Land | Buildings | Machinery and Equipment | Operating And Miscellaneous Equipment | Construction- in-progress and Prepayment for Equipment | Total |
|-------------------------------------|---------------------|---------------------|----------------------------|---|---|----------------------|
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2012 | \$ 6,372,277 | \$ 6,373,066 | \$ 49,150,983 | \$ 3,396,602 | \$ 4,371,875 | \$ 69,664,803 |
| Additions | - | - | - | - | 3,054,584 | 3,054,584 |
| Disposals | - | (69,604) | (1,818,809) | (204,510) | - | (2,092,923) |
| Adjustments and reclassification | <u>21,574</u> | <u>574,268</u> | <u>3,146,881</u> | <u>343,436</u> | <u>(4,553,443)</u> | <u>(467,284)</u> |
| Balance at December 31, 2012 | <u>\$ 6,393,851</u> | <u>\$ 6,877,730</u> | <u>\$ 50,479,055</u> | <u>\$ 3,535,528</u> | <u>\$ 2,873,016</u> | <u>\$ 70,159,180</u> |
| Balance at January 1, 2013 | \$ 6,393,851 | \$ 6,877,730 | \$ 50,479,055 | \$ 3,535,528 | \$ 2,873,016 | \$ 70,159,180 |
| Additions | - | - | - | - | 3,688,879 | 3,688,879 |
| Disposals | - | (28,997) | (5,402,839) | (132,241) | - | (5,564,077) |
| Adjustments and reclassification | <u>(13,437)</u> | <u>133,752</u> | <u>1,380,647</u> | <u>524,403</u> | <u>(2,043,329)</u> | <u>(17,964)</u> |
| Balance at December 31, 2013 | <u>\$ 6,380,414</u> | <u>\$ 6,982,485</u> | <u>\$ 46,456,863</u> | <u>\$ 3,927,690</u> | <u>\$ 4,518,566</u> | <u>\$ 68,266,018</u> |

(Continued)

| | Land | Buildings | Machinery and Equipment | Operating And Miscellaneous Equipment | Construction-in-progress and Prepayment for Equipment | Total |
|--|-------------|-----------------------|-------------------------|---------------------------------------|---|------------------------|
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2012 | \$ - | \$ (3,912,676) | \$ (43,410,319) | \$ (2,957,178) | \$ - | \$ (50,280,173) |
| Disposals | - | 65,263 | 1,797,634 | 204,022 | - | 2,066,919 |
| Depreciation expense | - | (151,183) | (1,074,957) | (179,338) | - | (1,405,478) |
| Impairment loss | - | - | (153,359) | - | - | (153,359) |
| Adjustments and reclassification | - | (126,928) | 2,363 | (1,607) | - | (126,172) |
| Balance at December 31, 2013 | <u>\$ -</u> | <u>\$ (4,125,524)</u> | <u>\$ (42,838,638)</u> | <u>\$ (2,934,101)</u> | <u>\$ -</u> | <u>\$ (49,898,263)</u> |
| Balance at January 1, 2013 | \$ - | \$ (4,125,524) | \$ (42,838,638) | \$ (2,934,101) | \$ - | \$ (49,898,263) |
| Disposals | - | 24,800 | 5,379,067 | 131,881 | - | 5,535,748 |
| Depreciation expense | - | (163,209) | (1,152,084) | (296,121) | - | (1,611,414) |
| Adjustments and reclassification | - | 4,774 | 281 | (280) | - | 4,775 |
| Balance at December 31, 2013 | <u>\$ -</u> | <u>\$ (4,259,159)</u> | <u>\$ (38,611,374)</u> | <u>\$ (3,098,621)</u> | <u>\$ -</u> | <u>\$ (45,969,154)</u> |

(Concluded)

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

| | |
|---------------------------------------|------------|
| Building | 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 collaterals for borrowings, please refer to Note 27.

As of December 31, 2013, December 31, 2012 and January 1, 2012, farmland was reclassified to property, plant and equipment amounting to NT\$238,430 thousand and to investment properties amounting to NT\$38,231 thousand. The titles to the land are temporarily registered in the name of trustees who have either signed an agreement showing the farmlands belong to the Company or have pledged the land to the Company.

15. INVESTMENT PROPERTIES

| | Completed Investment Properties |
|-----------------------------------|---------------------------------|
| <u>Cost</u> | |
| Balance at January 1, 2012 | \$ 1,412,393 |
| Adjustments and reclassifications | <u>467,284</u> |
| Balance at December 31, 2012 | <u>\$ 1,879,677</u> |

(Continued)

| | Completed Investment Properties |
|--|--|
| Balance at January 1, 2013 | \$ 1,879,677 |
| Disposals | (2,468) |
| Adjustments and reclassifications | <u>17,964</u> |
| Balance at December 31, 2013 | <u>\$ 1,895,173</u> |
| <u>Accumulated depreciation and impairment</u> | |
| Balance at January 1, 2012 | \$ (1,180,694) |
| Additions | (8,551) |
| Adjustments and reclassifications | <u>126,172</u> |
| Balance at December 31, 2012 | <u>\$ (1,063,073)</u> |
| Balance at January 1, 2013 | \$ (1,063,073) |
| Disposals | 2,468 |
| Additions | (7,206) |
| Adjustments and reclassifications | <u>(4,775)</u> |
| Balance at December 31, 2013 | <u>\$ (1,072,586)</u> (Concluded) |

The fair values of the Company's investment properties were NT\$1,267,813 thousand, NT\$1,211,820 thousand and NT\$258,646 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively. The fair values of the Company's investment properties as of December 31, 2013, December 31, 2012 and January 1, 2012, were based on an independent appraiser's valuations. The Company's management calculated the fair value of investment properties through the ratio of building spaces actually been rent out. In this calculation, the direct capitalization method was used.

16. SHORT-TERM BORROWINGS AND SHORT-TERM BILLS PAYABLE

Short-term Borrowings

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|---------------|------------------------------|------------------------------|------------------------|
| Credit loans | <u>\$ 6,260,388</u> | <u>\$ 6,116,442</u> | <u>\$ 5,472,199</u> |
| Interest rate | 0.67479%- 1.3096% | 0.7499%- 1.52% | 0.7172%- 1.8288% |

17. LONG-TERM LIABILITIES

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|----------------------------------|----------------------|----------------------|----------------------|
| Bank loans | <u>\$ 27,961,684</u> | <u>\$ 22,860,463</u> | <u>\$ 28,450,000</u> |
| Nonconvertible bonds | \$ 42,099,000 | \$ 34,780,000 | \$ 22,040,000 |
| Discount of nonconvertible bonds | <u>(62,399)</u> | <u>(56,421)</u> | <u>(35,986)</u> |
| | <u>42,036,601</u> | <u>34,723,579</u> | <u>22,004,014</u> |
| Exchangeable bonds | - | - | 1,239,000 |
| Discount of exchangeable bonds | <u>-</u> | <u>-</u> | <u>(20,369)</u> |
| | <u>-</u> | <u>-</u> | <u>1,218,631</u> |
| | <u>42,036,601</u> | <u>34,723,579</u> | <u>23,222,645</u> |
| Less: Current portion | <u>7,246,540</u> | <u>2,380,000</u> | <u>1,878,631</u> |
| | <u>\$ 34,790,061</u> | <u>\$ 32,343,579</u> | <u>\$ 21,344,014</u> |

Bank Loans

The foregoing loans are repayable through a lump sum payment on maturity in New Taiwan dollars or U.S. dollars. The Company and its subsidiaries had been allowed to make loans within the credit line limit. The Company's loan as of December 31, 2013, December 31, 2012 and January 1, 2012 were due between February 2015 and June 2017, January 2014 and December 2015 and January 2013 and May 2014, respectively. Bank interest rates were 0.80% to 1.67%, 0.916% to 1.5% and 0.895% to 1.87% as of December 31, 2013, December 31, 2012 and December 31, 2011, respectively.

On September 12, 2008, the Company entered into a medium-term syndicated loan agreement with banks led by Hua Nan Commercial Bank. The total loan agreement amounted to NT\$5,700,000 thousand. Under this agreement, the Company should keep its current, liability, tangible asset-equity and interest cover within certain ranges.

The Company's was in compliance with these ratio requirements.

Bonds

On June 20, 2008, the Company issued five-year unsecured bonds (the second tranche). The bonds had an aggregate face value of NT\$1,000,000 thousand, with each unit having a face value of NT\$1,000 thousand. These bonds were repayable at the end of the third, fourth, and fifth years from the issuance date at 30%, 30% and 40%, respectively, of the total issued amounts, with 2.83% interest payable annually. On June 30, 2013, the Company redeemed its bonds.

On July 18, 2008, the Company issued five-year unsecured bonds (the third tranche). The bonds had an aggregate face value of NT\$1,200,000 thousand, with each unit having a face value of NT\$1,000 thousand. These bonds were repayable at the end of the third, fourth, and fifth years from the issuance date at 30%, 30% and 40%, respectively, of the total issued amounts, with 2.95% interest payable annually. On July 2013, the Company redeemed its bonds.

On October 29, 2009, the Company issued unsecured bonds (the first tranche) amounting to NT\$3,000,000 thousand, with a unit face value of NT\$1,000 thousand. The five-year bonds are repayable at 50% of the aggregate value at the end of the fourth and fifth years of bond issuance, and the simple interest of 1.85% is payable annually. As of December 31, the Company redeemed NT\$1,500,000 thousand bonds.

On May 27, 2010, the Company issued five-year unsecured bonds (the first tranche) amounting to NT\$5,500,000 thousand at a unit face value of NT\$1,000 thousand. The five-year bonds are repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance, with a 1.68% 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.

On September 16, 2010, the Company issued five-year unsecured bonds (the second tranche) amounting to NT\$6,000,000 thousand at a unit face value of NT\$1,000 thousand. These five-year bonds are repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance, with a 1.59% 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.

On May 27, 2011, the Company issued five-year unsecured bonds (the first tranche) amounting to NT\$3,800,000 thousand at a unit face value of NT\$1,000 thousand. The five-year bonds are repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance, with a 1.50% 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.

On September 29, 2011, the Company issued five-year unsecured bonds (the second tranche) amounting to NT\$2,200,000 thousand at a unit face value of NT\$1,000 thousand. These five-year bonds are repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance, with a 1.55% 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.

On February 15, 2012, the Company issued five-year unsecured bonds (the third tranche) amounting to NT\$6,000,000 thousand at a unit face value of NT\$1,000 thousand. These five-year bonds are repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance, with a 1.36% 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.

On June 7, 2012, the Company issued five-year unsecured bonds (the first tranche) amounting to NT\$3,200,000 thousand at a unit face value of NT\$1,000 thousand. These five-year bonds are repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance, with a 1.35% 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.

On November 26, 2012, the Company issued five-year unsecured bonds (the second tranche) amounting to NT\$4,200,000 thousand at a unit face value of NT\$1,000 thousand. These five-year bonds are repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance, with a 1.3% 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.

On May 16, 2013, the Company issued three-year unsecured bonds (the first tranche) amounting to (a) RMB500,000 thousand and (b) JPY5,000,000 thousand with unit face values of RMB1,000 thousand and JPY10,000 thousand, respectively. These three-year bonds will be repaid in lump sum on maturity. The interest rate of (a) is 2.95% and that of (b) is defined as three month JPY LIBOR + 1.10%. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

On August 28, 2013, the Company issued three-year and six-month unsecured bond (second tranche) amounting to NT\$3,000,000 thousand at a unit face of NT\$1,000 thousand. These three-year and six-month bonds will be repaid in lump sum on maturity with a 1.39% interest rate. The interest is calculated by simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

On December 23, 2013, the Company issued the five-year unsecured bond (third tranche) amounting to NT\$2,800,000 thousand at a unit face of NT\$1,000 thousand. These five-year bonds will be repaid in lump sum on maturity with a 1.45% interest rate. The interest is calculated by simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

Exchangeable Bonds

On September 14, 2007, the Company issued five-year unsecured exchangeable bonds amounting to NT\$2,500,000 thousand, with 0% coupon rate and maturity on September 14, 2012. These bonds were repayable in lump sum on maturity, with a 2.512% interest. The Company recognized the call and put options of these exchangeable bonds as assets and liabilities, respectively (Note E).

Other bond issuance terms were as follows:

a. Exchangeable period:

Under the bond terms, the bondholders exchanged their bonds for Asia Cement Corporation's (ACC) common shares at any time between October 15, 2007, the 31st day after the issuance date, and September 4, 2012, the 10th day before the maturity date, except for the period starting from (a) the third day before the ex-dividend date of stock dividend issuance, (b) the third day before the ex-dividend date of cash dividend issuance, (c) the third day before the ex-dividend date of new share issuance, and (d) the third day before the ex-dividend date of capital decrease to the effective date of dividend (or new share) distribution. In addition, bondholders were not allowed to convert the bonds into ACC's common shares in the period specified by the law.

b. Exchange price

- 1) The exchange price was NT\$57.88 per share on the issuance date.
- 2) After the issue of the exchangeable bonds, except for the convertible or exchangeable securities issued by ACC, the exchange price of the issued bonds were allowed to be adjusted in any one of these situations: (a) the number of ACC's common shares increased in the market (including capital increases through share issuance for cash; capitalization of earnings; capitalization of capital reserve; capitalization of employee bonus; enterprise mergers and acquisitions and stock splits; stock split and the issuance of global depositary receipts); (b) ACC issued new convertible or exchangeable securities at a price lower than the market conversion price; (c) the number of ACC's common shares decreased because of capital reduction (excluding the cancellation of ACC's treasury shares); or (d) the ratio of cash dividends to the market value of the common stock was higher than 1.5%.

c. Call option

If the closing price of ACC's shares on each of the 30 consecutive trading days on the Taiwan Stock Exchange reached more than 50% of the exchange price between October 15, 2007, one month after the issuance date of the exchangeable bonds, and August 5, 2012, the 40th day before the maturity date of the exchangeable bonds, the Company sent a bond redemption notice to the bondholders and redeemed the outstanding bonds at face value within 30 business days. In addition, if the total amount of the outstanding bonds was less than NT\$250,000 thousand (10% of the total amount of the bonds), the Company had the right to send a bond redemption notice to the bondholders and redeem the outstanding bonds at face value in cash at any time.

d. Put option

Bondholders had the option to request the Company to redeem their bond holdings at 100% of face value on September 14, 2010, three years after the issuance date. As of September 14, 2010, the put options of the bonds had expired.

- e. On July, 2011, the bondholders exchanged NT\$300 thousand in bonds for 6,858 ACC common shares at the exchange price of NT\$43.74 per ACC share. As of September 2012, the Company had redeemed its exchangeable bonds.

18. PROVISION

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|--------------------------------|----------------------|----------------------|------------------------------|
| <u>Current</u> | | | |
| Onerous contracts | <u>\$ 12,171</u> | <u>\$ 2,581</u> | <u>\$ 44,795</u> |
| | | | Onerous Contracts |
| Balance at January 1, 2012 | | | \$ 44,795 |
| Reduction | | | <u>(42,214)</u> |
| Balance at December 31, 2012 | | | <u>\$ 2,581</u> |
| Balance at December 31, 2012 | | | \$ 2,581 |
| Addition provisions recognized | | | <u>9,590</u> |
| Balance at December 31, 2013 | | | <u>\$ 12,171</u> |

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The pension plan under the Labor Pension Act (LPA) is a defined contribution plan. Based on the LPA, the rate of monthly contributions by the Company to the employees' individual pension fund accounts is at 6% of monthly wages and salaries.

b. Defined benefit plans

The Company and its subsidiaries established in Republic of China have defined benefit plans under the Labor Standards Law, which provide benefits based on an employee's length of service and average monthly salary for 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.

The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. 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 actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations at valuation dates were as follows:

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|---|------------------------------|------------------------------|------------------------|
| Discount rate used in determining present value | 1.75% | 1.75% | 1.75% |
| Expected rate of return on plan assets | 6% | 6% | 6% |
| Rate of future salary increase | 2% | 2% | 1.5% |

The assessment of the overall expected rate of return was based on historical return trend and analyst's predictions for the market for the asset over the life of related obligation, by reference to the aforementioned use of the plan assets and the impact of the related minimum return.

The pension expenses for defined benefit plans recognized in profit or loss were included in:

| | <u>For the Year Ended December 31</u> | |
|----------------------------------|--|---------------------------|
| | 2013 | 2012 |
| Current service cost | \$ 86,749 | \$ 78,762 |
| Interest cost | 98,778 | 87,518 |
| Expected return on plan assets | (249,361) | (230,240) |
| Past service cost | (22,449) | (22,449) |
| Retirement benefit cost | <u>22,292</u> | <u>-</u> |
| | <u>\$ (63,991)</u> | <u>\$ (86,409)</u> |
| An analysis by function | | |
| Operating cost | \$ (46,580) | \$ (63,052) |
| Marketing expense | (5,121) | (6,823) |
| Administration expense | (7,154) | (9,706) |
| Research and development expense | <u>(5,136)</u> | <u>(6,828)</u> |
| | <u>\$ (63,991)</u> | <u>\$ (86,409)</u> |

Actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2013 and 2012 were NT\$50,446 thousand and NT\$478,867 thousand, respectively. The cumulative amounts of actuarial losses recognized in other comprehensive income as of December 31, 2013 and 2012 were NT\$428,421 thousand and NT\$478,867 thousand, respectively.

The amounts included in the consolidated balance sheet arising from the Company's obligation on its defined benefit plans were as follows:

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|--|------------------------------|------------------------------|----------------------------|
| Present value of funded defined benefit obligation | \$ 5,405,828 | \$ 5,780,151 | \$ 5,038,771 |
| Fair value of plan assets | <u>(4,348,442)</u> | <u>(4,213,181)</u> | <u>(3,830,633)</u> |
| Deficit | 1,057,386 | 1,566,970 | 1,208,138 |
| Past service cost not yet recognized | <u>188,006</u> | <u>210,455</u> | <u>232,904</u> |
| Accrued pension costs | <u>\$ 1,245,392</u> | <u>\$ 1,777,425</u> | <u>\$ 1,441,042</u> |

Movements of the present value of the defined benefit obligations were as follows:

| | For the Year Ended December 31 | |
|------------------------------------|---------------------------------------|---------------------|
| | 2013 | 2012 |
| Opening defined benefit obligation | \$ 5,780,151 | \$ 5,038,771 |
| Current service cost | 86,749 | 78,762 |
| Interest cost | 98,778 | 87,518 |
| Actuarial (gains) losses | (177,682) | 724,103 |
| Benefits paid | (404,460) | (149,003) |
| Other (Note) | <u>22,292</u> | <u>-</u> |
| Closing defined benefit obligation | <u>\$ 5,405,828</u> | <u>\$ 5,780,151</u> |

Note: Effect retirement benefit cost.

Movements of the fair value of the plan assets were as follows:

| | For the Year Ended December 31 | |
|-----------------------------------|---------------------------------------|---------------------|
| | 2013 | 2012 |
| Opening fair value of plan assets | \$ 4,213,181 | \$ 3,830,633 |
| Expected return on plan assets | 249,361 | 230,240 |
| Actuarial losses/(gains) | (116,904) | 147,155 |
| Contributions from the employer | 406,785 | 153,961 |
| Benefits paid | <u>(403,981)</u> | <u>(148,808)</u> |
| Closing fair value of plan assets | <u>\$ 4,348,442</u> | <u>\$ 4,213,181</u> |

The following major categories of plan assets at the end of the reporting period for each category were disclosed on the basis of the information announced by the Labor Pension Fund Supervisory Committee:

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|-------------------|------------------------------|------------------------------|------------------------|
| Equity instrument | 90.60% | 86.86% | 87.26% |
| Other (Note) | <u>9.40%</u> | <u>13.14%</u> | <u>12.74%</u> |
| | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |

Note: Deposit in other financial institutions and pension account in the Bank of Taiwan.

The Company chose to disclose the history of experience adjustments for each accounting period prospectively from the date of transition to IFRSs:

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|---|------------------------------|------------------------------|------------------------|
| Present value of defined benefit obligation | <u>\$ 5,405,828</u> | <u>\$ 5,780,151</u> | <u>\$ 5,038,771</u> |
| Fair value of plan assets | <u>\$ (4,348,442)</u> | <u>\$ (4,213,181)</u> | <u>\$ (3,830,633)</u> |
| Deficit | <u>\$ 1,057,386</u> | <u>\$ 1,566,970</u> | <u>\$ 1,208,138</u> |
| Experience adjustments on plan liabilities | <u>\$ 66,665</u> | <u>\$ 257,656</u> | <u>\$ -</u> |
| Experience adjustments on plan assets | <u>\$ 116,904</u> | <u>\$ (147,155)</u> | <u>\$ -</u> |

20. EQUITY

a. Share capital

Common shares

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|---|------------------------------|------------------------------|------------------------|
| Numbers of shares authorized (in thousands) | <u>6,000,000</u> | <u>6,000,000</u> | <u>6,000,000</u> |
| Shares authorized | <u>\$ 60,000,000</u> | <u>\$ 60,000,000</u> | <u>\$ 60,000,000</u> |
| Number of shares issued and fully paid (in thousands) | <u>5,145,017</u> | <u>5,044,134</u> | <u>4,897,217</u> |
| Shares issued | <u>\$ 51,450,165</u> | <u>\$ 50,441,338</u> | <u>\$ 48,972,173</u> |

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

b. Capital surplus

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|--|------------------------------|------------------------------|------------------------|
| Share issuance in excess of par value | \$ 932,814 | \$ 932,814 | \$ 932,814 |
| Changes in capital surplus from equity-method investment | 3,737,985 | 3,802,347 | - |
| Others | <u>10,243</u> | <u>8,884</u> | <u>7,672</u> |
| | <u>\$ 4,681,042</u> | <u>\$ 4,744,045</u> | <u>\$ 940,486</u> |

The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of common shares in excess of par, conversion of bonds and treasury stock transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, the capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

Under Rule No. 10202420460 issued by Ministry of Economic Affairs, when the Company adopts to IFRSs, the capital surplus resulting from changes in the Company's ownership interest in subsidiaries that do not result in the Company losing control over the subsidiaries are subject to under Rule No. 241-1 "share issuance in excess of par value."

The capital surplus from long-term investments may not be used for any purpose.

c. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, net income should be used to pay its business income tax and offset deficits. From any remaining net income will be appropriated 10% as legal reserve and a special reserve as required by government regulations. After adding prior years' unappropriated earnings, the Company would retain a certain amount for expansion plans and then make the following appropriations:

| | % |
|--|------|
| Dividends | 60.0 |
| Bonus for stockholders | 33.0 |
| Bonus for employees | 4.0 |
| Remuneration for directors and supervisors | 3.0 |

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

The estimates of the bonuses to employees were NT\$287,678 thousand and NT\$325,428 thousand for the years ended December 31, 2013 and 2012, respectively, and those of the remunerations to directors and supervisors were NT\$215,759 thousand and NT\$244,071 thousand for the years ended December 31, 2013 and 2012, respectively. The bonus to employees and the remuneration are based on the Company's Article of Incorporation. If the actual amounts subsequently resolved by the stockholders differ from the estimates, the differences are recorded as a change in accounting estimate. The management of the Company approved the distribution of the employees' bonus in cash for the years ended December 31, 2013 and 2012. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the stockholders' meeting.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Company's use of exemptions under IFRS 1. However, at the date of transitions to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not sufficient for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve appropriated as above may be reversed in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated on the first-time adoption of IFRSs may be used to offset deficits in subsequent years. No appropriation of earnings shall be made until any shortage of the aforementioned special reserve is appropriated in subsequent years if the Company has earnings and the original need to appropriate a special reserve is not eliminated. Please refer to section d. Special reserves appropriated following first-time adoption of IFRSs.

Appropriation of earnings to legal reserve shall 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 paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident stockholders, all stockholders receiving the dividends are allowed a tax credit equal to their proportionate shares of the income tax paid by the Company.

The appropriations from the 2012 and 2011 earnings were approved in the stockholders' meetings on June 25, 2013 and June 28, 2012, respectively. The appropriations and dividends per share were as follows:

| | Appropriation of Earnings | | Dividends Per Share | |
|-----------------|----------------------------------|----------------------|----------------------------|----------------------|
| | | | (NT\$) | |
| | For Year 2012 | For Year 2011 | For Year 2012 | For Year 2011 |
| Legal reserve | \$ 866,789 | \$ 1,110,021 | | |
| Cash dividends | 6,557,374 | 8,325,270 | \$ 1.3 | \$ 1.7 |
| Stock dividends | <u>1,008,827</u> | <u>1,469,165</u> | 0.2 | 0.3 |
| | <u>\$ 8,432,990</u> | <u>\$ 10,904,456</u> | | |

On the appropriation of earnings of the 2012 earnings, a capital increase of NT\$1,008,827 thousand from retained earnings was approved by the Financial Supervisory Commission. After this approval, the Company's board of directors set September 2, 2013 as the effective date of this distribution, and finished the capital increase registration on September 10, 2013.

The bonus to employees and the remuneration to directors and supervisors for 2012 and 2011, which were approved in the stockholders' meetings on June 25, 2013 and June 28, 2012, respectively, were as follows:

| | For the Year Ended 2012 | | For the Year Ended 2011 | |
|---|--------------------------------|------------------------|--------------------------------|------------------------|
| | Cash Dividends | Stock Dividends | Cash Dividends | Stock Dividends |
| Bonus to employees | \$ 325,428 | \$ - | \$ 421,266 | \$ - |
| Remuneration of directors and supervisors | 244,071 | - | 315,950 | - |

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the years ended December 31, 2012, which were prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the Generally Accepted Accounting Standard in the Republic of China ("ROC GAAP"), and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards.

| | For the Year Ended December 31 | | | |
|---|---------------------------------------|--|--------------------------------|--|
| | 2012 | | 2011 | |
| | Bonus to Employee Bonus | Remuneration to Directors and Supervisors | Bonus to Employee Bonus | Remuneration to Directors and Supervisors |
| Amounts approved in stockholders' meetings | \$ 325,428 | \$ 244,071 | \$ 421,266 | \$ 315,950 |
| Amounts recognized in respective financial statements | <u>325,428</u> | <u>244,071</u> | <u>421,266</u> | <u>315,950</u> |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

The approved amounts of the bonus to employees and the remuneration to directors and supervisors were the same as the accrual amounts reflected in the financial statements for the years ended December 31, 2013 and 2012. The total bonus to employees was paid in cash.

The appropriations and distribution of the 2013 earnings had been proposed by the board of directors on March 19, 2014. The appropriations and dividends per share were as follows:

| | Appropriation and Distribution | Dividends Per Share (NT\$) |
|----------------|---|---------------------------------------|
| Legal reserve | \$ 720,708 | |
| Cash dividends | 6,688,522 | \$1.3 |

In order to refine company's financial and capital structures the Company's board of directors resolved to issue share dividends from capital surplus of NT\$1,029,033 thousand of par value at NT\$0.2 in the board of director's meeting on March 19, 2014.

In calculating the weighted average number of share outstanding for EPS, the Company recognized the number of shares held by associates as treasury shares and retained the number of treasury shares in the weighted average number of outstanding shares in the current period. The earnings per share of 2013 used by above - mentioned computation were NT\$1.4.

The proposed amount of the appropriation of the 2013 earnings, including the distribution of the bonus to employees and the remuneration to directors and supervisors, will be presented to the stockholders for their approval in their meeting on June 26, 2014.

Information on the bonus of employees approved at stockholders' meetings can be accessed online through the Market Observation Post System on the Web site of the Taiwan Stock Exchange Corporation (<http://emops.tse.com.tw>).

d. Special reserves appropriated following the first-time adoption of IFRSs

The Company's special reserves appropriated following the first-time adoption of IFRSs were as follows:

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|-----------------|------------------------------|------------------------------|------------------------|
| Special reserve | <u>\$ 22,273,492</u> | <u>\$ 22,287,098</u> | <u>\$ 22,287,929</u> |

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

| | For the Year Ended December 31, 2012 |
|---|---|
| Balance at January 1, 2012 | \$ 22,287,929 |
| Reversed on elimination of the original need to appropriate a special reserve | |
| Depreciation of investment properties | <u>(831)</u> |
| Balance at December 31, 2012 | <u>\$ 22,287,098</u> |

| | For the Year Ended December 31, 2013 |
|---|---|
| Balance at January 1, 2013 | \$ 22,287,098 |
| Reversed on elimination of the original need to appropriate a special reserve | |
| Depreciation of investment properties | (802) |
| Disposal of investment properties | (28) |
| Disposal of associates | <u>(12,776)</u> |
| Balance at December 31, 2013 | <u>\$ 22,273,492</u> |

e. Other equity items

The changes in other equity items are as follow:

| | Exchange Differences on Translating Operations | Unrealized Gain on Financial Instruments | Cash Flow Hedges | Total |
|--|---|---|-----------------------------|---------------------|
| Balance at January 1, 2012 | \$ - | \$ 3,500,409 | \$ (4,963) | \$ 3,495,446 |
| Unrealized gain on available-for-sale financial assets | - | 67,003 | - | 67,003 |
| Disposal of partial interests in subsidiaries | - | (824) | - | (824) |
| Share of the other comprehensive loss of associates | <u>(2,534,967)</u> | <u>1,472,091</u> | <u>(68,324)</u> | <u>(1,131,200)</u> |
| Balance at December 31, 2012 | <u>\$ (2,534,967)</u> | <u>\$ 5,038,679</u> | <u>\$ (73,287)</u> | <u>\$ 2,430,425</u> |
| Balance at January 1, 2013 | \$ (2,534,967) | \$ 5,038,679 | \$ (73,287) | \$ 2,430,425 |
| Unrealized gain on available-for-sale financial assets | - | 97,628 | - | 97,628 |
| Share of the other comprehensive income of associates | <u>2,814,699</u> | <u>(663,575)</u> | <u>(45,076)</u> | <u>2,106,048</u> |
| Balance at December 31, 2013 | <u>\$ 279,732</u> | <u>\$ 4,472,732</u> | <u>\$ (118,363)</u> | <u>\$ 4,634,101</u> |

f. Treasury shares

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

| Name of Subsidiary | Number of Shares Held (In Thousands) | Carrying Amount | Market Price |
|---------------------------|---|------------------------|---------------------|
| <u>December 31, 2013</u> | | | |
| Yuan Ding | 749 | <u>\$ 25,063</u> | <u>\$ 25,769</u> |
| <u>December 31, 2012</u> | | | |
| Yuan Ding | 734 | <u>\$ 25,063</u> | <u>\$ 24,309</u> |
| <u>January 1, 2012</u> | | | |
| Yuan Ding | 713 | <u>\$ 25,063</u> | <u>\$ 25,063</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 value of NT\$25,063 thousand.

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

21. EARNINGS PER SHARE

Unit: NT\$ Per Share

| | <u>For the Year Ended December 31</u> | |
|----------------------------|---------------------------------------|----------------|
| | <u>2013</u> | <u>2012</u> |
| Basic earnings per share | | |
| Basic earnings per share | <u>\$ 1.50</u> | <u>\$ 1.02</u> |
| Diluted earnings per share | | |
| Diluted earnings per share | <u>\$ 1.49</u> | <u>\$ 1.02</u> |

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

Net Profit for the Period

| | <u>For the Year Ended December 31</u> | |
|---|---------------------------------------|---------------------|
| | <u>2013</u> | <u>2012</u> |
| Profit for the period attributable to owners of the Company | <u>\$ 7,207,081</u> | <u>\$ 4,917,568</u> |

Weighted Average Number of Common Shares Outstanding

| | Unit: In Thousand Shares | |
|--|---------------------------------------|------------------|
| | <u>For the Year Ended December 31</u> | |
| | 2013 | 2012 |
| Weighted average number of common shares used in the computation of basic earnings per share | 4,808,282 | 4,812,565 |
| Effect of dilutive potential common shares: | | |
| Bonus issue to employee | <u>13,951</u> | <u>17,619</u> |
| Weighted average number of common shares used in the computation of diluted earnings per share | <u>4,822,233</u> | <u>4,830,184</u> |

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

If the Company decides to settle the employee bonus in cash or stock, it should presume that the entire amount of the bonus would be settled in shares, and if the resulting potential shares would have a dilutive effect, these shares should be included in the weighted-average number of shares outstanding to be used in the calculation of the diluted EPS. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. The dilutive effect of the potential shares should be included in the calculation of the diluted EPS until the stockholders resolve the number of shares to be distributed to employees at their meeting in the following year.

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest expense

Capitalized interests on properties were NT\$40,324 thousand and NT\$40,118 thousand in the years ended December 31, 2013 and 2012, respectively, and the capitalization rates were from 1.27% to 1.35% and from 1.28% to 1.36% for the years ended December 31, 2013 and 2012, respectively.

b. Depreciation and amortization

| | <u>For the Year Ended December 31</u> | |
|--|---------------------------------------|---------------------|
| | 2013 | 2012 |
| Property, plant and equipment | \$ 1,611,414 | \$ 1,405,478 |
| Investment properties | 7,206 | 8,551 |
| Intangible assets | <u>9,223</u> | <u>8,910</u> |
| | <u>\$ 1,627,843</u> | <u>\$ 1,422,939</u> |
| An analysis of deprecation by function | | |
| Operating costs | \$ 1,466,083 | \$ 1,296,017 |
| Operating expenses | 118,091 | 98,255 |
| Other expense | 32,056 | 15,831 |
| Expenses shared by other related parties | <u>2,390</u> | <u>3,926</u> |
| | <u>\$ 1,618,620</u> | <u>\$ 1,414,029</u> |

(Continued)

| | For the Year Ended December 31 | |
|---|---------------------------------------|-----------------|
| | 2013 | 2012 |
| An analysis of amortization by function | | |
| Operating costs | \$ 1,774 | \$ 1,185 |
| Operating expenses | <u>7,449</u> | <u>7,725</u> |
| | <u>\$ 9,223</u> | <u>\$ 8,910</u> |
| | | (Concluded) |

c. Operating expenses directly related to investment properties

| | For the Year Ended December 31 | |
|--|---------------------------------------|-----------------|
| | 2013 | 2012 |
| Direct operating expenses from investment property that generated rental income | \$ 4,766 | \$ 2,007 |
| Direct operating expenses from investment property that did not generate rental income | <u>2,834</u> | <u>6,675</u> |
| | <u>\$ 7,600</u> | <u>\$ 8,682</u> |

d. Employee benefit expense

| | For the Year Ended December 31 | |
|--|---------------------------------------|---------------------|
| | 2013 | 2012 |
| Post-employment benefits | | |
| Defined contribution plans | \$ 100,574 | \$ 96,175 |
| Defined benefit plans | (63,991) | (86,409) |
| Other employee benefits | <u>4,427,323</u> | <u>4,481,815</u> |
| Total employee benefit expense | <u>\$ 4,463,906</u> | <u>\$ 4,491,581</u> |
| Analysis of employee benefit expense by function | | |
| Operating costs | \$ 3,122,115 | \$ 3,133,655 |
| Operating expenses | <u>1,341,791</u> | <u>1,357,926</u> |
| | <u>\$ 4,463,906</u> | <u>\$ 4,491,581</u> |

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

| | For the Year Ended December 31 | |
|---|---------------------------------------|--------------------|
| | 2013 | 2012 |
| Current tax | | |
| Current tax | \$ - | \$ - |
| Deferred tax | 28,704 | (133,195) |
| In respect of prior periods | 44,767 | 54,052 |
| Additional tax effects of the Company and subsidiaries' using the linked-tax system for filing return | <u>-</u> | <u>(482)</u> |
| | <u>\$ 73,471</u> | <u>\$ (79,625)</u> |

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

| | For the Year Ended December 31 | |
|--|---------------------------------------|---------------------|
| | 2013 | 2012 |
| Profit before tax from continuing operations | <u>\$ 7,280,552</u> | <u>\$ 4,837,943</u> |
| Income tax expense at the 17% statutory rate | \$ 1,237,694 | \$ 822,450 |
| Tax effect of adjusting items | | |
| Permanent difference | (1,375,598) | (1,674,544) |
| Temporary difference | <u>137,904</u> | <u>852,094</u> |
| Current income tax expense | - | - |
| Additional tax effects of the Company and subsidiaries' using the linked-tax system for filing returns | - | (482) |
| Deferred income tax expense | 28,704 | (133,195) |
| Adjustment for prior year's tax | <u>44,767</u> | <u>54,052</u> |
| Income tax expense recognized in profit or loss | <u>\$ 73,471</u> | <u>\$ (79,625)</u> |

b. Income tax recognized in other comprehensive income

| | For the Year Ended December 31 | |
|---|---------------------------------------|------------------|
| | 2013 | 2012 |
| <u>Current tax</u> | \$ - | \$ - |
| <u>Deferred tax</u> | | |
| Actuarial gains and losses on defined benefit plan | <u>(10,332)</u> | <u>98,081</u> |
| Income tax recognized in other comprehensive income | <u>\$ (10,332)</u> | <u>\$ 98,081</u> |

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2013

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Closing Balance |
|----------------------------------|------------------------|-------------------------------------|---|------------------------|
| <u>Deferred tax assets</u> | | | | |
| Temporary difference | | | | |
| Inventory write-off | \$ 20,753 | \$ 4,450 | \$ - | \$ 25,203 |
| Onerous contract | 196 | 813 | - | 1,009 |
| Unrealized foreign exchange loss | 13,386 | (13,386) | - | - |
| Impairment loss | 115,221 | 7,064 | - | 122,285 |
| | | | | (Continued) |

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Closing Balance |
|---|----------------------------|---|---|------------------------------------|
| Defined benefit obligation | \$ 155,874 | \$ (19,470) | \$ (10,332) | \$ 126,072 |
| Others | 15,111 | 1,382 | - | 16,493 |
| Investment credits | <u>24,369</u> | <u>(24,369)</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 344,910</u> | <u>\$ (43,516)</u> | <u>\$ (10,332)</u> | <u>\$ 291,062</u> |
| <u>Deferred tax liabilities</u> | | | | |
| Share of profit of associates accounted for using equity method | \$ 495,601 | \$ (17,063) | \$ - | \$ 478,538 |
| Unrealized foreign exchange gain | - | 2,251 | - | 2,251 |
| Provision of land value incremental tax | <u>1,519,895</u> | <u>-</u> | <u>-</u> | <u>1,519,895</u> |
| | <u>\$ 2,015,496</u> | <u>\$ (14,812)</u> | <u>\$ -</u> | <u>\$ 2,000,684</u> (Concluded) |

For the year ended December 31, 2012

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Closing Balance |
|----------------------------------|----------------------------|---|---|----------------------------------|
| <u>Deferred tax assets</u> | | | | |
| Temporary difference | | | | |
| Inventory write-off | \$ - | \$ 20,753 | \$ - | \$ 20,753 |
| Onerous contract | 3,068 | (2,872) | - | 196 |
| Unrealized foreign exchange loss | - | 13,387 | - | 13,387 |
| Impairment loss | 82,686 | 32,534 | - | 115,220 |
| Defined benefit obligation | 100,797 | (43,004) | 98,081 | 155,874 |
| Others | 11,687 | 3,424 | - | 15,111 |
| Investment credits | <u>43,314</u> | <u>(18,945)</u> | <u>-</u> | <u>24,369</u> |
| | <u>\$ 241,552</u> | <u>\$ 5,277</u> | <u>\$ 98,081</u> | <u>\$ 344,910</u> (Continued) |

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Closing Balance |
|---|---------------------|---------------------------------|---|------------------------------------|
| <u>Deferred tax liabilities</u> | | | | |
| Share of profit of associates accounted for using equity method | \$ 622,916 | \$ (127,315) | \$ - | \$ 495,601 |
| Unrealized foreign exchange gain | 603 | (603) | - | - |
| Provision of land value incremental tax | <u>1,519,895</u> | <u>-</u> | <u>-</u> | <u>1,519,895</u> |
| | <u>\$ 2,143,414</u> | <u>\$ (127,918)</u> | <u>\$ -</u> | <u>\$ 2,015,496</u> (Concluded) |

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

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|-------------------------------------|----------------------|----------------------|---------------------|
| Investment credits | | | |
| Purchase of machinery and equipment | \$ - | \$ 408 | \$ 483 |
| Research and development | - | 28,617 | 78,138 |
| Personnel training expenditure | <u>-</u> | <u>1,156</u> | <u>3,432</u> |
| | <u>\$ -</u> | <u>\$ 30,181</u> | <u>\$ 82,053</u> |
| Deductible temporary differences | <u>\$ 1,799,347</u> | <u>\$ 2,335,318</u> | <u>\$ 2,209,053</u> |

e. Integrated income tax

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|---|----------------------|----------------------|----------------------|
| Unappropriated earnings | | | |
| Unappropriated earnings generated before January 1, 1998 | \$ 129,377 | \$ 191,505 | \$ 236,793 |
| Unappropriated earnings generated on and after January 1, 1998 | <u>13,826,563</u> | <u>14,909,267</u> | <u>21,400,486</u> |
| | <u>\$ 13,955,940</u> | <u>\$ 15,100,772</u> | <u>\$ 21,637,279</u> |
| Balance of imputation credits accounts (ICA) | <u>\$ 549,339</u> | <u>\$ 259,904</u> | <u>\$ 256,961</u> |

The actual creditable ratio for the distribution of the 2013 and 2012 earnings were 3.97% and 6.62%, respectively.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident stockholders of the Company is calculated on the basis of the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to stockholders of the Company was based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2013 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the stockholders.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs.

f. Income tax assessments

The tax authorities completed the review of and cleared the 2008 income tax return of the Company as of December 31, 2013.

24. CAPITAL MANAGEMENT

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

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

Except as detailed in the following table, the management of the Company considered the financial assets and financial liabilities recognized in the financial statements as having carrying amounts that approximate their fair values or as having fair values that cannot be reliably measured.

| | December 31, 2013 | | December 31, 2012 | | January 1, 2012 | |
|--|-------------------|---------------|-------------------|---------------|-----------------|---------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| <u>Financial liabilities</u> | | | | | | |
| Financial liabilities measured at amortized cost | | | | | | |
| Bonds payable | \$ 42,036,601 | \$ 42,192,247 | \$ 34,723,579 | \$ 35,608,757 | \$ 23,222,645 | \$ 23,444,065 |

2) Fair value measurements recognized in the balance sheets

The following table provides an analysis of financial instruments that are measured after initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b) Level 2 fair value measurements are those derived from inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2013

| | Level 1 | Level 2 | Level 3 | Total |
|---|-------------------|----------------|------------------|-------------------|
| Financial assets at fair value through profit or loss (FVTPL) | | | | |
| Guarantee of cotton futures contracts | \$ - | \$ - | \$ 26,010 | \$ 26,010 |
| Forward exchange contracts | - | - | 16,194 | 16,194 |
| Combined exchange options | - | - | 4,312 | 4,312 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 46,516</u> | <u>\$ 46,516</u> |
| Available-for-sale financial assets | | | | |
| Marketable equity securities | <u>\$ 902,112</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 902,112</u> |
| Financial liabilities at FVTPL | | | | |
| Option | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 272</u> | <u>\$ 272</u> |

December 31, 2012

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------------|-------------------|----------------|------------------|-------------------|
| Financial assets at FVTPL | | | | |
| Guarantee of cotton futures contracts | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 25,345</u> | <u>\$ 25,345</u> |
| Available-for-sale financial assets | | | | |
| Marketable equity securities | <u>\$ 804,484</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 804,484</u> |
| Financial liabilities at FVTPL | | | | |
| Forward exchange contracts | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 619</u> | <u>\$ 619</u> |

January 1, 2012

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------------|-------------------|----------------|------------------|-------------------|
| Financial assets at FVTPL | | | | |
| Guarantee of cotton futures contracts | \$ - | \$ - | \$ 46,209 | \$ 46,209 |
| Forward exchange contracts | - | - | 2,099 | 2,099 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 48,308</u> | <u>\$ 48,308</u> |
| Available-for-sale financial assets | | | | |
| Marketable equity securities | <u>\$ 737,481</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 737,481</u> |
| Financial liabilities at FVTPL | | | | |
| Exchangeable bonds-exchange rights | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,708</u> | <u>\$ 4,708</u> |

There were no transfers between Levels 1 and 2 for the years ended December 31, 2013 and 2012.

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

December 31, 2013

| | Financial Assets at Fair Value Through Profit or Loss - Held for Trading |
|------------------------------|---|
| Balance at January 1, 2013 | \$ 24,726 |
| Total gains | |
| In profit or loss | <u>21,518</u> |
| Balance at December 31, 2013 | <u>\$ 46,244</u> |

December 31, 2012

| | Financial Assets at Fair Value Through Profit or Loss - Held for Trading |
|------------------------------|---|
| Balance at January 1, 2012 | \$ 43,600 |
| Total losses | |
| In profit or loss | <u>(18,874)</u> |
| Balance at December 31, 2012 | <u>\$ 24,726</u> |

4) Valuation techniques and assumptions applied to measure fair value

The fair values of financial assets and financial liabilities are determined as follows:

- a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined by referring to quoted market prices. If these prices are not available, valuation techniques are applied. The estimates and assumptions used by the Company are consistent with those that market participants use in setting prices for financial instruments.
- b) The fair values of derivative instruments are calculated using quoted prices. If these prices are not available, a discounted cash flow analysis is made using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. The estimates and assumptions used by the Company are consistent with those that market participants use in setting prices for financial instruments.
- c) The fair values of other financial assets and financial liabilities (i.e., excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

b. Categories of financial instruments

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|--|----------------------|----------------------|-----------------|
| <u>Financial assets</u> | | | |
| FVTPL | | | |
| Held for trading | \$ 46,516 | \$ 25,345 | \$ 48,308 |
| Loans and receivables (Note 1) | 23,256,512 | 14,537,551 | 13,553,320 |
| Available-for-sale financial assets (Note 2) | 902,112 | 858,151 | 791,148 |
| <u>Financial liabilities</u> | | | |
| FVTPL | | | |
| Held for trading | 272 | 619 | 4,708 |
| Amortized cost (Note 3) | 85,013,309 | 71,872,890 | 65,670,048 |

Note 1: The balances included loans and receivables measured at amortized cost, which comprised cash and cash equivalents, bond investments with no active market, notes and accounts receivable (including those from related parties), other receivables (including those from related parties), other financial assets, and refundable deposits. Those reclassified to held-for-sale disposal groups are also included.

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

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

c. Financial risk management objectives and policies

The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the nonoperating activities of the 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 and other price risk), 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 it primarily to the financial risks of changes in exchange rates (see (1) below) and interest rates (see (2) below).

a) Foreign currency risk

Several subsidiaries of 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 carrying amounts of the Company's significant foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as follows:

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|---------------------------------------|------------------------------|------------------------------|------------------------|
| <u>Monetary financial assets</u> | | | |
| USD | \$ 7,894,572 | \$ 7,701,633 | \$ 8,834,223 |
| <u>Monetary financial liabilities</u> | | | |
| USD | 7,621,166 | 7,967,283 | 7,315,949 |

Sensitivity analysis

The Company was mainly exposed to 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.

| | <u>December 31</u> | |
|-----------------------------|--------------------|--------------------|
| | 2013 | 2012 |
| 5% change in profit or loss | | |
| USD | <u>\$ 13,670</u> | <u>\$ (13,282)</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.

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|-------------------------------|------------------------------|------------------------------|------------------------|
| Fair value interest rate risk | | | |
| Financial assets | \$ 5,679,327 | \$ 2,060,558 | \$ 841,747 |
| Financial liabilities | 63,410,275 | 62,454,567 | 55,311,115 |
| Cash flow interest rate risk | | | |
| Financial assets | 3,049,594 | 1,876,720 | 1,007,219 |
| Financial liabilities | 12,848,398 | 1,245,917 | 1,833,729 |

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 25 basis points 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, 2013 and 2012, had interest rates been 25 basis points higher/lower and all other variables had been held constant, the fair value of the Company's financial assets with fixed interest rate would have decreased/increased by NT\$14,163 thousand and NT\$5,139 thousand, respectively, and the cash flows on the Company's financial assets with floating interest rate would have increased by NT\$7,624 thousand and NT\$4,692 thousand, respectively.

For the years ended December 31, 2013 and 2012, had interest rates been 25 basis points higher/lower and all other variables had been held constant, the fair value of the Company's financial liabilities with fixed interest rate would have decreased by NT\$158,130 thousand and NT\$155,747 thousand, respectively, and the cash flows on the Company's financial liabilities with floating interest rate would have increased by NT\$32,121 thousand and NT\$3,115 thousand, respectively.

c) Other price risks

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

Sensitivity analysis

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

If equity prices had been 5% lower, the fair value of held-for-trading and available-for-sale financial assets as of December 31, 2013 and 2012 would have decreased by NT\$45,106 thousand and NT\$40,224 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counter-parties will default on its contractual obligations, resulting in a financial loss to the 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 (a) the counter-parties' failure to discharge their obligations and (b) financial guarantees provided by the Company could arise from:

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

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

The 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.

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

| | 1-2 Years | 2-3 Years | Over 3 Years | Total |
|--------------------------|----------------------|----------------------|----------------------|----------------------|
| <u>December 31, 2013</u> | | | | |
| Long-term borrowings | \$ 25,061,684 | \$ 900,000 | \$ 2,000,000 | \$ 27,961,684 |
| Bonds payable | <u>5,750,000</u> | <u>9,899,000</u> | <u>19,200,000</u> | <u>34,849,000</u> |
| | <u>\$ 30,811,684</u> | <u>\$ 10,799,000</u> | <u>\$ 21,200,000</u> | <u>\$ 62,810,684</u> |
| <u>December 31, 2012</u> | | | | |
| Long-term borrowings | \$ 18,860,462 | \$ 4,000,000 | \$ - | \$ 22,860,462 |
| Bonds payable | <u>1,500,000</u> | <u>11,500,000</u> | <u>19,400,000</u> | <u>32,400,000</u> |
| | <u>\$ 20,360,462</u> | <u>\$ 15,500,000</u> | <u>\$ 19,400,000</u> | <u>\$ 55,260,462</u> |
| <u>January 1, 2012</u> | | | | |
| Long-term borrowings | \$ 25,150,000 | \$ 3,300,000 | \$ - | \$ 28,450,000 |
| Bonds payable | <u>880,000</u> | <u>3,000,000</u> | <u>17,500,000</u> | <u>21,380,000</u> |
| | <u>\$ 26,030,000</u> | <u>\$ 6,300,000</u> | <u>\$ 17,500,000</u> | <u>\$ 49,830,000</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, 2013 and 2012 and the related balances as of the balance sheet dates are summarized in the accompanying Schedules A and B.

27. ASSETS PLEDGED OR MORTGAGED

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

| | December 31, 2013 | December 31, 2012 | January 1, 2012 |
|--|----------------------|----------------------|---------------------|
| Other financial assets - current | | | |
| Pledged time deposits | \$ 34,381 | \$ 34,381 | \$ 34,381 |
| Investment accounted for using the equity method | 355,730 | 369,480 | 390,469 |
| Property, plant and equipment, net | 6,404,034 | 7,005,719 | 6,636,343 |
| Investment properties | <u>77,849</u> | <u>77,849</u> | <u>77,849</u> |
| | <u>\$ 6,871,994</u> | <u>\$ 7,487,429</u> | <u>\$ 7,139,042</u> |

28. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Significant commitments and contingencies of the Company as of December 31, 2013:

- a. Issued but unused letters of credit aggregated approximately NT\$1,688,527 thousand.
- b. Of (a) unpaid building construction and equipment installation contracts amounting to approximately NT\$995,747 thousand.
- c. There were undelivered cotton contracts amounting to NT\$544,021 thousand and have been recognized NT\$12,171 thousand on purchasing contract payable as of December 31, 2013.
- d. Endorsements and guarantees provided to the related parties are shown in Schedule D (attached).
- e. On December 29, 2005, the board of directors of Tai Ya International Telecommunications Co., Ltd. (TYIT) resolved to merge TYIT with Mobitai Communications Ltd. ("Mobitai") in accordance with Article 19 of the Business Mergers and Acquisitions Act and set January 1, 2006 as the record date of the merger. TYIT was the survivor entity after the merger. Under a resolution of TYIT's board, the Company received NT\$167,863 thousand from Mobitai in exchange for Mobitai's 11,469 thousand common shares (NT\$14.68 per share) held by the Company. For its disposal of its investment in Mobitai, the Company recognized a gain of NT\$31,814 thousand. However, the Company regarded Mobitai's purchase price as too low and raised an objection to Mobitai. Afterwards, the Company filed a lawsuit against TYIT. As of March 19, 2014, the lawsuit was pending before the Taipei District Court.
- f. Ming-Chiung Chang filed an incidental civil suit, in connection with the criminal case of forgery, against Ming-chung Kuo (an FENC employee) and Hua-de Lin, Hung-Long Li and Yung-gi Lai (the fiduciaries of Pacific Liu Tung Investment Co. or PLT, an equity-method investee of the Company). Chang claimed that Kuo and Hua-de Lin, Hung-Long Li and Yung-gi Lai colluded and used their positions to carry out transactions that resulted in his losses and asked the Taiwan High Court to declare that the ownership of PLT held by FEDS, FEDS's subsidiaries, the Company and its subsidiaries was just a fabrication, i.e., it never existed. In October 2009, Chang lost the suit and then appealed to a higher court. The Supreme Court did not adjudicate this case and remanded the case to the Taiwan High Court for reexamination and as of March 19, 2014, the lawsuit was pending before the Taipei High Court.

- g. The registered capital of PLT, an investee of the Company, was originally NT\$4,010,000 thousand, representing 401,000 thousand shares at a par value of NT\$10.00. On February 3, 2010, following a letter from the Taiwan High Prosecutors Office (THPO), the Department of Commerce (DOC) decided to nullify PLT's registrations of the amendments of its Articles of Incorporation, the PLT registrations of the elected and appointed members of its Board of Directors and Supervisors as well as registrations of several tranches of capital increases given to PLT on November 13, 2002; May 1, 2003; August 8, 2005; August 3, 2006; June 6, 2007; and July 16, 2008. As a result, the capital amount of PLT reverted to the original NT\$10,000 thousand, representing 1 million common shares.

On January 27, 2010, PLT filed an administrative appeal with the THPO and pleaded for the revocation of the letter sent to the DOC on the registration nullifications and requested the stay of execution of registration cancellation. On March 9, 2010, referencing Article 77-8 of the Administrative Appeal Act, the Petitions and Appeals Committee (PAC) of the Executive Yuan declared that the letter was not subject to administrative disposition and thus beyond the scope of administrative appeal. On May 18, 2010, PLT filed a suit against THPO with the Taipei High Administrative Court. Later, however, the former PLT chairman, Heng-lung Lee withdrew this lawsuit.

On February 10, 2010, PLT filed an administrative appeal against the DOC for the revocation of the decision on administrative disposition and requested the stay of execution of registration cancellation. On May 20, 2010, referencing Article 79-1 of the Administrative Appeal Act, PAC dismissed the administrative appeal. On July 26, 2010, referencing Article 4-1 of the Administrative Procedure Law, PLT filed a suit against the DOC with the Taipei High Administrative Court. Later, however, the former PLT chairman, Heng-lung Lee withdrew this lawsuit.

Referencing Article 4-3 of the Administrative Procedure Law, Far Eastern Department Stores (FEDS, an equity-method investee of the Company), as an interested party of PLT, filed a lawsuit against THPO with the Taipei High Administrative Court on July 27, 2010. On November 30, 2010, the Taipei High Administrative Court dismissed the lawsuit, commenting that this lawsuit was the same case as the suit FEDS filed against the DOC on June 15, 2010 and thus did not conform to Article 4-3 of the Administrative Procedure Law.

On February 24, 2010, FEDS filed an administrative appeal with the DOC for the withdrawal of the administrative disposition and requested the stay of execution of registration cancellation. On April 14, 2010, referencing Article 77-3 of the Administrative Appeal Act, PAC decided that the appeal had no merit because FEDS was not a party to whom an administrative disposition was issued nor was it an interested party at stake. Thus, on June 15, 2010, referencing Article 4-1 of the Administrative Procedure Law, FEDS filed a suit against the DOC with the Taipei High Administrative Court (THAC). On November 29, 2012, the THAC (Court Reference Number: Year 2010 Letter Su No. 1258 verdict) ruled in favor of FEDS, and the capital increase registrations referencing letter shang No. 09901000210 nullified by DOC was invalidated and the subsequent rejection of an administrative review was revoked. However, the DOC did not conform to the THAC's decision and filed a lawsuit with the Supreme Administrative Court on December 25, 2012. On May 9, 2013, the Supreme Administrative Court issued its final and non-appealable decision, which rejected DOC's appeal and ruled that the nullification by DOC of capital increase registrations and other relevant registrations in DOC's referencing letter Shang No. 09901000210 was invalid and ordered DOC to reinstate the registration. Thus, on September 18, 2013, DOC canceled the nullification of the capital increase registrations and relevant amendment registrations in conformity with the Court's decision. Based on the updated company registration of FEDS, recognized as chairman was Shu-ton Hsu, as members of the Board of Directors were Mao-te Huang (representative of Far Eastern Department Store Asia Pacific Development Co., Ltd.) and Shih-ching Lo (representative of Far Eastern Department Store New Century Development Co., Ltd.) and as supervisor was Sze-ching Du (representative of Da Ju Fiber Co., Ltd.), who were elected on August 1, 2011.

Heng-lung Lee and Ming-Chiung Chang filed a lawsuit to counter the Supreme Administrative Court's (SAC) decision, declaring that the application of improper regulations invalidated this decision. However, on September 6, 2013, the Taipei High Administrative Court rejected this lawsuit (Court

Reference Number: Year 2013 Letter Pan No. 569 verdict). In addition, Ming-Chiung Chang filed a separate lawsuit to counter the same SAC decision, claiming that the verdict was invalidated by the omission of evidences that may affect the final SAC decision. The lawsuit was filed with the THAC. However, THAC rejected this lawsuit (Court Reference Number: Year 2013 Letter Zai No. 94 verdict). Ming-Chiung Chan did not agree with the THAC's decision and filed a lawsuit with the Supreme Administrative Court on February 19, 2014.

On February 10, 2010, FEDS filed a suit against PLT to affirm the existence of FEDS's rights as PLT stockholder and secure the interests of FEDS. However, because the SAC already invalidated the DOC's nullification of capital increase registrations and of the amended registration of the board of directors, and because the members of the Board of Directors and supervisors reelected on August 1, 2011 had been reinstated, there was no need to file a lawsuit to affirm the existence of FEDS's rights as PLT stockholder. Thus, FEDS withdraw its lawsuit.

The percentage ownership of PLT held by the Company reached 39.68%. Based on the local GAAP, this investment was accounted for by the equity method.

29. SUBSEQUENT EVENTS

- a. The board of directors of the Company decided to issue unsecured bonds on March 19, 2014. The bonds will have an aggregate face value of not more than NT\$8,000,000 thousand with a par value of NT\$1,000 thousand or the divisor of NT\$1,000 thousand and a term of less than 10 years.
- b. In order to present fair value of Company's investment properties in the financial statements fairly and conform with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the board of directors of the Company resolved to change their accounting policy for investment properties effective January 1, 2014 and subsequently measured investment properties using the fair value model. The information of impacts and results of this retrospectively application of accounting policy will be publicly released after finishing relevant procedures in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

30. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated foreign currencies were as follows:

December 31, 2013

| | Foreign Currencies | Exchange Rate | Carrying Amount (NT\$) |
|------------------------------|-------------------------------|----------------------|-----------------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 265,453 | 29.74 | \$ 7,894,572 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 255,401 | 29.84 | 7,621,166 |

December 31, 2012

| | Foreign Currencies | Exchange Rate | Carrying Amount (NT\$) |
|------------------------------|-------------------------------|----------------------|-----------------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 265,711 | 28.985 | \$ 7,701,633 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 273,931 | 29.085 | 7,967,283 |

January 1, 2012

| | Foreign Currencies | Exchange Rate | Carrying Amount (NT\$) |
|------------------------------|-------------------------------|----------------------|-----------------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 292,282 | 30.225 | \$ 8,834,223 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 241,251 | 30.325 | 7,315,937 |

31. FIRST-TIME ADOPTION OF IFRSs

a. Reconciliation of the consolidated balance sheet on January 1, 2012 was as follows:

| | ROC GAAP | Effect of Transition to IFRSs | IFRSs | Note |
|---|-----------------|--|----------------|-----------------|
| <u>Asset</u> | | | | |
| Investments accounted for using the equity method | \$ 138,817,863 | \$ 112,186 | \$ 138,930,049 | 12) |
| Investment properties | - | 231,699 | 231,699 | 2), 4) |
| Property, plant and equipment, net | 19,024,998 | (145,465) | 18,879,533 | 2), 3), 4), 11) |
| Nonoperating properties, net | 230,300 | (230,300) | - | 2) |
| Deferred charges | 92,670 | (92,670) | - | 3) |
| Prepayment for equipment | - | 505,097 | 505,097 | 11) |
| Farmland | 276,661 | (276,661) | - | 4), |
| Long-term prepayment for lease - noncurrent | - | 241,552 | 241,552 | 6), 13) |
| <u>Liabilities</u> | | | | |
| Accrued expenses (other payables) | 3,344,427 | 88,197 | 3,432,624 | 7) |
| Provisions - current | - | 44,795 | 44,795 | 8) |
| Provision - noncurrent | 1,519,896 | (1,519,896) | - | 5) |
| Deferred tax liabilities - noncurrent | 457,960 | 1,685,454 | 2,143,414 | 5), 13) |
| Accrued pension liabilities | 994,021 | 447,021 | 1,441,042 | 6) |

(Continued)

| | ROC GAAP | Effect of Transition to IFRSs | IFRSs | Note |
|--|--------------|-------------------------------------|------------|---------------------------------|
| <u>Stockholders' equity</u> | | | | |
| Capital surplus - long-term investments | \$ 9,421,242 | \$ (9,421,242) | \$ - | 12) |
| Special reserve | 3,152,529 | 22,320,076 | 25,472,605 | 12), f |
| Unappropriated earnings | 13,709,450 | 7,927,829 | 21,637,279 | 1), 6), 7), 9), 10), 12), f. |
| Exchange differences on translating foreign operations | 2,915,415 | (2,915,415) | - | 10) |
| Unrecognized net loss on pension cost | (130,034) | 130,034 | - | 12) |
| Unrealized gain and loss on available-for-sale/cash flow hedges financial assets | 2,716,548 | 778,898 | 3,495,446 | 9), 12) |
| Unrealized revaluation increment on properties | 19,167,218 | (19,167,218) | - | 1) |
| | | | | (Concluded) |

1) Deemed cost

Under ROC GAAP, an entity may use as deemed cost the sum of the carrying value and revaluation increment resulting from the revaluation of property, plant, and equipment based on certain regulations. The recognized amount of the revaluation increment is net of land revaluation increments and land reserve for land value increment tax. On January 1, 2012, the date of transition to IFRSs, the Company treated the carrying amount in ROC GAAP by reference to the revaluation amount established at the date revalued the property, plant, and equipment, as the deemed cost of the property, plant, and equipment.

Thus, the adjustment of unrealized revaluation increments on properties decreased by NT\$19,167,218 thousand for the year ended January 1, 2012, and unrealized revaluation increments increased by NT\$19,167,218 thousand each.

2) Fixed, leased and idle properties

Under ROC GAAP, the Company's properties and buildings held to earn rentals are fixed assets for operating purposes and are thus classified under property, plant and equipment. In addition, the Company recognized idle properties and part of rental properties as nonoperating assets. Under IFRSs, fixed assets are classified as property, plant and equipment or investment properties in accordance with their nature. Thus, the Company decreased property, nonoperating properties by NT\$230,300 thousand and increased investment properties by NT\$193,468 thousand, and plant and equipment by NT\$36,832 thousand

3) Deferred charges

Under ROC GAAP, deferred charges are classified under other assets. Under IFRSs, deferred charges are classified under investment properties, property, plant and equipment and long-term prepayments in accordance with their nature. Thus, the Company decreased deferred charges by NT\$92,670 thousand and increased investment properties, property, plant and equipment and long-term prepayment NT\$84,370 thousand and NT\$8,300 thousand, respectively.

4) Farmland

Under ROC GAAP, farmland is accounted for under other assets - farmland. Under IFRSs, agricultural land is classified under investment properties or property, plant and equipment in accordance with their nature. Thus, the Company reclassified farmland amounting to NT\$38,231 thousand and NT\$238,430 thousand to investment properties and property, plant and equipment, respectively.

5) Reserve for the land value increment tax

Under Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the reserve for the land revaluation increment tax resulting from land revaluation is classified as reserve for land value increment tax. Under IFRS, the Company chose to use book value after land revaluation as deemed cost and reclassified the reserve for land value increment tax to deferred income tax liability - noncurrent. As of January 1, 2012, the Company reclassified NT\$1,519,896 thousand from the reserve for land value increment tax to deferred income tax liabilities - noncurrent.

6) Employee benefits

Under ROC GAAP, unrecognized net transition obligation on the first-time adoption of SFAS No. 18 "Accounting for Pensions" should be amortized by the straight-line method over expected average remaining service lives of the employees who are still in service and expected to receive pension benefits and recorded in net pension cost. Under IFRSs, the Company is not subject to the transition requirements of IAS 19 "Employee Benefits." Thus, unrecognized net transition obligation should be recognized immediately to unappropriated earnings.

Under ROC GAAP, actuarial gains and losses are recognized under then corridor approach. The portion of those actuarial gains and losses to be recognized is calculated as the excess divided by the expected average remaining service lives of the employees who are still in service and expected to receive pension benefits. Under IFRSs, actuarial gains and losses should be recognized immediately in other comprehensive income and unappropriated earnings, in statement of changes in equity, and should not be reclassified to profit or loss in a subsequent period.

In addition, under ROC GAAP, minimum pension liability is the present value of the defined benefit obligation in excess of the fair value of the plan assets. The entity should make up the deficit portion when the pension liabilities are less than the minimum pension liabilities. However, there is no provision on minimum pension liability under IFRSs.

As of January 1, 2012, the Company had performed actuarial valuation under IAS No. 19 "Employee Benefits" and recognized the valuation difference directly to unappropriated earnings under the requirement of IFRS 1 "First-time Adoption of International Financial Reporting Standards." Unappropriated earning was adjusted for decreases of NT\$371,027 thousand. Accrued pension liabilities, deferred income tax assets - noncurrent and deferred income tax liabilities - noncurrent were adjusted for increases of NT\$447,021 thousand, NT\$241,552 thousand and NT\$165,558 thousand, respectively.

7) Short-term accumulating compensated absences

Short-term accumulating compensated absences are not specifically addressed under ROC GAAP and are usually recognized as salary expense when employees actually go on leave. Under IFRSs, accumulating compensated absences are recognized as salary expense when the employees render services that increase their entitlements to future compensated absences. As of January 1, 2012, the Company accrued NT\$88,197 thousand as short-term accumulating compensated absences and decreased of unappropriated earnings by NT\$88,197 thousand, respectively.

8) Onerous contracts

As of January 1, 2012, the Company had reclassified onerous contracts amounting to NT\$44,795 thousand from other current liabilities to provision -current in accordance with their their nature and the estimated repayment dates.

9) Loss of significant influence

Under ROC GAAP, if the Company loses the significant influence over an investee because of a decrease in ownership or any other reasons, the Company should stop using the equity method and, at the same time, recognize the carrying value as the investment cost. If there is additional capital surplus or other equity items arising from the equity-method investment, the Company should consider the related items in calculating the gain or loss on disposal of the investments.

Under IFRS, the Company needs to compare the fair value of the remaining investments plus proceeds from disposal of equity-method investments with the book value of the investment before disposal and recognize the gain or loss on the disposal. The Company should account for all amounts recognized in other comprehensive income in relation to that associate using the same accounting treatment as would have been required had the associate directly disposed of the related assets or liabilities

The Company accounted for equity-method investments on which significant influence had been lost under available-for-sale financial assets-noncurrent. Thus, the Company increased unrealized gain on financial instruments and decreased unappropriated earnings by NT\$61,674 thousand each on January 1, 2012.

10) Cumulative translation adjustments

On January 1, 2012, the Company elected to recognize all cumulative translation adjustments arising from foreign operations as unappropriated earnings. Thus, the Company deducted the cumulative translation adjustment from other adjustments included in stockholders' equity on the transition date while calculating the gain or loss on any foreign operations after the transition date. As of January 1, 2012, the Company had decreased cumulative translation adjustments 2,915,415 thousand and increased unappropriated earnings by NT\$2,915,415 thousand each.

11) Prepayment for equipment disclosure

Under ROC GAAP, the prepayment for equipment is classified as prepayment for equipment under property, plant and equipment. Under IFRS, the prepayment for equipment is classified as long-term prepayment. As of January 1, 2012, the Company reclassified NT\$505,097 thousand from prepayment for equipment to long-term prepayments.

12) Adjustment of long-term equity investments

The evaluation of significant differences between current accounting policies and future IFRS adoption used in the Company are also adopted in the equity investments.

Under ROC GAAP, the changes in investment percentage arising from an investor company's subscribing for new shares issued by the investee at a percentage different from its current investment percentage, the resulting increase or decrease in the investment company's equity in the investee is adjusted in "capital surplus - from long-term investments" and "equity-method investment."

Under IFRSs, changes in equity in associates in which significant influence over the associates is retained, are regarded as the acquisition or disposal of shares in associates; however, changes in equity in subsidiaries in which control over the subsidiaries is retained are regarded as equity transactions. In addition, under IFRS 1 “First-time Adoption of International Financial Reporting Standards” and “Q&A for adopting IFRSs” issued by the Taiwan Stock Exchange, the Company does not need to adjust related accounts retroactively if retroactive account adjustment is not feasible; but, it should reclassify capital surplus - from long-term investment to unappropriated earnings. As of January 1, 2012, capital surplus - from long-term investments decreased by NT\$9,421,242 thousand and unappropriated earnings increased by NT\$9,421,242 thousand.

As of January 1, 2012, the foregoing reclassification resulted in an increase of NT\$112,186 thousand in equity-method investments and decreased, unappropriated earnings and unrecognized net loss on pension cost by NT\$767,219 thousand and NT\$130,034 thousand, respectively. The special reserve and unrealized gain on available-for-sale financial assets increased by NT\$32,147 thousand, and NT\$717,224 thousand, respectively.

13) Deferred income tax assets or liabilities and valuation allowance

Under ROC GAAP, valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. Under IFRSs, deferred income tax assets are recognized to the extent that it is highly probable that taxable profits will be available against which the deductible temporary differences can be used. Thus, valuation allowance is not needed.

In addition, a deferred income tax asset and liability is classified as current or noncurrent on the basis of the classification of the related assets and liabilities for financial reporting under ROC GAAP. A deferred asset or liability that cannot be related to an asset or a liability in the financial statements is classified as current or noncurrent in accordance with the expected realization date of the temporary difference. Under IFRSs, a deferred income tax asset and liability is always classified as noncurrent.

Under ROC GAAP, deferred current income tax liabilities and assets belonging to the same taxable entity should be offset and settled; these offset and settlement on a net basis were also applied to deferred noncurrent income tax liabilities and assets. Under IFRS, deferred tax assets and deferred tax liabilities should be offset only if the entity has a legally enforceable right to settle on a net basis and if the income taxes on the deferred tax assets and liabilities are levied by the same taxing authority on the same taxable entity (or different taxable entities which intend either to settle material current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered).

Thus, the Company increased deferred income tax assets - noncurrent by NT\$165,558 thousand and deferred income tax liabilities - noncurrent by NT\$165,558 thousand.

b. Reconciliation of the balance sheet on December 31, 2012 was as follows:

| | ROC GAAP | Effect of Transition to IFRSs | IFRSs | Note |
|--|----------------|-------------------------------------|----------------|-----------------------------------|
| <u>Asset</u> | | | | |
| Investments accounted for using the equity method | \$ 142,335,329 | \$ 499,521 | \$ 142,834,850 | 12) |
| Investment properties | - | 816,604 | 816,604 | 2), 4) |
| Property, plant and equipment, net | 19,833,482 | 129,300 | 19,962,782 | 2), 3), 4), 11) |
| Nonoperating properties, net | 906,338 | (906,338) | - | 2) |
| Deferred charges | 67,367 | (67,367) | - | 3) |
| Deferred income tax assets - noncurrent | - | 344,910 | 344,910 | 6), 14) |
| Prepayment for equipment | - | 298,135 | 298,135 | 11) |
| Farmland | 276,661 | (276,661) | - | 4) |
| <u>Liabilities</u> | | | | |
| Accrued expenses (other payables) | 3,688,991 | 88,197 | 3,777,188 | 7) |
| Provisions - current | - | 2,581 | 2,581 | 8) |
| Reserve for the land value increment tax | 1,519,896 | (1,519,896) | - | 5) |
| Deferred tax liabilities - noncurrent | 322,820 | 1,692,676 | 2,015,496 | 5), 14) |
| Deferred credits - gains on intercompany accounts | 117,876 | (62,026) | 55,850 | 13) |
| Accrued pension liabilities | 764,899 | 1,012,526 | 1,777,425 | 6) |
| <u>Stockholders' equity</u> | | | | |
| Capital surplus - long-term investments | 9,138,169 | (9,138,169) | - | 12), 13) |
| Capital surplus - difference between acquisition price and carrying amount from equity transaction | - | 3,802,347 | 3,802,347 | 12), 13) |
| Special reserve | 3,152,365 | 22,319,229 | 25,471,594 | 12), f. |
| Unappropriated earnings | 11,472,883 | 3,627,889 | 15,100,772 | 1), 6), 7), 9), 10), 12), 13), f. |
| Exchange differences on translating foreign operations | 186,739 | (2,721,706) | (2,534,967) | 10), 12), 13), |
| Unrecognized net loss on pension cost | (166,360) | 166,360 | - | 12), 13) |
| Unrealized gain and loss on available-for-sale/cash flow hedges financial assets | 4,221,652 | 743,740 | 4,965,392 | 9), 12) |
| Unrealized revaluation increment on properties | 19,166,737 | (19,166,737) | - | 1), 12), 13) |

c. Reconciliation of the statements of comprehensive income for the year ended December 31, 2012.

| | ROC GAAP | Effect of Transition to IFRSs | IFRSs | Note |
|---|-----------|-------------------------------------|-------------|------|
| Gain on disposal of investments, net | \$ 86,185 | \$ (86,149) | \$ 36 | 13) |
| Income tax expense | 81,570 | (1,945) | 79,625 | 6) |
| Unrealized gain (loss) on available-for-sale financial assets | | | 66,179 | |
| Actuarial loss on defined benefit plan | | | (576,948) | |
| Share of other comprehensive income of associates and joint venture | | | (1,160,461) | |
| Income tax relating to comprehensive income | | | (98,081) | |

1) Deemed cost

Under ROC GAAP, an entity may use as deemed cost the sum of the carrying value and revaluation increment resulting from the revaluation of property, plant, and equipment based on certain regulations. The recognized amount of the revaluation increment is net of land revaluation increments and land reserve for land value increment tax. On January 1, 2012, the date of transition to IFRSs, the Company treated the carrying amount in ROC GAAP by reference to the revaluation amount established at the date revalued the property, plant, and equipment, as the deemed cost of the property, plant, and equipment.

Thus, the adjustment of unrealized revaluation increments on properties decreased by NT\$19,167,218 thousand and unappropriated earning increased by NT\$19,167,218 thousand.

2) Fixed, leased and idle properties

Under ROC GAAP, the Company's properties and buildings held to earn rentals are fixed assets for operating purposes and are thus classified under property, plant and equipment. In addition, the Company recognized idle properties and part of rental properties as nonoperating assets. Under IFRSs, fixed assets are classified as property, plant and equipment or investment properties in accordance with their nature. Thus, the Company increase property, plant and equipment by NT\$127,956 thousand and investment properties by NT\$778,373 thousand and decrease nonoperating properties by NT\$906,338 thousand.

3) Deferred charges

Under ROC GAAP, deferred charges are classified under other assets. Under IFRSs, deferred charges are classified under investment properties, property, plant and equipment and long-term prepayments in accordance with their nature. Thus, the Company decreased deferred charges by NT\$67,367 thousand and increased, property, plant and equipment and long-term prepayment by NT\$61,040 thousand and NT\$6,327 thousand, respectively.

4) Farmland

Under ROC GAAP, farmland is accounted for under other assets - farmland. Under IFRSs, agricultural land is classified under investment properties or property, plant and equipment in accordance with their nature. Thus, the Company reclassified farmland amounting to NT\$38,231 thousand and NT\$238,430 thousand to investment properties and property, plant and equipment, respectively.

5) Reserve for the land value increment tax

Under Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the reserve for the land revaluation increment tax resulting from land revaluation is classified as reserve for land value increment tax. Under IFRS, the Company chose to use book value after land revaluation as deemed cost and reclassified the reserve for land value increment tax to deferred income tax liability - noncurrent. As of December 31, 2012, the Company reclassified NT\$1,519,896 thousand from the reserve for land value increment tax to deferred income tax liabilities - noncurrent.

6) Employee benefits

Under ROC GAAP, unrecognized net transition obligation on the first-time adoption of SFAS No. 18 "Accounting for Pensions" should be amortized by the straight-line method over expected average remaining service lives of the employees who are still in service and expected to receive pension benefits and recorded in net pension cost. Under IFRSs, the Company is not subject to the

transition requirements of IAS 19 “Employee Benefits.” Thus, unrecognized net transition obligation should be recognized immediately to unappropriated earnings.

Under ROC GAAP, actuarial gains and losses are recognized under the corridor approach. The portion of those actuarial gains and losses to be recognized is calculated as the excess divided by the expected average remaining service lives of the employees who are still in service and expected to receive pension benefits. Under IFRSs, actuarial gains and losses should be recognized immediately in other comprehensive income and unappropriated earnings, in statement of changes in equity, and should not be reclassified to profit or loss in a subsequent period.

In addition, under ROC GAAP, minimum pension liability is the present value of the defined benefit obligation in excess of the fair value of the plan assets. The entity should make up the deficit portion when the pension liabilities are less than the minimum pension liabilities. However, there is no provision on minimum pension liability under IFRSs.

As of December 31, 2012, the Company had performed actuarial valuation under IAS No. 19 “Employee Benefits” and recognized the valuation difference directly to unappropriated earnings under the requirement of IFRS 1 “First-time Adoption of International Financial Reporting Standards.” Unappropriated earnings were decreased by NT\$840,396 thousand. Accrued pension liabilities deferred income tax liabilities - noncurrent and deferred income tax assets - noncurrent were adjusted for increases of NT\$1,012,526 thousand, NT\$172,780 thousand and NT\$344,910 thousand, respectively.

7) Short-term accumulating compensated absences

Short-term accumulating compensated absences are not specifically addressed under ROC GAAP and are usually recognized as salary expense when employees actually go on leave. Under IFRSs, accumulating compensated absences are recognized as salary expense when the employees render services that increase their entitlements to future compensated absences. As of December 31, 2012, the Company accrued NT\$88,197 thousand as short-term accumulating compensated absences and decreased of unappropriated earnings by NT\$88,197 thousand.

8) Onerous contracts

As of December 31, 2012, the Company had reclassified NT\$2,581 thousand warranties from other current liabilities to provision -current in accordance with their nature and the estimated repayment dates.

9) Loss of significant influence

Under ROC GAAP, if the Company loses the significant influence over an investee because of a decrease in ownership or any other reasons, the Company should stop using the equity method and, at the same time, recognize the carrying value as the investment cost. If there is additional capital surplus or other equity items arising from the equity-method investment, the Company should consider the related items in calculating the gain or loss on disposal of the investments.

Under IFRS, the Company needs to compare the fair value of the remaining investments plus proceeds from disposal of equity-method investments with the book value of the investment before disposal and recognize the gain or loss on the disposal. The Company should account for all amounts recognized in other comprehensive income in relation to that associate using the same accounting treatment as would have been required had the associate directly disposed of the related assets or liabilities

The Company accounted for equity-method investments on which significant influence had been lost under available-for-sale financial assets-noncurrent. Thus, the Company increased unrealized gain on financial instruments and decreased unappropriated earnings by NT\$61,674 thousand each on January 1, 2012.

10) Cumulative translation adjustments

On January 1, 2012, the Company elected to recognize all cumulative translation adjustments arising from foreign operations as unappropriated earnings. Thus, the Company deducted the cumulative translation adjustment from other adjustments included in stockholders' equity on the transition date while calculating the gain or loss on any foreign operations after the transition date. As of January 1, 2012, the Company had decreased cumulative translation adjustments and increased unappropriated earnings by NT\$2,915,415 thousand each.

11) Prepayment for equipment disclosure

Under ROC GAAP, the prepayment for equipment is classified as prepayment for equipment under property, plant and equipment. Under IFRS, the prepayment for equipment is classified as long-term prepayment. As of December 31, 2012, the Company reclassified NT\$298,135 thousand from prepayment for equipment to long-term prepayments.

12) Adjustment of long-term equity investments

The evaluation of significant differences between current accounting policies and future IFRS adoption used in the Company are also adopted in the equity investments.

Under ROC GAAP, the changes in investment percentage arising from an investor company's subscribing for new shares issued by the investee at a percentage different from its current investment percentage, the resulting increase or decrease in the investment company's equity in the investee is adjusted in "capital surplus - from long-term investments" and "equity-method investment."

Under IFRSs, changes in equity in associates in which significant influence over the associates is retained, are regarded as the acquisition or disposal of shares in associates; however, changes in equity in subsidiaries in which control over the subsidiaries is retained are regarded as equity transactions. In addition, under IFRS 1 "First-time Adoption of International Financial Reporting Standards" and "Q&A for adopting IFRSs" issued by the Taiwan Stock Exchange, the Company does not need to adjust related accounts retroactively if retroactive account adjustment is not feasible; but, it should reclassify capital surplus - from long-term investment to unappropriated earnings. As of December 31, 2012, capital surplus - from long-term investments decreased by NT\$9,421,242 thousand and unappropriated earnings increased by NT\$9,421,242 thousand.

As of December 31, 2012, the foregoing reclassification resulted in an increase of NT\$499,521 thousand in equity-method investments and NT\$262,703 thousand in capital surplus - from long-term investment and decreased unappropriated earnings, unrecognized net loss of pension cost, and unrealized revaluation increments on properties by NT\$4,511,291 thousand, NT\$166,453 thousand and NT\$704 thousand, respectively. The capital surplus - difference between acquisition price and carrying amount from equity transaction, special reserve, unrealized gain on available-for-sale financial assets and cumulative translation adjustments increased by NT\$3,679,776 thousand, NT\$31,300 thousand, NT\$682,066 thousand and NT\$189,216 thousand, respectively. In addition, the Company decreased the shares of profit by NT\$3,718,957 thousand and increased the unrealized loss on defined benefit plan by NT\$29,261 thousand.

13) Changes in parent's ownership interest in a subsidiary

Under ROC GAAP, the parent company does not need to identify whether the controls over subsidiaries are retained or not when recognizing any difference arising between the fair value of disposing of the interest in the subsidiaries and the carrying amount of the investment as disposal gain or loss. Under IFRSs, changes in equity in subsidiaries in which control over the subsidiaries is retained are regarded as equity transactions.

Thus, on December 31, 2012, the Company increased capital surplus - the difference between the fair value of the ownership interest disposed of and the carrying amount of the subsidiary, by NT\$122,571 thousand; capital surplus - from long-term investments, by NT\$20,370 thousand; cumulative translation adjustments, by NT\$4,493 thousand, unrecognized net loss of pension cost, by NT\$93 thousand, unrealized revaluation increments on properties, by NT\$1,185 thousand.

The unappropriated earnings and deferred income decreased by NT\$3,691,403 thousand, NT\$86,500 thousand and NT\$62,026 thousand, respectively. In addition, for the year ended December 31, 2012, gain on disposal of investments decreased by NT\$86,149 thousand.

14) Deferred income tax assets or liabilities and valuation allowance

Under ROC GAAP, valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. Under IFRSs, deferred income tax assets are recognized to the extent that it is highly probable that taxable profits will be available against which the deductible temporary differences can be used. Thus, valuation allowance is not needed.

In addition, a deferred income tax asset and liability is classified as current or noncurrent on the basis of the classification of the related assets and liabilities for financial reporting under ROC GAAP. A deferred asset or liability that cannot be related to an asset or a liability in the financial statements is classified as current or noncurrent in accordance with the expected realization date of the temporary difference. Under IFRSs, a deferred income tax asset and liability is always classified as noncurrent.

Under ROC GAAP, deferred current income tax liabilities and assets belonging to the same taxable entity should be offset and settled; these offset and settlement on a net basis were also applied to deferred noncurrent income tax liabilities and assets. Under IFRS, deferred tax assets and deferred tax liabilities should be offset only if the entity has a legally enforceable right to settle on a net basis and if the income taxes on the deferred tax assets and liabilities are levied by the same taxing authority on the same taxable entity (or different taxable entities which intend either to settle material current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered).

Thus, the Company increased deferred income tax assets - noncurrent by NT\$172,780 thousand and deferred income tax liabilities - noncurrent by NT\$172,780 thousand.

d. Explanation of material adjustments to the statement of cash flows.

According to ROC GAAP, interest paid and received, income tax and dividends received are classified as operating activities. Additional disclosure is required for interest expenses when reporting cash flow using indirect method. However, under IAS 7 "Statement of Cash Flow", cash flows from interest and dividends received and paid shall each be disclosed separately. Therefore, for the year ended December 31, 2012, interests and dividends received by the Company were NT\$8,828 thousand and NT\$7,380,414 thousand, respectively, and income tax and interest paid by the Company were NT\$25,092, NT\$674,016 thousand, respectively, presented separately at the date of transition to IFRSs.

Except for the above differences, there are no other significant differences between ROC GAAP and IFRSs in the consolidated statement of cash flows.

e. Exemptions from IFRS 1

IFRS 1 establishes the procedures for the Company's first financial statements prepared in accordance with IFRSs. According to IFRS 1, the Company is required to determine the accounting policies under IFRSs and retrospectively apply those accounting policies in its opening balance sheet at the date of transition to IFRSs, January 1, 2012; except for optional exemptions and mandatory exceptions to such retrospective application provided under IFRS 1. The major optional exemptions the Company adopted are summarized as follows:

Business combinations

The Company elected not to apply IFRS 3, "Business Combinations," retrospectively to business combinations that occurred before the date of transition. Therefore, in the opening balance sheet, the amount of goodwill generated from past business combinations remains the same compared with the one under ROC GAAP as of December 31, 2011.

The exemption of not elected to apply IFRS 3 "Business Combinations" also applied to investments in associates acquired in the past.

Employee benefits

The Company elected to recognize all cumulative actuarial gains and losses in retained earnings as of the date of transition. In addition, the Company elected to apply the exemption disclosure requirement provided by IFRS 1, in which the experience adjustments are determined for each accounting period prospectively from the transition date.

Cumulative translation differences

The Company elected to reset the cumulative translation differences to zero at the date of transition to IFRSs and adjusted retained earnings accordingly. Gains or losses of a subsequent disposal of any foreign operations will exclude the translation differences that arose before the date of transition to IFRSs.

f. Special reserve recognized at the date of transition

According to Rule No. 1010012865 issued by the Financial Supervisory Commission (FSC) on April 6, 2012, on the first-time adoption of IFRSs, the Company is required to record special reserve equal to the amount of unrealized revaluation increments and cumulative translation adjustments (gain) under stockholders' equity reclassified to unappropriated earnings in accordance with IFRS 1; however, if the increase in retained earnings that resulted from all IFRSs adjustments is not enough for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve may be reversed to retained earnings in proportion to the use, disposal or reclassification of the related assets and thereafter distributed. On January 1, 2011, unrealized revaluation increments, cumulative translation adjustments and unappropriated earnings arising from the investment properties of equity-method investees which used revalued fair value as deemed cost amounted to NT\$2,915,415 thousand, NT\$19,167,218 thousand, and NT\$205,296 thousand, respectively; and, the Company recorded these amounts under special reserve.

32. ADDITIONAL DISCLOSURES

- a. Following are the additional disclosures required by the Securities and Futures Bureau for the Company and investees and b. Reinvestment information:

- 1) Financing provided: Schedule C (attached)
- 2) Endorsement/guarantee provided: Schedule D (attached)
- 3) Marketable securities and investments in share of stock held: Schedule E (attached)
- 4) Securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the capital stock: Schedule F (attached)
- 5) Acquisition of individual real states at costs of at least NT\$30 million or 20% of the capital stock: None
- 6) Disposal of individual real states at prices of at least NT\$30 million or 20% of the capital stock: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$10 million or 20% of the capital stock: Schedule G (attached)
- 8) Receivables from related parties amounting to at least NT\$10 million or 20% of the capital stock: Schedule H (attached)
- 9) Names, locations, and related information of investees on which the Company exercises significant influence: Schedule I (attached)
- 10) Derivative financial transactions: Note 7

c. Investments in Mainland China

- 1) Investee company name, the description of the primary business activity and products, issued capital, nature of the relationship, capital inflow or outflow, ownership interest, gain or loss on investment, amounts received on investment, and the limitation on investment: Schedule J and J-1 (attached)
- 2) Significant direct or indirect transactions with the investee company, prices, payment terms, and unrealized gain or loss: Note 35 and Schedules J and J-1 (attached)

FAR EASTERN NEW CENTURY CORPORATION

**RELATED-PARTY TRANSACTIONS
FOR THE YEARS ENDED DECEMBER 31 2013 AND 2012
(In Thousands of New Taiwan Dollars)**

| | Notes | For the Year Ended December 31 | | | |
|--|-------|---------------------------------------|-----------|----------------------|-----------|
| | | 2013 | | 2012 | |
| | | Amount | % | Amount | % |
| Sales | | | | | |
| Subsidiaries | | \$ 2,696,908 | 4 | \$ 2,144,264 | 4 |
| Related parties | | 901,344 | 2 | 538,789 | 1 |
| Others | | <u>380,078</u> | <u>1</u> | <u>403,107</u> | <u>-</u> |
| | | <u>\$ 3,978,330</u> | <u>7</u> | <u>\$ 3,086,160</u> | <u>5</u> |
| Operating cost and expense | | | | | |
| Purchase | | | | | |
| Subsidiaries | | \$ 12,340,506 | 29 | \$ 10,586,656 | 24 |
| Related parties | | 163,862 | - | 1,111,340 | 2 |
| Others | | <u>260,837</u> | <u>1</u> | <u>223,187</u> | <u>1</u> |
| | | <u>\$ 12,765,205</u> | <u>30</u> | <u>\$ 11,921,183</u> | <u>27</u> |
| Manufacturing overhead - processing | | | | | |
| Subsidiaries | | <u>\$ 1,559,126</u> | <u>65</u> | <u>\$ 997,886</u> | <u>58</u> |
| Contract costs | | | | | |
| Subsidiaries | | \$ 15,820 | 5 | \$ 16,495 | 5 |
| Related parties | | 13,841 | 5 | 14,282 | 5 |
| Others | | <u>124,624</u> | <u>42</u> | <u>110,131</u> | <u>36</u> |
| | | <u>\$ 154,285</u> | <u>52</u> | <u>\$ 140,908</u> | <u>46</u> |
| Computer processing expense | | | | | |
| Subsidiaries | c. | \$ 396 | 1 | \$ 98 | - |
| Others | | <u>67,435</u> | <u>63</u> | <u>59,394</u> | <u>60</u> |
| | | <u>\$ 67,831</u> | <u>64</u> | <u>\$ 59,492</u> | <u>60</u> |
| Rental expense | | | | | |
| Subsidiaries | d. | \$ 185,312 | 85 | \$ 182,957 | 85 |
| Others | | <u>16,268</u> | <u>7</u> | <u>16,226</u> | <u>8</u> |
| | | <u>\$ 201,580</u> | <u>92</u> | <u>\$ 199,183</u> | <u>93</u> |

(Continued)

| | Notes | For the Year Ended December 31 | | | |
|--|-------|--------------------------------|-----------|-------------------|-----------|
| | | 2013 | | 2012 | |
| | | Amount | % | Amount | % |
| Nonoperating revenue | | | | | |
| Rental revenue | | | | | |
| | | \$ | | \$ | |
| Subsidiaries | | 16,055 | 73 | 6,085 | 51 |
| Others | | <u>5,551</u> | <u>25</u> | <u>5,524</u> | <u>47</u> |
| | | <u>\$ 21,606</u> | <u>98</u> | <u>\$ 11,609</u> | <u>98</u> |
| Other revenue - commission revenue | | | | | |
| Subsidiaries | | <u>\$ 163,291</u> | <u>28</u> | <u>\$ 102,025</u> | <u>44</u> |
| Nonoperating expenses | | | | | |
| Other expenses - endorsement/guarantee expense | | | | | |
| Subsidiaries | | <u>\$ 18,877</u> | <u>4</u> | <u>\$ 17,415</u> | <u>5</u> |

Notes:

- The terms of sales to and purchases from the related parties were based on agreements.
- The Company had donated NT\$1,050 thousand to Far Eastern Memorial Foundation as of December 31, 2013 and NT\$1,773 thousand to Yuan Ze University as of December 31, 2012.
- As of December 31, 2013, the Company rented the office building and factories from Yuan Ding Co., Ltd. and Far Eastern Resource Development Co., Ltd. and rental expense were paid by monthly and quarterly. All the terms of lease contract had been agreed upon by the lessor and the tenants.
- The Company had revenue incurred from renting out factories and land in Xinpu, Guanyin, Neili and Hukou to Yuan Ze University, Far Eastone, Fu-Ming Transport Corporate, Oriental Resources Development Ltd, Oriental Petrochemical Corp and YDT Technology International Co., Ltd. Rent was received or paid quarterly or monthly, and the amount of rent was based on market conditions in nearby locations.
- Compensation of key management personnel:

| | For the Year Ended December 31 | |
|---------------------------------|--------------------------------|-------------------|
| | 2013 | 2012 |
| Short-term employee benefits | \$ 332,152 | \$ 350,362 |
| Post-employment benefits (Note) | <u>(845)</u> | <u>(1,368)</u> |
| | <u>\$ 331,307</u> | <u>\$ 348,994</u> |

Note: The post-employment benefits were gains for the years ended December 31, 2013 and 2012 based on the results of the actuarial valuations made in accordance with IAS 19 "Employee Benefits".

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

**RELATED-PARTY TRANSACTIONS
AS OF DECEMBER 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars)**

| Notes | December 31, 2013 | | December 31, 2012 | | January 1, 2012 | |
|---------------------|---------------------|------------|-------------------|------------|---------------------|------------|
| | Carrying Amount | % | Carrying Amount | % | Carrying Amount | % |
| Notes receivable | | | | | | |
| Subsidiaries | \$ 27,968 | 3 | \$ 20,543 | 3 | \$ 8,589 | 2 |
| Related parties | 2,283 | - | 63,287 | 8 | 27,783 | 6 |
| Others | <u>28,527</u> | <u>3</u> | <u>-</u> | <u>-</u> | <u>31,056</u> | <u>6</u> |
| | <u>\$ 58,778</u> | <u>6</u> | <u>\$ 83,830</u> | <u>11</u> | <u>\$ 67,428</u> | <u>14</u> |
| Accounts receivable | | | | | | |
| Subsidiaries | \$ 936,901 | 89 | \$ 590,195 | 75 | \$ 335,300 | 71 |
| Related parties | 7,926 | - | 70,937 | 9 | 13,665 | 3 |
| Others | <u>56,806</u> | <u>5</u> | <u>44,804</u> | <u>5</u> | <u>53,747</u> | <u>12</u> |
| | <u>\$ 1,001,633</u> | <u>94</u> | <u>\$ 705,936</u> | <u>89</u> | <u>\$ 402,712</u> | <u>86</u> |
| Other receivables | | | | | | |
| Subsidiaries | \$ 448,052 | 9 | \$ 269,876 | 80 | \$ 239,419 | 85 |
| Related parties | 38,451 | 1 | 33,666 | 10 | 24,214 | 8 |
| Others | <u>15,982</u> | <u>-</u> | <u>34,652</u> | <u>10</u> | <u>19,286</u> | <u>7</u> |
| | <u>\$ 502,485</u> | <u>10</u> | <u>\$ 338,194</u> | <u>100</u> | <u>\$ 282,919</u> | <u>100</u> |
| Refundable deposits | | | | | | |
| Subsidiaries | \$ 34,318 | 55 | \$ 33,887 | 50 | \$ 33,887 | 63 |
| Others | <u>8,260</u> | <u>13</u> | <u>8,260</u> | <u>12</u> | <u>8,215</u> | <u>16</u> |
| | <u>\$ 42,578</u> | <u>68</u> | <u>\$ 42,147</u> | <u>62</u> | <u>\$ 42,102</u> | <u>79</u> |
| Accounts payable | | | | | | |
| Subsidiaries | \$ 927,123 | 98 | \$ 922,286 | 99 | \$ 1,007,473 | 91 |
| Related parties | 17,649 | 2 | 3,872 | - | 89,042 | 8 |
| Others | <u>3,403</u> | <u>-</u> | <u>7,819</u> | <u>1</u> | <u>11,873</u> | <u>1</u> |
| | <u>\$ 948,175</u> | <u>100</u> | <u>\$ 933,977</u> | <u>100</u> | <u>\$ 1,108,388</u> | <u>100</u> |
| Other payables | | | | | | |
| Subsidiaries | \$ 319,783 | 9 | \$ 408,911 | 11 | \$ 289,821 | 9 |
| Related parties | 3,512 | - | 4,143 | - | 3,705 | - |
| Others | <u>27,186</u> | <u>1</u> | <u>35,340</u> | <u>1</u> | <u>27,769</u> | <u>1</u> |
| | <u>\$ 350,481</u> | <u>10</u> | <u>\$ 448,394</u> | <u>12</u> | <u>\$ 321,295</u> | <u>10</u> |

(Continued)

| | Notes | December 31, 2013 | | December 31, 2012 | | January 1, 2012 | |
|--------------------|--------|-------------------|------------|-------------------|------------|------------------|------------|
| | | Carrying Amount | % | Carrying Amount | % | Carrying Amount | % |
| Deferred income | | | | | | | |
| Sale of securities | | | | | | | |
| Subsidiaries | a., b. | \$ 33,467 | 66 | \$ 38,522 | 69 | \$ 38,558 | 69 |
| Others | c. | 2,579 | 5 | 2,579 | 5 | 2,579 | 5 |
| Sale of land | | | | | | | |
| Subsidiaries | d. | <u>14,749</u> | <u>29</u> | <u>14,749</u> | <u>26</u> | <u>14,749</u> | <u>26</u> |
| | | <u>\$ 50,795</u> | <u>100</u> | <u>\$ 55,850</u> | <u>100</u> | <u>\$ 55,886</u> | <u>100</u> |

Financing to affiliates

Loans to related parties (recognized as other payables - related parties)

| | December 31, 2013 | | December 31, 2012 | | January 1, 2012 | |
|---|---------------------|-----------|-------------------|----------|-----------------|----------|
| | Carrying Amount | % | Carrying Amount | % | Carrying Amount | % |
| Investors that have significant influence over the subsidiaries | <u>\$ 3,899,000</u> | <u>90</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | <u>-</u> |

Note:

- The terms of sales to and purchases from the related parties were based on the agreement.
- The Company subscribed for 17,500 new common shares issued by Air Liquide Far Eastern Ltd.'s amounted to NT\$174,997 thousand in September 2013.
- To expedite the development of multimedia services, mobile advertising and mobile commerce business, the Company acquired 2,786 thousand shares of Hiiir amounting to NT\$54,000 thousand from other related parties in 2013.
- To expand the Company's future business, Far EasTone subscribed for the shares of Alliance Digital Technology Co., Ltd. shares for NT\$30,000 thousand in 2013 and acquired 19.23% ownership.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2013
(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 | PET Far Eastern (Holding) Ltd. | Receivables from affiliates | Yes | \$ 1,926,210 | \$ 1,926,210 | \$ 1,926,210 | 3.35 | 2 | \$ - | For revolving fund | \$ - | Promissory note | \$ - | \$ 5,641,587 | \$ 56,415,865 | Amounts allowed for ending period (Note B); maximum amounts allowed for the period (Note C). |
| | | Far Eastern Polychem Industries Ltd. | Receivables from affiliates | Yes | 2,078,270 | 1,972,790 | 1,972,790 | 1.6428-3.35 | 2 | - | For revolving fund | - | Promissory note | - | 5,641,587 | 56,415,865 | Amounts allowed for ending period (Note B); maximum amounts allowed for the period (Note C). |
| 1 | Far Eastone Telecommunications Co., Ltd. | Q-Ware Communication Co., Ltd. | Receivables from affiliates | Yes | 250,000 | 250,000 | 241,000 | 1.24-1.63 | 2 | - | For revolving fund | - | - | - | 7,279,321 | 10,918,981 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note E). |
| 2 | Yuan Ding Investment Co., Ltd. | Far Eastern Apparel Co., Ltd. | Receivables from affiliates | Yes | 50,000 | 50,000 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 4,011,049 | 20,055,246 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| | | Yue Ding Industry Co., Ltd. | Receivables from affiliates | Yes | 170,000 | 170,000 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 4,011,049 | 20,055,246 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| | | Far Eastern Resources Development Co. | Receivables from affiliates | Yes | 500,000 | 500,000 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 4,011,049 | 20,055,246 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| | | An Ho Garment Co., Ltd. | Receivables from affiliates | Yes | 230,000 | 230,000 | - | 1.66-1.79 | 2 | - | For revolving fund | - | Promissory note | - | 4,011,049 | 20,055,246 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| | | Kai Yuan International Investment Co., Ltd. | Receivables from affiliates | Yes | 400,000 | 400,000 | - | 1.66-1.79 | 2 | - | For revolving fund | - | Promissory note | - | 4,011,049 | 20,055,246 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| | | Yuan Tong Investment Co., Ltd. | Receivables from affiliates | Yes | 460,000 | 460,000 | - | 1.66-1.79 | 2 | - | For revolving fund | - | Promissory note | - | 4,011,049 | 20,055,246 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| | | Da Ju Fiber Co., Ltd. | Receivables from affiliates | Yes | 400,000 | 245,000 | 245,000 | 1.66-1.79 | 2 | - | For revolving fund | - | Promissory note | - | 4,011,049 | 20,055,246 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| 3 | Far Eastern Resources Development Co. | Ding Yuan International Investment Co., Ltd. | Receivables from affiliates | Yes | 200,000 | - | - | - | 2 | - | For revolving fund | - | - | - | 2,574,046 | 12,870,229 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |

(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 | | | |
| 4 | Yuan Tong Investment Co., Ltd. | Yue Ding Industry Co., Ltd. | Receivables from affiliates | Yes | \$ 200,000 | \$ - | \$ - | - | 2 | - | For revolving fund | \$ - | - | \$ - | \$ 791,114 | \$ 3,955,569 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| | | Far Eastern Resources Development Co. | Receivables from affiliates | Yes | 200,000 | - | - | - | 2 | - | For revolving fund | - | - | - | 791,114 | 3,955,569 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| | | Da Ju Fiber Co., Ltd. | Receivables from affiliates | Yes | 155,000 | 155,000 | 155,000 | 1.20-1.45 | 2 | - | For revolving fund | - | Promissory note | - | 791,114 | 3,955,569 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| 5 | Far Eastern Polychem Industries Ltd. | Oriental Petrochemical (Shanghai) Corp. | Receivables from related parties | Yes | 118,960 | 118,960 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 4,244,269 | 4,244,269 | Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F). |
| | | Sino Belgium (Suzhou) Ltd. | Receivables from related parties | Yes | 297,400 | 297,400 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 5,305,336 | 9,549,605 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| | | Far Eastern Industries (Yangzhou) Ltd. | Receivables from related parties | Yes | 4,223,080 | 4,223,080 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 5,305,336 | 9,549,605 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| | | Far Eastern Ishizuka Green Pet Corporation | Receivables from related parties | Yes | 451,840 | 451,840 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 4,244,269 | 4,244,269 | Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F). |
| | | Far Eastern Industries (Shanghai) Ltd. | Receivables from related parties | Yes | 1,962,840 | 1,962,840 | 208,180 | - | 1 | 6712318 | - | Promissory note | - | - | 6,712,318 | 7,427,470 | Amounts allowed for ending period (Note M); maximum amounts allowed for the period (Note I). |
| | | Far Eastern Industries (Suzhou) Ltd. | Receivables from related parties | Yes | 1,040,900 | 1,040,900 | 820,824 | - | 2 | - | For revolving fund | - | Promissory note | - | 5,305,336 | 9,549,605 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| | | Far Eastern Industries (Shanghai) Ltd. | Receivables from related parties | Yes | 2,914,520 | 2,914,520 | 2,141,280 | - | 2 | - | For revolving fund | - | Promissory note | - | 5,305,336 | 9,549,605 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| 7 | Far Eastern Investment (Holding) Ltd. | Malaysia Garment Manufactures Pte. Ltd. | Receivables from related parties | Yes | 297,400 | 297,400 | - | 0-1.51450 | 2 | - | For revolving fund | - | Promissory note | - | 2,764,114 | 2,764,114 | Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F). |
| | | FEDP (Holding) Ltd. | Receivables from related parties | Yes | 594,800 | 297,400 | - | 1.42250-1.51450 | 2 | - | For revolving fund | - | Promissory note | - | 3,455,142 | 6,219,256 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| | | PET Far Eastern (Holding) Ltd. | Receivables from related parties | Yes | 594,800 | 297,400 | - | 1.5145 | 2 | - | For revolving fund | - | Promissory note | - | 3,455,142 | 6,219,256 | 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 | | | |
| | | Oriental Petrochemical (Shanghai) Corp. | Receivables from related parties | Yes | \$ 892,200 | \$ 743,500 | \$ - | - | 2 | \$ - | For revolving fund | \$ - | Promissory note | \$ - | \$ 2,764,114 | \$ 2,764,114 | Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F). |
| | | Far Eastern Polychem Industries Ltd. | Receivables from related parties | Yes | 2,379,200 | 297,400 | 98,142 | 1.42250-1.51450 | 2 | - | For revolving fund | - | Promissory note | - | 3,455,142 | 6,219,256 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| | | Sino Belgium (Holding) Ltd. | Receivables from related parties | Yes | 1,070,640 | 1,070,640 | 234,351 | 1.42250-1.51450 | 2 | - | For revolving fund | - | Promissory note | - | 2,764,114 | 2,764,114 | Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F). |
| | | Far Eastern Apparel (Vietnam) Ltd. | Receivables from related parties | Yes | 267,660 | 267,660 | 236,730 | - | 2 | - | For revolving fund | - | Promissory note | - | 3,455,142 | 6,219,256 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| | | PET Far Eastern (M) Sdn. Bhd. | Receivables from related parties | Yes | 297,400 | 297,400 | 263,675 | 1.42250-1.51450 | 2 | - | For revolving fund | - | Promissory note | - | 2,764,114 | 2,764,114 | Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F). |
| | | Far Eastern Apparel (Holding) Ltd. | Receivables from related parties | Yes | 1,487,000 | 446,100 | 362,828 | 1.42250-1.51450 | 2 | - | For revolving fund | - | Promissory note | - | 3,455,142 | 6,219,256 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| | | Far Eastern Polytex (Holding) Ltd. | Receivables from related parties | Yes | 1,933,100 | 1,933,100 | 1,754,660 | 1.42250-1.51450 | 2 | - | For revolving fund | - | Promissory note | - | 3,455,142 | 6,219,256 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| | | Oriental Textile (Holding) Ltd. | Receivables from related parties | Yes | 2,379,200 | 2,081,800 | 1,837,932 | 1.42250-1.51450 | 2 | - | For revolving fund | - | Promissory note | - | 3,455,142 | 6,219,256 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| 8 | PET Far Eastern (Holding) Ltd. | Oriental Petrochemical (Shanghai) Corp. | Receivables from related parties | Yes | 1,249,080 | 1,249,080 | 972,498 | - | 2 | - | For revolving fund | - | Promissory note | - | 2,611,293 | 2,611,293 | Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F). |
| 9 | Kai Yuan International Investment Co., Ltd. | Ding Yuan International Investment Co., Ltd. | Receivables from affiliates | Yes | 100,000 | - | - | 1.20-1.21 | 2 | - | For revolving fund | - | - | - | 485,477 | 2,427,383 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| | | Yuan Tong Investment Co., Ltd. | Receivables from affiliates | Yes | 200,000 | - | - | 1.20-1.21 | 2 | - | For revolving fund | - | - | - | 485,477 | 2,427,383 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| | | Yuan Ding Investment Co., Ltd. | Receivables from affiliates | Yes | 600,000 | - | - | 1.20-1.21 | 2 | - | For revolving fund | - | - | - | 485,477 | 2,427,383 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| | | Da Ju Fiber Co., Ltd. | Receivables from affiliates | Yes | 400,000 | 281,000 | 281,000 | 1.20-1.53 | 2 | - | For revolving fund | - | Promissory note | - | 485,477 | 2,427,383 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |

(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 | | | |
| 10 | Far Eastern Polytex (Holding) Ltd. | Far Eastern Investment (Holding) Ltd. | Receivables from related parties | Yes | \$ 297,400 | \$ 297,400 | \$ - | 1.5145 | 2 | \$ - | For revolving fund | \$ - | Promissory note | \$ - | \$ 4,108,825 | \$ 7,395,884 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| | | Wuhan Far Eastern New Material Ltd. | Receivables from related parties | Yes | 356,880 | 356,880 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 4,108,825 | 7,395,884 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| | | Far Eastern New Century (China) Investment Ltd. | Receivables from related parties | Yes | 3,866,200 | 3,866,200 | 1,891,464 | - | 2 | - | For revolving fund | - | Promissory note | - | 4,108,825 | 7,395,884 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| 11 | Yuan Ding Company Ltd. | YDT Technology International Co., Ltd. | Receivables from affiliates | Yes | 50,000 | 50,000 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 1,719,686 | 4,299,216 | Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note C). |
| | | Far Eastern Technical Consultants Co., Ltd. | Receivables from affiliates | Yes | 50,000 | 50,000 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 1,719,686 | 4,299,216 | Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note C). |
| | | FET Consulting Engineers Co., Ltd. | Receivables from affiliates | Yes | 50,000 | 50,000 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 1,719,686 | 4,299,216 | Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note C). |
| | | Far Eastern Electronic Commerce Co., Ltd. | Receivables from affiliates | Yes | 100,000 | 100,000 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 1,719,686 | 4,299,216 | Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note C). |
| | | Ding Ding Integrated Marketing Services Co., Ltd. | Receivables from affiliates | Yes | 100,000 | 100,000 | - | 1.26 | 2 | - | For revolving fund | - | Promissory note | - | 1,719,686 | 4,299,216 | Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note C). |
| | | Yuan Ding Integrated Information Service (Shanghai) Inc. | Receivables from affiliates | Yes | 119,700 | 118,960 | 29,740 | 1.32 | 2 | \$ - | For revolving fund | \$ - | Promissory note | \$ - | 1,719,686 | 4,299,216 | Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note C). |
| 13 | Ding Yuan International Investment Co., Ltd. | Yuan Tong Investment Co., Ltd. | Receivables from affiliates | Yes | 100,000 | - | - | 1.20-1.21 | 2 | - | For revolving fund | - | - | - | 267,526 | 1,337,632 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| | | Yuan Ding Investment Co., Ltd. | Receivables from affiliates | Yes | 250,000 | - | - | 1.20-1.21 | 2 | - | For revolving fund | - | - | - | 267,526 | 1,337,632 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| | | Da Ju Fiber Co., Ltd. | Receivables from affiliates | Yes | 100,000 | 100,000 | 100,000 | 1.18-1.21 | 2 | - | For revolving fund | - | Promissory note | - | 267,526 | 1,337,632 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| | | Yue Ding Industry Co., Ltd. | Receivables from affiliates | Yes | 140,000 | 140,000 | 140,000 | 1.18-1.21 | 2 | - | For revolving fund | - | Promissory note | - | 267,526 | 1,337,632 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |

(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 | | | |
| 14 | An Ho Garment Co., Ltd. | Yuan Ding Investment Co., Ltd. | Receivables from affiliates | Yes | \$ 280,000 | \$ - | \$ - | 1.2 | 2 | \$ - | For revolving fund | \$ - | - | \$ - | \$ 167,658 | \$ 838,290 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| | | Yuan Tong Investment Co., Ltd. | Receivables from affiliates | Yes | 50,000 | - | - | 1.20-1.21 | 2 | - | For revolving fund | - | - | - | 167,658 | 838,290 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| | | Da Ju Fiber Co., Ltd. | Receivables from affiliates | Yes | 80,000 | - | - | 1.20-1.21 | 2 | - | For revolving fund | - | - | - | 167,658 | 838,290 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| | | Yue Ding Industry Co., Ltd. | Receivables from affiliates | Yes | 230,000 | - | - | 1.20-1.49 | 2 | - | For revolving fund | - | - | - | 167,658 | 838,290 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note C). |
| 15 | FEDP (Holding) Ltd. | Far Eastern Industries (Suzhou) Ltd. | Receivables from related parties | Yes | 1,272,872 | 565,060 | 499,632 | - | 2 | - | For revolving fund | - | Promissory note | - | 429,021 | 772,238 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| 20 | Oriental Textile (Holding) Ltd. | Oriental Industries (Suzhou) Ltd. | Receivables from related parties | Yes | 1,427,520 | 1,427,520 | - | - | 1 | 2160789 | - | - | Promissory note | - | 2,160,789 | 4,518,848 | Amounts allowed for ending period (Note M); maximum amounts allowed for the period (Note I). |
| | | Sino Belgium (Suzhou) Ltd. | Receivables from related parties | Yes | 178,440 | 178,440 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 3,227,748 | 5,809,947 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| | | Far Eastern Industries (WuXi) Ltd. | Receivables from related parties | Yes | 1,930,126 | 1,930,126 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 3,227,748 | 5,809,947 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| | | Oriental Industries (Suzhou) Ltd. | Receivables from related parties | Yes | 4,104,120 | 2,676,600 | 2,230,500 | - | 2 | - | For revolving fund | - | Promissory note | - | 3,227,748 | 5,809,947 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| 21 | Far Eastern Apparel (Holding) Ltd. | Far Eastern Dyeing & Finishing (Suzhou) Ltd. | Receivables from related parties | Yes | 594,800 | 594,800 | - | - | 1 | 938446 | - | - | Promissory note | - | 938,446 | 1,628,957 | Amounts allowed for ending period (Note M); maximum amounts allowed for the period (Note I). |
| | | Far Eastern Dyeing & Finishing (Suzhou) Ltd. | Receivables from related parties | Yes | 2,974,000 | 892,200 | 321,192 | - | 2 | - | For revolving fund | - | Promissory note | - | 1,163,541 | 2,094,374 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| | | Far Eastern Apparel (Suzhou) Ltd. | Receivables from related parties | Yes | 892,200 | 892,200 | 535,320 | - | 2 | - | For revolving fund | - | Promissory note | - | 1,163,541 | 2,094,374 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| 26 | FETG Investment Antilles N.V. | Waldorf Services B.V. | Receivables from related parties | Yes | 29,740 | 29,740 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 319,876 | 575,777 | 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 | | | |
| 30 | Far Eastern Industries (Shanghai) Ltd. | Far Eastern New Century (China) Investment Ltd. | Other receivables - loans to affiliates | Yes | \$ 512,182 | \$ - | \$ - | 5.6 | 2 | \$ - | For revolving fund | \$ - | Promissory note | \$ - | \$ 4,225,241 | \$ 7,605,434 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| | | Martens Beers Trading (Shanghai) Ltd. | Other receivables - loans to affiliates | Yes | 34,142 | 34,142 | - | 3 | 2 | - | For revolving fund | - | Promissory note | - | 4,225,241 | 7,605,434 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| | | Oriental Petrochemical (Shanghai) Corp. | Other receivables - loans to affiliates | Yes | 97,547 | 97,547 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 845,048 | 1,267,572 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note E). |
| 34 | Far Eastern Dyeing & Finishing (Suzhou) Ltd. | Far Eastern Apparel (Suzhou) Ltd. | Other receivables - loans to affiliates | Yes | 487,795 | 487,795 | - | 2.98035-3.37500 | 2 | - | For revolving fund | - | Promissory note | - | 1,901,309 | 4,225,131 | Amounts allowed for ending period (Note H); maximum amounts allowed for the period (Note L). |
| 36 | Waldorf Services B.V. | Malaysia Garment Manufactures Pte. Ltd. | Receivables from related parties | Yes | 148,700 | 148,700 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 5,641,587 | 16,924,760 | Amounts allowed for ending period (Note J); maximum amounts allowed for the period (Note K). |
| | | Far Eastern Investment (Holding) Ltd. | Receivables from related parties | Yes | 148,700 | 148,700 | 144,685 | 1.42250-1.51450 | 2 | - | For revolving fund | - | Promissory note | - | 5,641,587 | 16,924,760 | Amounts allowed for ending period (Note J); maximum amounts allowed for the period (Note K). |
| | | Chuang Yuan Co., Ltd. | Other receivables | No | 297,400 | 297,400 | 189,741 | 1.42250-1.51450 | 2 | - | For revolving fund | - | Promissory note | - | 5,641,587 | 16,924,760 | Amounts allowed for ending period (Note J); maximum amounts allowed for the period (Note K). |
| 38 | Sino Belgium (Holding) Ltd. | Martens Beers Trading (Shanghai) Ltd. | Receivables from related parties | Yes | 107,064 | - | - | - | 2 | - | For revolving fund | - | Promissory note | - | - | - | Amounts allowed for ending period (Note N); maximum amounts allowed for the period (Note N). |
| | | FEDP (Holding) Ltd. | Receivables from related parties | Yes | 594,800 | - | - | - | 2 | - | For revolving fund | - | Promissory note | - | - | - | Amounts allowed for ending period (Note N); maximum amounts allowed for the period (Note N). |
| | | Sino Belgium (Suzhou) Ltd. | Receivables from related parties | Yes | 880,304 | - | - | - | 2 | - | For revolving fund | - | Promissory note | - | - | - | Amounts allowed for ending period (Note N); maximum amounts allowed for the period (Note N). |
| 41 | Oriental Petrochemical (Shanghai) Corp. | Wuhan Far Eastern New Material Ltd. | Other receivables - loans to affiliates | Yes | 48,774 | 48,774 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 478,810 | 1,436,430 | Amounts allowed for ending period (Note B); maximum amounts allowed for the period (Note E). |
| | | Far Eastern Industries (Shanghai) Ltd. | Other receivables - loans to affiliates | Yes | 97,547 | 97,547 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 478,810 | 1,436,430 | Amounts allowed for ending period (Note B); maximum amounts allowed for the period (Note E). |
| | | Far Eastern Union Petrochemical (Yangzhou) Corporation | Other receivables - loans to affiliates | Yes | 487,795 | - | - | 4 | 2 | - | For revolving fund | - | Promissory note | - | 478,810 | 1,436,430 | Amounts allowed for ending period (Note B); maximum amounts allowed for the period (Note E). |

(Continued)

| No. | Lender | Borrower | Financial Statement Account | Related Parties | Maximum Amounts Allowed for the Period | Amounts Allowed for Ending Period | Actual Borrowing Amount | Interest Rate | Nature of Financing | Business Transaction Amounts | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower | Aggregate Financing Limits | Note |
|-----|---|--|---|-----------------|--|-----------------------------------|-------------------------|-----------------|---------------------|------------------------------|----------------------------------|-------------------------------|-----------------|-------|-----------------------------------|----------------------------|--|
| | | | | | | | | | | | | | Item | Value | | | |
| 43 | Far Eastern Industries (WuXi) Ltd. | Far Eastern Apparel (Suzhou) Ltd. | Other receivables - loans to affiliates | Yes | \$ 731,693 | \$ 731,693 | \$ - | 2.79869-3.37500 | 2 | \$ - | For revolving fund | \$ - | Promissory note | \$ - | \$ 3,073,372 | \$ 6,829,716 | Amounts allowed for ending period (Note H); maximum amounts allowed for the period (Note L). |
| | | Sino Belgium (Suzhou) Ltd. | Other receivables - loans to affiliates | Yes | 975,591 | 975,591 | 487,795 | 3.6 | 2 | - | For revolving fund | - | Promissory note | - | 3,073,372 | 6,829,716 | Amounts allowed for ending period (Note H); maximum amounts allowed for the period (Note L). |
| 44 | Oriental Industries (Suzhou) Ltd. | Far Eastern Apparel (Suzhou) Ltd. | Other receivables - loans to affiliates | Yes | 1,463,357 | 975,591 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 3,305,520 | 7,345,601 | Amounts allowed for ending period (Note H); maximum amounts allowed for the period (Note L). |
| 45 | Far Eastern Industries (Suzhou) Ltd. | Far Eastern Apparel (Suzhou) Ltd. | Other receivables - loans to affiliates | Yes | 731,693 | 731,693 | 81,160 | 2.84692-3.37500 | 2 | - | For revolving fund | - | Promissory note | - | 570,859 | 1,268,575 | Amounts allowed for ending period (Note H); maximum amounts allowed for the period (Note L). |
| 46 | Wuhan Far Eastern New Material Ltd. | Oriental Petrochemical (Shanghai) Corp. | Other receivables - loans to affiliates | Yes | 48,774 | 48,774 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 379,183 | 379,183 | Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note F). |
| 47 | Far Eastern Apparel (Suzhou) Ltd. | Far Eastern Industries (Suzhou) Ltd. | Other receivables - loans to affiliates | Yes | 731,693 | 439,022 | - | 3.57332-3.63548 | 2 | - | For revolving fund | - | Promissory note | - | 1,161,227 | 2,580,505 | Amounts allowed for ending period (Note H); maximum amounts allowed for the period (Note L). |
| | | Far Eastern Dyeing & Finishing (Suzhou) Ltd. | Other receivables - loans to affiliates | Yes | 390,219 | 292,671 | 100,878 | 3.57332-3.63979 | 2 | - | For revolving fund | - | Promissory note | - | 1,161,227 | 2,580,505 | Amounts allowed for ending period (Note H); maximum amounts allowed for the period (Note L). |
| | | Far Eastern Industries (WuXi) Ltd. | Other receivables - loans to affiliates | Yes | 731,693 | 536,569 | 139,035 | 3.57332-3.63979 | 2 | - | For revolving fund | - | Promissory note | - | 1,161,227 | 2,580,505 | Amounts allowed for ending period (Note H); maximum amounts allowed for the period (Note L). |
| | | Sino Belgium (Suzhou) Ltd. | Other receivables - loans to affiliates | Yes | 390,219 | 390,219 | 229,593 | 3.57332-3.63979 | 2 | - | For revolving fund | - | Promissory note | - | 1,161,227 | 2,580,505 | Amounts allowed for ending period (Note H); maximum amounts allowed for the period (Note L). |
| | | Oriental Industries (Suzhou) Ltd. | Other receivables - loans to affiliates | Yes | 1,463,357 | 975,591 | 618,830 | 3.57332-3.63979 | 2 | - | For revolving fund | - | Promissory note | - | 1,161,227 | 2,580,505 | Amounts allowed for ending period (Note H); maximum amounts allowed for the period (Note L). |
| 49 | Far Eastern New Century (China) Investment Ltd. | Yuan Ding Enterprise (Shanghai) Ltd. | Other receivables - loans to affiliates | Yes | 160,983 | 160,983 | 1,457 | 5.8 | 2 | - | For revolving fund | - | Promissory note | - | 972,468 | 1,750,442 | Amounts allowed for ending period (Note C); maximum amounts allowed for the period (Note H). |
| 51 | Sino Belgium (Suzhou) Ltd. | Far Eastern Apparel (Suzhou) Ltd. | Other receivables - loans to affiliates | Yes | 243,898 | 146,351 | - | - | 2 | - | For revolving fund | - | Promissory note | - | 58,753 | 130,563 | Amounts allowed for ending period (Note H); 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 | | | |
| 55 | YDT Technology International Co., Ltd. | Yuan Ding Company Ltd. | Receivables from affiliates | Yes | \$ 130,000 | \$ 130,000 | \$ 120,000 | 1.25-1.40 | 2 | \$ - | For revolving fund | \$ - | Promissory note | \$ - | \$ 150,487 | \$ 188,109 | Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note C). |
| 56 | Far Eastern Technical Consultants Co, Ltd. | Yuan Ding Company Ltd. | Receivables from affiliates | Yes | 12,000 | - | - | - | 2 | - | For revolving fund | - | - | - | 13,238 | 33,096 | Amounts allowed for ending period (Note G); maximum amounts allowed for the period (Note C). |
| 57 | FET Consulting Engineers Co., Ltd. | Yuan Ding Company Ltd. | Receivables from affiliates | Yes | 150,000 | 100,000 | 98,000 | 1.25-1.40 | 2 | - | For revolving fund | - | Promissory note | - | 223,076 | 278,846 | Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note C). |
| 64 | New Century InfoComm Tech Co., Ltd. | Far EasTone Telecommunications Co., Ltd. | Receivables from affiliates | Yes | 2,200,000 | 2,200,000 | 2,200,000 | 1.14 | 2 | - | For revolving fund | - | - | - | 2,299,160 | 3,448,740 | Amounts allowed for ending period (Note D); maximum amounts allowed for the period (Note E). |
| | | Far EasTone Telecommunications Co., Ltd. | Receivables from affiliates | Yes | 3,000,000 | 3,000,000 | 3,000,000 | 1.14 | 1 | 3392474 | - | - | - | 3,392,474 | 11,495,800 | Amounts allowed for ending period (Note M); maximum amounts allowed for the period (Note C). | |
| 83 | Far Eastern Tech-Info Ltd. (Shanghai) | Far Eastern New Century Information Technology (Beijing) Limited | Receivables from affiliates | Yes | 61,589 | - | - | 6.56 | 2 | - | For revolving fund | - | - | - | 21,309 | 26,636 | Amounts allowed for ending period (Note F); maximum amounts allowed for the period (Note C). |

Notes: A. Reasons for financing are as follows:

1. Business relationship.
2. For short-term financing.

- B. The limit is equal to 5% of the net value of the financier (based on audited financial statements) as of December 31, 2013.
- C. The limit is equal to 50% of the net value of the financier (based on audited financial statements) as of December 31, 2013.
- D. The limit is equal to 10% of the net value of the financier (based on audited financial statements) as of December 31, 2013.
- E. The limit is equal to 15% of the net value of the financier (based on audited financial statements) as of December 31, 2013.
- F. The limit is equal to 40% of the net value of the financier (based on audited financial statements) as of December 31, 2013.
- G. The limit is equal to 20% of the net value of the financier (based on audited financial statements) as of December 31, 2013.
- H. The limit is equal to 90% of the net value of the financier (based on audited financial statements) as of December 31, 2013.
- I. The limit is equal to 70% of the net value of the financier (based on audited financial statements) as of December 31, 2013.
- J. The limit is equal to 5% of the net value of FENC (based on audited financial statements) as of December 31, 2013.
- K. The limit is equal to 15% of the net value of FENC (based on audited financial statements) as of December 31, 2013.
- L. The limit is equal to 200% of the net value of the financier (based on audited financial statements) as of December 31, 2013.
- M. The limit is equal to business transaction amount.
- N. There was no credit as the balance sheet date; thus, there was no need to calculate the financing limit.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No. | Endorser/ Guarantor | Endorsee/Guarantee | | Limits on Each Counter-party's Endorsement/ Guarantee Amounts | Maximum Amounts Allowed for the Period | Outstanding Endorsement/ Guarantee at the End of the Period | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collaterals | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit | Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note N) | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note N) | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note N) | Note |
|-----|--|-------------------------------------|--------------|---|---|--|-------------------------------|---|--|--|--|---|---|---|
| | | Name | Relationship | | | | | | | | | | | |
| 0 | Far Eastern New Century Corporation | Yuan Ding Investment Co., Ltd. | (Note A) | \$ 56,415,865 | \$ 10,001,125 | \$ 3,247,600 | \$ 1,200,000 | \$ - | 2.88 | \$ 112,831,730 | Yes | - | - | Limits on each counter-party's endorsement/guarantee amounts (Note F); maximum amounts allowed for the period (Note G). |
| 1 | Far EasTone Telecommunications Co., Ltd. | Q-Ware Communication Co., Ltd. | (Note A) | 36,396,603 | 161,020 | - | - | - | - | 72,793,206 | - | - | - | Limits on each counter-party's endorsement/guarantee amounts (Note F); maximum amounts allowed for the period (Note G). |
| | | KGEx.com Co., Ltd. | (Note A) | 36,396,603 | 45,000 | 45,000 | 6,166 | - | 0.06 | 72,793,206 | - | - | - | Limits on each counter-party's endorsement/guarantee amounts (Note F); maximum amounts allowed for the period (Note G). |
| 2 | Yuan Ding Investment Co., Ltd. | Far Eastern Apparel Co., Ltd. | (Note A) | 20,055,246 | 135,000 | 130,000 | - | - | 0.32 | 40,110,492 | - | - | - | Limits on each counter-party's endorsement/guarantee amounts (Note F); maximum amounts allowed for the period (Note G). |
| | | Oriental Resources Development Ltd. | (Note A) | 20,055,246 | 219,000 | 200,000 | - | - | 0.50 | 40,110,492 | - | - | - | Limits on each counter-party's endorsement/guarantee amounts (Note F); maximum amounts allowed for the period (Note G). |
| | | FEDP (Holding) Ltd. | (Note C) | 20,055,246 | 300,250 | 298,400 | - | - | 0.74 | 40,110,492 | - | - | - | Limits on each counter-party's endorsement/guarantee amounts (Note F); maximum amounts allowed for the period (Note G). |
| | | PET Far Eastern (Holding) Ltd. | (Note C) | 20,055,246 | 1,050,875 | 1,044,400 | - | - | 2.60 | 40,110,492 | - | - | - | Limits on each counter-party's endorsement/guarantee amounts (Note F); maximum amounts allowed for the period (Note G). |
| | | Da Ju Fiber Co., Ltd. | (Note B) | 20,055,246 | 394,000 | 394,000 | 88,000 | - | 0.98 | 40,110,492 | - | - | - | Limits on each counter-party's endorsement/guarantee amounts (Note F); maximum amounts allowed for the period (Note G). |
| | | Far Eastern Apparel (Holding) Ltd. | (Note A) | 20,055,246 | 1,801,500 | 1,790,400 | 626,992 | - | 4.46 | 40,110,492 | - | - | - | Limits on each counter-party's endorsement/guarantee amounts (Note F); maximum amounts allowed for the period (Note G). |

(Continued)

| No. | Endorser/ Guarantor | Endorsee/Guarantee | | Limits on Each Counter-party's Endorsement/ Guarantee Amounts | Maximum Amounts Allowed for the Period | Outstanding Endorsement/ Guarantee at the End of the Period | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collaterals | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit | Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note N) | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note N) | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note N) | Note |
|-----|---|---|--------------|---|---|--|-------------------------------|---|--|--|--|---|---|---|
| | | Name | Relationship | | | | | | | | | | | |
| | | Far Eastern Polychem Industries Ltd. | (Note B) | \$ 20,055,246 | \$ 7,266,050 | \$ 2,685,600 | \$ 458,263 | \$ - | 6.70 | \$ 40,110,492 | - | - | - | Limits on each counter-party's endorsement/guarantee amounts (Note F); maximum amounts allowed for the period (Note G). |
| | | Oriental Textile (Holding) Ltd. | (Note A) | 20,055,246 | 3,603,000 | 2,685,600 | 749,393 | - | 6.70 | 40,110,492 | - | - | - | Limits on each counter-party's endorsement/guarantee amounts (Note F); maximum amounts allowed for the period (Note G). |
| | | Far Eastern New Century Corporation | (Note D) | 20,055,246 | 2,000,300 | 300,000 | - | - | 0.75 | 40,110,492 | - | Yes | - | Limits on each counter-party's endorsement/guarantee amounts (Note F); maximum amounts allowed for the period (Note G). |
| | | Far Eastern Dyeing & Finishing (Suzhou) Ltd. | (Note A) | 20,055,246 | 300,250 | 298,400 | - | - | 0.74 | 40,110,492 | - | - | Yes | Limits on each counter-party's endorsement/guarantee amounts (Note F); maximum amounts allowed for the period (Note G). |
| | | Oriental Industries (Suzhou) Ltd. | (Note A) | 20,055,246 | 620,474 | 620,474 | 441,434 | - | 1.55 | 40,110,492 | - | - | Yes | Limits on each counter-party's endorsement/guarantee amounts (Note F); maximum amounts allowed for the period (Note G). |
| | | Far Eastern Industries (WuXi) Ltd. | (Note A) | 20,055,246 | 596,800 | 596,800 | - | - | 1.49 | 40,110,492 | - | - | Yes | Limits on each counter-party's endorsement/guarantee amounts (Note F); maximum amounts allowed for the period (Note G). |
| 3 | Far Eastern Resources Development Co. | Far Eastern New Century Corporation | (Note D) | 12,870,229 | 7,721,448 | 6,271,448 | 5,601,370 | 6,271,448 | 5.56 | 25,740,458 | - | Yes | - | Limits on each counter-party's endorsement/guarantee amounts (Note F); maximum amounts allowed for the period (Note G). |
| 4 | Yuan Tong Investment Co., Ltd. | Sino Belgium (Holding) Ltd. | (Note A) | 3,955,569 | 500,517 | - | - | - | - | 7,911,137 | - | - | - | Limits on each counter-party's endorsement/guarantee amounts (Note F); maximum amounts allowed for the period (Note G). |
| 8 | PET Far Eastem (Holding) Ltd. | Far Eastern Union Petrochemical (Yangzhou) Corporation | (Note A) | 56,415,865 | 250,238 | 250,238 | 250,238 | - | 0.22 | 112,831,730 | - | - | Yes | Limits on each counter-party's endorsement/guarantee amounts (Note I); maximum amounts allowed for the period (Note H). |
| 11 | Yuan Ding Company Ltd. | Ding Ding Hotel Co., Ltd. | (Note A) | 4,299,216 | 503,000 | 503,000 | 38,000 | 50,000 | 0.45 | 8,598,432 | - | - | - | Limits on each counter-party's endorsement/guarantee amounts (Note F); maximum amounts allowed for the period (Note G). |

(Continued)

| No. | Endorser/ Guarantor | Endorsee/Guarantee | | Limits on Each Counter-party's Endorsement/ Guarantee Amounts | Maximum Amounts Allowed for the Period | Outstanding Endorsement/ Guarantee at the End of the Period | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collaterals | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit | Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note N) | Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note N) | Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note N) | Note |
|-----|--|--|--------------|---|---|--|-------------------------------|---|--|--|--|---|---|---|
| | | Name | Relationship | | | | | | | | | | | |
| 12 | Far Eastern Construction Co., Ltd. | Far Eastern General Contractor Co., Ltd | (Note A) | \$ 13,175,037 | \$ 300,000 | \$ 300,000 | \$ 95,000 | \$ - | 6.83 | \$ 13,175,037 | - | - | - | Limits on each counter-party's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note J). |
| 15 | FEDP (Holding) Ltd. | Far Eastern Industries (Suzhou) Ltd. | (Note A) | 56,415,865 | 244,718 | - | - | - | - | 112,831,730 | - | - | Yes | Limits on each counter-party's endorsement/guarantee amounts (Note I); maximum amounts allowed for the period (Note H). |
| 20 | Oriental Textile (Holding) Ltd. | Oriental Industries (Suzhou) Ltd. | (Note A) | 56,415,865 | 543,118 | - | - | - | - | 112,831,730 | - | - | Yes | Limits on each counter-party's endorsement/guarantee amounts (Note I); maximum amounts allowed for the period (Note H). |
| 30 | Far Eastern Industries (Shanghai) Ltd. | Wuhan Far Eastern New Material Ltd. | (Note C) | 8,450,483 | 391,531 | 391,531 | - | - | 0.35 | 16,900,966 | - | - | Yes | Limits on each counter-party's endorsement/guarantee amounts (Note G); maximum amounts allowed for the period (Note E). |
| 33 | Far Eastern General Contractor Co., Ltd | Far Eastern Construction Co., Ltd. | (Note D) | 5,626,320 | - | - | - | - | - | 5,626,320 | - | - | - | Limits on each counter-party's endorsement/guarantee amounts (Note J); maximum amounts allowed for the period (Note J). |
| 44 | Oriental Industries (Suzhou) Ltd. | Far Eastern Industries (Suzhou) Ltd. | (Note C) | 56,415,865 | 1,081,491 | 885,711 | - | - | 2.21 | 112,831,730 | - | - | Yes | Limits on each counter-party's endorsement/guarantee amounts (Note I); maximum amounts allowed for the period (Note H). |

Notes: A. Parent company's direct or indirect subsidiary.

B. Equity-method investee.

C. The guarantee provider and counter-party have the same ultimate parent company.

D. Parent company of the investee.

E. The amount of the collateral/guarantee is equal to 200% of the net value of the guarantor (based on audited financial statements) as of December 31, 2013.

F. The amount of the collateral/guarantee is equal to 50% of the net value of the guarantor (based on audited financial statements) as of December 31, 2013.

G. The amount of the collateral/guarantee is equal to the net value of the guarantor (based on audited financial statements) as of December 31, 2013.

H. The amount of the collateral/guarantee is equal to the net value of the ultimate parent company (based on audited financial statements) as of December 31, 2013.

I. The amount of the collateral/guarantee is equal to 50% of the net value of the ultimate parent company (based on audited financial statements) as of December 31, 2013.

(Continued)

- J. The amount of the collateral/guarantee is equal to 300% of the net value of the guarantor (based on audited financial statements) as of December 31, 2013.
- K. The ratio of accumulated endorsement/guarantee to net equity in latest financial statements is calculated in accordance with Regulations Governing Loaning of Funds and Marketing of Endorsements/Guarantees by Public Companies.
- L. The tariff guarantee maximum amount allowed for FENC during the period was NT\$160,000 thousand, and the actual appropriation as of period end was NT\$160,000 thousand.
- M. 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:
- 1) Far Eastern Apparel (Suzhou) Ltd.: RMB0 (NT\$0); the actual remittance was this same amount.
 - 2) Oriental Petrochemical (Shanghai) Co., Ltd.: RMB0 (NT\$0); the actual remittance was this same amount.
 - 3) Far Eastern Industries (WuXi) Ltd.: RMB11,182 thousand (NT\$54,728 thousand); the actual remittance was this same amount.
- N. There will be a “Yes” if the situation meets any with endorsement/guarantee given by parent on behalf of subsidiaries, endorsement/guarantee given by subsidiaries on behalf of parent and endorsement/guarantee given on behalf of companies in Mainland China.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

MARKETABLE SECURITIES AND INVESTMENTS IN SHARES OF STOCK HELD

DECEMBER 31, 2013

(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, 2013 | | | | Note |
|-------------------------------------|--|---------------------------------------|---|---|-----------------|-----------------------------|---------------------------------|------|
| | | | | Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands) | Carrying Amount | Percentage of Ownership (%) | Market Value or Net Asset Value | |
| Far Eastern New Century Corporation | Far Eastern International Bank | (Note C) | Available-for-sale financial assets - noncurrent | 72,459 | \$ 902,112 | 3.08 | \$ 902,112 | |
| Yuan Ding Investment Co., Ltd. | Chung Nan Textile Co., Ltd. | - | Financial assets carried at cost - noncurrent | 2,985 | 81,405 | 5.27 | 119,327 | |
| | Taiwan Stock Exchange Corp. | - | Financial assets carried at cost - noncurrent | 980 | 22,493 | 0.16 | 71,991 | |
| | Universal Venture Capital Investment Corp. | - | Financial assets carried at cost - noncurrent | 1,400 | 14,000 | 1.16 | 13,880 | |
| | Overseas Investment and Development Co., Ltd. | - | Financial assets carried at cost - noncurrent | 1,000 | 10,000 | 1.11 | 9,995 | |
| | China Investment and Development Co., Ltd. | - | Financial assets carried at cost - noncurrent | 1,287 | 8,250 | 0.80 | 13,585 | |
| | Oriental Securities Investment Consultant Co., Ltd. | - | Financial assets carried at cost - noncurrent | 1 | 10 | - | 11 | |
| | Gallery Management Limited | - | Financial assets carried at cost - noncurrent | 914 | 6,597 | 9.81 | 1,626 | |
| | Dah Chung Bills Finance Corp. | - | Financial assets carried at cost - noncurrent | 2,165 | 30,669 | 0.50 | 32,233 | |
| | DFE DWS Global Multi-asset Income Plus FOF | - | Available-for-sale financial assets - current | 5,000 | 54,300 | 0.83 | 54,300 | |
| | U-Ming Marine Transport Corporation | (Note B) | Available-for-sale financial assets - noncurrent | 5,281 | 282,533 | 0.62 | 282,533 | |
| | Far Eastern International Bank | (Note C) | Available-for-sale financial assets - noncurrent | 98,577 | 1,227,285 | 4.19 | 1,227,285 | |
| | Financial assets under asset management contracts (Note F) | | | | | | | |
| | FuBon SS ETF | - | Financial assets at fair value through profit or loss - current | 1,219 | 24,868 | - | 24,868 | |
| | Taiwan Cement | - | Financial assets at fair value through profit or loss - current | 461 | 21,321 | - | 21,321 | |
| | F-Asia Plastic Recycle | - | Financial assets at fair value through profit or loss - current | 179 | 17,094 | - | 17,094 | |
| | Kinik | - | Financial assets at fair value through profit or loss - current | 200 | 14,700 | - | 14,700 | |
| | CCSB | - | Financial assets at fair value through profit or loss - current | 97 | 4,976 | - | 4,976 | |
| | HANPIN | - | Financial assets at fair value through profit or loss - current | 254 | 7,772 | - | 7,772 | |
| | FuBon Financial | - | Financial assets at fair value through profit or loss - current | 148 | 6,453 | - | 6,453 | |
| | CTBC Financial | - | Financial assets at fair value through profit or loss - current | 877 | 17,847 | - | 17,847 | |
| | Taiwan Tea | - | Financial assets at fair value through profit or loss - current | 297 | 7,425 | - | 7,425 | |
| | Largan Precision | - | Financial assets at fair value through profit or loss - current | 17 | 20,655 | - | 20,655 | |
| | Faraday | - | Financial assets at fair value through profit or loss - current | 300 | 12,510 | - | 12,510 | |
| | eLaser | - | Financial assets at fair value through profit or loss - current | 194 | 15,345 | - | 15,345 | |
| | Kuenling A/C | - | Financial assets at fair value through profit or loss - current | 35 | 1,003 | - | 1,003 | |
| | Rechi | - | Financial assets at fair value through profit or loss - current | 84 | 2,684 | - | 2,684 | |
| | F-Cowearth | - | Financial assets at fair value through profit or loss - current | 198 | 16,790 | - | 16,790 | |
| | Ledlink | - | Financial assets at fair value through profit or loss - current | 163 | 16,243 | - | 16,243 | |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2013 | | | | Note |
|--|---|---------------------------------------|---|---|-----------------|-----------------------------|---------------------------------|------|
| | | | | Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands) | Carrying Amount | Percentage of Ownership (%) | Market Value or Net Asset Value | |
| | Daxin | - | Financial assets at fair value through profit or loss - current | 191 | \$ 12,778 | - | \$ 12,778 | |
| | Lanner | - | Financial assets at fair value through profit or loss - current | 188 | 10,378 | - | 10,378 | |
| | Taiflex | - | Financial assets at fair value through profit or loss - current | 203 | 12,180 | - | 12,180 | |
| | Arima | - | Financial assets at fair value through profit or loss - current | 344 | 4,678 | - | 4,678 | |
| | F-Kingcan | - | Financial assets at fair value through profit or loss - current | 214 | 18,404 | - | 18,404 | |
| | TSH Biopharm | - | Financial assets at fair value through profit or loss - current | 69 | 5,658 | - | 5,658 | |
| | Hon Chuan | - | Financial assets at fair value through profit or loss - current | 187 | 11,744 | - | 11,744 | |
| Ding Yuan International Investment Co., Ltd. | Far Eastern International Bank | (Note D) | Available-for-sale financial assets - noncurrent | 73,250 | 911,967 | 3.10 | 911,967 | |
| Kai Yuan International Investment Co., Ltd. | Far Eastern International Bank | (Note D) | Available-for-sale financial assets - noncurrent | 88,929 | 1,107,167 | 3.76 | 1,107,167 | |
| | U-Ming Marine Transport Corporation | (Note E) | Available-for-sale financial assets - noncurrent | 569 | 30,441 | 0.07 | 30,441 | |
| Far Eastern Polychem Industries Ltd. | Bank of Chungqing | - | Available-for-sale financial assets - noncurrent | 8,787 | 185,003 | 0.76 | 185,003 | |
| | Nippon Parison Co., Ltd | - | Financial assets carried at cost - noncurrent | 4 | 65,089 | 10.00 | 93,287 | |
| Far Eastern Construction Co., Ltd. | U-Ming Marine Transport Corporation | (Note E) | Available-for-sale financial assets - current | 1,590 | 85,054 | 0.19 | 85,054 | |
| Far Eastern General Contractor Co., Ltd. | U-Ming Marine Transport Corporation | (Note E) | Available-for-sale financial assets - current | 746 | 39,937 | 0.09 | 39,937 | |
| | Kaohsiung Rapid Transit Co., Ltd. | - | Financial assets carried at cost - noncurrent | 7,572 | 48,972 | 2.72 | 81,491 | |
| | Ya-Li Precast Prestressed Concrete Industries Corp. | - | Financial assets carried at cost - noncurrent | 3,106 | 25,142 | 16.03 | 9,274 | |
| | Hua Nan Kirin Money Market Fund | - | Financial assets at fair value through profit or loss - current | 9,993 | 117,172 | - | 117,172 | |
| | Taishin Ta Chong Money Market Fund | - | Financial assets at fair value through profit or loss - current | 2,894 | 40,157 | - | 40,157 | |
| | Deutsche Far Eastern DWS Taiwan Flagship Security Investment Trust Fund | - | Financial assets at fair value through profit or loss - current | 6,605 | 75,459 | - | 75,459 | |
| | Paradigm Pion Money Market Fund | - | Financial assets at fair value through profit or loss - current | 2,838 | 32,052 | - | 32,052 | |
| | Mega Diamond Money Market Fund | - | Financial assets at fair value through profit or loss - current | 8,195 | 100,270 | - | 100,270 | |
| | Shin Kong Chi-Shin Money - market Fund | - | Financial assets at fair value through profit or loss - current | 3,960 | 60,004 | - | 60,004 | |
| Waldorf Services B.V. | Albert & Orient Glycol Ltd. | - | Financial assets carried at cost - current | - | 34,692 | 25.00 | 539,301 | |
| | Filsyn Corporation | - | Financial assets carried at cost - noncurrent | 20,513 | - | 9.95 | (37,007) | |
| An Ho Garment Co., Ltd. | Far Eastern International Bank | (Note D) | Available-for-sale financial assets - noncurrent | 18,241 | 227,094 | 0.77 | 227,094 | |
| Yuan Faun Ltd. | Far Eastern International Bank | (Note D) | Available-for-sale financial assets - noncurrent | 3,865 | 48,122 | 0.17 | 48,122 | |
| | Yi Tong Fiber Co., Ltd. | - | Financial assets carried at cost - noncurrent | 3,504 | 28,519 | 3.56 | 38,420 | |
| Yuan Tong Investment Co., Ltd. | Far Eastern DWS Global Agribusiness Fund | - | Available-for-sale financial assets - current | 9,862 | 103,747 | - | 103,747 | |
| | Far Eastern International Bank | (Note D) | Available-for-sale financial assets - noncurrent | 17,627 | 219,455 | 0.75 | 219,455 | |
| | Ding Shen Investment Co., Ltd. | - | Financial assets carried at cost - noncurrent | 39,600 | 396,000 | 18.00 | 446,016 | |
| | Bockhold N.V - stock | - | Financial assets carried at cost - noncurrent | 1 | 108,533 | 12.51 | 55,724 | |
| | Bockhold N.V - conversion option embedded into convertible bonds | - | Financial assets carried at cost - current | - | 7,895 | - | - | |
| | Bockhold N.V - convertible bonds | - | Bond investments with no active market - current | - | 267,007 | - | - | |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2013 | | | | Note |
|---|--|---------------------------------------|---|---|-----------------|-----------------------------|---------------------------------|------|
| | | | | Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands) | Carrying Amount | Percentage of Ownership (%) | Market Value or Net Asset Value | |
| | Financial assets under asset management contracts (Note F) | | | | | | | |
| | FuBon SS ETF | - | Financial assets at fair value through profit or loss - current | 1,322 | \$ 26,969 | - | \$ 26,969 | |
| | Taiwan Cement | - | Financial assets at fair value through profit or loss - current | 492 | 22,755 | - | 22,755 | |
| | F-Asia Plastic Recycle | - | Financial assets at fair value through profit or loss - current | 191 | 18,241 | - | 18,241 | |
| | CCSB | - | Financial assets at fair value through profit or loss - current | 104 | 5,335 | - | 5,335 | |
| | HANPIN | - | Financial assets at fair value through profit or loss - current | 291 | 8,905 | - | 8,905 | |
| | FuBon Financial | - | Financial assets at fair value through profit or loss - current | 158 | 6,889 | - | 6,889 | |
| | CTBC Financial | - | Financial assets at fair value through profit or loss - current | 939 | 19,109 | - | 19,109 | |
| | Taiwan Tea | - | Financial assets at fair value through profit or loss - current | 367 | 9,175 | - | 9,175 | |
| | Largan Precision | - | Financial assets at fair value through profit or loss - current | 19 | 23,085 | - | 23,085 | |
| | eLaser | - | Financial assets at fair value through profit or loss - current | 192 | 15,187 | - | 15,187 | |
| | Kuenling A/C | - | Financial assets at fair value through profit or loss - current | 46 | 1,318 | - | 1,318 | |
| | Rechi | - | Financial assets at fair value through profit or loss - current | 98 | 3,131 | - | 3,131 | |
| | F-Cowealth | - | Financial assets at fair value through profit or loss - current | 189 | 16,027 | - | 16,027 | |
| | Ledlink | - | Financial assets at fair value through profit or loss - current | 230 | 22,880 | - | 22,880 | |
| | Daxin | - | Financial assets at fair value through profit or loss - current | 209 | 13,982 | - | 13,982 | |
| | Lanner | - | Financial assets at fair value through profit or loss - current | 171 | 9,439 | - | 9,439 | |
| | Taiflex | - | Financial assets at fair value through profit or loss - current | 216 | 12,960 | - | 12,960 | |
| | Arima | - | Financial assets at fair value through profit or loss - current | 349 | 4,746 | - | 4,746 | |
| | F-Kingcan | - | Financial assets at fair value through profit or loss - current | 255 | 21,930 | - | 21,930 | |
| | TSH Biopharm | - | Financial assets at fair value through profit or loss - current | 64 | 5,248 | - | 5,248 | |
| | Hon Chuan | - | Financial assets at fair value through profit or loss - current | 188 | 11,806 | - | 11,806 | |
| Yuan Ding Company Ltd. | Far Eastern New Century Corporation | (Note A) | Financial assets at fair value through profit or loss - current | 749 | 25,769 | 0.01 | 25,769 | |
| | Far Eastern International Bank | (Note D) | Available-for-sale financial assets - noncurrent | 6,896 | 85,851 | 0.29 | 85,851 | |
| Ding Ding Integrated Marketing Services Co., Ltd. | Pacific SOGO Department Stores | - | Financial assets carried at cost - noncurrent | 1 | 12 | - | 17 | |
| Far Eastern Technical Consultants Co, Ltd. | Yuantai Foreign Trade | - | Financial assets carried at cost - noncurrent | 480 | 4,800 | 4.00 | 8,295 | |
| YDT Technology International Co., Ltd. | Far Eastern International Bank | (Note D) | Available-for-sale financial assets - noncurrent | 2,425 | 30,190 | 0.10 | 30,190 | |
| | Oriental Securities Investment Consultant Co., Ltd. | - | Financial assets carried at cost - noncurrent | 1 | 10 | - | 11 | |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2013 | | | | Note |
|--|---|---------------------------------------|---|---|-----------------|-----------------------------|---------------------------------|------|
| | | | | Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands) | Carrying Amount | Percentage of Ownership (%) | Market Value or Net Asset Value | |
| Far EasTone Telecommunications Co., Ltd. | <u>Stocks</u> Asia Cement Corporation | (Note B) | Available-for-sale financial assets - current | 1,556 | \$ 60,047 | - | \$ 60,047 | |
| | Beneficial certificate - overseas fund Opas Fund Segregated Portfolio Tranche D | - | Available-for-sale financial assets - current | 5 | 165,695 | - | 165,695 | |
| | <u>Bonds</u> 98 Asia Cement 1 Corporate Bond | (Note B) | Held-to-maturity financial assets - current | - | 99,962 | - | 100,757 | |
| Arcoa Communication Co., Ltd. | <u>Stocks</u> THI consultants Inc. | - | Financial assets carried at cost - noncurrent | 1,214 | 12,190 | 18.32 | 12,190 | |
| | VIBO Telecom Inc. | - | Financial assets carried at cost - noncurrent | 123 | 1,385 | - | 1,385 | |
| | Chunghwa Int'l Communication Network Co., Ltd. | - | Financial assets carried at cost - noncurrent | 2,087 | 6,714 | 3.98 | 6,714 | |
| | Web Point Co., Ltd. | - | Financial assets carried at cost - noncurrent | 161 | 1,618 | 0.63 | 1,618 | |
| | <u>Beneficial certificate</u> Franklin Templeton SinoAm Global High Yield Bond Fund | - | Available-for-sale financial assets - current | 899 | 10,125 | - | 10,125 | |
| New Century InfoComm Tech Co., Ltd. | <u>Stocks</u> Kaohsiung Rapid Transit Co., Ltd. | - | Financial assets carried at cost - noncurrent | 8,858 | 50,000 | 3.18 | 50,000 | |
| | BankPro E-service Technology Co., Ltd. | - | Financial assets carried at cost - noncurrent | 450 | 4,500 | 3.33 | 4,500 | |
| | <u>Beneficial certificate - overseas fund</u> Opas Fund Segregated Portfolio Tranche B | - | Available-for-sale financial assets - current | 11 | 470,443 | - | 470,443 | |

- Notes: A. Parent company.
- B. Investor company and investee have the same chairman.
- C. The vice chairman of investee is the chairman of FENC.
- D. The chairman of FENC is the vice chairman of the investee company.
- E. The chairman of the investee is FENC's chairman.
- F. Financial assets under asset management contracts and the financial assets can be sold in the open market by the investee, Oriental Securities Corp.
- G. Relevant information about investment of subsidiaries, affiliates and joint venture. Please refer Schedule I and J.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2013
(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) Co., Ltd. | Equity-method investments | Cash capital increase | (Note A) | 578,846 | \$ 4,528,216 | 302,232 | \$ 3,022,326 | - | \$ - | \$ - | \$ - | \$ (940,806) | 881,078 | \$ 6,609,736 |
| | PET Far Eastern (Holding) Ltd. | Equity-method investments | Cash capital increase | (Note A) | 228 | 4,927,478 | 36 | 824,600 | - | - | - | - | 33,858 | 264 | 5,785,936 |
| Far Eastern Polychem Industries Ltd. | Far Eastern Industries (Yangzhou) Ltd. | Equity-method investments | Cash capital increase | (Note A) | (Note B) | 986,816 | (Note B) | 435,267 | - | - | - | - | 81,503 | (Note B) | 1,503,586 |
| | Far Eastern Ishizuka Green Pet Corporation | Equity-method investments | Cash capital increase | (Note A) | - | - | 120 | 367,500 | - | - | - | - | (64,374) | 120 | 303,126 |
| PET Far Eastern (Holding) Ltd. | Far Eastern Union Petrochemical (Yangzhou) Corporation | Equity-method investments | Cash capital increase | (Note A) | (Note B) | 400,828 | (Note B) | 1,002,580 | - | - | - | - | 2,562 | (Note B) | 1,405,970 |
| Yuan Ding Company Ltd. | FET Consulting Engineers Co., Ltd. | Equity-method investments | Cash capital increase | (Note A) | 39,000 | 275,854 | 46,000 | 460,000 | - | - | - | - | (174,358) | 85,000 | 561,496 |
| | Ding Ding Hotel Co., Ltd. | Equity-method investments | Cash capital increase | (Note A) | 17,572 | (6,250) | 61,994 | 619,937 | 15,064 (Note D) | - | - | - | (92,829) | 64,502 | 520,858 |
| New Century InfoComm Tech Co., Ltd. | Overseas fund | | | | | | | | | | | | | | |
| | Opas Fund Segregated Portfolio Tranche D | Available-for-sale financial assets - current | - | - | 10 | 318,300 (Note C) | - | - | 10 | 343,547 | 318,300 (Note C) | 25,247 | - | - | - |
| | Opas Fund Segregated Portfolio Tranche B | Available-for-sale financial assets - current | - | - | - | - | 11 | 445,500 | - | - | - | - | - | 11 | 445,500 (Note C) |
| | Opas Fund Segregated Portfolio Tranche E | Available-for-sale financial assets - current | - | - | 28 | 812,657 (Note C) | 6 | 208,428 | 34 | 1,093,564 | 1,021,085 (Note C) | 72,479 | - | - | - |
| | Opas Fund Segregated Portfolio Tranche C | Available-for-sale financial assets - current | - | - | 15 | 477,750 (Note C) | - | - | 15 | 580,621 | 477,750 (Note C) | 102,871 | - | - | - |

- Notes:
- A. Subsidiary.
 - B. A private company.
 - C. The ending balances were shown as their investment cost without the adjustment of fair value.
 - D. The shares owned by Yuan Ding Company Ltd. were decreased since Ding Ding Hotel Co., Ltd. reduced its capital to offset its accumulated loss in November 2013.

FAR EASTERN NEW CENTURY CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)

| Company Name | Related Party | Nature of Relationship | Transaction Details | | | | Abnormal Transaction | | Notes Payable or Receivable | | Accounts Payable or Receivable | | Note |
|--|--|--|---------------------|--------------|------------|-------------------|----------------------|---------------|-----------------------------|------------|--------------------------------|------------|-------|
| | | | Purchase/Sale | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | Ending Balance | % to Total | |
| Far Eastern New Century Corporation | Far Eastern Industries (Shanghai) Ltd. | (Note D) | Sales | \$ (424,367) | (1) | Based on contract | \$ - | - | \$ - | - | \$ 96,265 | 1 | |
| | Far Eastern Industries (WuXi) Ltd. | (Note D) | Sales | (342,029) | (1) | Based on contract | - | - | - | - | 36,985 | - | |
| | Oriental Petrochemical (Taiwan) Co., Ltd. | (Note D) | Purchase | 11,636,655 | 24 | Based on contract | - | - | - | - | (821,008) | (16) | |
| | Oriental Resources Development Ltd. | (Note D) | Purchase | 258,796 | 1 | Based on contract | - | - | - | - | (23,860) | - | |
| | Worldwide Polychem (HK) Ltd. | (Note D) | Sales | (1,689,648) | (3) | Based on contract | - | - | - | - | 716,128 | 8 | |
| | Far Eastern Dyeing & Finishing (Suzhou) Ltd. | (Note D) | Purchase | 252,315 | 1 | Based on contract | - | - | - | - | (68,903) | (1) | |
| | Everest Textile Co., Ltd. | (Note A) | Sales | (439,190) | (1) | Based on contract | - | - | 2,283 | 1 | 7,926 | - | |
| | Oriental Union Chemical Corp. | (Note A) | Sales | (462,154) | (1) | Based on contract | - | - | - | - | - | - | |
| | Freudenberg Far Eastern Spunweb Co., Ltd. | (Note F) | Sales | (368,550) | (1) | Based on contract | - | - | 28,527 | 11 | 56,806 | 1 | |
| | Pet Far Eastern (M) Sdn. Bhd. | (Note D) | Sales | (105,423) | - | Based on contract | - | - | - | - | 45 | - | |
| | Oriental Industries (Suzhou) Ltd. | (Note D) | Purchase | 114,118 | - | Based on contract | - | - | - | - | (9,912) | - | |
| | Fu-Da Transport Corporation | (Note J) | Purchase | 114,931 | - | Based on contract | - | - | - | - | (903) | - | |
| | Fu-Ming Transport Corporate | (Note J) | Purchase | 105,678 | - | Based on contract | - | - | - | - | (1,790) | - | |
| | Far Eastern Apparel (Holding) Ltd. | Far Eastern Dyeing & Finishing (Suzhou) Ltd. | (Note D) | Purchase | 1,053,734 | 100 | Based on contract | - | - | - | - | (125,709) | (100) |
| Far Eastern Apparel (Suzhou) Ltd. | Far Eastern Dyeing & Finishing (Suzhou) Ltd. | (Note E) | Purchase | 586,627 | 23 | Based on contract | - | - | - | - | (221,417) | (26) | |
| | An Ho Garment (Suzhou) Ltd. | (Note D) | Purchase | 360,229 | 14 | Based on contract | - | - | - | - | (112,039) | (13) | |
| | Suqian Far Eastern Apparel Co., Ltd. | (Note D) | Purchase | 121,516 | 5 | Based on contract | - | - | - | - | - | - | |
| Far Eastern Dyeing & Finishing (Suzhou) Ltd. | Far Eastern Apparel (Holding) Ltd. | (Note C) | Sales | (1,053,734) | (36) | Based on contract | - | - | - | - | 125,709 | 21 | |
| | Far Eastern Apparel (Suzhou) Ltd. | (Note E) | Sales | (586,627) | (20) | Based on contract | - | - | - | - | 221,417 | 37 | |
| | Far Eastern Industries (Shanghai) Ltd. | (Note E) | Purchase | 183,219 | 11 | Based on contract | - | - | - | - | (42,762) | (12) | |
| | Far Eastern New Century Corporation | (Note C) | Sales | (252,315) | (9) | Based on contract | - | - | - | - | 68,903 | 11 | |
| Far Eastern Industries (Shanghai) Ltd. | Far Eastern Industries (Suzhou) Ltd. | (Note E) | Sales | (494,360) | (2) | Based on contract | - | - | - | - | 41,648 | 1 | |
| | Far Eastern New Century Corporation | (Note C) | Purchase | 424,367 | 2 | Based on contract | - | - | - | - | (96,265) | (3) | |
| | Far Eastern Polychem Industries Ltd. | (Note C) | Sales | (8,757,059) | (32) | Based on contract | - | - | - | - | 1,392,168 | 41 | |
| | Oriental Petrochemical (Shanghai) Corp. | (Note E) | Purchase | 7,650,573 | 28 | Based on contract | - | - | (945,083) | (82) | (895,374) | (24) | |
| | Oriental Petrochemical (Taiwan) Co., Ltd. | (Note E) | Purchase | 1,559,656 | 6 | Based on contract | - | - | - | - | (324,613) | (9) | |
| | Wuhan Far Eastern New Material Ltd. | (Note E) | Sales | (1,624,036) | (6) | Based on contract | - | - | - | - | 453,421 | 13 | |
| | Wuhan Far Eastern New Material Ltd. | (Note E) | Purchase | 119,571 | - | Based on contract | - | - | - | - | (19,996) | (1) | |
| | Worldwide Polychem (HK) Ltd. | (Note E) | Sales | (511,007) | (2) | Based on contract | - | - | - | - | 137,780 | 4 | |
| | Far Eastern Dyeing & Finishing (Suzhou) Ltd. | (Note E) | Sales | (183,219) | (1) | Based on contract | - | - | - | - | 42,762 | 1 | |
| | Far Eastern Industries (WuXi) Ltd. | Far Eastern New Century Corporation | (Note C) | Purchase | 342,029 | 9 | Based on contract | - | - | - | - | (36,985) | (55) |
| Oriental Textile (Holding) Ltd. | | (Note C) | Sales | (793,679) | (20) | Based on contract | - | - | - | - | 102,305 | 34 | |
| Far Eastern Industries (Suzhou) Ltd. | Far Eastern Industries (Shanghai) Ltd. | (Note E) | Purchase | 494,360 | 11 | Based on contract | - | - | - | - | (41,648) | (5) | |
| | Far Eastern Yihua Petrochemical (Yangzhou) Corporation | (Note E) | Purchase | 821,279 | 19 | Based on contract | - | - | - | - | (253,877) | (33) | |
| | Oriental Petrochemical (Shanghai) Corp. | (Note E) | Purchase | 655,886 | 15 | Based on contract | - | - | (161,935) | (100) | - | - | |
| | Oriental Petrochemical (Taiwan) Co., Ltd. | (Note E) | Purchase | 976,384 | 23 | Based on contract | - | - | - | - | (183,274) | (24) | |
| | Oriental Industries (Suzhou) Ltd. | (Note E) | Sales | (3,359,635) | (83) | Based on contract | - | - | 395,769 | 96 | 378,061 | 75 | |

(Continued)

| Company Name | Related Party | Nature of Relationship | Transaction Details | | | | Abnormal Transaction | | Notes Payable or Receivable | | Accounts Payable or Receivable | | Note |
|--|--|------------------------|---------------------|--------------|------------|-------------------|----------------------|---------------|-----------------------------|------------|--------------------------------|------------|------|
| | | | Purchase/Sale | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | Ending Balance | % to Total | |
| Far Eastern Polychem Industries Ltd. | Far Eastern Industries (Shanghai) Ltd. | (Note D) | Purchase | \$ 8,757,059 | 95 | Based on contract | \$ - | - | \$ - | - | \$ (1,392,168) | (95) | |
| | Pet Far Eastern (M) Sdn. Bhd. | (Note E) | Sales | (1,338,064) | (14) | Based on contract | - | - | - | - | 363,483 | 30 | |
| | Wuhan Far Eastern New Material Ltd. | (Note E) | Sales | (387,613) | (4) | Based on contract | - | - | - | - | 56,837 | 5 | |
| | Wuhan Far Eastern New Material Ltd. | (Note E) | Purchase | 484,416 | 5 | Based on contract | - | - | - | - | (67,529) | (5) | |
| YDT Technology International Co., Ltd. | TECO Electric and Machinery Co., Ltd. | (Note I) | Sales | (163,466) | (60) | Based on contract | - | - | - | - | 32,519 | 28 | |
| Far Eastern Yihua Petrochemical (Yangzhou) Corporation | Far Eastern Industries (Suzhou) Ltd. | (Note E) | Sales | (821,279) | (100) | Based on contract | - | - | - | - | 253,877 | 100 | |
| | Oriental Petrochemical (Shanghai) Corp. | (Note E) | Purchase | 815,782 | 100 | Based on contract | - | - | - | - | (34,169) | (19) | |
| Oriental Petrochemical (Shanghai) Corp. | Far Eastern Industries (Shanghai) Ltd. | (Note E) | Sales | (7,650,573) | (31) | Based on contract | - | - | 945,083 | 35 | 895,374 | 43 | |
| | Far Eastern Industries (Suzhou) Ltd. | (Note E) | Sales | (655,886) | (3) | Based on contract | - | - | 161,935 | 6 | - | - | |
| | Far Eastern Yihua Petrochemical (Yangzhou) Corporation | (Note E) | Sales | (815,782) | (3) | Based on contract | - | - | - | - | 34,169 | 2 | |
| | PET Far Eastern (Holding) Ltd. | (Note C) | Purchase | 5,170,021 | 22 | Based on contract | - | - | - | - | (1,638,756) | (66) | |
| Oriental Petrochemical (Taiwan) Co., Ltd. | Far Eastern Industries (Shanghai) Ltd. | (Note E) | Sales | (1,559,656) | (7) | Based on contract | - | - | - | - | 324,613 | 17 | |
| | Far Eastern Industries (Suzhou) Ltd. | (Note E) | Sales | (976,384) | (4) | Based on contract | - | - | - | - | 183,274 | 9 | |
| | Far Eastern New Century Corporation | (Note C) | Sales | (11,636,655) | (49) | Based on contract | - | - | - | - | 821,008 | 42 | |
| Oriental Resources Development Ltd. | Far Eastern New Century Corporation | (Note C) | Sales | (258,796) | (45) | Based on contract | - | - | - | - | 23,860 | 38 | |
| | Freudenberg Far Eastern Spunweb Co., Ltd. | (Note H) | Sales | (183,492) | (32) | Based on contract | - | - | 15,842 | 99 | 19,154 | 31 | |
| Oriental Industries (Suzhou) Ltd. | Far Eastern Industries (Suzhou) Ltd. | (Note E) | Purchase | 3,359,635 | 70 | Based on contract | - | - | (395,769) | (100) | (378,061) | (70) | |
| | Oriental Textile (Holding) Ltd. | (Note C) | Sales | (2,522,385) | (38) | Based on contract | - | - | - | - | 463,260 | 41 | |
| | Far Eastern New Century Corporation | (Note C) | Sales | (114,118) | (2) | Based on contract | - | - | - | - | 9,912 | 1 | |
| Oriental Textile (Holding) Ltd. | Far Eastern Industries (WuXi) Ltd. | (Note D) | Purchase | 793,679 | 24 | Based on contract | - | - | - | - | (102,305) | (18) | |
| | Oriental Industries (Suzhou) Ltd. | (Note D) | Purchase | 2,522,385 | 76 | Based on contract | - | - | - | - | (463,260) | (82) | |
| Far Eastern Investment (Holding) Ltd. | Oriental Union Chemical Corp. | (Note H) | Sales | (177,611) | (7) | Based on contract | - | - | - | - | - | - | |
| PET Far Eastern (Holding) Ltd. | Oriental Petrochemical (Shanghai) Corp. | (Note D) | Sales | (5,170,021) | (100) | Based on contract | - | - | - | - | 1,638,756 | 100 | |
| Pet Far Eastern (M) Sdn. Bhd. | Far Eastern Polychem Industries Ltd. | (Note E) | Purchase | 1,338,064 | 93 | Based on contract | - | - | - | - | (363,483) | (64) | |
| | Far Eastern New Century Corporation | (Note C) | Purchase | 105,423 | 7 | Based on contract | - | - | - | - | (45) | - | |
| An Ho Garment (Suzhou) Ltd. | Far Eastern Apparel (Suzhou) Ltd. | (Note C) | Sales | (360,229) | (100) | Based on contract | - | - | - | - | 112,039 | 100 | |
| Suqian Far Eastern Apparel Co., Ltd. | Far Eastern Apparel (Suzhou) Ltd. | (Note C) | Sales | (121,516) | (100) | Based on contract | - | - | - | - | - | - | |
| Wuhan Far Eastern New Material Ltd. | Far Eastern Industries (Shanghai) Ltd. | (Note E) | Purchase | 1,624,036 | 71 | Based on contract | - | - | - | - | (453,421) | (89) | |
| | Far Eastern Industries (Shanghai) Ltd. | (Note E) | Sales | (119,571) | (5) | Based on contract | - | - | - | - | 19,996 | 12 | |
| | Far Eastern Polychem Industries Ltd. | (Note E) | Sales | (484,416) | (20) | Based on contract | - | - | - | - | 67,529 | 40 | |
| | Far Eastern Polychem Industries Ltd. | (Note E) | Purchase | 387,613 | 17 | Based on contract | - | - | - | - | (56,837) | (11) | |
| Worldwide Polychem (HK) Ltd. | Far Eastern Industries (Shanghai) Ltd. | (Note E) | Purchase | 511,007 | 23 | Based on contract | - | - | - | - | (137,780) | (16) | |
| | Far Eastern New Century Corporation | (Note C) | Purchase | 1,689,648 | 77 | Based on contract | - | - | - | - | (716,128) | (83) | |
| Far Eastern Electronic Toll Collection Co., Ltd. | New Century InfoComm Tech Co., Ltd. | (Note E) | Purchase | 454,970 | 19 | Based on contract | - | - | - | - | (118,906) | (32) | |
| | TECO Electric and Machinery Co., Ltd. | (Note I) | Purchase | 167,522 | 7 | Based on contract | - | - | - | - | - | - | |
| | MiTAC Information Technology Corp. | (Note I) | Purchase | 100,973 | 4 | Based on contract | - | - | - | - | - | - | |
| Far Eastern Construction Co., Ltd. | Far Eastern General Contractor Co., Ltd. | (Note D) | Purchase | 265,932 | 41 | Based on contract | - | - | - | - | (64,026) | (18) | |

(Continued)

| Company Name | Related Party | Nature of Relationship | Transaction Details | | | | Abnormal Transaction | | Notes Payable or Receivable | | Accounts Payable or Receivable | | Note |
|--|---|------------------------|---|--------------|------------|-------------------|----------------------|---------------|-----------------------------|------------|---|------------|------|
| | | | Purchase/Sale | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | Ending Balance | % to Total | |
| Far Eastern General Contractor Co., Ltd. | Ya Tung Ready-mixed Concrete Corp. Far Eastern Construction Co., Ltd. | (Note J) | Purchase | \$ 384,830 | 10 | Based on contract | \$ - | - | \$ (24,943) | (12) | \$ (126,183) | (17) | |
| | | (Note C) | Construction revenue | (437,669) | (11) | Based on contract | - | - | - | - | 64,026 | 15 | |
| | Far Eastern Department Stores Co., Ltd. | (Note H) | Construction revenue | (602,772) | (15) | Based on contract | - | - | - | - | Billingsonconstruction -in-progress 1,703,260 | 10 | |
| | | (Note J) | Construction revenue | (147,172) | (4) | Based on contract | - | - | - | - | 23,031 | 5 | |
| Far Eastern Fibertech Co., Ltd. | Everest Textile Co., Ltd. | (Note H) | Sales | (211,743) | (9) | Based on contract | - | - | - | - | Billingsonconstruction -in-progress 3,055,966 | 17 | |
| | | (Note E) | Operating revenue | (120,770) | (33) | Based on contract | - | - | - | - | 4,983 | 1 | |
| Yuan Cheng Human Resources Consultant Corp. | Far EasTone Telecommunications Co., Ltd. | (Note H) | Sales | (188,922) | (14) | Based on contract | - | - | - | - | Billingsonconstruction -in-progress 512,719 | 3 | |
| | | (Note J) | Sales | (154,813) | (12) | Based on contract | - | - | - | - | 9,260 | 5 | |
| Far Eastern Apparel Co., Ltd. | Far Eastern Department Stores Co., Ltd. Pacific SOGO Department Stores | (Note D) | Cost of telecommunications services, marketing expense and purchase | 14,841,805 | 27 | Based on contract | - | - | - | - | 9,688 | 100 | |
| | | (Note D) | Operating revenue | (306,074) | - | Based on contract | - | - | - | - | (1,116,586) | (8) | |
| Far EasTone Telecommunications Co., Ltd. | Arcoa Communication Co., Ltd. | (Note D) | Operating revenue | (1,243,727) | (2) | Based on contract | - | - | - | - | 220,664 | 4 | |
| | | (Note D) | Cost of telecommunications services | 2,148,747 | 5 | Based on contract | - | - | - | - | 2,364 | - | |
| New Century InfoComm Tech Co., Ltd. | Far EasTone Telecommunications Co., Ltd. | (Note D) | Operating revenue | (136,611) | - | Based on contract | - | - | - | - | (Note B) (419,996) | (3) | |
| | | (Note D) | Cost of telecommunications services | 101,429 | - | Based on contract | - | - | - | - | 36,837 | - | |
| Far EasTone Telecommunications Co., Ltd. | Yuan Cheng Human Resources Consultant Corp. | (Note E) | Professional services fee | 120,770 | 1 | Based on contract | - | - | - | - | (9,688) | - | |
| | | (Note E) | Operating revenue | (2,148,747) | (16) | Based on contract | - | - | - | - | (Note G) 419,996 | 35 | |
| New Century InfoComm Tech Co., Ltd. | Far EasTone Telecommunications Co., Ltd. | (Note C) | Cost of telecommunications services | 1,243,727 | 13 | Based on contract | - | - | - | - | (2,364) | - | |
| | | (Note E) | Cost of telecommunications services | 181,635 | 2 | Based on contract | - | - | - | - | (17,030) | (2) | |
| Far Eastern Electronic Toll Collection Co., Ltd. | Sino Lead Enterprise Ltd. | (Note E) | Operating revenue | (454,970) | (3) | Based on contract | - | - | - | - | 118,906 | 10 | |
| | | (Note D) | Cost of telecommunications services | 131,123 | 1 | Based on contract | - | - | - | - | (60,399) | (8) | |
| Arcoa Communication Co., Ltd. | Far EasTone Telecommunications Co., Ltd. | (Note C) | Operating revenue | (14,841,805) | (77) | Based on contract | - | - | - | - | 1,116,586 | 89 | |
| | | (Note C) | Purchase and Cost of telecommunications services | 306,074 | 2 | Based on contract | - | - | - | - | (220,664) | (16) | |
| Linkwell Tech Co., Ltd. | Homet Master Technology Co., Ltd. | (Note E) | Operating revenue | (177,284) | (1) | Based on contract | - | - | - | - | 8,020 | 1 | |
| | | (Note E) | Operating revenue | (213,615) | (1) | Based on contract | - | - | - | - | 25,058 | 2 | |

(Continued)

| Company Name | Related Party | Nature of Relationship | Transaction Details | | | | Abnormal Transaction | | Notes Payable or Receivable | | Accounts Payable or Receivable | | Note |
|-----------------------------------|--|------------------------|-------------------------------------|------------|------------|-------------------|----------------------|---------------|-----------------------------|------------|--------------------------------|------------|------|
| | | | Purchase/Sale | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | Ending Balance | % to Total | |
| KGEx.com Co., Ltd. | Far EasTone Telecommunications Co., Ltd. | (Note C) | Cost of telecommunications services | \$ 101,429 | 15 | Based on contract | \$ - | - | \$ - | - | \$ (36,837) | (38) | |
| | New Century InfoComm Tech Co., Ltd. | (Note E) | Operating revenue | (181,635) | (27) | Based on contract | - | - | - | - | 17,030 | 17 | |
| Linkwell Tech Co., Ltd. | Arcoa Communication Co., Ltd. | (Note E) | Purchase | 177,284 | 16 | Based on contract | - | - | - | - | (8,020) | (9) | |
| Homet Master Technology Co., Ltd. | Arcoa Communication Co., Ltd. | (Note E) | Purchase | 213,615 | 93 | Based on contract | - | - | - | - | (25,058) | (86) | |
| O-music Co., Ltd. | Far EasTone Telecommunications Co., Ltd. | (Note C) | Operating revenue | (101,429) | (99) | Based on contract | - | - | - | - | 25,532 | 99 | |

Notes: A. Equity-method investee.

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

C. Parent company.

D. Subsidiary.

E. Same ultimate parent company.

F. Equity-method investee equity-method of FENC's subsidiary.

G. The receivables collected by Far EasTone for NCIC.

H. Equity-method investee equity-method of FENC.

I. The board of directors of are the board of directors of FENC's subsidiary, Far Eastern Electronic Toll Collection Co., Ltd.

J. The chairman of the ultimate parent company is the chairman of FENC.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK

FOR THE YEAR ENDED DECEMBER 31, 2013

(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 D) | \$ 716,128 | 2.92 | \$ - | - | \$ 483,667 | \$ - |
| Far Eastern Investment (Holding) Ltd. | Far Eastern Polychem Industries Ltd. | (Note C) | 537,557 | (Note F) | - | - | US\$ 16,960 | - |
| Far Eastern Industries (Shanghai) Ltd. | Far Eastern Polychem Industries Ltd. | (Note E) | 1,392,168 | 7.37 | - | - | RMB 283,249 | - |
| | Wuhan Far Eastern New Material Ltd. | (Note C) | 453,421 | 2.97 | - | - | RMB 75,151 | - |
| | Worldwide Polychem (HK) Ltd. | (Note C) | 137,780 | 3.51 | - | - | RMB 13,931 | - |
| Far Eastern Industries (WuXi) Ltd. | Oriental Textile (Holding) Ltd. | (Note E) | 102,305 | 4.87 | - | - | RMB 20,360 | - |
| Far Eastern Industries (Suzhou) Ltd. | Oriental Industries (Suzhou) Ltd. | (Note C) | 773,830 | 5.11 | - | - | 773,830 | - |
| Far Eastern Polychem Industries Ltd. | Pet Far Eastern (M) Sdn. Bhd. | (Note C) | 363,483 | 3.54 | - | - | HK\$ 72,981 | - |
| Far Eastern Yihua Petrochemical (Yangzhou) Corporation | Far Eastern Industries (Suzhou) Ltd. | (Note C) | 253,877 | 6.47 | - | - | RMB 28,157 | - |
| Oriental Petrochemical (Shanghai) Corp. | Far Eastern Industries (Shanghai) Ltd. | (Note C) | 1,840,457 | 4.29 | - | - | 1,840,457 | - |
| | Far Eastern Industries (Suzhou) Ltd. | (Note C) | 161,935 | 3.64 | - | - | 161,935 | - |
| Oriental Petrochemical (Taiwan) Co., Ltd. | Far Eastern Industries (Shanghai) Ltd. | (Note C) | 324,613 | 2.94 | - | - | 324,613 | - |
| | Far Eastern Industries (Suzhou) Ltd. | (Note C) | 183,274 | 6.23 | - | - | 183,274 | - |
| | Far Eastern New Century Corporation | (Note E) | 821,008 | 13.85 | - | - | 821,008 | - |
| Oriental Industries (Suzhou) Ltd. | Oriental Textile (Holding) Ltd. | (Note E) | 463,260 | 6.27 | - | - | 463,260 | - |
| PET Far Eastern (Holding) Ltd. | Oriental Petrochemical (Shanghai) Corp. | (Note D) | 1,638,756 | 2.86 | - | - | RMB 115,111 US\$ 20,739 | - |
| Far Eastern Dyeing & Finishing (Suzhou) Ltd. | Far Eastern Apparel Holding Ltd. | (Note E) | 125,709 | 9.44 | - | - | US\$ 3,573 | - |
| | Far Eastern Apparel (Suzhou) Ltd. | (Note C) | 221,417 | 3.73 | - | - | RMB 44,332 | - |
| An Ho Garment (Suzhou) Ltd. | Far Eastern Apparel (Suzhou) Ltd. | (Note E) | 112,039 | 3.27 | - | - | RMB 22,795 | - |
| Far EasTone Telecommunications Co., Ltd. | Arcoa Communication Co., Ltd. | (Note D) | 220,664 | 8.62 | - | - | 162,663 | - |
| | New Century InfoComm Tech Co., Ltd. | (Note D) | 295,267 | (Note B) | - | - | 106,473 | - |
| New Century InfoComm Tech Co., Ltd. | Far EasTone Telecommunications Co., Ltd. | (Note E) | 5,727,218 | (Note G) | - | - | 465,929 | - |
| | Far Eastern Electronic Toll Collection Co., Ltd. | (Note C) | 118,906 | 7.59 | - | - | 48,874 | - |
| Arcoa Communication Co., Ltd. | Far EasTone Telecommunications Co., Ltd. | (Note E) | 1,116,586 | 13.63 | - | - | 1,094,085 | - |

(Continued)

Notes: A. For the receivables from the financing to affiliates, please refer to Schedule D.

B. The turnover rate was not calculated because the receivables of Far Eastone were the payment made for NCIC's daily operating expenditures and the management service charges to NCIC.

C. Same ultimate parent company.

D. Subsidiary.

E. Parent company.

F. The turnover rate was not calculated because the expenses of Pet Far Eastern (Holding) Ltd. were the payments made for its subsidiary, Far Eastern Polychem Industries Ltd.

G. The turnover rate was not calculated because revenues and the costs due from the Internet hook-up and international phone call services between Far Eastone and NCIC were paid (received) at net amounts, which were recognized under accounts payable to affiliates.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Investor | Investee | Location | Main Businesses and Products | Investment Amount | | Balance as of December 31, 2013 | | | Net Income (Loss) of the Investee | Investment Gain (Loss) | Notes |
|---|--|---------------------------|---|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|------------------------|--|
| | | | | December 31, 2013 | December 31, 2012 | Shares (Thousands) | Percentage of Ownership | Carrying Value | | | |
| Far Eastern New Century Corporation | Asia Cement Corporation | Taiwan | Cement production | \$ 2,652,282 | \$ 2,652,282 | 735,795 | 22.33 | \$ 13,152,974 | \$ 6,806,043 | \$ 1,176,382 | Gain or loss recognized under the treasury stock method. 19,900 thousand shares pledged or mortgaged as collaterals for loans (Note A) |
| | Far Eastern Department Stores Co., Ltd. | Taiwan | Department store operations | 1,254,158 | 1,254,158 | 237,029 | 16.80 | 4,669,823 | 2,165,564 | 363,815 | (Note A) |
| | Oriental Union Chemical Corp. | Taiwan | Petrochemical materials production | 1,176,211 | 1,176,211 | 81,216 | 9.17 | 1,468,586 | 1,265,295 | 116,142 | Including write off and reversed by upstream transactions \$114 (Note A) |
| | Everest Textile Co., Ltd. | Taiwan | Chemical fiber production | 1,689 | 1,689 | 129 | 0.03 | 1,417 | 229,727 | 69 | (Note A) |
| | Oriental Securities Corp. | Taiwan | Broker | 159,823 | 159,823 | 140,278 | 19.65 | 2,050,493 | 342,571 | 67,315 | (Note A) |
| | Pacific Liu Tong Investment Co., Ltd. (Note E) | Taiwan | Investment | 810,000 | 810,000 | 67,500 | 16.83 | 1,763,666 | 989,253 | 166,491 | (Note A) |
| | Yuan Ding Investment Co., Ltd. | Taiwan | Investment | 100,041 | 100,019 | 1,822,821 | 99.40 | 39,521,606 | 5,875,625 | 5,844,998 | Including write off and reversed by upstream and sidestream transactions \$4,627 (Note B) |
| | Far Eastern Resources Development Co. | Taiwan | Real estate leasing and development service | 14,931,733 | 14,931,733 | 557,354 | 100.00 | 25,484,146 | (158,586) | (140,255) | Including write off and reversed by sidestream transactions NT\$18,331 (Note B) |
| | Far Eastern Polytex (Holding) Ltd. | Bermuda | Investment | 7,195,409 | 7,165,924 | 116 | 100.00 | 8,298,825 | (38,653) | (38,653) | (Note B) |
| | Far Eastern Polychem Industries Ltd. | Bermuda | Investment | 7,318,312 | 7,318,312 | 830,815 | 73.04 | 7,750,790 | (155,313) | (113,441) | (Note B) |
| | Yuan Tong Investment Co., Ltd. | Taiwan | Investment | 5,850,000 | 5,850,000 | 705,147 | 100.00 | 7,591,280 | 279,284 | 288,874 | Including write off and reversed by upstream and sidestream transactions \$9,590 (Note B) |
| | Kai Yuan International Investment Co., Ltd. | Taiwan | Investment | 999,993 | 999,993 | 302,844 | 100.00 | 5,037,632 | 408,187 | 408,227 | Including write off and reversed by upstream transactions \$40 (Note B) |
| | Far Eastern Investment (Holding) Ltd. | Bermuda | Investment | 5,833,333 | 5,833,333 | 1,700 | 100.00 | 6,910,285 | 497,877 | 497,877 | (Note B) |
| | PET Far Eastern (Holding) Ltd. | Bermuda | Investment | 4,245,203 | 3,420,603 | 264 | 88.35 | 5,785,936 | (341,321) | (287,222) | Including premium and discount amortization \$9,727 (Note B) |
| | Oriental Petrochemical (Taiwan) Co., Ltd. | Taiwan | Petrochemical materials production | 7,897,641 | 4,875,315 | 881,078 | 75.56 | 6,609,736 | (1,267,186) | (957,350) | Including write off and reversed by upstream transactions NT\$136 (Note B) |
| | Far Eastern Construction Co., Ltd. | Taiwan | Real estate construction and selling | 143,450 | 143,450 | 188,875 | 65.11 | 2,802,883 | 386,894 | 251,907 | (Note B) |
| | Yuan Ding Company Ltd. | Taiwan | Real estate construction and selling | 857,511 | 857,447 | 186,929 | 37.13 | 3,089,946 | 538,683 | 199,117 | Gain or loss recognized under the treasury stock method (Note B) |
| | An Ho Garment Co., Ltd. | Taiwan | Investment | 1,023 | 1,023 | 66,346 | 100.00 | 1,670,580 | 210,870 | 210,871 | Including write off and reversed by upstream transactions \$1 (Note B) |
| | Ding Yuan International Investment Co., Ltd. | Taiwan | Investment | 2,000,062 | 2,000,062 | 205,000 | 100.00 | 2,664,434 | 145,908 | 135,243 | Including write off and reversed by sidestream transactions \$(10,665) (Note B) |
| | FEDP (Holding) Ltd. | Bermuda | Investment | 676,315 | 676,315 | 244 | 50.43 | 432,711 | (315,157) | (158,934) | (Note B) |
| Fu Kwok Garment Manufacturing Co., Ltd. | Taiwan | Garment production | 9,129 | 9,129 | 3,999 | 99.99 | 159,971 | 11,778 | 11,777 | (Note B) | |
| Ding Ding Hotel Co., Ltd. | Taiwan | Hotel | 393,651 | 249,795 | 19,772 | 19.00 | 159,694 | (164,448) | (31,245) | (Note B) | |
| Far Eastern Textile Ltd. | Taiwan | Chemical fiber production | 1,000 | 1,000 | 100 | 100.00 | 1,235 | 92 | 92 | (Note B) | |
| Yuan Ding Investment Co., Ltd. | Far EasTone Telecommunications Co., Ltd. | Taiwan | Telecommunications | 2,723,598 | 2,723,598 | 1,066,658 | 32.73 | 23,779,149 | 11,770,520 | - | 43,145 thousand shares pledged or mortgaged as collaterals for loans (Note A) |
| | Oriental Union Chemical Corp. | Taiwan | Petrochemical materials production | 1,041,479 | 1,169,816 | 72,915 | 8.23 | 1,411,485 | 1,265,295 | - | (Note A) |
| | Everest Textile Co., Ltd. | Taiwan | Chemical fiber production | 470,103 | 470,103 | 118,869 | 25.23 | 1,053,103 | 229,727 | - | (Note A) |
| | Asia Cement Corporation | Taiwan | Cement production | 263,935 | 419,748 | 9,510 | 0.29 | 262,849 | 6,806,043 | - | (Note A) |
| | Far Eastern Department Stores Co., Ltd. | Taiwan | Department store operations | 123,123 | 123,123 | 5,593 | 0.40 | 151,511 | 2,165,564 | - | (Note A) |
| | Far Eastern Polychem Industries Ltd. | Bermuda | Investment | 1,392,692 | 1,392,692 | 306,644 | 26.96 | 2,860,916 | (155,313) | - | (Note A) |
| | Oriental Securities Corp. | Taiwan | Broker | 255,424 | 255,424 | 185,247 | 25.96 | 2,814,232 | 342,571 | - | 78,125 thousand shares pledged or mortgaged as collaterals for loans (Note A) |

(Continued)

| Investor | Investee | Location | Main Businesses and Products | Investment Amount | | Balance as of December 31, 2013 | | | Net Income (Loss) of the Investee | Investment Gain (Loss) | Notes |
|--|--|----------------------|--|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|------------------------|---|
| | | | | December 31, 2013 | December 31, 2012 | Shares (Thousands) | Percentage of Ownership | Carrying Value | | | |
| | Pacific Liu Tong Investment Co., Ltd. (Note E) | Taiwan | Investment | \$ 796,491 | \$ 796,491 | 59,827 | 14.92 | \$ 1,476,822 | \$ 989,253 | \$ - | (Note A) |
| | Liquid Air Far East Co., Ltd. | Taiwan | Industrial gas production and selling | 504,806 | 329,809 | 86,615 | 35.00 | 1,442,695 | 577,156 | - | (Note A) |
| | Yuan Ding Company Ltd. | Taiwan | Real estate construction and selling | 188,846 | 188,846 | 64,759 | 12.86 | 1,077,243 | 538,683 | - | 16,500 thousand shares pledged or mortgaged as collaterals for loans (Note A) |
| | Far Eastern International Leasing Corp. | Taiwan | Leasing | 1,012,057 | 1,012,057 | 75,269 | 16.87 | 1,149,053 | 175,978 | - | (Note A) |
| | Yu Yuan Investment Co. | Taiwan | Investment | 673,704 | 673,704 | 98,198 | 18.96 | 983,313 | 1,692,651 | - | (Note A) |
| | Da Ju Fiber Co., Ltd. | Taiwan | Polyester production | 263,790 | 263,790 | 20,282 | 41.86 | 596,475 | 76,711 | - | (Note A) |
| | Oriental Petrochemical (Taiwan) Co., Ltd. | Taiwan | Petrochemical materials production | 207,839 | - | 60,590 | 5.20 | 448,658 | (1,267,186) | - | (Note A) |
| | Yuan Ding Leasing Corp. | Taiwan | Real estate construction and selling | 319,380 | 319,380 | 36,706 | 46.20 | 420,032 | 21,255 | - | (Note A) |
| | Freudenberg Far Eastern Spunweb Co., Ltd. | Taiwan | Production of nonwoven industrial fabrics | 144,786 | 144,797 | 13,052 | 29.80 | 316,540 | 228,626 | - | (Note A) |
| | Yue Ming Corp. | Taiwan | Trading | 97,852 | 97,852 | 1,468 | 45.50 | 71,004 | 54,503 | - | (Note A) |
| | Far Eastern General Contractor Co., Ltd. | Taiwan | Real estate construction | 14,682 | 14,682 | 1,400 | 1.00 | 20,103 | 240,853 | - | (Note A) |
| | Oriental Textile (Holding) Ltd. | Bermuda | Investment | 5,842,331 | 5,606,913 | 89 | 100.00 | 6,592,725 | 457,939 | - | (Note B) |
| | Far Eastern Apparel (Holding) Ltd. | Bermuda | Sale of textile, garments, and clothing | 2,179,442 | 2,179,442 | 111 | 100.00 | 2,370,356 | (6,526) | - | (Note B) |
| | Far Eastern Fibertech Co., Ltd. | Taiwan | Nylon production | 585,000 | 585,000 | 79,241 | 100.00 | 1,025,910 | 203,534 | - | (Note B) |
| | Far Eastern Apparel Co., Ltd. | Taiwan | Sale of textile, garments, and clothing | 287,984 | 287,984 | 24,736 | 100.00 | 363,484 | 11,558 | - | (Note B) |
| | Oriental Resources Development Ltd. | Taiwan | Waste recycling and processing | 338,188 | 338,188 | 34,242 | 70.00 | 348,109 | 16,090 | - | (Note B) |
| | Yuan Faun Ltd. | Taiwan | PET bottle production and selling | 51,671 | 51,671 | 5,000 | 100.00 | 122,768 | 4,305 | - | (Note B) |
| Far Eastern Investment (Holding) Ltd. | FETG Investment Antilles N.V. | Netherlands Antilles | Investment | US\$ 6 | US\$ 6 | 6 | 100.00 | 639,740 | 71,384 | - | (Note B) |
| | Filsyn Corporation | Philippines | Polychemical products | PESO 225,324 | PESO 225,324 | 45,066 | 21.85 | - | (19,838) | - | (Note A) |
| | PET Far Eastern (M) Sdn. Bhd. | Malaysia | Bottle production | MYR 8,000 | MYR 8,000 | - | 50.00 | 160,509 | 69,689 | - | (Notes B and C) |
| | Com 2B | Cayman Islands | E-business | US\$ 3,375 | US\$ 3,375 | 9,000 | 20.00 | 15,816 | (126,621) | - | (Note A) |
| | Far Eastern Apparel (Vietnam) Ltd. | Vietnam | Clothing production | US\$ 9,000 | US\$ 9,000 | - | 100.00 | 273,889 | 3,449 | - | (Note B and D) |
| | Worldwide Polychem (HK) Ltd. | Hong Kong | Polyester production | US\$ 3,500 | US\$ 3,500 | 2,700 | 100.00 | 86,063 | (18,694) | - | (Note B) |
| | Opas Fund Segregated Portfolio Company | Cayman Islands | Investment | US\$ 51 | US\$ 51 | - | 34.00 | 1,549 | 20 | - | (Note A) |
| Ding Yuan International Investment Co., Ltd. | Asia Cement Corporation | Taiwan | Cement production | 375,512 | 375,512 | 12,962 | 0.39 | 389,278 | 6,806,043 | - | (Note A) |
| | Far Eastern Department Stores Co., Ltd. | Taiwan | Department store operations | 53,506 | 53,506 | 2,562 | 0.18 | 67,220 | 2,165,564 | - | (Note A) |
| | Everest Textile Co., Ltd. | Taiwan | Chemical fiber production | 149,480 | 149,122 | 8,958 | 1.90 | 70,670 | 229,727 | - | (Note A) |
| | Oriental Union Chemical Corp. | Taiwan | Petrochemical materials production | 387,687 | 387,687 | 16,183 | 1.83 | 444,871 | 1,265,295 | - | (Note A) |
| | Far EasTone Telecommunications Co., Ltd. | Taiwan | Telecommunications | 38,457 | 38,457 | 920 | 0.03 | 41,430 | 11,770,520 | - | (Note A) |
| | Pacific Liu Tong Investment Co., Ltd. (Note E) | Taiwan | Investment | 90,000 | 90,000 | 9,000 | 2.24 | 215,909 | 989,253 | - | (Note A) |
| | Yue Ding Industry Co., Ltd. | Taiwan | Department store operations | 95,624 | 95,624 | 9,057 | 13.20 | 220,263 | 94,264 | - | (Note A) |
| Kai Yuan International Investment Co., Ltd. | Asia Cement Corporation | Taiwan | Cement production | 483,448 | 576,395 | 19,811 | 0.60 | 536,815 | 6,806,043 | - | (Note A) |
| | Far EasTone Telecommunications Co., Ltd. | Taiwan | Telecommunications | 793,702 | 702,436 | 34,149 | 1.05 | 1,154,845 | 11,770,520 | - | 24,868 thousand shares pledged or mortgaged as collaterals for loans (Note A) |
| | Oriental Union Chemical Corp. | Taiwan | Petrochemical materials production | 526,597 | 570,251 | 25,834 | 2.92 | 531,704 | 1,265,295 | - | (Note A) |
| | Far Eastern Department Stores Co., Ltd. | Taiwan | Department store operations | 519,473 | 488,020 | 20,267 | 1.44 | 563,004 | 2,165,564 | - | (Note A) |
| | Kowloon Cement Corp. | Hong Kong | Cement production | 226,896 | 226,896 | 1,127 | 49.00 | 389,516 | 52,752 | - | (Note A) |
| | Far Eastern International Leasing Corp. | Taiwan | Leasing | 1,026,489 | 1,026,489 | 74,970 | 16.80 | 1,149,231 | 175,978 | - | (Note A) |
| | Pacific Liu Tong Investment Co., Ltd. (Note E) | Taiwan | Investment | 90,000 | 90,000 | 9,000 | 2.24 | 215,909 | 989,253 | - | (Note A) |
| Far Eastern Polychem Industries Ltd. | PET Far Eastern (Holding) Ltd. | Bermuda | Investment | US\$ 17,622 | US\$ 17,622 | 35 | 11.65 | 807,754 | (341,321) | - | (Note A) |
| | FEDP (Holding) Ltd. | Bermuda | Investment | US\$ 29,240 | US\$ 29,240 | 240 | 49.57 | 425,332 | (315,157) | - | (Note A) |
| | Far Eastern Ishizuka Green Pet Corporation | Japan | PET bottle production and selling | JPY 1,200,000 | - | 120 | 80.00 | 303,126 | (49,985) | - | (Note B) |
| Far Eastern Construction Co., Ltd. | Far Eastern General Contractor Co., Ltd. | Taiwan | Real estate construction | 271,587 | 271,587 | 138,507 | 98.95 | 1,805,635 | 240,853 | - | (Note B) |
| | Asia Cement Corporation | Taiwan | Cement production | 216,959 | 216,959 | 17,379 | 0.53 | 461,190 | 6,806,043 | - | (Note A) |
| Far Eastern Apparel Co., Ltd. | Yue Ding Industry Co., Ltd. | Taiwan | Department store operations | 29 | 29 | 5 | 0.01 | 88 | 94,264 | - | (Note A) |
| Far Eastern General Contractor Co., Ltd | Far Eastern Technical Consultants Co, Ltd. | Taiwan | Real estate development business consulting and management | 3,864 | 3,864 | 450 | 9.00 | 4,236 | 9,579 | - | (Note A) |
| FETG Investment Antilles N.V. | Waldorf Services B.V. | Netherlands | Investment | US\$19 | US\$19 | 2 | 100.00 | 637,497 | 71,520 | - | (Note B) |
| Waldorf Services B.V. | Cemtex Apparel Inc. | Philippines | Clothing O.E.M. | PESO 9,000 | PESO9,000 | 90 | 50.00 | (10,853) | (2,462) | - | (Note A) |
| | Malaysia Garment Manufactures Pte. Ltd. | Singapore | Garment production | SGD 3,000 | SGD3,000 | 30 | 37.92 | 58,839 | 5,768 | - | (Note A) |
| | Far Eastern International Garments | Philippines | Garment production | US\$ 290 | US\$290 | 59 | 41.00 | (11,752) | (782) | - | (Note A) |

(Continued)

| Investor | Investee | Location | Main Businesses and Products | Investment Amount | | Balance as of December 31, 2013 | | | Net Income (Loss) of the Investee | Investment Gain (Loss) | Notes |
|---|---|------------------------|--|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|------------------------|---|
| | | | | December 31, 2013 | December 31, 2012 | Shares (Thousands) | Percentage of Ownership | Carrying Value | | | |
| An Ho Garment Co., Ltd. | Far EasTone Telecommunications Co., Ltd. | Taiwan | Telecommunications | \$ 748,158 | \$ 748,158 | 40,818 | 1.25 | \$ 1,089,543 | \$ 11,770,520 | \$ - | 26,750 thousand shares pledged or mortgaged as collaterals for loans (Note A) |
| | Asia Cement Corporation | Taiwan | Cement production | 206,551 | 154,847 | 5,974 | 0.18 | 215,568 | 6,806,043 | - | (Note A) |
| | Oriental Union Chemical Corp. | Taiwan | Petrochemical materials production | 4,814 | 4,814 | 154 | 0.02 | 4,796 | 1,265,295 | - | (Note A) |
| | Far Eastern Department Stores Co., Ltd. | Taiwan | Department store operations | 10,483 | 10,483 | 363 | 0.03 | 10,912 | 2,165,564 | - | (Note A) |
| | Yue Ding Industry Co., Ltd. | Taiwan | Department store operations | 111,997 | 111,997 | 10,751 | 15.66 | 163,202 | 94,264 | - | (Note A) |
| | Pacific Liu Tong Investment Co., Ltd. (Note E) | Taiwan | Investment | 67,285 | 67,285 | 4,841 | 1.21 | 121,814 | 989,253 | - | (Note A) |
| | Oriental Securities Corp. | Taiwan | Broker | 95,103 | 95,103 | 5,890 | 0.83 | 89,825 | 342,571 | - | (Note A) |
| | Yuan Ding Investment Co., Ltd. | Taiwan | Investment | 148,994 | 148,994 | 5,502 | 0.30 | 162,999 | 5,875,625 | - | (Note A) |
| Yuan Faun Ltd. | Yuan Cheng Human Resources Consultant Corp. | Taiwan | Personnel recruitment | 7,304 | 7,304 | 750 | 55.56 | 12,686 | 5,029 | - | (Note B) |
| Fu Kwok Garment Manufacturing Co., Ltd. | Far EasTone Telecommunications Co., Ltd. | Taiwan | Telecommunications | 19,663 | 19,663 | 520 | 0.02 | 19,831 | 11,770,520 | - | (Note A) |
| Yuan Tong Investment Co., Ltd. | Pacific Liu Tong Investment Co., Ltd. (Note E) | Taiwan | Investment | 90,000 | 90,000 | 9,000 | 2.24 | 215,909 | 989,253 | - | (Note A) |
| | Far EasTone Telecommunications Co., Ltd. | Taiwan | Telecommunications | 2,246,035 | 2,246,035 | 100,237 | 3.08 | 2,840,643 | 11,770,520 | - | 37,500 thousand shares pledged or mortgaged as collaterals for loans (Note A) |
| | Asia Cement Corporation | Taiwan | Cement production | 888,648 | 888,648 | 28,019 | 0.85 | 926,190 | 6,806,043 | - | (Note A) |
| | Oriental Union Chemical Corp. | Taiwan | Petrochemical materials production | 1,350,827 | 1,217,558 | 35,939 | 4.06 | 1,408,742 | 1,265,295 | - | (Note A) |
| | Far Eastern Department Stores Co., Ltd. | Taiwan | Department store operations | 1,159,521 | 1,038,926 | 38,842 | 2.75 | 1,221,427 | 2,165,564 | - | (Note A) |
| | Far Eastern Electronic Toll Collection Co., Ltd. | Taiwan | Electronic toll collection service | 787,104 | 787,104 | 77,257 | 11.98 | 382,701 | (258,552) | - | (Note A) |
| | Liquid Air Far East Co., Ltd. | Taiwan | Industrial gas production and selling | 20 | 17 | 1 | - | 21 | 577,156 | - | (Note A) |
| | Freudenberg Far Eastern Spunweb Co., Ltd. | Taiwan | Production of nonwoven industrial fabrics | 34 | - | 1 | - | 33 | 228,626 | - | (Note A) |
| | Sino Belgium (Holding) Ltd. | Bermuda | Investment | 1,874,310 | 1,615,490 | 30 | 92.56 | 30,320 | (221,938) | - | (Note B) |
| Yuan Ding Company Ltd. | Far EasTone Telecommunications Co., Ltd. | Taiwan | Telecommunications | 100,412 | 100,412 | 4,164 | 0.13 | 112,984 | 11,770,520 | - | (Note A) |
| | Far Eastern Electronic Toll Collection Co., Ltd. | Taiwan | Electronic toll collection service | 977,650 | 977,650 | 96,312 | 14.93 | 471,643 | (258,552) | - | (Note A) |
| | Ding Ding Hotel Co., Ltd. | Taiwan | Hotel | 645,021 | 175,722 | 64,502 | 61.99 | 520,858 | (164,448) | - | (Note B) |
| | YDT Technology International Co., Ltd. | Taiwan | Electronic material and relevant by-product sale | 100,000 | 100,000 | 13,992 | 100.00 | 372,207 | 109,515 | - | (Note B) |
| | Far Eastern Technical Consultants Co., Ltd. | Taiwan | Real estate development business consulting and management | 45,182 | 45,182 | 4,550 | 91.00 | 54,831 | 9,579 | - | (Note B) |
| | FET Consulting Engineers Co., Ltd. | Taiwan | Business consulting | 822,701 | 362,701 | 85,000 | 100.00 | 561,496 | (178,702) | - | (Note B) |
| | Ding Ding Integrated Marketing Services Co., Ltd. | Taiwan | Marketing | 240,000 | 240,000 | 8,577 | 60.00 | 115,927 | 46,864 | - | (Note B) |
| | Far Eastern Electronic Commerce Co., Ltd. | Taiwan | Electronic information providing services | 239,130 | 150,250 | 23,913 | 53.08 | 87,334 | (125,440) | - | (Note B) |
| | Yu Yuan Investment Co. | Taiwan | Investment | 411,187 | 411,187 | 129,637 | 25.02 | 2,376,988 | 1,692,651 | - | (Note A) |
| | FEDS Asia Pacific Development Co., Ltd. | Taiwan | Department store operations | 100,000 | 100,000 | 10,350 | 5.00 | 126,782 | 168,363 | - | (Note A) |
| | YDC (Virgin Islands) Ltd. | British Virgin Islands | Investment | US\$ 200 | US\$ 200 | 200 | 17.7 | 7,591 | (631) | - | (Note B) |
| | Yue Ming Corp. | Taiwan | Trading | 787 | 787 | 32 | 1.00 | 755 | 54,503 | - | (Note A) |
| | Yue Ding Industry Co., Ltd. | Taiwan | Department store operations | 22,676 | 22,676 | 1,779 | 2.59 | 26,622 | 94,264 | - | (Note A) |
| | Asia Cement Corporation | Taiwan | Cement production | 136,037 | 136,037 | 5,224 | 0.16 | 167,855 | 6,806,043 | - | (Note A) |
| | Yuan Hsin Digital Payment Co., Ltd. | Taiwan | Other financing and supporting services | 60,000 | - | 6,000 | 21.05 | 52,576 | (37,119) | - | (Note A) |
| Ding Ding Integrated Marketing Services Co., Ltd. | Far Eastern Electronic Commerce Co., Ltd. | Taiwan | Electronic information providing services | 745 | 289 | 96 | 0.18 | 289 | (125,440) | - | (Note B) |
| | Yuan Hsin Digital Payment Co., Ltd. | Taiwan | Other financing and supporting services | 45,030 | - | 4,503 | 15.80 | 39,482 | (37,119) | - | (Note A) |
| FET Consulting Engineers Co., Ltd. | DDIM (Virgin Islands) Ltd. | British Virgin Islands | Investment | 384,970 | 237,000 | - | 100.00 | 81,105 | (181,574) | - | (Notes B and D) |
| YDT Technology International Co., Ltd. | YDC (Virgin Islands) Ltd. | British Virgin Islands | Investment | US\$ 930 | US\$ 930 | 930 | 82.30 | 35,298 | (631) | - | (Note B) |
| | Asia Cement Corporation | Taiwan | Cement production | 862 | 862 | 59 | - | 1,906 | 6,806,043 | - | (Note A) |
| | Far Eastern Department Stores Co., Ltd. | Taiwan | Department store operations | 51,673 | 51,673 | 2,710 | 0.19 | 94,077 | 2,165,564 | - | (Note A) |
| | Everest Textile Co., Ltd. | Taiwan | Chemical fiber production | 16,173 | 16,173 | 793 | 0.17 | 6,459 | 229,727 | - | (Note A) |

(Continued)

| Investor | Investee | Location | Main Businesses and Products | Investment Amount | | Balance as of December 31, 2013 | | | Net Income (Loss) of the Investee | Investment Gain (Loss) | Notes |
|--|---|---|--|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|------------------------|----------|
| | | | | December 31, 2013 | December 31, 2012 | Shares (Thousands) | Percentage of Ownership | Carrying Value | | | |
| Far EasTone Telecommunications Co., Ltd. | New Century InfoComm Tech Co., Ltd. | Taiwan | Type I & II telecommunications services | \$ 22,249,283 | \$ 27,243,773 | 2,100,000 | 100.00 | \$ 25,163,575 | \$ 1,853,999 | - | (Note B) |
| | ARCOA Communication Co., Ltd. | Taiwan | Type II telecommunications services, sales of communications products and office equipment | 1,295,035 | 1,295,035 | 82,009 | 61.07 | 1,279,810 | 267,556 | - | (Note B) |
| | KGEx.com Co., Ltd. | Taiwan | Type II telecommunications services | 2,540,442 | 2,540,315 | 112,391 | 99.99 | 855,232 | (12,078) | - | (Note B) |
| | Far Eastern Info Service (Holding) Ltd. | Bermuda | Investment | 92,616 | 92,616 | 1 | 100.00 | 5,358 | (139,274) | - | (Note B) |
| | Yuan Cing Co., Ltd. | Taiwan | Call center services | 101,371 | 96,379 | 19,350 | 99.99 | 111,363 | 10,120 | - | (Note B) |
| | E. World (Holdings) Ltd. | Cayman Islands | Investment | 82,883 | 82,883 | 6,015 | 85.92 | 93,188 | 3,256 | - | (Note B) |
| | Far EasTron Holding Ltd. | Cayman Islands | Investment | 150,000 | 150,000 | 4,487 | 100.00 | 25,590 | 485 | - | (Note B) |
| | O-music Co., Ltd. | Taiwan | Electronic information providing services | 25,000 | 25,000 | 2,500 | 50.00 | (152) | (16,162) | - | (Note B) |
| | Hiiir Digital Marketing Co., Ltd. | Taiwan | Electronic information providing services | 80,000 | - | 8,000 | 80.00 | 59,580 | (20,336) | - | (Note B) |
| | Q-Ware Communication Co., Ltd. | Taiwan | Type II telecommunications services | 832,038 | 832,038 | 33,983 | 81.46 | (29,304) | (42,701) | - | (Note B) |
| | Far Eastern Electronic Commerce Co., Ltd. | Taiwan | Electronic information providing services | 80,893 | 42,020 | 6,691 | 14.85 | 24,064 | (125,440) | - | (Note A) |
| | Far Eastern Electronic Toll Collection Co., Ltd. | Taiwan | Electronic toll collection service | 2,542,396 | 2,542,396 | 254,240 | 39.42 | 844,978 | (258,552) | - | (Note A) |
| | Yuan Hsin Digital Payment Co., Ltd. | Taiwan | Other financing and supporting services | 90,000 | - | 9,000 | 31.58 | 78,330 | (37,119) | - | (Note A) |
| | Ding Ding Integrated Marketing Services Co., Ltd. | Taiwan | Marketing | 60,000 | 60,000 | 2,144 | 15.00 | 28,353 | 46,864 | - | (Note A) |
| | iScreen Corporation | Taiwan | Information services | 100,000 | 100,000 | 4,000 | 40.00 | 15,587 | (7,458) | - | (Note A) |
| Alliance Digital Technology | Taiwan | Electronic information providing services | 30,000 | - | 3,000 | 19.23 | 28,514 | (7,729) | - | (Note A) | |
| Arcoa Communication Co., Ltd. | DataExpress Infotech Co., Ltd. | Taiwan | Sale of communications products | 141,750 | 141,750 | 9,214 | 70.00 | 192,236 | 15,322 | - | (Note B) |
| New Century InfoComm Tech Co., Ltd. | New Diligent Co., Ltd. | Taiwan | Investment | 800,000 | 800,000 | 80,000 | 100.00 | 691,645 | (21,877) | - | (Note B) |
| | Information Security Service Digital United Co., Ltd. | Taiwan | Security and monitoring service via Internet | 148,777 | 148,777 | 14,878 | 100.00 | 98,435 | 1,265 | - | (Note B) |
| | Digital United (Cayman) Ltd. | Cayman Islands | Investment | 132,406 | 102,442 | 4,320 | 100.00 | 50,316 | (8,029) | - | (Note B) |
| | Simple InfoComm Co., Ltd. | Taiwan | Type II telecommunications services | 34,000 | 34,000 | 3,400 | 100.00 | 20,887 | 157 | - | (Note B) |
| | Far Eastern Electronic Commerce Co., Ltd. | Taiwan | Electronic information providing services | 28,922 | 15,030 | 2,392 | 5.31 | 8,603 | (125,440) | - | (Note A) |
| | Ding Ding Integrated Marketing Services Co., Ltd. | Taiwan | Marketing | 20,000 | 20,000 | 715 | 5.00 | 9,451 | 46,864 | - | (Note A) |
| New Diligent Co., Ltd. | Sino Lead Enterprise Limited | Hong Kong | Telecommunication services | 125 | 125 | - | 100.00 | 317 | (82) | - | (Note B) |
| | Far Eastern New Diligent Company Ltd. | British Virgin Islands | Investment | US\$ 4,500 | - | - | 100.00 | 84,482 | (28,711) | - | (Note B) |
| DataExpress Infotech Co., Ltd. | Linkwell Tech. Ltd. | Taiwan | Sale of communications products | 10,000 | 10,000 | - | 100.00 | 43,902 | 1,945 | - | (Note B) |
| | Home Master Technology Ltd. | Taiwan | Sale of communications products | 9,999 | 9,999 | - | 99.99 | 12,889 | 5,824 | - | (Note B) |
| | Jing Yuan Technology Ltd. | Taiwan | Data Processing service | 10,000 | 10,000 | - | 100.00 | 9,330 | (665) | - | (Note B) |

- Notes:
- A. Equity-method investee.
 - B. Subsidiary.
 - C. Included 5,000 thousand common shares and 3,000 thousand preferred shares.
 - D. A private company.
 - E. 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.
 - F. Shares in thousand.
 - G. Investment in mainland china, please refer to Schedule J.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2013
(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, 2013 | Investment Flows | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2013 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note B) | Carrying Amount as of December 31, 2013 (Note C) | Accumulated Repatriation of Investment Income as of December 31, 2013 | Note |
|--|---|-----------------|-------------------------------|---|------------------|--------|---|-----------------------------------|--|---------------------------------|--|---|---------------|
| | | | | | Outflow | Inflow | | | | | | | |
| Far Eastern Industries (Shanghai) Ltd. | Manufacture and distribution of PET staple, PET filament, polyester top, PET performs, draw textured yarn, spinning yarn, knit fabrics, woven fabrics, knit garments and woven garments. | \$ 9,242,163 | 2 | \$ 3,700,967 | \$ - | \$ - | \$ 3,700,967 | \$ 273,883 | 100.00 | \$ 273,883 | \$ 8,483,067 | \$ 853,493 | Notes D and E |
| Far Eastern Apparel (Suzhou) Ltd. | Manufacture and distribution of knit garments, woven garments, non-knit garments, and nonwoven garments and accessories. | 1,005,497 | 2 | 1,010,901 | - | - | 1,010,901 | (52,195) | 100.00 | (52,195) | 1,318,906 | 233,172 | Notes F and G |
| Far Eastern Industries (WuXi) Ltd. | Manufacture and distribution of combed cotton yarn, 60/40 poly/cotton blended yarn, 65/35 poly/cotton blended yarn, spun yarn, woven fabrics, greige woven fabrics, print woven fabrics, piece dyed woven fabrics and bleached woven fabrics. | 2,366,428 | 2 | 2,018,430 | - | - | 2,018,430 | 173,979 | 100.00 | 173,979 | 3,414,857 | 96,245 | Note H and I |
| Oriental Petrochemical (Shanghai) Corp. | Manufacture and distribution of PTA and its by-products. | 7,381,689 | 2 | 2,976,148 | - | - | 2,976,148 | (640,780) | 61.35 | (393,118) | 5,670,548 | 951,077 | Note J |
| Far Eastern Dyeing & Finishing (Suzhou) Ltd. | Manufacture and distribution of weaving, dyeing and finishing of novelty fabrics, high-value engineered textiles industrial woven fabrics and scraps. | 1,814,977 | 2 | 1,342,854 | - | - | 1,342,854 | 61,765 | 100.00 | 61,765 | 2,112,558 | 44,289 | Notes H and S |
| Far Eastern Industries (Suzhou) Ltd. | Manufacture and distribution of polyester chips, partially oriented yarn, fully oriented yarn, and polyester yarn. | 1,938,327 | 2 | 1,765,319 | - | - | 1,765,319 | (326,865) | 100.00 | (326,865) | 634,287 | - | Note K |
| Wuhan Far Eastern New Material Ltd. | Manufacture and distribution of PET chips, PET performs and garments and its by-products | 840,699 | 2 | 724,110 | - | - | 724,110 | 358 | 100.00 | 358 | 947,958 | - | |
| Oriental Industries (Suzhou) Ltd. | Manufacture and distribution of PET performs and high-value engineered textiles industrial woven fabrics and scraps | 4,113,101 | 2 | 3,421,559 | 235,418 | - | 3,656,977 | 357,432 | 100.00 | 357,432 | 3,672,809 | - | Note H |

(Continued)

| Investee Company | Main Businesses and Products | Paid-in Capital | Method of Investment (Note A) | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2013 | Investment Flows | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2013 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note B) | Carrying Amount as of December 31, 2013 (Note C) | Accumulated Repatriation of Investment Income as of December 31, 2013 | Note |
|--|---|-----------------|-------------------------------|---|------------------|--------|---|-----------------------------------|--|---------------------------------|--|---|---------------|
| | | | | | Outflow | Inflow | | | | | | | |
| Far Eastern New Century (China) Investment Ltd. | Investment | \$ 1,821,900 | 2 | \$ 1,577,040 | \$ 29,485 | \$ - | \$ 1,606,525 | \$ 20,552 | 100.00 | \$ 20,552 | \$ 2,094,308 | \$ - | |
| Sino Belgium (Suzhou) Ltd. | Brewery | 1,572,569 | 2 | 1,446,552 | - | - | 1,446,552 | (171,076) | 100.00 | (171,076) | 65,281 | - | Note L |
| Martens Beers Trading (Shanghai) Ltd. | Brewery | 355,385 | 2 | 168,938 | 31,535 | - | 200,473 | (16,371) | 100.00 | (16,371) | 17,685 | - | Note L |
| Far Eastern Yihua Petrochemical (Yangzhou) Corporation | PA and its by-product production and sale | 7,143,221 | 2 | 4,181,323 | - | - | 4,181,323 | 796 | 60.00 | 478 | 4,311,642 | - | |
| Far Eastern Industries (Yangzhou) Ltd. | PA and its by-product production | 1,518,255 | 2 | 1,436,190 | - | - | 1,436,190 | 2,038 | 100.00 | 2,038 | 1,503,586 | - | |
| Far Eastern Union Petrochemical (Yangzhou) Corporation | PA and its by-product production | 2,927,462 | 2 | 592,750 | 824,600 | - | 1,417,350 | (96,215) | 50.00 | (48,108) | 1,405,970 | - | |
| Shanghai Yuan Zi Information Co., Ltd. | Software development, equipment maintenance and consulting | 62,470 | 3 | - | - | - | - | 67 | 100.00 | 67 | 65,414 | - | |
| Shanghai Far Eastern Petrochemical Logistic Ltd. | Transportation | 93,385 | 3 | - | - | - | - | 6,475 | 100.00 | 6,475 | 97,671 | - | |
| An Ho Garment (Suzhou) Ltd. | Garment production | 4,915 | 3 | - | - | - | - | 6,492 | 100.00 | 6,492 | 43,935 | - | |
| Suqian Far Eastern Apparel Co., Ltd. | Garment production and accessories | 117,960 | 3 | - | - | - | - | (71,020) | 100.00 | (71,020) | 50,295 | - | |
| Yuan Ding Enterprise (Shanghai) Ltd. | Software development | 29,485 | 3 | - | - | - | - | - | 100.00 | - | 29,490 | - | |
| Yuan Ding Integrated Information Service (Shanghai) Inc. | Computer software and internet software design and development | 396,410 | 2 | 240,330 | - | - | 240,330 | (184,100) | 100.00 | (184,100) | 81,178 | - | Note M |
| Speedy (Shanghai) Digital Tech. Co., Ltd. | Intelligent control equipment and security monitoring products and services | 32,140 | 2 | 24,220 | - | - | 24,220 | 1,968 | 100.00 | 1,968 | 40,544 | - | Note N |
| Far Eastern Tech-Info Ltd. (Shanghai) | Computer software, data processing and provision of network information. | 74,513 | 2 | 92,616 | - | - | 92,616 | (119,963) | 100.00 | (119,963) | 53,278 | - | Note O |
| Digital United Information Technologies (Shanghai) Co., Ltd. | Research and design of computer system | 92,396 | 2 | 62,591 | 29,805 | - | 92,396 | (8,211) | 100.00 | (8,211) | 30,572 | - | Note P |
| Far Eastern New Century Information Technology (Beijing) Limited | Electronic information providing services | 154,986 | 2 | - | 119,220 | - | 119,220 | (38,961) | 79.04 | (30,298) | 218,320 | - | Notes Q and R |
| New Diligence Corporation (Shanghai) | Consulting services, supporting services, and wholesale of machinery and equipment. | 33,590 | 1 | 33,590 | - | - | 33,590 | - | - | - | - | - | Note R |

| Investee Company | Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2013 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA |
|---|---|--|---|
| Far Eastern New Century Co., Ltd. (Note, U and V) | \$ 16,420,516 | \$ 20,159,599 | \$ - |

(Continued)

- Notes: A. Investment type as follows:
1. The Group made the investment directly.
 2. The Group made the investment through a company registered in a third region. The companies registered in a third region are Far Eastern Polychem Industries Ltd., PET Far Eastern (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 Eastern New Diligent Company Ltd.
 3. Other.
- B. Recognition of gains/losses was based on the following three 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., Sino Belgium (Suzhou) Limited, Far Eastern Apparel (Suzhou) Ltd., Oriental Petrochemical (Shanghai) Corp., Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd., Far Eastern Industries (Suzhou) Ltd., Wuhan Far Eastern New Material Ltd., Far Eastern Industries (WuXi) Ltd. and Oriental Industries (Suzhou) Ltd.
 2. Financial statements of these companies, which were audited by the parent company's accounting firm: Far Eastern Tech-info Ltd. (Shanghai), Digital United Information Technology (Shanghai) Co., Ltd., New Diligence Tech-info (Shanghai) Ltd. and Far Eastern New Century Information Technology (Beijing) Limited.
 3. Others: Far Eastern New Century (China) Investment Ltd., Martens Beers Trading (Shanghai) Ltd., Yuan Ding Integrated Information Service (Shanghai) Inc., Speedy (Shanghai) Digital Tech. Co., Ltd., Far Eastern Yihua Petrochemical (Yangzhou) Corporation, Far Eastern Industries (Yangzhou) Ltd., Far Eastern Union Petrochemical (Yangzhou) Corporation., Shanghai Yuan Zi Information Co., Ltd., Shanghai Far Eastern Petrochemical Logistic Ltd., An Ho Garment (Suzhou) Ltd., Suqian Far Eastern Apparel Co., Ltd. and Yuan Ding Enterprise (Shanghai) Ltd.
- C. The ending balance of investment recognized by parent company.
- D. As of December 31, 2013, 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, 2013, 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, 2013, 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, 2013, the profit of investment was cash dividend paid by Far Eastern Apparel (Suzhou) Ltd. remitted through an FENC subsidiaries, Far Eastern Polytex (Holding) Ltd. and Far Eastern Apparel (Holding) Ltd.
- H. As of December 31, 2013, the accumulated outflow of investment from Taiwan was remitted by Yuan Ding Investment Co., Ltd.
- I. As of December 31, 2013, the profit of investment was cash dividend paid by Far Eastern Industries (WuXi) Ltd. remitted through an FENC subsidiaries, Oriental Textile (Holding) Ltd.
- J. As of December 31, 2013, the profit of investment was cash dividend paid by Oriental Petrochemical (Shanghai) Corp. remitted through an FENC subsidiaries, PET Far Eastern (Holding) Ltd.
- K. As of December 31, 2013, 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 Corporation.
- L. As of December 31, 2013, the accumulated outflow of investment from Taiwan was remitted by an FENC subsidiary, Yuan Tong Investment Corporation.
- M. As of December 31, 2013, the accumulated outflow of investment from Taiwan was remitted by an FENC subsidiary, YDT Technology International Co., Ltd. and FET Consulting Engineers Co., Ltd.
- N. As of December 31, 2013, the accumulated outflow of investment from Taiwan was remitted by an FENC subsidiary, YDT Technology International Co., Ltd.
- O. As of December 31, 2013, the accumulated outflow of investment from Taiwan was remitted by an FENC subsidiary, Far EasTone Telecommunications Co., Ltd.
- P. As of December 31, 2013, the accumulated outflow of investment from Taiwan was remitted by an FENC subsidiary, New Century InfoComm Tech Co., Ltd.
- Q. On June 27, 2012, New Diligence Corporation (Shanghai) remitted back to Taiwan US\$73,000, the investment registered with the Investment Commission of the MOEA, and wrote off this same amount.
- R. As of December 31, 2013, the accumulated outflow of investment from Taiwan was remitted by an FENC subsidiary, New Diligent Co., Ltd.
- S. As of December 31, 2013, the profit of investment was cash dividend paid by Far Eastern Dyeing & Finishing (Suzhou) Ltd. remitted through an FENC subsidiaries, Far Eastern Apparel (Holding) Ltd.
- T. The accumulated investment in mainland China of US\$551,209 thousand was the actual amount remitted for the investment in Mainland China by FENC.
- U. Investment amounts authorized by Investment Commission, MOEA were included by US\$662,915 thousand, RMB77,000 thousand and RMB6,695 thousand which was the original investment from Far Eastern Polytex (Holding) Ltd. and approved by Investment Commission under the Ministry of Economic Affairs.
- V. Based on MOEA Approval Letter No. 10001153440, there is no cap on the amount of the Company's investment.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION

**INVESTMENT IN MAINLAND CHINA - INVESTMENT TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013
(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) Ltd. | Yuan Ding Investment Co., Ltd. | 1996.10.16 | No. 85016219 | Far Eastern Apparel (Holding) Ltd. | 10,000 | 10,000 | | | |
| | Yuan Ding Investment Co., Ltd. | 2003.10.30 | No. 092033299 | Far Eastern Apparel (Holding) Ltd. | 5,000 | 5,000 | | | |
| | Far Eastern New Century Corporation | 2006.05.23 | No. 09500112650 | Far Eastern Polytex (Holding) Ltd. | 11,000 | 11,000 | | | |
| | Far Eastern New Century Corporation | 2008.03.31 | No. 09700038490 | Far Eastern Polytex (Holding) Ltd. | 5,000 | 5,000 | | | |
| Far Eastern Industries (WuXi) Ltd. | Yuan Ding Investment Co., Ltd. | 2002.06.21 | No. 091011903 | Oriental Textile (Holding) Ltd. | 19,960 | 19,960 | | | |
| | Yuan Ding Investment Co., Ltd. | 2005.11.03 | No. 094024169 | Oriental Textile (Holding) Ltd. | 40,000 | 40,000 | | | |
| Oriental Petrochemical (Shanghai) Corp. | 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. Far Eastern Polychem Industries 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. PET Far Eastern (Holding) Ltd. | 4,800 2,936 (Note F) | 4,800 | | | |

(Continued)

| Investee Company | Authorized by Investment Commission, MOEA | | | | Investment Type | | | | |
|--|--|--------------------------|------------------------------------|---|--------------------------|--------------------------------|--|---|---|
| | Investor Company | Date | MOEA Approval Letter No. | Through Investor Company in Third Area | Investment Amount (US\$) | Investor Company's Own Capital | Investor Company in Third Area Using Dividends Received from Investee (US\$) | Financed from Financial Institutions in Third Area (US\$) | Investor Company in Third Area Using Its Own Capital to Invest (US\$) |
| Far Eastern Dyeing & Finishing (Suzhou) Ltd. | Far Eastern New Century Corporation | 2009.12.25 | No. 09800456740 | PET Far Eastern (Holding) Ltd. | \$ 41,171 | \$ 41,171 | | | |
| | Yuan Ding Investment Co., Ltd. Yuan Ding Investment Co., Ltd. | 2003.10.31 2008.10.13 | No. 092033525 No. 09700348610 | Far Eastern Apparel (Holding) Ltd. Far Eastern Apparel (Holding) Ltd. | 20,000 30,000 | 20,000 30,000 | | | |
| Far Eastern Industries (Suzhou) Ltd. | Yuan Ding Investment Co., Ltd. | 2002.11.26 | No. 091035216 | Far Eastern Polychem Industries Ltd. FEDP (Holding) Ltd. | 9,352 | | | | \$ 9,352 |
| | Far Eastern New Century Corporation | 2004.10.11 | No. 093025506 | Far Eastern Polychem Industries Ltd. FEDP (Holding) Ltd. | 1,569 | | | \$ 1,569 | |
| | Far Eastern New Century Corporation | 2004.10.14 | No. 093030298 | Far Eastern Polychem Industries Ltd. FEDP (Holding) 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. FEDP (Holding) Ltd. | 4,524 | 4,524 | | | |
| | 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. Yuan Ding Investment Co., Ltd. | 2005.08.01 2006.02.09 | No. 094015006 No. 094037416 | Oriental Textile (Holding) Ltd. Oriental Textile (Holding) Ltd. | 19,800 30,200 | 19,800 30,200 | | | |
| | Yuan Ding Investment Co., Ltd. Yuan Ding Investment Co., Ltd. | 2007.10.02 2008.09.01 | No. 09600280400 No. 09700172130 | Oriental Textile (Holding) Ltd. Oriental Textile (Holding) Ltd. | 23,000 32,500 | 23,000 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 Far Eastern New Century Corporation | 2009.06.29 2010.12.21 | No. 09800135640 No. 09900470530 | Far Eastern Polytex (Holding) Ltd. Far Eastern Polytex (Holding) Ltd. | 10,000 RMB 6,695 | 10,000 | | | RMB 6,695 |
| Far Eastern New Century (China) Investment Ltd. (Note A) | Far Eastern New Century Corporation | 2006.08.01 | No. 09500124430 | Far Eastern Polytex (Holding) Ltd. | 48,000 | 48,000 | | | |
| Sino Belgium (Suzhou) Ltd. | Yuan Tong Investment Co., Ltd. Yuan Tong Investment Co., Ltd. | 2007.08.02 2008.02.21 | No. 09600248620 No. 09600451060 | Sino Belgium (Holding) Ltd. Sino Belgium (Holding) Ltd. | 18,000 12,000 | 18,000 12,000 | | | |
| | Yuan Tong Investment Co., Ltd. | 2011.10.27 | No. 10000446910 (Note L) | Sino Belgium (Holding) Ltd. Bockhold N.V Martens HK Ltd. Sino Belgium (Holding) Ltd. | 16,000 38 | 16,000 38 | | | |

(Continued)

| Investee Company | Authorized by Investment Commission, MOEA | | | | Investment Type | | | | |
|--|--|------------|-----------------------------|---|--------------------------|--------------------------------|--|---|---|
| | Investor Company | Date | MOEA Approval Letter No. | Through Investor Company in Third Area | Investment Amount (US\$) | Investor Company's Own Capital | Investor Company in Third Area Using Dividends Received from Investee (US\$) | Financed from Financial Institutions in Third Area (US\$) | Investor Company in Third Area Using Its Own Capital to Invest (US\$) |
| Martens Beers Trading (Shanghai) Ltd. | Yuan Tong Investment Co., Ltd. Yuan Tong Investment Co., Ltd. | 2008.12.10 | No. 09700456110 | Sino Belgium (Holding) Ltd. | \$ 3,800 | \$ 3,800 | | | \$ 4,304 |
| | | 2010.07.29 | No. 09900284200 | Bockhold N.V Martens HK Ltd. | 4,304 | | | | |
| | Yuan Tong Investment Co., Ltd. | 2011.10.27 | No. 10000446910 (Note L) | Sino Belgium (Holding) Ltd. Sino Belgium (Holding) Ltd. | 1,500 | 1,500 | | | |
| | | 2013.11.28 | No. 10200451570 (Note N) | Bockhold N.V Martens HK Ltd. | 282 | 282 | | | |
| | | | | Sino Belgium (Holding) Ltd. Sino Belgium (Holding) Ltd. | 1,100 | 1,100 | | | |
| 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. 10100115020 (Note M) | PET Far Eastern (Holding) Ltd. | 100,000 | 100,000 | | | |
| Yuan Ding Enterprise (Shanghai) Ltd. | Far Eastern New Century Corporation | 2013.11.08 | No. 10200399280 | Far Eastern Polytex (Holding) Ltd. Far Eastern New Century (China) Investment Ltd. | 1,000 | 1,000 | | | |
| Far Eastern E-Resource (Yangzhou) Ltd. | Far Eastern New Century Corporation | 2013.12.26 | No. 10200417560 (Note O) | Far Eastern Polytex (Holding) Ltd. | RMB 77,000 | RMB 77,000 | | | |
| Yuan Ding Integrated Information Service (Shanghai) Inc. | YDT Technology International Co., Ltd. FET Consulting Engineers Co., Ltd. | 2011.10.19 | No. 10000429550 | YDC (Virgin Islands) Ltd. | 110 | 110 | | | |
| | | 2011.11.03 | No. 10000439470 | DDIM (Virgin Islands) Ltd. | 8,100 | 8,100 | | | |
| 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 | | | |
| 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 | | | |

(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\$) |
| Digital United Information Technologies (Shanghai) Co., Ltd. | New Century InfoComm Tech Co., Ltd. | 2002.10.07 | No. 091041498 | Digital United (Cayman) Ltd. | \$ 3,100 | | | | \$ 3,100 |
| | New Century InfoComm Tech Co., Ltd. | 2013.08.09 | No. 10200302730 | Digital United (Cayman) Ltd. | 1,000 | \$ 1,000 | | | |
| New Diligence Corporation (Shanghai) | New Diligent Co., Ltd. | 2007.08.08 | No. 09600261870 | New Diligent Co., Ltd. (Note P) | 1,127 | 1,127 | | | |
| Far Eastern New Century Information Technology (Beijing) Limited | New Diligent Co., Ltd. | 2012.11.19 | No. 10100496420 | Far Eastern New Diligent Company Ltd. | 4,000 | 4,000 | | | |

- Notes: A. Far Eastern New Century (China) Investment Ltd. invested US\$30,000 thousand in Far Eastern Industries (Shanghai) Ltd. and US\$16,000 thousand in Oriental Petrochemical (Shanghai) Ltd.
- B. Document No. 092035971 has been canceled and replaced with document No. 09800408170.
- C. Document No. 092035970 has been canceled and replaced with document No. 09800408160.
- D. The approved amount of US\$12,000 thousand as stated in document No. 09800283970 dated September 18, 2009 had been changed to US\$11,500 thousand while awaiting the completion of the-review process on April 19, 2010.
- E. The shares offered for the privatization of FEPI had antilutative effects; thus, FEPI's ownership of and amount invested in Far Eastern Industry (Shanghai) Ltd. increased.
- F. The shares offered for the privatization of FEPI had antilutative effects; thus, FEPI's ownership of and amount invested in Oriental Petrochemical (Shanghai) Ltd. increased.
- G. The shares offered for the privatization of FEPI had antilutative effects; thus, FEPI's ownership of 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 though 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 though FEDP (Holding) Ltd. under the MOEA's approval (Letter No. 09900403430).
- I. After obtaining MOEA approval (No. 09900470520), FENC received from FEDP (Holding) Ltd the equity of Yuan Tong Investment Co., Ltd. amounting US\$18,224 thousand. (MOEA approval No. 09600243260).
- J. After obtaining MOEA approval (No. 10000021360), FENC made its subsidiary, Far Eastern Polytex (Holding) Ltd., indirectly invest US\$166,000 thousand in Far Eastern Yihua Petrochemical (Yangzhou) Corporation. As of September 30, 2013, FENC paid US\$139,400 thousand in this indirect investment.
- K. After obtaining the MOEA's approval (Letter No. 10000380580), FENC made its subsidiary, Far Eastern Polychem Industries Ltd. indirectly invest RMB136,000 thousand in Far Eastern Industries (Shanghai) Ltd. However, as of June 30, 2013, FEPI had remitted this indirect investment of RMB136,000 thousand back to Taiwan and the prior approval of the MOEA had been obtained on August 8, 2013.
- L. After obtaining MOEA approval (No. 10000446910), FENC made its subsidiary, Sino Belgium (Holding) Ltd., indirectly invest US\$17,820 thousand in Sino Belgium (Suzhou) Limited and Martens Beers Trading Shanghai) Ltd. As of December 31, 2013, FENC paid US\$17,500 thousand as its indirect investment.
- M. After obtaining MOEA approval (No. 10100115020), FENC made its subsidiary, PET Far Eastern (Holding) Ltd., indirectly invest US\$100,000 thousand in Far Eastern Union Petrochemical (Yangzhou) Ltd. As of December 31, 2013, FENC remitted US\$48,000 thousand to this indirect investment.

(Continued)

- N. After obtaining MOEA approval (No. 10200451570), FENC made its subsidiary, Sino Belgium (Holding) Ltd. indirectly invest US\$1,100 thousand in Martens Beers Trading (Shanghai) Ltd. As of December 31, 2013, FENC remitted US\$1,065 thousand to this indirect investment.
- O. After obtaining MOEA approval (No. 10200417560), FENC made its subsidiary, Far Eastern Polytex (Holding) Ltd. indirectly invest RMB77,000 thousand in Far Eastern E-Resource (Yangzhou) Ltd. As of December 31, 2013, FENC has yet to make any remittance to this indirect investment.
- P. On June 27, 2012, New Diligence Corporation (Shanghai) remitted back to Taiwan US\$73 thousand, the investment registered with the MOEA's Investment Commission, which then canceled this amount.

(Concluded)